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AUDIT SUB-COMMITTEE INFORMATION BRIEFINGS

Meeting to be held on Tuesday 29 November 2016

1 INTERNAL AUDIT REDACTED REPORTS--NOVEMBER 2016 (Pages 3 - 276)

The list of redacted reports is as follows:

1. Redacted Stray Dogs Final Follow Up Audit
2. Environmental Protection Final Audit-2016-2017
3. Redacted CIL Final Internal Audit Report
4. Redacted Final Report for Document Retention
5. Redacted Final Internal Audit for Creditors
6. Redacted Learning Disabilities Final Audit Report
7. Redacted Confirm System Final Audit
8. Redacted Payroll Final Audit Report-2015-2016
9. Redacted Children with Mental Health Needs Audit-2015-2016
10. Redacted Final Internal Audit Report for St Georges Primary School
11. Redacted Final Internal Audit Report for Troubled Families
12. Redacted Final Care Link Report-2016-2017
13. Redacted Biggin Hill and Glades Final Audit Report-2016-2017
14. Redacted Building Control Final Report-2016-2017
15. Redacted Dorset Road Infants School Final Audit Report-2016-2017
16. Redacted NNDR Final Report-2016-2017
17. Redacted St Anthony's School Final Internal Audit Report-2016-2017
18. Redacted Final Internal Audit Report for Insurance-2015-2016
19. Redacted Exchequer Contractor Follow Up Report-2016-2017

Members and Co-opted Members have been provided with advanced copies of the briefing via email. The briefing is also available on the Council website at the following link:

<http://cds.bromley.gov.uk/ieListMeetings.aspx?CId=559&Year=0>

Copies of the documents referred to above can be obtained from
www.bromley.gov.uk/meetings

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FINAL INTERNAL AUDIT REPORT
ENVIRONMENT AND COMMUNITY SERVICES

FOLLOW UP REVIEW OF THE STRAY DOGS CONTRACT
2016-17

Issued to: Jim McGowan, Head of Environmental Protection
Dan Jones, Assistant Director, Street Scene and Greenspace
Nigel Davies, Executive Director ECS
Claire Martin, Head of Finance, ECS

Prepared by: Principal Auditor

Date of Issue: 17th November 2016
Report No.: ECS/012/01/2016

INTRODUCTION

1. This report sets out the results of our systems based follow up audit of the Stray Dogs Contract. The audit was carried out in quarter 3 as part of the programmed work specified in the 2016/17 Internal Audit Plan, agreed by the Director of Finance and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.

AUDIT SCOPE

3. This follow up review of the stray dog's contract considered the progress made on implementing the agreed recommendations identified in the final Internal Audit report issued in November 2015. The review included interviews with the Head of Service, Assistant Director Street Scene and Greenspace and responsible officers in the Public Protection Division, and documented current working practices. Contractor A provided the Bromley dog register as at the 28.9.16, downloaded from the SharePoint site. From this spreadsheet stray dog collections for May and June 2016 were tested to ensure compliance to agreed procedures and contractual arrangements with each provider. All dogs returned to their owner during the sample period were checked to income records and invoices submitted by contractor B for May and June 2016 were checked to the dog register and supporting documentation. The findings of the follow review up are discussed in the paragraphs below with an opinion as to whether the recommendation has been implemented, partially implemented or is still outstanding.

MANAGEMENT SUMMARY

4. The review of the stray dog contracts was commissioned by the Executive Director of ECS following issues raised by the Head of Audit in May 2015. The Internal Audit report, finalised in November 2015, identified 9 priority 1 recommendations relating to contractual arrangements with providers, contract management, compliance to contract procedure rules and financial regulations, value for money and income and expenditure procedures. The full report was presented to Audit Sub Members on the 1st December 2015 and an update on progress taken to the April Committee. Members were informed in April 2016 that management had reacted swiftly to the major issues; retendering the kenneling contract on a pay as you go basis; renegotiating the collection contract and seeking Member approval for two policies relating to rehoming and destruction of stray dogs. The update report concluded that progress had been made for three priority 1 recommendations; contractual arrangements, analytical information reported to Members and the rehoming/do not destroy policy. These recommendations were considered implemented and therefore closed. The priority 1 recommendation relating to supporting documentation held for contracts and the departmental policy to retain documents was partially implemented. Although 5 priority 1 recommendations were outstanding, Internal Audit acknowledged that significant changes and improvements had been made by the Head of Service. Given that the new contract with contractor B had only been operational since February 2016 it was agreed to carry out the follow up audit review after a 6 month period. This follow up review will be reported to Audit Sub in November 2016.

