



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

TELEPHONE: 020 8464 3333

CONTACT: Stephen Wood
stephen.wood@bromley.gov.uk

DIRECT LINE: 020 8313 4316

FAX: 020 8290 0608

DATE: 28 June 2016

AUDIT SUB-COMMITTEE INFORMATION BRIEFING

Meeting to be held on Wednesday 6 July 2016

QUESTIONS ON THE REDACTED REPORTS

1 AUDIT SUB COMMITTEE-JULY 2016-REDACTED REPORTS (Pages 3 - 174)

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>

Printed copies of the briefing are available upon request by contacting Steve Wood on 020 8313 4316 or by e-mail at stephen.wood@bromley.gov.uk.

Copies of the documents referred to above can be obtained from
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FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

REVIEW OF ADULT EDUCATION COLLEGE AUDIT FOR 2015-6

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

Cc: Anne Watts, Assistant Director, Strategic Development & Performance

Prepared by: Principal Auditor

Date of Issue: 31st March 2016

Report No.: ECH/024/01/2015

REVIEW OF ADULT EDUCATION COLLEGE AUDIT FOR 2015-6

INTRODUCTION

1. This report sets out the results of our systems based audit of Adult Education College Audit for 2015-6. The audit was carried out in quarter Q4 as part of the programmed work specified in the 2015-16 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 9th February 2016. The period covered by this report is from November 2014 to February 2016.
4. The Adult Education Centre has a net budget of £693,770 which is an increase of £206,970 from 2014-15. Expected income is budgeted at £3,111,810, whilst the actual expected income is £2,890,262.

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:
 - Tuition fee and lettings income is promptly and accurately collected.

REVIEW OF ADULT EDUCATION COLLEGE AUDIT FOR 2015-6

- Discounts are only given in accordance with agreed procedures and satisfactory evidence supplied.
- Expenditure is supported by adequate documentation and properly certified. Purchase orders are raised where expected, with quotes/tenders obtained in accordance with contract procedure rules.
- Procedures are in place to have relevant staff DBS checked.

Testing was undertaken of the following:

Tuition Fee Income

Sample testing was undertaken from the registers for each day brochure. A sample of 25 learners were selected and found that income expected for each pupil was correct received and the charge was the correct amount for the course. A sample of 10 discounts were checked and found to have been appropriately awarded given the claimants circumstances.

Outstanding Debt

It was found that at the end of the year in 2014/15 the balance of debt was approximately £31,600.29. At the time of the audit the level of debt was £35,912. The difference is mainly due to the difference in timing of the audit and action is being 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.

Grant income and budget monitoring

For 2015/16, it should be noted that there are considerable shortfalls due on grant funding for the current financial year 2015-16 that is expected to be approximately £122K.

Expenditure

A sample of 25 expenditure transactions were selected for review. All invoices had been paid promptly and amounts verified. Orders were raised appropriately and before the commitment to purchase in all but one instance and contracts were in place where expected.

REVIEW OF ADULT EDUCATION COLLEGE AUDIT FOR 2015-6

8. However we would like to bring to Management's attention the following issue: Although the asset register was found to have been reviewed and signed off, the asset register contains six items which have not been seen for at least 2 years. Subsequently five of these items were found by the college, with the one not being found was an old item (over five years old and now of negligible value).

SIGNIFICANT FINDINGS (PRIORITY 1)

9. No significant findings were 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.

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

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FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

CASH AND BANKING AUDIT FOR 2015-16

Issued to: Peter Turner, Director of Finance (Final Only)
John Nightingale, Head of Revenues and Benefits
Tracey Pearson, Chief Accountant
James Mullender, Finance Manager
Claire Martin, Head of Finance, ECS and Corporate,
David Bradshaw, Head of Finance, ECHS

Cc: Tim Woolgar, Library Operations and Commissioning Manager, Environment and Community Services
Sally Adcock, Assistant Operations Manager, Environment and Community Services

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

Date of Issue: 20th June 2016

Report No.: CX/002/01/2015

INTRODUCTION

1. This report sets out the results of our systems based audit of Cash and Banking. The audit was part of the programmed work specified in the 2015-16 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. It was identified that for the period 1 April 2015 to 30 September 2015, £17.4m was collected via cashiers and the kiosk involving 29,788 transactions.

AUDIT SCOPE

4. The scope of the audit is detailed in the Terms of Reference issued on 15th January 2016.

AUDIT OPINION

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

MANAGEMENT SUMMARY

6. The audit reviewed controls in the following areas: Policies and Procedures, Postal Income, Kiosk Income (Cashiers and Penge Library), Reliability of Transactions, Banking and Security of Monies, Contract Monitoring and Imprest Account (Central Library).

CASH AND BANKING AUDIT 2015-16

7. A number of procedures were in place for both the Cashiers and the Kiosk at Penge Library. However, these were not evidenced as having been reviewed recently and some had no date recorded on the document.
8. On examining three days of postal remittances and kiosk transactions, 20 were cheque payments received via the post. Out of these 20, 11 had supporting documentation date stamped but nine did not have any date stamp.
9. Collection and Deposit Returns at Penge Library are not signed by the two officers involved in preparing the returns, but instead have their names typed on to the form.
10. Although the Petty Cash Imprest Account at the Central Library that reimburses officers at 11 libraries is reconciled regularly there is no evidence to support this.

SIGNIFICANT FINDINGS (PRIORITY 1)

11. None.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Up to Date Procedures There is a Cashiers Kiosk Procedure and Bromley Emergency Procedures but they are dated 2013/14 and November 2013 respectively. There is also a Returning Cheques Procedure for the Cashiers that has no date recorded.</p> <p>At Penge Library, the Financial Procedures document was dated 2011/12; a Staff Instruction for Cash Control was dated March 2014; and a New Kiosk procedure note was not dated.</p>	<p>Where procedures are not reviewed and updated regularly, there is an increased risk that outdated procedures are followed and inappropriate actions taken. This could lead to inefficient practices and/or financial loss to the Council.</p>	<p>Procedures should be periodically reviewed and updated where necessary. The last review date should be recorded on the document as evidence of the review.</p> <p>[Priority 2]</p>
2	<p>Postal Income Processing Out of 20 cheque payments received via the post, nine did not have the supporting documentation date stamped.</p>	<p>Where postal remittances are not date stamped, it is difficult to identify if any delays in processing have occurred.</p>	<p>All postal remittances should have the supporting documentation such as letter, envelope etc stamped with the date they were received.</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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>Kiosk at Penge Library The Collection and Deposit Returns completed for income from the two kiosks and the library cash tills have the names of the two officers involved typed on them. However, there is no requirement for them to sign their names as evidence of them counting the money and preparing the returns.</p>	<p>If handwritten signatures are not required on Collection and Deposit Returns, there is a possibility that the names typed on the return are incorrect.</p>	<p>The Collection and Deposit Returns should be amended to require a handwritten signature by the two officers involved in the process. [Priority 2]</p>
4	<p>Petty Cash Imprest Reconciliation The periodic reconciliation of the Petty Cash Imprest Account at the Central Library is not signed or dated by the officer performing the reconciliation and is not checked by an independent officer.</p>	<p>If the reconciliation is not signed or dated there is no evidence of who carried out the reconciliation and who checked it. In addition, there is a risk that errors may not be identified and corrected.</p>	<p>The reconciliation should be signed and dated by the officer performing the reconciliation and evidence of should also be retained. [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	Procedures should be periodically reviewed and updated where necessary. The last review date should be recorded on the document as evidence of the review.	2	Libraries. The Staff Manual instructions SM12 Cash Control and SM12A Financial Procedures will be reviewed and updated. Kiosk Instructions will be added to the Staff Manual as SM12E The last review date will be recorded on each document as evidence of the review. The cashiers working practices and procedures are being reviewed as part of the review of the Exchequer Contractor SLR's	Sally Adcock (Assistant Operations Manager) John Nightingale (Head of Revenues &Benefits)	August 2016 September 2016
2	All postal remittances should have the supporting documentation such as letter, envelope etc stamped with the date they were received.	3	Agreed The requirement will be reiterated at the next service review	John Nightingale (Head of Revenues &Benefits)	August 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
3	The Collection and Deposit Returns for Penge Library should be amended to require a handwritten signature by the two officers involved in the process.	2	Libraries. The Collection and Deposit Returns will be amended to require a handwritten signature by the two officers for the file copy held at each branch library. The electronic copy will still be emailed to the Exchequer Contractor, which will have the two names typed on.	Sally Adcock (Assistant Operations Manager)	August 2016
4	The reconciliation should be signed and dated by the officer performing the reconciliation and evidence of should also be retained.	2	Libraries. Staff Manual instructions SM12C Procedure for Invoices, Accounts, Delivery Notes, Petty Cash and SM12D Claiming Petty Cash will be reviewed and updated to include this instruction for Petty Cash Imprest Reconciliation.	Sally Adcock (Assistant Operations Manager)	August 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

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 are 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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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

CHIEF EXECUTIVES DEPARTMENT

**FOLLOW UP REVIEW OF AGENCY STAFF
AUDIT FOR 2015- 16**

Issued to: Charles Obazuaye, Director of HR
Barbara Plaw, HR Manager (Pay and Benefits)
Angela Huggett, Head of HR Strategy and Education

Prepared by: Principal Auditor

Date of Issue: 27nd June 2016

Report No.: CX/047/02/2015

INTRODUCTION

1. This report sets out the results of our systems based follow up audit of Agency staff. The audit was carried out in quarter four as part of the programmed work specified in the 2015/16 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

4. This follow up review considered the final audit report issued in November 2014 and was restricted to identifying progress made on implementing the previously agreed recommendations.

MANAGEMENT SUMMARY

5. Of the previous 6 agreed recommendations, one has been fully implemented, four are being progressed for completion, one has not been implemented. The recommendations not being implemented relate to:
 - Agency staff being utilised for well over a year.
 - Agency staff being utilised outside of the contract
 - A documented guide for Manager's wanting to use agency staff does not exist
 - Agency staff have left who have not been removed from the corporate IT network and who still have a site access card
 - Agency staff are not required to complete a declaration of interest form

SIGNIFICANT FINDINGS (PRIORITY 1)

6. There are no priority one findings to report.

DETAILED FINDINGS/MANAGEMENT ACTION PLAN

7. Any new findings and are detailed in Appendix B of this report and require management comment. Appendix A provides information on the recommendations that are being followed-up and Appendix C give definitions of the priority categories.

ACKNOWLEDGEMENT

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

No	Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
1	Managers should be reminded of the need to consider the costs of employing agency staff over six months against the cost of offering short term contracts and to consider the additional rights staff have.	Agreed although this needs to be set in the wider context of the business case.	By end November 2014	2*	Director (HR)	Managers have been reminded of the need to seek approval for agency workers to be engaged for more than 6 months. (New Procedure for the Recruitment of additional Resources) Managers Guidance on engaging agency workers currently being worked on by the Manager of HR Business Services. Aiming to complete by the end of September Have found that there were 4 workers who are still working here since 2009, two are in hard to fill front line social care roles and 2 being in Direct care where agency workers are used to ensure establishments are sufficiently staffed for all shifts.	Implementation in progress Revised date September 2016.
2	A reminder should be sent to Managers reminding them of the requirement not to utilise agency staff outside of the Agency staff contract.	In the 2 cases identified in one the business case was the requirement for a former employee to provide evidence at court and the other an arrangement which predated the PCT joining LBB which has now ceased. The Agency staff contractor is regularly being challenged and encouraged to work with managers to better understand their recruitment needs in order to minimise the need to use off contract	By end November 2014	2*	Director (HR)	As above, Managers Guidance document is still being worked on.	Implementation in progress Revised date September 2016.

No	Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
		arrangements. Therefore recommendation agreed with the proviso that if the Agency staff Contractor cannot supply then there may be a business need to procure workers outside the Agency staff contract but this needs authorisation from HR and the relevant Assistant Director for the service.					
3	A documented procedure for the use of Agency staff should be created and include a requirement for Managers to check Agency staff's Identification when they first present themselves at work.	Agreed and in progress. The requirement for identity to be checked will be included in the reminder to be issued under 1 and 2 above.	31/12/14 subject to capacity and other higher priorities	2*	Director (HR)	Managers Guidance document is currently being worked on by the Manager of HR Business Services. Aiming to complete by the end of December.	Implementation in progress Revised date September 2016.
4	Managers should be reminded of the requirements for them to collect key fobs, close system accounts, return mobile phones and access cards, when agency staff leave the authority.	Agreed – to be incorporated into note as per 1 and 2 above	By end November 2014	2*	Director (HR)	As above, the Managers Guidance has not yet been finalised. Testing of a sample of 15 agency staff who have recently left, found that 3 still had a system account set up, 3 still had a site access card and 1 a remote access key fob.	Implementation in progress Revised date September 2016.
5	The SLA should be amended or a procedure put in place to ensure for posts required a declaration of interest form should be completed for agency staff.	Agreed. The Agency staff contractor has been asked to include this as a job requirement on the Beeline pro forma at the time of placing the order.	By end December 2014 as technical system change	2*	HR Manager (Business Services)	Having viewed the returned declarations of interest in December 2015, this has not been completed. Internal Audit have been informed this is now in place	Complete.

No	Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
6	The contractor should ensure they receive and retain copies of relevant agency staff documentation.	This is already a requirement of the contract between The Agency staff contractor and LBB and between the Agency staff contractor and its 2nd tier suppliers. The Agency staff contractor regularly audit their suppliers and report outcomes to LBB with any agreed follow-up action. In the one case identified further evidence has since been provided to audit and the individual (for unrelated reasons) no longer works for the Council.	Ongoing	2*	The Agency staff contractor as required under the contract with LBB and monitored by Head of HR Strategy and Education	<p>Testing of a sample of 5 agency staff being utilized found that for all 5 identification documentation has been provided, along with a NINO, relevant qualifications and references, except for two references not received.</p> <p>However for one member of staff (BE) references were only obtained verbally and not physically received until 9 months after being in post.</p> <p>For another agency worker (SC), she was recruited to a safeguarding post, yet only one reference was received.</p>	Revised date September 2016.

Definition of priority categories.

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

CHIEF EXECUTIVES DEPARTMENT

**FOLLOW UP REVIEW OF CAPITAL PROJECTS
AUDIT FOR 2015- 16**

Issued to: Tracey Pearson, Chief Accountant, Technical and Control
James Mullender, Principal Accountant, Technical and Control

Prepared by: Principal Auditor

Date of Issue: 10th June 2016
Report No.: CX/079/01/2015

INTRODUCTION

1. This report sets out the results of our systems based follow up audit of Capital projects. The audit was carried out in quarter four as part of the programmed work specified in the 2015/16 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

4. This follow up review considered the final audit report issued on 4th June 2015 and was restricted to identifying progress made on implementing the previously agreed recommendations.

MANAGEMENT SUMMARY

5. Of the previous 5 agreed recommendations, 3 have been fully implemented and 1 has not been implemented. The recommendations not being implemented relates to post completion reports being submitted. A finding in relation to keeping a signed copy of contracts on file has been removed from this review and will be included within future procurement audits as it is recognized this is not an issue specific to Capital projects.

SIGNIFICANT FINDINGS (PRIORITY 1)

6. There are no priority one findings to report.

DETAILED FINDINGS/MANAGEMENT ACTION PLAN

7. Findings outstanding and are detailed in Appendix B of this report and require management comment. Appendix A provides information on the recommendations that are being followed-up and Appendix C give definitions of the priority categories.

ACKNOWLEDGEMENT

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

No	Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
1	Procedures and guidance regarding capital projects should be reviewed regularly and have the date of the review and the date of the next review Recorded. Updated versions should replace previous versions on OneBromley.	Agreed – this has now been actioned and will be kept updated in the future.	Immediate and ongoing	2	Capital Accountant	Capital Program Procedures have been reviewed and uploaded onto OneBromley (10/08/15). Project appraisal guidance documents were updated on the 30/06/15. Capital bid procedures/timetable were updated on the 29/05/15.	Implemented
2	Managers should be reminded of their responsibility to ensure that the Contracts Register is updated with new contracts.	Agreed - managers will be reminded of the need to ensure this is all in place.	End-June 2015	2	Capital Accountant	Where expected, contracts are now on the contracts register. In 8 expected contracts to be on the register all 8 are or were.	Implemented
3	Minutes of progress meetings should include target dates for completing any urgent action/s and should be issued promptly.	Agreed, but not sure which progress meetings this refers to. Managers will be reminded of the need to ensure this is all in place.	End-June 2015	2	Capital Accountant	4 of 5 cases this has been found to be taking place. In the other instance (Network security) the Officer involved no longer works for the authority so it is unknown if meetings were minuted.	Implemented
4	Post completion reports should be submitted for all completed capital projects within 12 months of completion.	Agreed – register maintained by Capital Accountant, who will chase relevant people to ensure completion.	End-June 2015	2	Capital Accountant	Of 8 current projects tested, four have been completed and a report would be expected. However in one instance (The Northblock refurbishment) this has not been completed.	Not implemented

Original recommendation No.	Recommendation	Priority	Management Comment	Responsibility	Agreed Timescale
4	Post completion reports should be submitted for all completed capital projects within 12 months of completion.	2*	At the point of notification of completion of a scheme, the need for a post completion report is raised with the relevant budget holder. The list of pending post completion reports is subsequently reported quarterly to DMT meetings, and is included in the quarterly capital monitoring reports to Executive and PDS committees.	Capital Accountant	Implemented

Definition of priority categories.

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 CAR PARKING INCOME AUDIT FOR 2015-16

Issued to: Allen Herve, Contract & Operations Manager,
Ben Stephens, Head of Shared Parking Services,
Claire Martin, Head of Finance, Environment & Community Services,

Cc: Colin, Brand, Assistant Director, Leisure & Culture,

Prepared by: Principal Auditor,

Date of Issue: June 15th 2016

Report No.: ENV/004/01/2015.bf

REVIEW OF CAR PARKING INCOME AUDIT FOR 2015-16

INTRODUCTION

1. This report sets out the results of our systems based audit of **Car Parking Income Audit for 2015-6**. The audit was carried out in quarter 4 as part of the programmed work specified in the 2016 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. This review concentrated on Multi Storey car parking income for the period 4/4/15 – 10/4/15 and also 22/8/15-28/8/15 for both the Hill Car Park and the Civic Car Park. Audit tickets were selected for testing for both the Hill Car Park and the Civic Car Park for the month of April 2015 only.
4. This review also included the follow up of the audit recommendations made within the Car Parking Income Audit for 2014-15.
5. For 2015-16 the total net budget for off street parking was £1,844,740 whilst the on street was £3,716,840. As at December 2015, the actual parking fee income overall was £4,569,969.

AUDIT OPINION

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

REVIEW OF CAR PARKING INCOME AUDIT FOR 2015-16

MANAGEMENT SUMMARY

7. Transactions were reviewed within the Daily Cash Collections for the Civic Car Park and the Hill Car Park. Shortfall's and overs were reviewed in line with the Shorts & Overs Not Less Than £5.00 Report :-
- Inconsistencies were found as there were missing responses from the contractor. Responses were provided by the contractor in some cases for only part of the amount resulting in unexplained losses. The contractor raised the issue in some cases to a third party but no update has been provided in relation to the outcome. These issues are not being recorded at the contract monitoring meetings.
 - It was found that there were missing audit tickets for the period 4/4/15 – 10/4/15 for both the Hill and Civic Car Park totalling £6109.90.
 - Both recommendations made within the 2014-15 report were found through testing to remain outstanding and therefore have been re-recommended.

SIGNIFICANT FINDINGS (PRIORITY 1)

8. None.

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><u>April - Civic Car Park</u> It was found that for the Civic Car Park on 4/4/15, there was a shortfall of £262.20. The contractor response was that 'Civic Centre MSCP POF 6 coins short £262.40 this has been put under the wrong machine by treasury. It should be under The Hill MSCP POF 6 coins and I found issues with the audit figures or system. Looking at the hoppers etc.'. However, no corresponding entry could be found for the same amount for the Hill Car Park having amended the Civic Centre Car Park figures. For Civic Car Park on 8/4/15 there was a shortfall of £5.15.</p> <p><u>April - Hill Car Park</u> On 4/4/15, it showed £15.41 over, but there was no explanation. On 9/4/15, it showed that there was a shortfall of £5.50. The contractor response was that 'The Hill MSCP POF 2 coins short £5.50 I have checked the audit figures and all correct. Looking at validator and diverter. But also getting the breakdown of coins for each collection would be a help'.</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><u>August - Civic Car Park</u> It was found that for the Civic Car Park on 22/8/15, there was a shortfall of £22.10. The contractor response was that 'Civic Centre MSCP POF 7 coins short £17.55 this is being called in to Parkare as it is a constant issue with the busy machines. Also this machine keeps going blank'. For 25/8/15 there was a shortfall of £7.35 on 25/8/15. The response from the contractor was that 'Civic Centre MSCP POF 7 coins short £7.55 this is being called in to Parkare as it is a constant issue with the busy machines. Also this machine keeps going blank.' The contractor refers to a single amount rather the total variance. On 26/8/15, there is a reported shortfall of £8.55.</p> <p><u>August -Hill Car Park</u> On 25/8/15, there was a shortfall of £31.25. The contractors response' The Hill MSCP POF 1 coins short £16.40 this is being called in to Parkare as it is a constant issue with the busy machines.' Additionally, for the same day, the contractor also mentioned that 'The Hill MSCP POF 2 coins short £5.60 this is being called in to Parkare as it is a constant issue with the busy machines. There is still an unexplained shortfall of £9.40. On 27/8/15, there was a shortfall of £5.00. The contractor's</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>response was 'The Hill MSCP POF 1 coins short £5.00 this is being called in to Parkare as it is a constant issue with the busy machines'.</p> <p>There is no mechanism whereby the responses from the contractor is formally accepted or rejected by management. Having reviewed the contract monitoring minutes, the responses for short's and over's are not specifically recorded only that the report should be submitted monthly to the Contract & Operations Manager.</p>	<p>Unexplained losses and inadequate contract monitoring of issues that need to be clarified with the contractor.</p>	<p>Under's and overs should be discussed as part of the contract monitoring meetings where the amounts are £100 or more. Where the contractor escalates the issue to a third party, management should ensure that the matter has been adequately resolved. Any email correspondence from the contractor relating to the discrepancies should be held with the short and over not less than £5.00 reports with a note from the client side accepting or rejecting the explanation.</p> <p>[Priority 2*]</p>

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

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

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	Income collected from the Hill Car Park and Civic Car park were reviewed for the period 4/4/15-10/4/15. It was found that the required audit tickets could not be located for audit testing :- 4/4/15 for £578.55 Civic Car Park 6/4/15 for £581.25 Civic Car Park 4/4/15 £919.00 Hill Car Park 4/4/15 £525.00 Hill Car Park 6/4/15 £830.00 Hill Car Park 7/4/15 £579.90 Hill Car Park 7/4/15 £545.00 Hill Car Park 8/4/15 £506.20 Hill Car Park 8/4/15 £610.00 Hill Car Park 8/4/15 <u>£435.00</u> Hill Car Park <u>£6,109.90</u>	Unable to verify actual daily cash collection figures.	<p>Audit Tickets must be retained in order to verify cash collected.</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	Under's and overs should be discussed as part of the contract monitoring meetings where the amounts are £100 or more. Where the contractor escalates the issue to a third party, management should ensure that the matter has been adequately resolved. Any email correspondence from the contractor relating to the discrepancies should be held with the short and over not less than £5.00 reports with a note from the client side accepting or rejecting the explanation.	2*	The contractor will provide a summary and list of all under and overs for the period Monday to Sunday to the Contract Manager by the following Friday. The contract manager will review and reply accepting or questioning and discrepancies by the following Friday. Each month the previous months discrepancies shall be discussed and a formal minute of action required recorded.	Contract Manager	Immediate
2	Audit Tickets must be retained in order to verify cash collected.	2*	From the original request for documentation it was believed that all audit tickets had been provided. On being advised that the Auditor did not have the specific tickets the	Contract Manager	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

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			<p>file was again checked to find that the only Audit tickets missing were for those dates that were requested.</p> <p>Audit tickets can be reproduced from the system if required. Therefore original tickets are not essential in this process.</p>		

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

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

Priority 3
 Identification of suggested areas for improvement

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 DEPARTMENT

FOLLOW UP AUDIT OF DOMICILIARY CARE FOR 2015-6

Issued to:

**Tricia Wennell, Head of Assessment and Care Management,
Richard Haines, Head of Direct Care Services Reablement, Team Leader,
Carol Brown, Reablement, Team Leader
Stephen John, Assistant Director, Social Care,
Claudine Douglas- Browne, Exchequer Manager,
Ruth Wood, Strategic Commissioner, CPT,
Lorna Blackwood, Assistant Director, Commissioning,**

**Cc: David Bradshaw, Head of Finance, ECS Finance,
Anne Watts, Assistant Director, Strategic Development & Performance,**

Prepared by: Principal Auditor.

**Date of Issue: June 16th 2016
Report No.: ECH/038/01/2015**

FOLLOW UP AUDIT OF DOMICILIARY CARE FOR 2015-16

INTRODUCTION

1. This report sets out the results of our systems based audit of **Domiciliary Care Follow Up Audit for 2015-6**. The audit was carried out in quarter 3 as part of the programmed work specified in the 2015-16 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 follow up review concentrated on the progress of implementation of the previous audit recommendations made with the 2014-15 report issued on March 23rd 2015.

MANAGEMENT SUMMARY

4. From the previous review, 8 recommendations were made of which there was 2 priority one recommendation, 5 priority two recommendations and 1 priority three recommendation. It was found that out of the 8 recommendations made, both priority one recommendations were found to be outstanding and three priority 2 recommendations at the time of testing.

SIGNIFICANT FINDINGS (PRIORITY 1)

5. Both priority one recommendations remained outstanding namely:-
 - Service Agreements closed on incorrect dates and also non closure.
 - Extra Care Housing – Actual Hours Reconciliation.

FOLLOW UP AUDIT OF DOMICILIARY CARE FOR 2015-16

6. Service Agreements closed on incorrect dates and also non closure

Testing was undertaken to confirm that service agreements were closed on the correct date. It was found that from sample testing that in five cases tested, closure of services for deceased clients had been undertaken on differing dates and in one case, services remained open. Management has since on 16/05/16 confirmed that a new process has since been implemented and the Head of Assessment & Care Management and the Strategic Commissioner are both confident that the appropriate measures have been taken and would not expect a repeat of this issue. The progress on implementation will be fully tested for the next Audit Sub Committee.

7. Extra Care Housing – Actual Hours Reconciliation

Planned hours were compared to actual hours recorded for each service user sampled within given weeks. This was then reconciled to the timesheet hours for each ECH Unit and any variances in hours noted. Queries arose with 5 samples that could not be answered at the time of the audit, when queried by the Auditor. Management have since stated that that a review of the tolerance policy will requested by 30/5/16. The progress on implementation will be fully tested for the next Audit Sub Committee.