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5. The follow up review was supported by audit testing on source data provided by contractor A, invoices submitted by the suppliers and records maintained by the responsible officers. Interviews were held with officers involved in the stray dog process and also management to determine progress on findings deemed to be departmental. There have been two major changes since the original report; the change in legislation requiring all dogs to be micro chipped, that came in to force on the 1st April and could impact on the volume of dogs collected and sent to kennels and secondly the move to a pay as you go contract rather than block booking reserved kennels.
6. Annual payments to contractor A for the dog collection service have remained at £63K for this financial year. The variation to contract signed in July 2016 has formalised the additional duties that contractor A will undertake to offset the reduced number of stray dog referrals. Payments to contractor B, as at 30/8/16 is £6K; £480 has been paid to contractor C. Contractor A returns show that for the first quarter 2016/17 13 dogs have been collected and returned to owner, 35 dogs collected and transferred to kennels and there were 37 aborted calls. Extrapolating the kenneling costs for the first 3 months the average cost for each dog is £3.6K/35 dogs £103 which represents 10 days in kennel.
7. The follow up review concludes that of the 5 outstanding priority 1 recommendations 2 have been fully implemented relating to waivers and value for money. The 3 recommendations relating to contract monitoring, payment of invoices and collection of income are partially implemented. There are minor findings in all three areas that prevent full implementation but it is acknowledged that the service have made significant progress in all three areas that would warrant a priority 2 recommendation rather than the priority 1. For the 1 partially implemented recommendation, relating to retention of documentation, this is now considered fully implemented. The retention of documents will be routinely tested for all contracts as audit reviews are undertaken in the department.
8. The findings of the follow up work for the April update to Members are shown at Appendix A as well as the audit findings and opinion resulting from the work undertaken in September 2016.

SIGNIFICANT FINDINGS (PRIORITY 1)

9. Of the 9 priority 1 recommendations identified in the Internal Report for Stray Dogs, finalised in November 2015, 6 have been completed and the recommendations considered closed. For the remaining 3 recommendations shown as partially implemented in this report, significant progress has been made. Each of these three recommendations had multiple elements and the division has achieved full implementation of some of the elements; in the case of contract monitoring, the recommendations relating to occupancy and block booking became redundant when the service moved to a pay as you go basis. The findings identified during this follow up review for these 3 partially implemented recommendations are now considered to be priority 2 and as such the recommendations will be removed from the priority 1

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list reported to Members. The Stray Dogs contract has now been transferred to an Environmental Health Officer with defined roles and responsibilities for monitoring, income and expenditure processes. During the course of the follow up, findings were discussed with responsible officers and the need to develop a spreadsheet to handle the data that is generated for this service. It is also suggested that the division consider the training needs of both officers, specifically Financial Regulations and Contract Procedure Rules.

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

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

No	Recommendation	Management Comment	Target Date	Responsibility	Follow-up comments	Status
1	<p>Review the formal contract arrangements with contractor A for the collection and transfer of stray dogs.</p> <p>Acknowledging that the provision of kennelling is currently under review; formalise a contract for this service once the provider has been selected.</p> <p>Review the contractual terms to ensure that the Authority has the option to renegotiate service provision.</p> <p>Retain a copy of the contracts within the department for reference and monitoring purposes</p> <p>Ensure that any variation to service provision is supported by an adequate audit trail and formalised with the service provider.</p> <p>Priority 1</p>	<p>A desktop review of the contractor A contract has been completed and a meeting has been arranged with the Company to discuss possible variations to the contract.</p> <p>Fourteen local kennels were contacted with the view of providing this service. Six responded stating that they were not interested in taking on local authority stray and abandoned dogs and three companies stated that they were prepared to consider providing this service through until April 2017, as per the Executive report for co-terminosity of contracts.</p> <p>The contract will be for the sixteen or seventeen months through until April 2017, with proposal to review every March.</p> <p>The contracts have historically been held by the Legal Department. However it is now</p>	Oct/Nov 2015	Head of Environmental Protection (HoEP)	<p>Audit Sub Update April 2016</p> <p>The follow up of this recommendation has indicated that following negotiations with contractor A, the existing provider for the dog collection service, a variation to contract has issued but at the time of this report still under negotiation. Although there is a reduction in the number of dogs any saving will be offset against additional services; liaising and updating contractor C and transporting any dog to the overflow unit in Brands Hatch. Contractor A will also provide emergency cover if the nominated kennels is full at a negotiated cost of £14.50 per kennel per day. The fixed cost element of the collection service was £63,565 for 2015/16 and will remain the same for 2016-17.</p> <p>Fourteen local kennels were contacted to tender for the kennelling provision. Responses were received from 6, of which 4 registered an interest and supplied a competitive quote. Providers were asked to quote on a pay as you go basis but would need to keep a number of kennels open to meet the Council's statutory duty. Two quotes were comparable, the third from contractor B, significantly cheaper. Contractor B met the criteria. The number of dogs collected and taken to kennels had been decreasing since 2012/13 and with the change in legislation for all dogs to be microchipped, strays should be reunited with their owners before kennelling and therefore the capacity at the nominated kennels should be adequate but to cope with any spikes in demand contractor A will provide emergency kennelling.</p> <p>Contractor B has been given a 2 month order for kennelling with a view to issuing a 12 month order if the initial period is successful. This will allow an end date of April 2017 to comply with the Executive directive for contracts to be co terminus. Given the lower unit price of £10 and an average of 6 dogs a day for Bromley the maximum payable to this provider should be £21,900 pa. The specification for kennelling provision was issued with the i-Proc order to</p>	Completed