DETAILED FINDINGS/MANAGEMENT ACTION PLAN

8. 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

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><u>1. Service Agreements closed on incorrect dates and also non closure.</u> Services must be closed on the correct date at the point at which the services terminate. All brokers and contractor staff should be informed without delay. All death notifications should be updated and all services closed in a timely manner. All cases highlighted during the audit should be closed off without delay.</p>	<p>Death notifications come to the local authority via a variety of sources – family, provider, health colleagues, voluntary sector etc. They also come into different parts of the authority – finance, care management, BSSD, ‘tell us once’. Anyone receiving notification of a death has to enter this on care first, stating the date of death and the date notification received. Reports are run on a weekly basis identifying people with a current service who are deceased. This has been managed by care management across different teams, who then notify brokers who close off service agreements. Agreement has been reached that from 1st April 2015 the Central Placements team will record date of death after notification</p>	<p>1st April 2015</p>	<p>1</p>	<p>Strategic Commissioner Client Resources/ Head of Assessment and Care Management.</p>	<p>Testing was undertaken to confirm that service agreements were closed on the correct date.</p> <ul style="list-style-type: none"> • For Sample 2 – The service user died on 29/7/15 but the date of death was recorded as 30/7/15. • For Sample 3 – The date of death was 11/10/15 but the date of death had not been updated onto Carefirst and service agreements remained open at the time of audit testing. • Sample 6 – The date of death was 9/6/15 and one service agreement was closed on 14/6/15. • Sample 8 – The date of death was 4/7/15 but the service agreements on Carefirst were closed on 5/7/15. • Sample 17 (ECH) This client died on 4/5/15 and at the time of 	<p>Outstanding.</p>

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
<p>The process for recording dates of death should be reviewed to ensure the process is consistent. A procedure should be written to ensure that the correct end date is used for domiciliary care for the calculation of the final account.</p> <p>The department need to clarify the policy regarding service delivery for clients taken into hospital in line with the terms of the contract with providers. The contractual notice period for terminating domiciliary care packages should be applied consistently. Any overpayments to agencies should be recouped. Overpayments should be recovered and incorrect charges on client accounts investigated.</p>	<p>and will terminate service agreements as at date of death wherever possible. Domiciliary care contracts specify that service will end on date of death or hospitalisation where provider could reasonably know of service user absence from the home so this may differ in some individual circumstances. This process has been agreed with Care Services and the Exchequer Manager. The revised process will be kept under review by the Central Placements Team and the follow up audit will also assess implementation. 13 cases highlighted: The Strategic Commissioner Client Resources will liaise with the Care First Support Team to agree how these and future cases should be closed. The current process is that any invoicing that is over the planned hours is referred to Care management who</p>				<p>testing service agreement remained open.</p>	

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
	investigate. If a service user contacts the council about charges they do not agree with this is then investigated by care management who recommend an action to Finance who follow up.					
<p>2. Reablement Assessment Team & Reablement Service Carefirst should be updated with the correct information such as the actual date of death, service agreements should be ended once the reablement service ends and should be limited to a maximum. The basis for charging clients whilst others are not should be clearly stated.</p>	<p>Reablement and assessment team will need to ensure that they are cross checking service agreements against services being provided. This will be addressed.</p>	<p>June 30th 2015.</p>	<p>2</p>	<p>Operational Manager, Short Term Interventions, Education, care and health services.</p> <p>Head of Direct Care Services.</p>	<p>Sample testing was undertaken using a spreadsheet provided by the reablement team and this was compared to data held on Carefirst. Clients on discharge from hospital may require a temporary reablement package. Clients are first assessed by the Reablement Assessment Team. The delivery of the care is via the Reablement Service. This is provided at no cost to the client but is limited to six to eight weeks. If further assistance is required, then a care package would be set up and at that point the client would be financially assessed to determine whether they should contribute towards their care.</p>	<p>Outstanding</p>

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
					<ul style="list-style-type: none"> • Sample 1 – The reablement service exceeded the maximum period by 8 days. Additionally, there was no service agreement for reablement for this client on Carefirst, at the time of testing. • Sample 2 - The reablement service exceeded the maximum period by 12 days. Additionally, the dates recorded on the reablement spreadsheet do not reconcile to those recorded on Carefirst. • Sample 3 - The dates recorded on the reablement spreadsheet do not reconcile to those recorded on Carefirst. • Sample 4 - The dates recorded on the reablement spreadsheet do not 	

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
					<p>reconcile to those recorded on Carefirst.</p> <ul style="list-style-type: none"> • Sample 6 – The Reablement spreadsheet was incomplete dates had not been completed. Additionally, there was no service agreement set up within Carefirst for this service user at the time of testing. • Sample 7 –Data was incomplete for this service user. • Sample 8 - The dates recorded on the reablement spreadsheet do not reconcile to those recorded on Carefirst. • Sample 9 - The dates recorded on the reablement spreadsheet do not reconcile to those recorded on Carefirst. • Sample 10- There was no service agreement for this service user on Carefirst at the time of testing. 	

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
<p>3. <u>Procedures for the Reablement Assessment Team & Reablement Service</u> Procedures should be revised in line with the current processes and practices for the reablement service and the Reablement Assessment staff. All staff should be issued with the revised procedures.</p>	<p>The service will consider what action needs to be taken and will develop policy and implement procedures to address this issue.</p> <p>Procedures will be reviewed and updated for this service in line with the formal review of reablement due to begin on 1st April 15.</p>	<p>31st July 2015</p> <p>31st July 2015</p>	<p>2</p>	<p>Head of Assessment & Care Management and Assistant Director, Social Care.</p> <p>Head of Assessment & Care Management</p> <p>Head of Direct Care Service.</p>	<p>Copies of the updated procedures were requested on 30/11/15. The Auditor was provided with a copy of the updated guide to the assessment and reablement service. This document is provided to each client when they commence with the service and remains in their home until the service is terminated. The Auditor also requested any revised procedural guidance for staff that have been completed but this has yet to be provided.</p>	<p>Outstanding.</p>
<p>4. <u>Support Plans</u> The support plans for the cases identified should be investigated. Support plans should be completed for the current clients.</p>	<p>There is now a report generated from Care First identifying all those with a service without an action plan. A procedure needs to be written and applied to ensure that this report is acted upon consistently.</p>	<p>31st July 2015</p>	<p>2</p>	<p>Head of Assessment & Care Management, Operational Manager, Short Term Interventions, Operational Manager Care Services.</p> <p>Head of Direct Care</p>	<p>Sample testing of the reablement sample showed that :-</p> <ul style="list-style-type: none"> • Sample 3 – No support plan located. • Sample 8 – No support plan located. • Sample 9- No support plan located. • Sample 18 of the ECH sample – last support plan was dated 14/12/13. 	<p>Outstanding.</p>

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
<p>5. <u>Extra Care Housing – Actual Hours Reconciliation</u> Variations between the planned hours and actual hours should be easily identified. Carefirst should be updated without delay with new care packages or any revisions to care packages. Care plans held at the Extra Care Units should be up to date.</p>	<p>This is now in place. Actual hours are sent through each week and these are cross referenced against planned. Where there are variations in line with the tolerance policy these are agreed and then action taken to ensure that ongoing changes only take place following a review by the dedicated care manager.</p>	<p>In Place.</p>	<p>1</p>	<p>Group Manager, Care Manager and Operational Manager Care Services.</p>	<p>Planned hours were compared to actual hours recorded and these were then compared to the timesheet hours for each ECH Unit and any variances in hours. The following issues arose from sample testing :-</p> <p>Sample 12 – For week ending 7/6/15 the planned hours were 14.25 hours, the timesheet showed 24.5 hours and the variance showed 3.25 hours.</p> <p>Sample 14 – For week ending 7/6/15, the planned hours were 3.5, there were no timesheet hours and no variances recorded. Further investigation showed that the client had been missed off the tolerance spreadsheet since 19/5/15.</p> <p>Sample 15 – For week ending 9/8/15 planned hours were recorded as 39.75, timesheet hours 41.25, extra hours 1 the variance 0.25.</p> <p>Sample 16 – For week ending 17/5/15 the personal hours were 17 hours, timesheet showed 37.25, extra hours</p>	<p>Outstanding</p>

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
					11.25, variance 20.25. Sample 18 – For week ending 7/6/15 the personal hours were 8, timesheet was 12.75 and the variance was 0.	
<p>6. <u>Customer Account Balance</u> Customer accounts with excessive account balances should be investigated and excessive balances recovered. A decision should be made in relation to the second case and the client should be re-assessed.</p>	<p>For Sample 37, a reminder letter had been sent on 27/11/14 requesting payment of £12,641.33. Payment of this amount was received on 9/2/15 with the new balance now totalling £2,344.23. For Sample 41 – possible safeguarding issues had been raised over 2 years ago with the case being referred to BSSD in January 2013. The case was then passed to the Appointee and Deputyship (A&D) team who applied to the court to investigate the client’s finances. In June 2014, the A&D Team advised the Sundry Debts team not to undertake any court recovery action. A&D referred the case to the Exchequer Manager on</p>	Completed.	2	Liberata.	<i>The CPS has not yet made a decision and has requested more information.</i>	Completed.

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
	<p>19th February 2015 however no decision will be made on what further action should be taken until the CPS has made a decision on whether there is sufficient evidence to charge the relative with theft.</p>					
<p>7. <u>Customer Account Refund</u> Each customer should have a unique customer account in order that charges and receipts can be easily verified.</p>	<p>Sample 5 - The client has a Domiciliary Care account and a Sundry Debt account. Both accounts are held on separate databases within Oracle. As such they cannot be merged. The client died on 2/12/14. The balance of £90.42 relates to two days personal care (1st and 2nd Dec 14) of £55.98. Plus three weeks of Carelink charges (7th, 14th & 21st Dec 14) at a cost of £11.48 per week. The Carelink unit was not returned until 15th December, as this was a Monday the client was charged for a full week.</p>	<p>Completed</p>	<p>3</p>	<p>Liberata</p>	<p>Completed.</p>	<p>Implemented</p>

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
<p>8. <u>Duplicate Customer Account</u> The duplicate accounts should be merged if found to be correct the amount on second account investigated.</p>	<p>Sample 5 - The client has a Domiciliary Care account and a Sundry Debt account. Both accounts are held on separate databases within Oracle. As such they cannot be merged. The client died on 2/12/14. The balance of £90.42 relates to two days personal care (1st and 2nd Dec 14) of £55.98. Plus three weeks of Carelink charges (7th, 14th & 21st Dec 14) at a cost of £11.48 per week. The Carelink unit was not returned until 15th December, as this was a Monday the client was charged for a full week.</p>	Completed	2	Liberata	Completed.	Implemented

Recommendation	Priority *Raised in Previous Audit	Risk	Management Comment	Responsibility	Agreed Timescale
<p>1. <u>Service Agreements closed on incorrect dates and also non closure.</u> Services must be closed on the correct date at the point at which the services terminate. All brokers and contractor staff should be informed without delay. All death notifications should be updated and all services closed in a timely manner. All cases highlighted during the audit should be closed off without delay.</p>	<p>1*</p>	<p>Services may continue to be funded and clients incorrectly charged as systems are not updated correctly</p>	<p>Business Support Officers or staff in Care Management add the date of death on the system and notify the Central Placements Team who end all Service Agreements and Activities and check personal details have been amended.</p>	<p>Head of Assessment and Care Management/ Strategic Commissioner, CPT.</p>	<p>In place since April 15, in response to this audit and both the Head of Assessment & Care Management and the Strategic Commissioner are both confident the appropriate measures have been taken and would not expect a repeat of this issue. The Strategic Commissioner will check that all cases identified have been closed off as per the new process by 30th May 16.</p>

Recommendation	Priority *Raised in Previous Audit	Risk	Management Comment	Responsibility	Agreed Timescale
					This will still need to be confirmed by Audit.
<p>2. <u>Reablement Assessment Team & Reablement Service</u> Carefirst should be updated with the correct information such as the actual date of death, service agreements should be ended once the reablement service ends and should be limited to a maximum. The basis for charging clients whilst others are not should be a policy decision but the basis of this has not been determined.</p>	2*	<p>Carefirst data held is not accurate.</p> <p>Clients receiving the same service are treated differently.</p>	<p>Process as in point 1 for deaths as above and is in place.</p> <p>Not all Service Users would be appropriately ended at the maximum eg 6 wks. There will be exceptions because of the complexity of the person resulting in a longer period. Agree that the new maximum for that person should be added to the agreement.</p> <p>Where there is no capacity for a person to be seen by reablement and an interim package of care is set up it is deemed appropriate by the Head of Assessment & Care Management that the person is charged for the interim package because they would be receiving personal care. If then a space for reablement comes available the person would then receive this service free as per process.</p>	Reablement, Team Leader.	In place since April 15, in response to this audit and both the Head of Assessment & Care Management and the Strategic Commissioner are both confident the appropriate measures have been taken and would not expect a repeat of this issue. The Strategic Commissioner will check that all cases identified have been closed off

Recommendation	Priority *Raised in Previous Audit	Risk	Management Comment	Responsibility	Agreed Timescale
					<p>as per the new process by 30th May 16.</p> <p>Work underway to resolve queries in relation to the service lines on Carefirst and the data held on the Reablement Client List by 30th May 16.</p>

Recommendation	Priority *Raised in Previous Audit	Risk	Management Comment	Responsibility	Agreed Timescale
<p>3. <u>Procedures for the Reablement Assessment Team & Reablement Service</u> Procedures should be revised in line with the current processes and practices for the reablement service and the Reablement Assessment staff. All staff should be issued with the revised procedures.</p>	<p>2</p>	<p>Staff may be operating to different working practices.</p>	<p>The department will provide Audit with the process as written by Impower to satisfy this priority. Audit has since confirmed receipt of the 'Revised Adult Care & Support Package Guidance'.</p> <p>The Head of Direct Care to advise Audit when his service will provide the details of the policy and procedures that he agreed would be developed after the April 15 review. This was agreed by him to be in place by July 15 in his previous submission.</p>	<p>Head of Assessment and Care Management / Reablement, Team Leader.</p> <p>Head of Direct Care /Group Manager.</p>	<p>By 31st August 2016</p> <p>By 31st August 2016</p>

Recommendation	Priority *Raised in Previous Audit	Risk	Management Comment	Responsibility	Agreed Timescale
<p>4.Support Plans The support plans for the cases identified should be investigated. Support plans should be completed for the current clients.</p>	<p>2*</p>	<p>Assessments may not be up to date and match care currently being provided.</p>	<p>Action plans should be completed and staff know to follow this process.</p>	<p>Head of Assessment and Care Management</p>	<p>Implemented. Issues were highlighted to staff who were instructed to update Action Plans on all relevant cases. The Reablement, Team Leader will check this and report back to Audit by 30th May. Now Completed</p>

Recommendation	Priority *Raised in Previous Audit	Risk	Management Comment	Responsibility	Agreed Timescale
<p>5. <u>Extra Care Housing – Actual Hours Reconciliation</u> Variations between the planned hours and actual hours should be easily identified. Carefirst should be updated without delay with new care packages or any revisions to care packages. Care plans held at the Extra Care Units should be up to date.</p>	<p>1*</p>	<p>Clients may not receive the assessed care hours.</p>	<p>Concerns that the tolerance policy may need reviewing and the Head of Assessment & Care Management will arrange for this to be looked at.</p>	<p>Head of Assessment and Care Management /Operational Manager, Care Services/Group Manager Care Management.</p>	<p>By 31st August 2016</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**

FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE & HEALTH DEPARTMENT

FOLLOW UP AUDIT OF TRANSITION TEAM FOR 2015-6

Issued to: Maxine Sutherland Interim Group Manager
Stephen John, Assistant Director, Adult Social Care
Claudine Douglas Brown, Exchequer Manager

Cc: David Bradshaw, Head of Finance, ECS Finance,
Anne Watts, Assistant Director, Strategic Development & Performance,

Prepared by: Principal Auditor.

Date of Issue: June 16th 2016
Report No.: ECH/038/01/2015

INTRODUCTION

1. This report sets out the results of our follow up audit of the Transition Team for 2015-16. The audit was carried out in quarter 3 as part of the programmed work specified within the 2015-16 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. Since the last audit, there has been a change in management. An Interim Manager is in post and the recommendations are in the process of being actioned.

AUDIT SCOPE

4. This follow up review concentrated on the progress of implementation of the previous audit recommendations made with the 2014-15 report issued on March 9th 2015.

MANAGEMENT SUMMARY

5. From the previous review, seven recommendations were made of which there was 1 priority one recommendation and 6 priority two recommendations. It was found that out of the seven recommendations made, 5 were found to be outstanding including the priority 1 recommendation.
6. Service agreements were found to not have been authorised in a timely manner resulting in losses of income in client contributions.

SIGNIFICANT FINDINGS (PRIORITY 1)

During the original audit, cases were highlighted; a number of cases were found to have been in overpayment and underpayment. These were still in the process of being actioned at the time of the follow up.

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 prioritized at Appendix B.

ACKNOWLEDGEMENT

9. Internal Audit 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
APPENDIX A						
<p>1. <u>Overpayment for supported living placement</u> 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>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><i>Internal Audit Comment</i> <i>Testing will be undertaken to verify management comments during the follow up process.</i></p>	Completed	2	Joint Team Manager/Deputy Team Manager	Finance has provided confirmation that there is no duplication and therefore no overpayment made.	Implemented
<p>2. <u>Duplicated Payment Period</u> The service lines should be reviewed and it should be determined whether there is duplication within the</p>	<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</p>	Completed	2	Joint Team Manager/Deputy Team Manager	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	Outstanding.

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
<p>payment periods. Monies should be recouped in relation to this possible duplicated service agreement as applicable.</p>	<p>3 days a week. Two months into this package additional support (making the package 2/1) was 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</p>				<p>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. Finance have suggested that the service investigate this possible duplication and contact the provider and if required claw back any overpayment.</p>	

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
	<p>continue. There has therefore been no overpayment regarding this service user. Internal Audit Comment <i>Testing will be undertaken to verify management comments during the follow up process.</i></p>					
<p>3. <u>Service agreements not 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.</p>	<p>Internal Audit Comment <i>No comments provided in respect of these two cases.</i></p>		2	Joint Team Manager	<p>Queries were raised in relation to new cases relating to five individual service agreements that had not been authorised in a timely manner.</p> <p>Sample A– Service agreement for supported living commencing 29/4/2015 still not authorised until 15/10/15. This client makes a weekly contribution of £28.11 and cannot be backdated. Loss of income of approximately £680.</p> <p>Sample B – Service agreement for supported living commencing 14/9/15 still not authorised until 29/9/15. This client makes a contribution of £36.70 per</p>	Outstanding

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
					<p>week and cannot be backdated.</p> <p>Sample C – Service agreement for supported living commencing 13/7/15 incomplete at the time of testing. The Group Manager advised that there were issues regarding this Ordinary Residence case. This client makes a contribution of £42.90 per week and cannot be backdated. Loss of £1072.50 to Dec 31st 2015.</p> <p>Sample D– Service agreement for residential care commencing 27/9/15 not authorised until 9/12/15. Contributions can be backdated as applicable.</p> <p>Sample E – This residential service agreement commencing 25/10/15 not authorised at the time of testing. Contributions can be backdated as applicable.</p>	

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
<p>4. <u>Direct payment accounts</u> 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>Clients are permitted to have balances greater than 8 weeks if there is a valid reason. Sample 10 – P4208 - The client still had 5 invoices to pay totalling £4,793.50 Sample 13 – P6531 - 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. Sample 17 – P42973 - 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. Sample 20 – P52058 - Tax and holiday pay was still due to be paid Sample 22 – P38286 – The excess of £4k was due to be used for holidays and had reduced</p>	Completed.	2	Liberata	<p>Clients are permitted to have balances greater than 8 weeks if there is a valid reason. Sample 10 – P4208 - The client still had 5 invoices to pay totalling £4,793.50 Sample 13 – P6531 - 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. Sample 17 – P42973 - 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. Sample 20 – P52058 - Tax and holiday pay was still due to be paid Sample 22 – P38286 – The excess of £4k was due to be used for holidays and had reduced to £284.73 by the end of Sep 14.</p>	Implemented.

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
	to £284.73 by the end of Sep 14.					
<p>5. <u>Direct payments in over or underpayment</u> Cases highlighted should be reviewed and service agreements and rates updated accordingly. Any overpayments should be recovered.</p>	<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</p>	End of March 15	1	Joint Team Manager /Deputy Team Manager	<p><u>Overpayment</u> For Sample 9, Finance have suggested that the service investigate this possible duplication and contact the provider.</p> <p>For Sample 26, it was confirmed that there had been an overpayment due to a miscalculation. The uplift also needed to be actioned. The service area needs to investigate this further and if necessary claw back monies. Sample 27, confirmation was provided that there had also been an overpayment and the need for the overpayment to be clawed back. The service area needs to investigate this further and if necessary claw back monies.</p> <p><u>Underpayment</u> For Sample 10, the service agreement commencing 5/5/14 £11.50 rate is used</p>	Outstanding.

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
	sample 26. Care Managers to be reminded of need to amend DP rates at the point of annual review. Internal Audit Comment <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>				instead of the £11.78 rate for a 38 week period to the end of January 2015 causing an underpayment of £57.41 The service needs to investigate this further. Sample 24, has two service agreements commencing 5/5/14. The service needs to investigate this further.	
6. Panel Paper Documentation Panel papers should be readily available to confirm that service agreements are correct.	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.	Completed	2	Joint Team Manager /Deputy Team Manager	The Group Manager advised that these practice issues were being addressed, but details are yet to be confirmed.	Outstanding.
7. Transfer of cases to	The Transition team has a process in place for the	Completed	2	Joint Team Manager	The Group Manager advised that it is evident that this case	Outstanding

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
<p>Adult Services Cases should transfer from the Transition Team, to adult services as appropriate.</p>	<p>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> <i>No individual comments for samples provided.</i> <i>Testing will be undertaken to confirm implementation during the follow up process.</i></p>			/Deputy Team Manager	<p>did not transfer from Transition Team early but there is no specific reason for this delay on the system. Better practice is now being looked at so as to ensure effective and timely transfer of cases from Transition Team. No further update has been provided.</p>	

FOLLOW UP AUDIT OF TRANSITION TEAM FAMILY FOR 2015-16

APPENDIX B

Recommendation	Priority *Raised in Previous Audit	Risk	Management Comment	Responsibility	Agreed Timescale
<p><u>1.Overpayment for supported living placement</u> 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>2*</p>	<p>Overpayments are not identified and clawed back.</p>	<p>Group Manager is to make contact with Contractor A, to discuss claw back and service provision.</p>	<p>Group Manager</p>	<p>31st August 2016</p>
<p><u>2. Service agreements not being authorised in a</u></p>	<p>2*</p>	<p>Inability to effectively undertake budget</p>	<p>There has been a change in process. The Group Manager to provide evidence in 4 weeks to Internal Audit.</p>	<p>Group Manager</p>	<p>31st July 2016</p>

<p><u>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.</p>		<p>monitoring.</p>	<p>There is now a more robust application of procedures.</p>		
<p>3. <u>Direct payments in over or underpayment</u> Cases highlighted should be reviewed and service agreements and rates updated accordingly. Any overpayments should be recovered.</p>	<p>1*</p>	<p>Loss of monies if direct payment is not clawed back.</p>	<p>Investigations are underway for all the cases mentioned.</p>	<p>Group Manager</p>	<p>31st July 2016</p>
<p>4. <u>Panel Paper Documentation</u> Panel papers should be</p>	<p>2*</p>	<p>Service agreements may not be appropriately</p>	<p>There is a new process due to be implemented within the next 2-3 months which should resolve this.</p>	<p>Project Lead</p>	<p>30th September 2016</p>

readily available to confirm that service agreements are correct.		authorised.			
5. <u>Transfer of cases to Adult Services</u> Cases should transfer from the Transition Team, to adult services as appropriate.	2*	Greater costs impacting on the CLDT budget.	All transition cases are now discussed with the Group Manager and Senior Practitioners. Processes are in place to look at efficiencies within the service to ensure that we are supporting only those that are most in need.	Group Manager	30 th September 2016

APPENDIX C

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

FINAL INTERNAL AUDIT REPORT

EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

**FOLLOW UP REVIEW OF CHURCHFIELDS PRIMARY SCHOOL
2015/16**

Issued to: Mr T Hyndley, Headteacher

CC: Gill Hannan Chair of Governors
Schools Finance Team

Prepared by: Principal Auditor

Date of Issue: 20th April 2016
Report No.: ECH/P14/01/2015

INTRODUCTION

1. This report sets out the results of our systems based follow up audit of Churchfields Primary School. The audit was carried out in quarter four as part of the programmed work specified in the 2015/16 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. This follow up review considered the Schools Finance Team (SFT) audit report issued on 24th August 2015 and was limited to identifying progress made on the suggested areas for improvement.

MANAGEMENT SUMMARY

4. Internal Audit have liaised with SFT officers and agreed to follow up the issues raised during their audit review in August 2015.
5. In an Internal Audit review these issues would have been reported as findings, associated risk and a priority rated recommendation. The school would then respond to these recommendations as a management comment, target date and responsibility for implementation. At the follow up review the school is requested to evidence implementation for the recommendation to be closed; progress to implementation is shown as partially implemented. Testing in a follow up review may identify new recommendations. For the purpose of this review Internal Audit will use the areas for improvement as a recommendation.
6. The bank history for the 6 month period September 2015 to February 2016 was reviewed and a sample of 5 payments selected for audit examination during the site visit on the 17th February. The visit was during half term and not all documents requested were accessible at that time; Resources Committee minutes and quotes to support payments over £5K were provided later.
7. Of the 11 issues identified in the SFT audit 2 have been implemented. 5 were still outstanding, 4 were partially implemented and have been re-recommended. Management need to consider the following findings:-
8.
 - Monthly payroll reports not signed by the Business Manager
 - Purchase orders were not raised before expenditure was committed
 - Expenditure exceeding £5K not supported by 3 written quotes or an authorised waiver

FOLLOW UP REVIEW OF CHURCHFIELDS PRIMARY SCHOOL 2015-16

- No contract register
- The lettings policy has not been formally agreed by Governors
- Debtors not controlled through the schools financial system
- Annual stock take of the school's assets not certified by the Headteacher

SIGNIFICANT FINDINGS (PRIORITY 1)

9. There are no priority one findings to report.

DETAILED FINDINGS/MANAGEMENT ACTION PLAN

10. Any new findings and re recommendations are detailed in Appendix B of this report and require management comment. Appendix A provides information on the recommendations that are being followed-up and Appendix C give definitions of the priority categories.

ACKNOWLEDGEMENT

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

No	Areas for Improvement (SFT report August 2015)	Follow-up comments	Status
1	Monthly payroll reconciliations should be signed as checked by the business manager and the overall monthly costs authorised promptly by the Headteacher, to confirm effective financial control over payroll.	The payroll report for November was selected as the sample for audit checking. Although the Head teacher has signed and dated the report the Business Manager should also sign to certify that the recommended checks have been completed	Partial
2	Orders should be raise and authorised at the time of commitment to spend, including credit card payments to ensure accurate financial accounting.	<p>From the Liberata report dated 24.8.15, there were 3 areas for improvement (numbered 2-4 in this report) relating to the expenditure process. For the purpose of follow up testing a sample of 5 payments was selected from the bank history report, September 2015 to February 2016. The following issues were arising:-</p> <ul style="list-style-type: none"> • 4/5 (Contractor A - £28,044, Contractor B - £21,762, Contractor C -£5336.18 and Contractor D - £1,329.07) payments the purchase order had not been raised or authorised before the invoice had been received. The Business Manager was not aware of the committed spend until the invoice was received on site. • 4/5 (Contractor A, Contractor B, Contractor E - £10,537.30 and Contractor C) payment related to expenditure exceeding £5K and should be supported by 3 written quotes. The Headteacher would supply the third quote for sample 1 and 4. In all cases it was difficult to compare quotes and evidence that the lowest was selected as the final procurement deviated from the quotes. It is suggested that a tender summary sheet be adopted for this type of expenditure to clearly evidence quotes, changes to specification, opportunity for all contractors to resubmit a price if the specification changes and compliance to Financial Regulations. • 1/5 (Contractor B £21,762) payment related to other work awarded to the contractor during/following the major build project managed by Strategic Property. There was no evidence of competitive tendering for this work and as confirmed by the Strategic Property Department, was not related to the original build. The value of the work exceeded £20K and should have been supported by a waiver, authorised by the Headteacher and Chair of Governors to evidence why competitive tendering had not been applied. • 1/5 invoices (Contractor D) did not specify an invoice date and had not been date stamped when received on site and therefore does not comply to accounting standards for invoices. It was established that this project had been paid in 3 installments; the total value of the project was £5,011 and therefore should have subject to competitive quotes. 	Outstanding

No	Areas for Improvement (SFT report August 2015)	Follow-up comments	Status
		<p>It was noted that payments had been made to named individuals for services provided to the school. Previously the school would have been expected to evidence the UTR self employment reference and a declaration that the individual pays their own tax and National Insurance. Following a HMRC audit last year managers engaging staff in this manner will need to evidence that the individual is self employed and can be paid by invoice. All other payments will need to be through payroll. Guidance will shortly be available to schools and will be discussed at the next schools forum on the 1st March.</p> <p>The aged creditors report run on the 17.2.16 identified 5 invoices, totaling £4,918.88 that have outstanding for more than 91 days. The Business Manager will need to investigate these invoices and resolve. There is also a credit note of £197.40 for Supplier A that has been outstanding for more than 91 days. The aged creditors should be routinely generated from the system to control the timely payment of all invoices.</p>	
3	Invoices should be properly authorised prior to making a payment	For the 5 invoices selected for audit examination the Business Manager had signed to authorise the invoice prior to payment.	Implemented
4	Quotations should be available for expenditure in excess of £5K unless the expenditure has been approved by Governors as exempt for a particular reason from gathering quotes to ensure best value is achieved.	See 2 above	Outstanding
5	The schools contract list should include all contractors and the list should be presented to Governors for review annually to ensure the school is receiving value for money on services received.	The Finance Officer confirmed that this is still outstanding but is work in progress.	Outstanding
6	The lettings policy should be reviewed regularly and approved by Governors	The lettings policy has been reviewed and updated; fees and charges agreed. The document is still in draft and will need to be finalised and reported to Governors. This policy should be reported to governors annually.	Partial