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		<p>proposed that a contracts file will be set up, which will hold copies of the contract and all relevant monitoring and review records.</p> <p>The contracts file will contain all contract variations and all associated paperwork.</p>			<p>ensure that basic terms and conditions can be applied.</p> <p>A copy of the variation to contract and the specification is retained in the contract folder held in the shared area. Access to amend and delete is limited to the contract owner and line report to ensure the documents are protected. The development of the contract monitoring document for Public Protection will require managers to specify both hard and soft copies of contracts.</p> <p>September 2016</p> <p>A 12 month I-Proc for 2016-17 was issued to both Contractor B and Contractor C. The variation to contract was signed by Contractor A and Bromley July 2016.</p>	
2	<p>Establish contract folders in the team's shared area for a soft copy trail of all key information.</p> <p>The Authority must, independent to the contractor's advice, evidence service delivery changes in terms of need and cost to verify that value for money options have been evaluated. Documentation should be evidenced that both parties accept the service changes.</p> <p>Ensure that all officers transfer relevant e-mails to the contract folder</p>	<p>This is being carried out; see comment above.</p> <p>All service delivery changes will be evidenced in writing by both parties and stored in the contracts file in order to provide an audit trail.</p> <p>All documentation, computerised notes, emails, faxes, letters and any other</p>	Nov/Dec 2015	HoEP	<p>Audit Sub Update April 2016</p> <p>This recommendation related to the loss of information when key officers left the organisation and the availability of contract information in a shared area. Variation to service delivery had been verbal or confirmed by e-mail but was not then available for audit inspection. The follow up of this recommendation has shown that the HoEP confirmed a change in working practice to ensure that all matters relating to contracts were supported by e-mail, stored in the contract folder in the shared area. The EDM confirmed that the contract monitoring summary that is being developed for Public Protection will detail all variations and links to the supporting documentation, waiver committee report as appropriate.</p>	Partially Implemented

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	<p>in a timely manner to ensure continuity of information.</p> <p>Ensure that any information pertinent to a contract is recovered from an officer due to leave the Authority.</p> <p>The Department should review their retention of documents policy to ensure it complies with Financial Regulations. This includes any information that is held within e-mails.</p> <p>Priority 1</p>	<p>communications will be transferred to and stored in the contracts file.</p> <p>The storage and recovery of officer held information is a Departmental and prior to review, corporate matter and advice is being sought as to how this should be progressed.</p> <p>To protect the contracts locally in the interim, all paperwork associated with the contracts will be stored on the contracts file where it cannot be deleted. This is subject to a departmental Review; see above comments</p>			<p>September 2016</p> <p>Internal Audit were given access to the Environmental Protection shared drive and confirmed that the contracts folder contains contract information appertaining to the management of the stray dogs contract. Following the previous Internal Audit review and subsequent management review the Lead Practitioner in the Environmental Protection Team was nominated as the contract lead for stray dogs and the manager for all associated administrative tasks. This officer recently left the Authority and responsibility now passed to an Environmental Health Officer. The handover was adequately supported by the trail of documentation held in the contracts folder.</p>	Completed
3	<p>Ensure that analytical information reported to Members can be evidenced to supporting source data. This relates to the 15% saving quoted to be achieved by procuring kennelling direct from Contractor D, not evidenced.</p> <p>[Priority 1]</p>	<p>As identified in this audit, a considerable amount of evidentiary material was missing, subsequent to the Contract monitoring officer being made redundant and leaving the Authority.</p> <p>As per recommendation 2 above, the contracts file will contain all necessary evidence, including the analytical information and will be stored such that it cannot be deleted/removed/destroyed without the appropriate Managerial authority.</p>	Oct 2015	HoEP	<p>Audit Sub Update April 2016</p> <p>This relates to the 15% saving quoted to be achieved by procuring kennelling direct from contractor D that was not evidenced. Management approached the former contract manager, responsible for the information provided and it was established that contractor A were planning to impose a 15% admin charge for processing contractor D invoices. As this recommendation relates to an event in the past and the process covered by the move to shared contract folders, this priority 1 recommendation is considered closed.</p>	Completed