No	Areas for Improvement (SFT report August 2015)	Follow-up comments	Status
7	Application forms for hire of premises should be prepared for hirers showing agreed fees. Hirers should present their public liability information to confirm the school is protected against unforeseen risks and costs.	The application form has not yet been developed and it was agreed with the Business Manager to forward a standard lettings policy and documentation including an application form with the section regarding public liability insurance. The Head teacher should authorise all applications. Once the letting has been agreed the school should raise an invoice to collect the income in advance.	Outstanding
8	Debtors invoices should be raised on the school's financial system for all goods/services delivered by the school to ensure effective financial monitoring.	The school uses a manual invoice system to collect income and although this satisfied the basic requirements of a debtors system it is cumbersome and time consuming to administer. It is suggested that using the debtors function on FMS will offer greater control for monitoring income and recovering debt.	Outstanding
9	The school should collect income promptly. Any unrecoverable debts should be written off with correct approval.	The aged debtors report printed on the 17.2.16 detailed 23 transactions where the debt was more than 61 days overdue. The total value of outstanding debts reported was £8,429.62 of which £6044 had been carried forward from the summer term 2014. At the Resources meeting 2 nd February 2016, Governors agreed to write off the old year debt. Governors were also informed in changes to procedures for debt monitoring and recovering which should mitigate the recurrence of high arrear balances. The aged debtors report should be run regularly to identify outstanding debt and improve collection and recovery	Partial
10	The pages of the asset register should be numbered and the Headteacher should carry out an annual verification check with confirmation signature.	The Business Manager has started to collate the assets held in each area of the school. It was suggested that this should also include the Caretakers workshop. The complete asset register stored on the shared area will only be accessed by the H/T, SLT and admin. The Headteacher should sign a hard copy of the completed asset register annually to comply with Financial Regulations. The school do not maintain an off site loans book but items such as laptops and cameras, assigned to a member of staff has been signed for to achieve accountability.	Partial
11	The school should hold the financial information presented to the Resources Committee governors to confirm to audit that information is accurate and extracted directly from the financial system.	The Business Manager did not have access to the Resources Committee minutes at the time of the site visit. It was noted that the Governing Body minutes are available on the school website. The Business Manager confirmed that the Income and Expenditure report, generated from FMS and a budget monitoring report prepared by her is submitted to each Resources Committee. The draft minutes of the Resources Committee for the 2 nd February 2016 were reviewed and confirmed that the I&E report was generated from the system and supported by the budget monitoring report.	Implemented

No	Recommendation	Priority	Management Comment	Responsibility	Target Date
1	The monthly payroll report should be signed by the Business Manager to certify that agreed checks have been completed prior to the authorisation by the Headteacher	2	School Response: This will be done as a matter of course now that GHY (SBM) is in place.	School Business Manager (SBM)	Commencing April 16 Payroll every month thereafter
2	Purchase orders should be raised and authorised by the appropriate officer before the expenditure is committed. Invoices must conform to standard conventions. The aged creditors report should be regularly generated, reviewed and cleared	2	School Response: All Purchase Orders will be generated from the school office by CB Purchase orders will be signed by the Headteacher, Invoices will be signed by GH to ensure proper segregation of duties. Telephone orders will not be accepted without school order number. Suppliers will be informed of this change. Aged creditors report will be run, checked and cleared weekly.	Headteacher/SBM	Commencing immediately to be completed by 01/09/2016
3	For all expenditure exceeding £5K, three written quotes must be sourced and for spend over £50K sealed tenders, to comply with Financial Regulations and Contract Procedure Rules. If any procurement is commissioned without competitive quotes a waiver should be evidenced authorised by the Headteacher and the Chair of Governors. When comparing quotes it is suggested that a project summary sheet be used to allow comparison of costs, particularly where the final procurement is for elements of the specification. All suppliers should be given the same opportunity to revise their quotes if the specification is	2	School Response: Time constraints with the amount of works done last Summer, are the reason for this but going forward the Headteacher and the SBM will work together to ensure this is done. School Response: A project summary sheet will be implemented going forward however there were mitigating circumstances for this happening in the first instance. Time constraints over the summer, limited the practicality of ensuring this was done plus adding another contractor to the 3 that were already on-site could have caused problems. However we will ensure this is implemented in future.	Chair of Governor's, Headteacher and SBM Headteacher/SBM	Commencing immediately Commencing immediately

No	Recommendation	Priority	Management Comment	Responsibility	Target Date
	<p>changed.</p> <p>All quotes and supporting documentation should be retained in a project folder available for review.</p>		<p>School Response: Yes they should</p>	<p>Headteacher/SBM</p>	<p>Commencing immediately</p>
<p>4</p>	<p>The contract register should detail all contracts and agreements held by the school. The start and end date will enable Governors to identify contracts due to expire and ensure action is taken to terminate, extend or retender in a timely manner.</p> <p>The contracts register should be reported to Governors annually to approve, specifically the rollover of annual contracts.</p> <p>The school should periodically market test service areas to ensure rolled over contracts still offer value for money. Any performance issues, derived from monitoring, should be included in the annual review.</p> <p>Identifying a lead officer for each contract will promote ownership and facilitate effective contract monitoring.</p>	<p>2</p>	<p>School Response: SBM is working on a contracts register at present with: appropriate Start/End dates, which ones are roll-overs and an appropriate staff member assigned for monitoring and ownership purposes. The SBM will engage in market testing annually and is already doing so for phones and energy. A contracts register, monitoring notes and recommendations will be made available to Governor's resources committee annually.</p>	<p>SBM</p>	<p>June 2016</p>

No	Recommendation	Priority	Management Comment	Responsibility	Target Date
5	Once formalised the lettings policy should be reported to Governors annually. The application form, issued to the school 18.2.16, should be adopted for all hires. Once the Headteacher has authorised the application an invoice should be raised to collect the income	2	School Response: SBM is working on this at present, once lettings policy is complete it will be submitted for ratification by governors and annually thereafter. The application form will be adopted have asked for it to be sent through again by LBL Audit 14/04/16.	SBM	June 2016
6	Develop the debtors function on FMS to improve control over collection and recovery, reconciliation and accountability. Regularly generate the aged debtors report to identify outstanding debts, review and clear.	2	School Response: Agree that this will improve control over debtors and that there is a need for this to be implemented. SBM to liaise with SFT re: best way to get this in place. Aged debtors will be run and scrutinised weekly.	SBM/Liberata SBM	September 2016 With immediate effect
7	The Headteacher should sign a hard copy of the completed asset register annually to comply with Financial Regulations.	2	School Response: The SBM is liaising with the premises team to ensure that a complete list is available shortly. The Headteacher will then sign annually.	Headteacher/SBM	July 2016

Definition of priority categories.

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

FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

REVIEW OF SLAs FOR GP PRACTICES AUDIT 2015-16

Issued to: Nada Lemic, Director of Public Health
Mimi Morris-Cotterill, Assistant Director Public Health

Prepared by: Principal Auditor

Date of Issue: 22/06/2016

Report No.: ECH/023/01/2015.bf

REVIEW OF CONTRACTS & COMMISSIONING FOR PUBLIC HEALTH FOR 2015-16

INTRODUCTION

1. This report sets out the results of our systems based audit of review of SLAs for GP Practices audit for 2015-16. The audit was carried out in quarter 4 as part of the programmed work specified in the 2015-16 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 02/08/2015 however the audit was postponed and commenced on 26/11/2015. The period covered by this report is from 01/04/2015 to 31/12/2015.
4. The budget for LES Payments to GP's/Pharmacies for 2015/16 was set as £255,650. The total expenditure as of 31/03/2016 was £254,060.

AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference. The SLAs with GP Practices for integrated Sexual Health Provision in Primary care were reviewed as part of this audit.

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. In June 2013 Executive approved an exemption from the Contract Procedure Rules in order that the Council could enter into one year Service Level Agreements (SLAs) with GPs to support the delivery of:
 - Sexual Health Services
 - Substance Misuse Services
 - NHS Health ChecksThese SLAs were implemented to streamline the commissioning activity of these services as well as improving the contract and budget monitoring processes and payment arrangements.
8. All 45 registered GP Practices in the Borough signed up to deliver one or more elements of these services during 2014/15. GP participation in these Public Health programmes remains vital as GP practices hold patient lists covering the local population and have direct access to those patients the Public Health programmes seek to target. Therefore an exemption from the Council's Contract Procedure Rules was granted to support the continuation of these programmes by enabling the Director of Public Health to establish a new round of SLAs with GP Practices for 2015/16 by the Executive in November 2014.
9. This review focused on the SLA with GP Practices for integrated Sexual Health Provision in Primary care.
10. Sexual Health is an important area of Public Health. The provision of an integrated sexual health service model in primary care aims to improve sexual health outcomes by providing better access to services through a 'one stop shop' where sexual health and contraception can be available at one site [where possible] and be delivered by qualified and skilled health professionals.
11. As part of the GP Sexual Health Contract as of 2014, and to meet LBB auditing requirements, Contract Monitoring Audit visits should be arranged with each practice on a yearly basis, with any potential claim discrepancies taking priority. GP visits are primarily of a clinical nature to ensure GP practice professionals are meeting the contract requirements and correctly using the 'sexual health template'. This was designed by the search designer to specifically capture the sexual health activity specified in the contract. The accuracy of the audit and claim process is dependent on this primarily as the audit search and claim have been designed so they cannot be manipulated.

REVIEW OF CONTRACTS & COMMISSIONING FOR PUBLIC HEALTH FOR 2015-16

12. It was noted as part of this review that GP practices are not visited on an annual basis. From the sample selected, there was no record of audit visits in 2 of the 5 practices, since the start of the SLA in 2014. There is no overall plan of audit visits to ensure that all GP practices are covered on a rotational basis.
13. Audit visit documents for the remaining 3 GP practices in the sample were requested for review. The audit check list for the visit to Surgery A was incomplete and details of outcome of claim checks, date of visit and signature by the clinical auditor were not recorded.
14. Further review of the audit checklist completed at the time of audit visit highlighted that the checking of claims and its outcome is not documented.
15. A sample of 10 payments from the list of GP claims for Sexual Health for Quarter 1 (April 2015 to June 2015) and Quarter 2 (July 2015 to September 2015) relating to 45 GP Practices was selected for review. Each claim was checked to the independent audit report that is obtained directly from GP practices IT systems to ensure accurate numbers of procedures were claimed and the unit price paid was as agreed in the SLA. The review was satisfactory for 10/10 claims. Two instances of under-claiming were identified, however satisfactory explanations were provided by the Interim Sexual Health Lead.

SIGNIFICANT FINDINGS (PRIORITY 1)

16. There are no priority one findings in this report.

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>The procedure for Sexual Health Contract Monitoring Audit Visits for Bromley GPs states that ' As part of the GP Sexual Health Contract as of 2014, and to meet LBB auditing requirements, Contract Monitoring Audit visits should be arranged with each practice on a yearly basis, with any potential claim discrepancies taking priority.'</p> <p>The review highlighted that GP practices are not visited on an annual basis. No record of audit visits to 2 of the 5 practices, which were part of the audit sample, could be found since the start of the SLA in 2014.</p> <p>There is no overall plan of audit visits to ensure that all GP practices are covered on a rotational basis.</p>	<p>Delay in taking action in relation to poor performance</p>	<p>An overarching plan of audit visits should be devised which delivers effective contract monitoring by ensuring that regular assurance is received on performance of GP Practices delivering Sexual Health Contract. [Priority 2]</p>
2	<p>Audit visit documents for the remaining 3 GP practices in the sample were requested for review. The audit check list for the visit to Surgery A was incomplete and details of outcome of claim checks, date of visit and signature by the clinical auditor were not recorded.</p> <p>Further review of the audit checklist completed at the time of audit visit highlighted that the checking of claims and its</p>	<p>Performance issues may not be rectified</p>	<p>Documents from Audit visits should be completed in full detailing all checks and observations at the time of visit.</p> <p>Audit checklist should be</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
	outcome is not documented.		<p>amended to include a row where outcome of claim checks could be documented.</p> <p>Audit visits should be documented consistently and these documents should be retained either in paper format or electronically in a shared area.</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	An overarching plan of audit visits should be devised which delivers effective contract monitoring by ensuring that regular assurance is received on performance of GP Practices delivering Sexual Health Contract.	2	Even before the restructure of Public Health, audit visits for every practice were not feasible given the capacity of the team. With the redundancy of two clinical advisers, it will not be possible (and in our view, it is not considered necessary) to conduct routine visits to every practice. As we prioritised the visits based on needs, it will not be possible to provide an overarching plan of visits to practices. It must be emphasised that we do not rely on the visits to give assurance. Our monitoring and assurance process comprises of three stages, however, we will revise and strengthen the process in light of the audit report comments.	Assistant Director Public Health/Interim Sexual Health Lead	Complete

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
2	<p>Documents from Audit visits should be completed in full detailing all checks and observations at the time of visit.</p> <p>Audit checklist should be amended to include a row where outcome of claim checks could be documented.</p> <p>Audit visits should be documented consistently and these documents should be retained either in paper format or electronically in a shared area.</p>	2	<p>We have already revised and are in fact implementing the use of the revised SH GP Monitoring Visit Template that reflects the comments and suggestions made by Auditors</p> <p>We already save the email trail regarding any communication with the practice relating to claim queries.</p> <p>Therefore the email trail covers more than one specific date and recorded accordingly on file.</p> <p>Claim queries are robustly identified because of the 'Search Audit Data' reports that must compulsorily accompany all SH claims. These are thoroughly</p>	Interim Sexual Health Lead	Complete

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>investigated until verification is satisfactory to the SH Programme Lead and if not then a practice visit is arranged accordingly.</p> <p>In view of 2 GP colleagues being made redundant, who shared this responsibility, only one person is now responsible for the whole GP SH claim validation process; it is therefore easier to be consistent in the process adopted.</p> <p>It should be made clear that the validation of GP SH claims has only recently been taken on by the programme manager who will use her capacity in the most expedient way to increase efficiencies and accuracy within it.</p>		

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

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

Priority 3
 Identification of suggested areas for improvement

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

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FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVES - FINANCE DEPARTMENT

REVIEW OF HOUSING BENEFIT AUDIT FOR 2015-16

Issued to: John Nightingale, Head of Revenues and Benefits

Cc: Jayne Carpenter, Benefits Operations Manager
Peter Turner, Director of Finance

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

Date of Issue: 7th June 2016

Report No.: CX/20/05/2016.bf

REVIEW OF HOUSING BENEFIT AUDIT FOR 2015-16

INTRODUCTION

1. This report sets out the results of our systems based audit of Housing Benefit for 2015-16. The audit was carried out in quarter four as part of the programmed work specified in the 2015-16 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 11 January 2016. The period covered by this report is from 01/01/15 to 31/12/15.
4. The total number of cases for Housing Benefits and Council Tax Support for the year ending 31st March 2016 was 35,124. Of this Housing Benefits was 18,059 and Council Tax Support was 17,065.

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:
 - Reviews and assessments following change of circumstances are carried out
 - Council tax support/reduction over payments
 - Reconciliations are regularly carried out
 - Performance management

8. Of the eight recommendations made within the previous Internal Audit review of Housing Benefits and Council Tax Support (CTS) for 2014/15, issues relating to one of the recommendations still exist. Re-recommendations have been made within this report to address the following issue:
 - Appeals are not effectively monitored to ensure a response is given within 28 days and three months where a case has been referred to tribunal.

9. We would also like to draw to the Manager's attention:
 - Testing of a sample of 20 benefit applications, including five CTS payments, identified three instances where the applications were not processed within the 13 day target. Furthermore, examination of the benefit monthly monitoring reports identified that although the average target time 13 days to process new applications was achieved at the year end, during November 2015 to January 2016, the actual time taken to process new applications was higher than the target, 14.5 days (monthly average).
 - Testing of a sample of five DHPs found two instances where it took 159 and 78 days respectively to assess the claims. The reason given for the delay was the increased volumes of DHP applications. Priority was given to those applications from disabled customers in RSL occupation.
 - Year end target of 83% for benefit overpayment recovery had not been achieved.

REVIEW OF HOUSING BENEFIT AUDIT FOR 2015-16

SIGNIFICANT FINDINGS (PRIORITY 1)

10. No significant findings were identified

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>Appeals Management</p> <p>It was identified that prompt consideration was often not being given to the appeals received. Initial response should be provided by LBB appeal officers within 28 days and where appeals are referred to the tribunal response should be provided within three months from the date of appeal. According to the appeal records, from April 2015 to March 2016, 73% of 28 day targets were not met and 30% of three months targets were not met.</p> <p>Testing of a sample of ten appeals identified that in six instances 28 days target to respond had not been met. In addition, another claim the response was provided after 105 days, meaning both the 28 day and three month response targets were missed.</p>	<p>Where appeals are not processed within the target deadline, there is a risk that claimants are suffering unnecessary financial hardship where an incorrect decision has been awarded. This could also lead to reputational damage to the Council.</p>	<p>Where appeals are approaching the target date, actions should be taken to ensure that these are reviewed within the 28 day and the three month targets, as per the SLA.</p> <p>[Priority 2*]</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>Overpayments</p> <p>Examination of the monthly overpayment monitoring report identified that the year end target for recovering overpayments had not been met.</p> <p>The recovery target for 2015/16 financial was 83%, however, the year end actual recovery figure was 75.69%.</p> <p>Discussions with the Benefit Operational Manager identified that the effect of Real Time Information (RTI) was unknown when the target was set.</p> <p>DWP initiated RTI data matching exercise against data held on the Local Authorities benefits system in October 2014, to identify cases where claimants have either failed to declare or have under-declared earnings.</p> <p>Result of the first set of data matching affected Council's overpayment rate during 2015/16 financial year, 43 RTI overpayments were created, totalling £133,154.77.</p>	<p>The objective of maximising recovery may not be achieved.</p>	<p>In achieving the key objective of maximising recovery the annual target needs to be set carefully, bearing in mind the effects of RTI.</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	Where appeals are approaching the target date, actions should be taken to ensure that these are reviewed within the 28 day and the three month targets as per the SLA.	2*	Every effort is taken to ensure appeals are conducted in the specified periods. However, appeals are often concentrated in certain periods of the year, thereby causing operational difficulties. This is exacerbated by urgent cases requiring immediate review being received and cases awaiting prosecution.	Revenues & Benefits Manager Head of Revenues & Benefits	Ongoing
2	In achieving the key objective of maximising recovery the annual target needed to be set carefully, bearing in mind the effects of RTI.	2	The replacement of the original target with a measure that monitors action undertaken rather than the recovery level has been agreed by the Executive. The effects of RTI and "optional RTI" will be measured on an ongoing basis.	Head of Revenues and Benefits	Ongoing

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

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

Priority 3
Identification of suggested areas for improvement

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

While there are 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 is 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 LEGAL COSTS AUDIT FOR 2015-16

Issued to: Sue Fraser, Team Leader, Commercial Team

Cc: Mark Bowen, Director of Corporate Services
Ron Shockness, Team Leader, Children's and Adults
Greg Ullman, Team Leader, Planning, Litigation and Licensing

Prepared by: Principal Auditor

Date of Issue: 15th April 2016

Report No.: CX/077/01/2015

REVIEW OF LEGAL COSTS AUDIT FOR 2015-6

INTRODUCTION

1. This report sets out the results of our systems based audit of Legal Costs Audit for 2015-16. The audit was carried out in quarter Q4 as part of the programmed work specified in the 2015-16 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 18th December 2015. The period covered by this report is from April 2014 to December 2015.
4. The total expected Legal Services budget for 2015-16 is a total net surplus of £41,840, including controllable costs of £1.548k and recharges to other departments of £2,060k. The expected use of counsel for 2015-16 was £100k and £139,200 of direct income. At the 22nd January 2016, the spend on counsel was £91k (not including WIP), and income £272k (£163k on Fees and charges, £78k of recoveries and £31k of Section 106 income).

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

REVIEW OF LEGAL COSTS AUDIT FOR 2015-6

7. Controls were in place and working well in the areas of:
 - Income is being correctly received and coded
 - Court costs are being recharged where appropriate
 - The cost of service was benchmarked and found to be broadly in line with other local authorities

8. However we would like to draw to Manager's attention the following issues:
 - Benchmarking of the service and performance monitoring of counsel does not take place.
 - Purchase card transactions are not being approved by Management and receipts are not being attached for expenditure incurred
 - Suppliers of Counsel are inconsistently set up on Oracle
 - Quotes obtained for the use of Counsel not part of the Legal Services Framework have not been provided
 - A documented procedure for the treatment and collection of income does not exist
 - Approval to use counsel is not always approved before counsel is instructed and the estimate costs of counsel are being exceeded.

SIGNIFICANT FINDINGS (PRIORITY 1)

9. No significant findings were 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	<p>The process for collecting income from the court and allocating it out to departments is as follows. Cashiers receive a BACs submission monthly from the court and sheet of payments that have been made. This is distributed to a number of Officers within the council and they confirm which money paid over is theirs and it is journaled into their budget. This procedure has not been documented.</p> <p>Testing identified that all income received was as expected, though it was found that for two samples not all income had been received and thus it was yet to be redistributed to the correct department. (samples 5 and 7). As part of the sample testing five items of income tested were for work carried out on the acquisition of properties by legal. This has been agreed at 0.5% on the value of the property, but this agreement has not been written down.</p>	<p>Income may not be collected or allocated to the correct cost centre</p>	<p>Procedures for income should be written down and arrangements made for more than one member of staff to be involved in the collection of income. [Priority 2]</p>
2	<p>Testing of a sample of the use of 10 suppliers for legal counsel found that in all 10 cases, legal counsel had actually been provided. It was found that for 9 of the cases an 'Authority to Instruct Counsel form' had been completed and signed off by the AD for Legal Services or Director of Corporate Services. However in two of these instances the form was not signed</p>	<p>Excessive and inappropriate expenditure may be incurred.</p>	<p>Purchase orders should be raised where the cost of expenditure is known in advance. [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>until after the counsel had actually been instructed.</p> <p>It was found that for 9 of the 10 cases a purchase order was raised after the invoice had been received. In five instances although Instruction form had been completed the costs stated in the form were not the same as those invoiced for or the expected value did not match the total cost incurred.</p> <p><i>Audit comment:</i> <i>It is accepted that when using legal counsel it is not possible to accurately predict the length of court cases and that therefore it is not possible to raise a purchase order for the exact amount and at the point the decision is made to use the supplier.</i></p> <p>Testing of a sample of 10 Court costs and 20 legal expenses incurred found that for 2 legal expenses and 5 court fees a purchase order had not been raised and payment had been approved via AP2.</p>		
3	<p>Discussed with the Senior Solicitor that benchmarking is not carried out by the service.</p> <p>A quick benchmarking exercise was undertaken by the auditor, comparing the services costs to those of other South London</p>	Value for Money may not be achieved.	Legal Services should consider carrying out Benchmarking of their service and complete the quality assessment forms

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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>Legal Services. It was found that Bromley's spend per FTE on Employee costs is broadly in line with other Authorities.</p> <p>It was also identified from testing a sample of 10 uses of counsel that quality assessment sheets are not being completed by staff.</p>		<p>for the use of Counsel. [Priority 3]</p>
4	<p>A report was run of all of the Purchase card transactions for the only Purchase card held by the Legal section. It was found that of the 41 transactions incurred since October 2014, 18 are awaiting approval and one awaiting account holder.</p> <p>It was discussed that the approver was the former Assistant Director of Legal, but since she left, there has not been an approver until recently when the Senior Solicitor has become the new approver. However at the 10/02/16, there were still 26 transactions awaiting Approval. All transactions viewed seemed appropriate however of 8 transactions sampled only one had receipts attached and for at least two transactions VAT has not been accounted for where it would be charged.</p>	Excessive expenditure is being incurred	<p>Procedures should be put in place make sure purchase card transactions are processed promptly, that the relevant receipts are attached and VAT correctly accounted for. [Priority 2]</p>
5	From testing a sample of 10 uses of counsel, 20 legal costs and 10 court fees it was found that there is a discrepancy	Suppliers set up incorrectly on oracle potentially leading	<p>Suppliers of counsel should be set up</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
	between how counsel suppliers are set up on Oracle. Some suppliers are set up as named individual and some as the legal chambers.	to duplicate payment of invoices	consistently either as named individuals or Legal Chambers. [Priority 2]
6	<p>It was discussed with two of the Legal Team Leaders that the Framework of legal suppliers has now expired, though most of the firms will still honour these rates.</p> <p>Evidence of quotes being obtained was not provided for 2 uses of counsel, which a Chamber has been utilised outside of the Legal Framework.</p>	Expenditure may be incurred which is not best value	<p>Evidence of quotes obtained when utilising suppliers outside of the legal framework should be retained.</p> <p>Consideration should be given to formalising the legal Framework rates. [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	Procedures for income should be written down and arrangements made for more than one member of staff to be involved in the collection of income.	2	We will include a written procedure for each in the Lexcel manual, which is to be revised as a procedures manual for Legal.	Team Leaders, Legal Services	June 2016
2	Purchase orders should be raised where the cost of expenditure is known in advance.	2	Staff will be reminded of the need to do this.	Team Leaders, Legal Services	June 2016
3	Legal Services should consider carrying out Benchmarking of their service and complete the quality assessment forms for the use of Counsel.	3	We have done benchmarking in the past but the benchmarking groups have ceased so nothing formal has been done recently. However, we have the hourly rates of the firms on the solicitors' framework and are aware of charges by other firms we have dealings with so are fully aware of the comparison between private practice and our own in house	Not accepted	

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
			rates. In practice quality is assessed informally within teams and we do not use someone again if we are not happy with their performance. We will take the quality assessment section off the Counsel instruction form since we do not use that method to assess.		
4	Procedures should be put in place make sure purchase card transactions are processed promptly, that the relevant receipts are attached and VAT correctly accounted for.	2	We are liaising with Finance to find out how to deal with the older payments that have not come through for approval to make sure they are processed correctly	Team Leaders, Legal Services	June 2016
5	Suppliers of counsel should be set up consistently either as named individuals or Legal Chambers.	2	This appears to be the result of the change to payment by BACS – previously Counsel had to be paid	Team Leaders, Legal Services	June 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
			individually. We will arrange for consistency in future payments		
6	Evidence of quotes obtained when utilising suppliers outside of the legal framework should be retained. Consideration should be given to formalising the legal Framework rates.	2	We will amend the Counsel instruction form to include provision for recording quotes where appropriate The framework rates are already recorded formally as part of the contract and a table of all the rates is available to all legal staff on the Team websites.	Team Leaders, Legal Services	June 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.

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FINAL INTERNAL AUDIT REPORT
ENVIRONMENT AND COMMUNITY SERVICES DEPARTMENT

REVIEW OF LIBRARIES AUDIT FOR 2015-16

Issued to: Tim Woolgar, Libraries Operations and Commissioning Manager
Juliet Perez, Shared Services Manager

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

Prepared by: Principal Auditor

Date of Issue: 16th December 2015

Report No.: ENV/017/01/2015

REVIEW OF LIBRARIES AUDIT FOR 2015-16

INTRODUCTION

1. This report sets out the results of our systems based audit of Libraries Audit for 2015-16. The audit was carried out in quarter Q3 as part of the programmed work specified in the 2015-16 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 08/10/15. The period covered by this report is from 02 November 2014 to 01 November 2015.
4. The revenues budget specifically for Bromley Libraries for 2015/16 is £7,298,520, 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 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
 - Controls are in place to ensure the security of assets.

REVIEW OF LIBRARIES AUDIT FOR 2015-16

- Income due is fully collected and accounted for
8. However we would like to bring to Management's attention the following issues:
- Discrepancies recorded whilst carrying out reconciliations are not uniformly recorded
 - It has still not been possible to add a pending fine to a client's account until they have returned any outstanding items.

It was also found that the previous recommendation relating to preventing customers with a £5 fine from using the internet is currently being progressed for completion with it implemented in one Library and funding received to implement in another 3.

Four outstanding debts were reviewed, where it was identified that the debt to the client was massively distorted due to the bill for replacement being incorrectly added for the item of stock.

SIGNIFICANT FINDINGS (PRIORITY 1)

9. There were no significant findings identified during the 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 20 reconciliations carried out between a system report of expected income against a completed C&D sheet which shows the amount of money at the end of the day was tested from at least one library each in Bromley. It was found that all 20 had been promptly carried out and carried out by two individuals. It was found that there were two discrepancies (one of £5.97 and one of £9.81). Both discrepancies were reported to Management as per procedures and investigated. It was found that the smaller error was due to staff error and foreign coins, whilst the larger error was also due to this and the system crashing and not recording some transactions.	Income due is not fully collected and accounted for.	Any discrepancies in reconciliations should be uniformly recorded. [Priority 3]
2	Discussion with the Stock and Reader Development Manager found that it has not been possible to amend the system to add the pending fine, due to the fact the information for this is held on a different server and would be costly to Bromley to implement the change. Notices sent to customers have been amended to reflect this and now warn customers they will be required to pay an additional fine when they hand stock back.	Controls are not in place to ensure the security of assets.	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. [Priority 2*]
3	A cumulative spend report was run for the libraries services and 51 items of expenditure were found of over £10,000. For	Expenditure is not made in compliance with Bromley's	Chief Officer approval should be obtained where

Project Code: ENV/017/01/2015

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	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 three 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.	Financial Regulations.	expenditure is in excess of £5000, where quotes are not obtained. [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	Any discrepancies in reconciliations should be uniformly recorded.	3	Issue will be raised at Management Team Meeting	Library Operations & Commissioning Manager	January 16
2	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.	2*	This will be kept under review. As this would really only apply to someone with one item overdue worth less than £15 the cost of implementing it is likely to outweigh the potential benefit.	Library Operations & Commissioning Manager	Ongoing
3	Chief Officer approval should be obtained where expenditure is in excess of £5000, where quotes are not obtained.	2*	Waiver documents are currently with the Head of Finance for approval and this is expected within the next month. Expenditure with one supplier was capital funding for a special project approved by the Executive.	Stock and Reader Development Manager	January 16

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

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

Priority 3
Identification of suggested areas for improvement

OPINION DEFINITIONS

APPENDIX C

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

Assurance Level	Definition
Full Assurance	There is a sound system of control designed to achieve all the objectives tested.
Substantial Assurance	While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.
Limited Assurance	Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.
No Assurance	Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.

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FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES

REVIEW OF OAK LODGE PRIMARY SCHOOL AUDIT FOR 2015-16

Issued to: Mr M Apsley, Headteacher

Cc: Mrs A Medhurst, Chair of Governors

Prepared by: Principal Auditor
Principal Auditor, Liberata

Date of Issue: 6th October 2015.
Report No.: CYP/P43/01/2013

REVIEW OF OAK LODGE PRIMARY SCHOOL AUDIT FOR 2015-16

INTRODUCTION

1. This report sets out the results of our systems based audit of Oak Lodge Primary School Audit for 2015-16. The audit was carried out in quarter Q2.
2. The purpose of this visit is to identify any issues which need to be resolved prior to proposed closure of the accounts, and the School converting to an Academy. Therefore appropriate audit testing was carried out.
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 01/04/14 to 10/07/15.

AUDIT SCOPE

4. The scope of the audit was to review both income and expenditure transactions for the period of the audit, bank reconciliations, asset controls, payroll, cash controls, governance and budget monitoring arrangements.

MANAGEMENT SUMMARY

5. Controls were in place and working well in the areas of, financial reports and returns to LBB, Primary accounting documentation including payments, leases, contracts, voluntary funds, school meals accounts. In addition, governance arrangements at the school including updating DBS checks.

REVIEW OF OAK LODGE PRIMARY SCHOOL AUDIT FOR 2015-16

6. Issues to raise to management include:

- Governors are not always given an opportunity to declare interests at the start of committee meetings
- Benchmarking of expenditure has not been carried out for 2 years
- A cash flow statement has not been created for the 2015/16 financial year
- Asset registers have not been signed off by the Head Teacher and items are recorded as on it which are no longer held.
- Tenders requested by the Consultant on behalf of the school were not opened at the school or held by them.
- Controls to access to the safe are insecure and the cash limit of what is held is being exceeded.
- Records are not retained of cash or secure items being held in the safe.
- Records are not being kept of sales being made and income is not reconciled to sales figures or stock levels.
- FSA money is held in the safe and it is not reconciled.

It was also found that two purchase orders had been raised after the invoice had been received and the School's Voluntary fund had recently been amalgamated into the School's accounts (at the 1st April 2015). The account is currently being reconciled and will be promptly audited.

SIGNIFICANT FINDINGS (PRIORITY 1)

7. One major weakness was identified and should be addressed by management promptly

Examination of the safe list (provided in the 2013-14 cash and Bank audit) found the limit for cash to be held in the School's safe was £600. Counting of all of the cash held in the safe found it totalled £4939.73. It was discussed with the Business Manager that it was not always possible to keep everything in the safe due to the size of it. It was also noted that items such as paying in books and bank mandate are held in the safe, which do not need to be.

Stamps are held in the safe, though there is no stock control process in recording the use of these and how many have been purchased.

REVIEW OF OAK LODGE PRIMARY SCHOOL AUDIT FOR 2015-16

Money held in the safe, related to scholastic books sales (£468.85), uniform sales (£67.62) and PTA Disco money (£898.55) but there are not records held to substantiate the amount held. Additionally a log is not kept of items held in the safe. In addition to this £3340.77 of school money to be banked was also held in the safe.

Money taken for the School shop (sale of stationery) is not held in the safe, but in a lockable cupboard in the office.

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.

AUDIT OPINION

9. Overall, the conclusion of this audit was that limited assurance can be placed on the effectiveness of the overall controls. Opinion definitions are given in Appendix C.

ACKNOWLEDGEMENT

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Review of the last three Resources Committee meeting minutes found that sufficient Governors are attending meetings, however it was identified from the minutes that Governors are not always given the opportunity to declare interests. The meeting of 5/5/15 6 attended, 4/02/15 5 attended and 18/11/14 6 attended. Only the meeting of the 5/5/15 were staff given opportunity to declare interests.</p>	<p>Governors may not declare personal interests that may affect their decision making on the Schools behalf.</p>	<p>In accordance with section 3.8 of the School's Financial Regulations, Governors should be given the opportunity to declare any interests they may have at the beginning of committee meetings and this should be minuted. [Priority 2]</p>
2	<p>A sample of 20 payments was selected, 8 of which were over £5000. All were correctly authorised, VAT accounted for, paid within 30 days and orders were raised where expected.</p> <p>It was also found that quotes or tenders were received where expected accepted in one instance, sample 3. This was for renovation to the music room and a consultant was hired to Manage the works. The consultants received and opened the tenders, not at the School and the School did not have a copy on file. These were requested and later provided by the School.</p>	<p>Payments may not be made in compliance with the Schools' Financial Regulations and the School's own procedures.</p>	<p>Any quotes or tenders requested on behalf of the school should be opened at the School and kept by the School. [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	At present a key is held in the office for the safe. Its' location is known by all members of staff who work in the Office (4 members of staff) and by other members of staff who have access to the office (Business Manager, Head Teacher etc).	Access to the safe may not be secure.	In accordance with section 11.5 of the School's Financial Regulations the School should consider acquiring another key and giving each key to specific allocated staff. [Priority 2]
4	As part of the counting of items that were held in the safe, it was identified that £898.55 was held in the safe on behalf of the FSA(Friends of the School Association). This account and money from it should be the responsibility of the FSA until it is paid over to the School.	School funds may be mixed with schools funds if proper records are not kept.	The FSA should account for money they hold until it is paid over to the school, where it should be signed for that it has been received by the School. [Priority 2]
5	Discussed with the School Business Manager that she has not updated the cash flow statement for the 2015-16 financial year. The last one was carried out in April 2015.	The School could become overdrawn due to the timing of expenditure.	The School should produce a monthly cash flow forecast in accordance with School's

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>Financial Regulations 4.3.4 [Priority 2]</p>
6	<p>An asset record is held by the School in an electronic format. It records the item, its serial number and condition. The asset register has not been reviewed or signed off by the Head Teacher for over a year. Additionally if items are removed from the record, they are deleted off the register and no record will be exist that the school has held these items.</p> <p>Five items were selected and tested to determine they are held. One laptop that was selected could not be located one has been replaced, though the record is still held.</p>	<p>The School may not be able to identify assets that may be lost through theft or fire.</p>	<p>The asset register should be kept up to date with items currently held by the school and a record maintained of deleted stock. The register should be reviewed annually and signed off by the Head Teacher as appropriate. The school should verify the status of the missing asset. [Priority 2]</p>
7	<p>Discussion with the School Business Manager found that benchmarking has not been undertaken since 2013.</p>	<p>The School may not be able to demonstrate Value for Money.</p>	<p>The School should carry out an annual benchmarking review of its expenditure with other similar schools.</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
			[Priority 2]
8	Examination of the safe list (provided in the 2013-14 cash and Bank audit) found the limit for cash to be held in the school's safe was £600. Counting of all of the cash held in the safe found it totalled £4939.73. It was discussed with the School Business Manager that it was not always possible to keep everything in the safe due to the size off it. It was also noted that items such as paying in books and bank mandate are held in the safe, which do not need to be.	Bank reconciliations may not be carried out regularly and checked by an independent officer.	<p>The School should contact their Insurers and discuss with them the limit of the schools safe to ensure it is sufficient.</p> <p>The School should also consider purchasing a larger safe to enable all cash and valuable items to be securely held. [Priority 2]</p>
9	Examination of the safe list (provided in the 2013-14 cash and Bank audit) found the limit for cash to be held in the School's safe was £600. Counting of all of the cash held in the safe found it totalled £4939.73. It was discussed with the Business Manager that it was not always possible to keep everything in the safe due to the size off it. It was also noted that items such as paying in books and bank mandate are held in the safe, which do not need to be.	Cash might not be held securely.	<p>A log of all items held in the safe should be kept. Items that are placed in there or removed should be signed for by at least two members of staff.</p> <p>Stock records of stamps</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>Stamps are held in the safe, though there is no stock control process in recording the use of these and how many have been purchased.</p> <p>Money held in the safe, related to books sales (£468.85), uniform sales (£67.62) and PTA Disco money (£898.55) but there are not records held to substantiate the amount held. A log is not kept of items held in the safe. In addition to this £3340.77 of school money to be banked was also held in the safe.</p> <p>Money taken for the school shop (sale of stationery) is not held in the safe, but in a lockable cupboard in the office.</p>		<p>held and used should be kept. Stock levels should reviewed regularly an authorised by an appropriate member of staff.</p> <p>Records should be kept of all income sales, including uniform, stationery and books. Records should also be kept of inventory levels. These should be reconciled regularly to identify any cash not received or stock that has been misappropriated.</p> <p>[Priority 1]</p>

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

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

Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	In accordance with section 3.8 of the School's Financial Regulations, Governors should be given the opportunity to declare any interests they may have at the beginning of committee meetings and this should be minuted.	2	Clerk was asked to do this following the school's review of its SFVS. Chairs of relevant Committees to ensure that it is included on all future agendas.	Clerk and Chairs of Governing Body Committees	Immediately
2	Any quotes or tenders requested on behalf of the school should be opened at the School and kept by the School.	2	Recommendation noted and will ensure that this is done in the future.	Resources Committee	Immediately
3	In accordance with section 11.5 of the School's financial regulations the school should consider acquiring another key and giving each key to specific allocated staff.	2	In conjunction with Finding 8 the school will be purchasing a larger safe and will ensure the keys are allocated to the SBM and Finance Officer. In the meantime the current key will be kept by the SBM.	School Business Manager	December 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
4	The FSA should account for money they hold until it is paid over to the School, where it should be signed for that it has been received by the School.	2	The FSA accounts for their money, however on the day of the audit visit they had been unable to access their safe in order to lock the School Disco money away and so the money was locked in the school safe temporarily. When making a payment to the school, the FSA writes a cheque and does not give money in cash. We have told the FSA that all monies collected on their behalf will be put in a cash tin and kept in their safe.	Friends of the School Association.	Immediately
5	The School should produce a monthly cash flow forecast in accordance with School's Financial Regulations 4.3.4	2	This is usually in place; however it had not been done due to work load. It was done shortly after the audit visit.	Finance Officer	Immediately

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	The asset register should be kept up to date with items currently held by the School and a record maintained of deleted stock. The register should be reviewed annually and signed off by the Head Teacher as appropriate.	2	The SBM will be looking into Asset Management Software to replace the current excel spreadsheet, (which will remain in action until then). The register will be presented annually to the Resources Committee who will, as part of its scrutiny, check that items on the register are recorded correctly.	School Business Manager & Resources Committee	March 2016
7	The School should carry out an annual benchmarking review of its expenditure with other similar schools.	2	The school was part of a Bromley Large Schools Benchmarking Group, but this has now ceased. The school will be unable to benchmark against other academies until it has completed 12 months operation.	School Business Manager & Resources Committee	October 2016
8	The School should contact their insurers and discuss with them the	2	The school is now covered by the RPA, who have a limit of £10,000	School Business Manager &	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

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	<p>limit of the Schools safe to ensure it is sufficient.</p> <p>The School should also consider purchasing a larger safe to enable all cash and valuable items to be securely held.</p>		<p>in locked safes.</p> <p>We will also be purchasing a larger safe.</p>	Resources Committee	December 2015
9	<p>A log of all items held in the safe should be kept. Items that are placed in there or removed should be signed for by at least two members of staff.</p> <p>Stock records of stamps held and used should be kept. Stock levels should reviewed regularly an authorised by an appropriate member of staff.</p>	1	<p>A log book has been set up and is completed by the Finance Officer each night</p> <p>A postage stamp book has been purchased to ensure the accountability of stamp usage and manage stock levels. This will be reviewed monthly by the Finance Officer or SBM. Once the stock of</p>	<p>Finance Officer</p> <p>Admin Officer and Finance Officer</p>	<p>Immediately</p> <p>Immediately</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
	Records should be kept of all income sales, including uniform, stationery and books. Records should also be kept of inventory levels. These should be reconciled regularly to identify any cash not received or stock that has been misappropriated.		<p>stamps has diminished the school will purchase a franking machine.</p> <p>Receipts are currently written for all uniform sales. Once a uniform sale has taken place all income to be banked (in accordance with the numbered receipts) will be itemised and given to the Finance Officer. A 'stock management' sheet will be designed to ensure the control of uniform stock.</p>	SBM, Finance Officer and Uniform Shop Volunteers	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

SCHOOLS OPINION DEFINITIONS

As a result of their audit work auditors should form an overall opinion on the extent that actual controls within the school provide reasonable 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 system and school procedures objectives tested.

Substantial Assurance

While there is a basically sound system 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 schools finances. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to Governors, material income losses.

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.

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FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF PENSIONS AUDIT FOR 2015-16

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: Wandsworth Auditor (on behalf of LB Bromley)

Date of Issue: 8th June 2016

Report No.: CX/104/01/2015

REVIEW OF PENSIONS AUDIT FOR 2015-16

INTRODUCTION

1. This report sets out the results of our systems based audit of Pensions Audit for 2015-16. The audit was carried out in quarter Q4 as part of the programmed work specified in the 2015/16 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 22/12/15. The period covered by this report is from 1st September 2014 to 31st December 2015
4. The estimated number of users/beneficiaries (current and projected) as at 31 December 2015 is 6,150 current employees, 4,363 pensioners and 5,223 deferred pensioners.

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 2015-16

- A sample of 10 joiners was tested to check that confirmation and notices of appointments were received from payroll and pension entry was checked by a second officer
- Check of five staff who recently joined whether they wished to opt out of the pension scheme
- A sample of five members of staff who were making additional contributions to the pension scheme was tested to ensure they are made at the correct rate
- A sample of five transfer outs and five transfer ins was selected to determine appropriate payment was and correctly authorised
- 10 retirement grants and eight suspended pensioners including deceased pensioners were tested to check accurate payment calculation and authorisation, segregation of duty, supporting documents and payroll notification
- Five pensioners currently living abroad were used to determine they have returned a proof of life certificate
- Security of pension data including system back-ups and contingency plans was tested to ensure appropriate controls are in place
- Quarterly reconciliation between the pension system and the ledger (oracle) was tested to check regular reconciliations were undertaken by the team
- Actuarial valuation and assumptions was tested to confirm valuation is undertaken on a periodic basis
- Performance monitoring was tested to check monitoring and reporting arrangements

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

- Pension entry and opt outs are authorised appropriately
- Payments are made to the correct person according to source documentation
- Pension Retirement Grants are paid at the correct level and after the retirement date
- Payment of death grants are made accurately and promptly
- Life Certificates are regularly sent out and chased up to ensure payments are accurately made for pensioners abroad
- Regular reconciliations are undertaken between pensions and the ledger
- No issues were identified in system security

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

REVIEW OF PENSIONS AUDIT FOR 2015-16

- Examination of a sample of five transfers out identified two instances where transfer payments had not been processed in a timely manner.
- There was no evidence that a Business Plan for the Pension Services has been prepared by the Council for 2015-16 financial year.

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>Transfers Testing of a sample of five transfers out payments identified two instances where transfer payments had not been processed according to the SLA (within 10 working days)</p> <p>Sample 1: request received the Croydon Council on 30th June 2014 and transfer made on 22nd January 2015, i.e. more than six month later</p> <p>Sample 2: request received on 10th February 2015 and payment was made on 23rd April 2015. Discussions with the Pension Contractor Manager identified that the request was made for an overseas transfer, and the Councils payment team failed to authorise CHAPS payment as the bank account was outside UK. However, the Pension contractor was not aware of the issue until the member chased the payment on 24th March 2015. A payment was then processed on 1st April 2015.</p>	<p>Failure to adhere to prescribed timescales may result in increased calls, emails and complaints to the Pensions Team leading to a possible fall in productivity of the team.</p>	<p>Ensure transfer out calculations and payments are completed according to the SLA (within 10 working days).</p> <p>Where payment is made by Councils payments team ensure payment confirmation is retained to avoid unwanted delays. [Priority 2]</p>

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

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

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>Performance Monitoring</p> <p>Discussions with the Bromley Pensions Manager identified that there was no Business Plan prepared for Pension Services.</p>	<p>Where Business Plan is not produced there is a risk that objectives and KPI's are not communicated to the team appropriately.</p>	<p>Ensure an Business Plan is produced/ published to outline the objectives for coming years [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	<p>Ensure transfer out calculation and payments are completed according to the SLA (within 10 working days).</p> <p>Where payment is made by the Councils payments team ensure payment confirmation is retained to avoid unwanted delays. [Priority 2]</p>	2	<p>The findings of this audit will be raised at the next service review. The importance of the points raised and the obligations placed on the contractor will be emphasised.</p> <p>The Pension Contractor agrees that unless out of their control it is important to complete the task within the SLA timeline thus meeting members' expectations.</p>	<p>Head of Revenues & Benefits</p> <p>The Pension Contract, Pension and Payroll Manager</p>	July 16

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 Business Plan is produced/ published to outline the objectives for coming years [Priority 2]	3	With the frequent changing regulations and guidance there has been a movement from production of an annual business plan to individual project plans. These will be continually monitored to ensure they provide sufficient detail.	Head of Revenues and Benefits	Ongoing

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

Priority 2
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Priority 3
 Identification of suggested areas for improvement

OPINION DEFINITIONS

APPENDIX C

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

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FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES

REVIEW OF RIVERSIDE SCHOOL AUDIT FOR 2015-6

Issued to: Katrina O'Leary, Chair of Governors
Steve Solomons, Head Teacher

Cc: Darren Jenkins, Chair of Resources Committee
Sue Crane, School Business Manager.

Prepared by: Principal Auditor

Date of Issue: 14th December 2015
Report No.: ECH/SP4/01/2015

REVIEW OF RIVERSIDE SCHOOL AUDIT FOR 2015-6

INTRODUCTION

1. This report sets out the results of our systems based audit of Riverside School Audit for 2015-6. The audit was carried out in quarter 3 as part of the programmed work specified in the 2015-16 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 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.
3. The original scope of the audit was outlined in the Terms of Reference issued on 14th October 2015. The period covered by this report is from 30/10/2014 to 01/11/2015.

AUDIT SCOPE

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

MANAGEMENT SUMMARY

5. Controls were in place and working well in the areas of financial management information and financial reporting to governors, primary accounting documents, expenditure incurred, income received, voluntary funds held, payroll records and governance arrangements.

REVIEW OF RIVERSIDE SCHOOL AUDIT FOR 2015-6

6. However we would like to draw to Management's attention that fifteen instances from our sample testing were identified where orders had not been raised in advance of expenditure so commitments could be recorded on the school's financial system prior to payment being made.
7. A register of assets is not maintained completely up to date.
8. We noted that the school meals debt is high i.e. £1,919 although the school is awaiting awards of free school meals claims that will reduce the debt, and that one debt with LB Bexley for funding for a pupil has not yet been received two months after the term has commenced and two invoices each with LB Croydon and LB Hammersmith and Fulham for a total £65,023.98 remain outstanding 4 months after being issued.

SIGNIFICANT FINDINGS (PRIORITY 1)

9. No significant findings were identified during the 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.

AUDIT OPINION

11. Overall, the conclusion of this audit was that Substantial Assurance can be placed on the effectiveness of the overall controls. Opinion definitions are given in Appendix C.

ACKNOWLEDGEMENT

12. We 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 20 payments made found that for all payments an appropriate purchase order has been raised, there have been three people involved in the payment process. VAT has been correctly paid where due and VAT numbers were contained on invoices were charged. All Payments were made within 30 days and tenders and quotes obtained where required. In the 4 instances where quotes were not obtained for expenditure over £5000, these were reported to Governors for approval and a reason given why they could not be obtained.</p> <p>It was found that 15 of the 20 purchase orders raised were done so either on the date of the invoice or after.</p>	<p>Payments may not be made in compliance with Financial Regulations and the Schools own procedures.</p>	<p>Purchase orders should be raised when the decision has been taken to procure a service/item. [Priority 2]</p>
2	<p>An asset register is held by the school on a separate system. It records the item description, location, serial number, acquisition date and cost, date of last inspection and asset number. Each asset the school has is given a barcode label attached to it. Barcodes are scanned as asset checks are carried out to certify they are still held. System access is limited. All items are security marked and asset registered. It was noted during the audit that some items have not been scanned since the system was set up in 2013.</p>	<p>A register of assets is not maintained and up to date.</p>	<p>The school should consider reviewing all assets annually in accordance with School's Financial Regulations. [Priority 3]</p>

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Purchase orders should be raised when the decision has been taken to procure a service/item.	2	Every effort is made to ensure that all commitments are entered as a purchase order at the time of commitment. Additional attention will be given to ensuring all commitments are logged as purchase orders including estimates for monthly and quarterly generated invoices.	SBM/Finance Officer	Ongoing
2	The school should consider reviewing all assets annually in accordance with School's Financial Regulations.	3	The school has a comprehensive and effective asset tracking system in place which records significant numbers of items for insurance purposes such as furniture that do not need checking annually. Annual checks as well as spot checks via a bar code reader are completed on all appropriate items. Unfortunately, not all information had been uploaded to the system prior to the audit which gave a misleading impression of checks. Recording of asset numbers on	SBM/IT Administrator	Ongoing

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			purchase paperwork and additional checks to ensure data has been uploaded will be completed.		

SCHOOLS OPINION DEFINITIONS

As a result of their audit work auditors should form an overall opinion on the extent that actual controls within the school provide reasonable 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 system and school procedures objectives tested.

Substantial Assurance

While there is a basically sound system 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 schools finances. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to Governors, material income losses.

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.

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FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF TREASURY MANAGEMENT AUDIT FOR 2015-16

Issued to: James Mullender, Principal Accountant, Technical and Control

Cc: Tracey Pearson, Chief Accountant, Technical and Control
Peter Turner, Director of Finance

Prepared by: Principal Auditor

Date of Issue: 3rdth May 2016

Report No.: CX/068/01/2015

REVIEW OF TREASURY MANAGEMENT AUDIT FOR 2015-16

INTRODUCTION

1. This report sets out the results of our systems based audit of Treasury Management Audit for 2015-16. The audit was carried out in quarter Q4 as part of the programmed work specified in the 2015-16 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 1st March 2016. The period covered by this report is from February 2015 to February 2016.
4. As at the end of January 2016, total investments held by the Authority amounted to £308.0m. The key areas of investment are fixed deposits with a wide variety of UK financial institutions including Lloyds TSB (£80m), RBS (£80m), Santander (£20m) and Barclays (£10m). A further £117.5m is invested in a variety of City/County Councils/Local Authorities and Property/Growth Funds (£25m with CCLA and £5m each with Newton and Standard Life).
5. The authority has borrowed for the first time since 2009. Two loans have been taken out, one with Edinburgh City Council of £4m at 0.5% and one with South Lanarkshire Council for £7.2m at 0.35%.

AUDIT SCOPE

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

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.

REVIEW OF TREASURY MANAGEMENT AUDIT FOR 2015-16

MANAGEMENT SUMMARY

8. Controls were in place and working well in the areas of:
 - Controls are in place to ensure the security of money being borrowed and invested.
 - The organisation's financial position is regularly assessed
 - Investment and borrowing records are complete and correct
 - Arrangements with external service providers are documented
 - Finance is readily available
 - Staff are sufficiently trained and qualified.
 - Investments are made to maximise returns to the council.

9. However we would like to bring to Management's attention the following issues:
 - Documented Treasury Management Practices have recently been reviewed, though these changes have not been formerly agreed.

SIGNIFICANT FINDINGS (PRIORITY 1)

10. No significant findings were identified during this 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>It was discussed with the Principal Accountant Technical that the authority still utilises its own version of the CIPFA Treasury Management Practices. They were reviewed and updated in March 2015, though changes made have not been formally accepted on the document.</p> <p>The procedure sufficiently covers borrowing and making of investments, though large parts of it are awaiting approval for changes that have been made.</p>	<p>Guidance to staff is unclear or insufficiently detailed.</p>	<p>The Treasury Management Practices should be formally approved. [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 Treasury Management Practices should be formally approved.	3	The practices will be reviewed and formally approved	Principal Accountant	July 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.

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(FINAL) INTERNAL AUDIT REPORT

CHIEF EXECUTIVES DEPARTMENT

**FOLLOW UP REVIEW OF VAT
AUDIT FOR 2015-16**

Issued to: Tracey Pearson, Chief Accountant, Technical and Control

Cc: Pinny Borg, Senior Accountant, Technical and Control
Maria Wiles, Principle Accountancy Assistant, Technical and Control
Claudine Douglas-Brown, Exchequer Manger
Peter Turner, Director of Finance (Final Report only)
Barbara Plaw, Head of Pay and Reward (Final Report only)

Prepared by: Principal Auditor

Date of Issue: 20th June 2016

Report No.: CX/080/01/2015

INTRODUCTION

1. This report sets out the results of our systems based follow up audit of the VAT audit 2014-15. The audit was carried out in quarter four as part of the programmed work specified in the 2015-16 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

4. This follow up review considered the final audit report issued in 11th June 2015 and was restricted to identifying progress made on implementing the previously agreed recommendations.

MANAGEMENT SUMMARY

5. Of the previous 3 agreed recommendations, two have been fully implemented and one has not been implemented. The recommendations not being implemented relates to VAT not being claimed on any reimbursements made through payroll and a revised action has been agreed.

SIGNIFICANT FINDINGS (PRIORITY 1)

6. There are no priority one findings to report.

DETAILED FINDINGS/MANAGEMENT ACTION PLAN

7. Any new findings and are detailed in Appendix B of this report and require management comment. Appendix A provides information on the recommendations that are being followed-up and Appendix C give definitions of the priority categories.

ACKNOWLEDGEMENT

FOLLOW UP REVIEW OF VAT 2015-16

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

No	Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
1	Unclaimed VAT on historic purchase card transactions should be accounted for and claimed.	Departmental Accountants have journaled the relevant amounts to the VAT code and this has been included in the June'15 VAT return.	June 2015	2	Principle Accountancy Assistant	Claim was put through for £1328.36 on 18/06/15 by the Accountancy Assistant (YM) and put through on the June VAT claim. From having a look at the expenditure on purchase cards for the last 6 months, have noticed that some people are still not accounting for VAT.	Implemented This has not been implemented but is part of the Purchase card audit.
2	The reports for identifying incorrect VAT payments and credit notes should be fixed, to make sure it identifies all items.	Conditions in the Discoverer report are now amended to identify incorrect VAT on all payments & credit notes.	June 2015	3	Principle Accountancy Assistant	This has been provided and updated.	Implemented
3	It should be investigated whether manual reimbursements are being made through the payroll system for which VAT is applicable but not being recorded or claimed.	The comments in this audit report has been forwarded onto the Exchequer Contract Manager for investigation. <i>Revised comments Following discussions with the contractor an agreed process has been put in place to recover VAT on claims where the VAT amount is detailed.</i>	October 2015 <i>Revised date : August 2016</i>	2	Head of Revenues and Benefits	It is realized that purchases through Purchase card, BACs and payroll for parking expenses are not having VAT claimed for. A report was run of all transactions through payroll for the period 01/04/15 to 31/03/16. In total £4026.96 of subsistence and £12399.54 of misc. expenses have been made (including 20 individual claims of over £100). None of this has a VAT element claimed for. It was discussed with the Payroll Operations Manager (Exchequer Contract) that there wasn't a process in place for reclaiming VAT from expenses paid and that this is not part of the SLA. Payroll contractor is currently	Not implemented. Implementation of revised action now in progress.

No	Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
						<p>undertaking a review on the feasibility of identifying and separately recording claims where VAT is payable. On receipt of findings, Head of R&B in conjunction with Internal Audit will consider the merit of authorising the additional work.</p> <p>It was examined that the claim form for overtime, travel and subsistence does not contain a section reminding staff to account for VAT where applicable or where to code this to. <i>Audit Comment: The amendment of claims forms will be incorporated as part of the payroll audit.</i></p>	<p>Implementation in progress</p>

Definition of priority categories.

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