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4	<p>Review the current arrangements for a rehoming service as the Authority currently part fund a rehoming officer employed by the provider.</p> <p>Declare the non-statutory element as a potential saving within the service. Formalise the Authority's policy for rehoming stray dogs as a non-statutory service.</p> <p>Evidence Member opinion that the Authority has a "do not destroy" policy and how this is to be implemented in terms of service, to ensure minimal cost to the Authority. [Priority 1]</p>	<p>The Manager of this service has ceased funding the rehoming service at the kennels and has approached contractor C with regard to re homing the LB Bromley abandoned and stray dogs.</p> <p>Negotiation has been entered into with contractor c for them to take the dogs and rehome them for a one off fee of £40 per dog, (subject to various conditions), which is 50% lower than the quotes received from the Private Kennels.</p> <p>This has not been considered as a potential saving as the cost of euthanasia was generally considered higher than the cost of re homing. This has been confirmed in the recent quotes obtained from three kennels on a pay as you go basis where the euthanasia option is estimated to be £15,000 more than re homing. This will be included in the January PDS Report.</p> <p>In the past the Members of Public Protection and Safety PDS have expressed the requirement for a non-</p>	Dec 2015/Jan 2016	HoEP	<p>Audit Sub Update April 2016</p> <p>The audit review identified that the service was paying £13.5K pa for a rehoming officer employed by the previous nominated kennels. A follow up of this recommendation has shown that this practice ceased and contractor C was approached to take on this function. A flat fee of £40 per dog has been agreed and there are contingency plans with contractor A should contractor C be closed to new dogs for any period of time.</p> <p>Members of the Public Protection and Safety PDS at their meeting on 20th January 2016 agreed to formalise two policies; the euthanasia of banned breeds or those dogs unsuitable for re-homing and secondly the kennelling of dogs deemed fit to be rehomed that had not been claimed after the statutory period.</p>	Completed

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4 Con		<p>destruct policy. However, this needs to be evidenced as it does not appear in the recorded Minutes of the meetings.</p> <p>In view of this recommendation to declare a saving on this non-statutory element of the service and to formalise the Authority's Policy, of rehoming or destroying all such dogs in achieve this saving, a formal Report will be put before members at the January PDS to make this decision.</p> <p>This was not a recommendation discussed with JM and it should be noted that a policy of destruction for healthy, unwanted dogs would result in the existing Dog Warden contractor refusing to work with Bromley and closing down the contract and most kennels, including contractor C also refusing to work with Bromley Council. Being associated with a Borough that has a positive policy to destroy healthy dogs is unacceptable to most of the people/companies in this business and it is unlikely that Bromley would be able to provide a service.</p>				

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5	<p>Review contract monitoring for this service to ensure compliance to CPR 23.</p> <p>For a service that is procured as block booked units, management must evidence that utilisation is regularly monitored to evidence continued need and thus value for money. Underutilisation is a cost to the Authority and should be addressed in contract monitoring meetings.</p>	<p>A review of the Contract Monitoring Rules in CPR section 23.5 is to be carried out for the whole Department as part of a wider Corporate review. Appropriate action to ensure full compliance with CPR 23.5 will be taken, subject to advice from Procurement</p> <p>The use of block booking does not provide for any refund for underutilisation. The kennels are pre booked for the exclusive use of the Council in order to meet their Statutory responsibility. They were paid for whether vacant or occupied in order to ensure LB Bromley exclusivity as previously explained. However, in view of the Audit comments, this procedure has been dropped and the Council will now book the kennels on a pay as you go basis.</p> <p>The action plan provides more detail on this new proposal as there is a risk that the Authority may have no kennel in which to place some dogs and a number of back up plans will need to</p>	Oct 2015 and Jan 2016 for ownership issues	HoEP	<p>Audit Sub Update April 2016</p> <p>A meeting was held with the Environmental Development Manager (EDM) who had been tasked with reviewing the departmental issues relating to contract management and compliance to contract procedure rules. The EDM and the HoEP are currently producing the contract management summary for Public Protection in line with the document produced for Environment and Community Services; recognised as an example of good practice for contract management and monitoring.</p> <p>The follow up of this recommendation has shown that as the kennelling contract was awarded to contractor B on a pay as you go basis the monitoring of usage/occupancy is important and the service monitor actual usage patterns to identify if more favourable terms can be negotiated at a later date. The service will reconcile data from contractor A to the kennelling returns. The team have developed a spreadsheet to record each dog collected to then track the dog through to outcome, including costs and income due. KPI's for contractor A would be identified once the draft variation to contract has been returned.</p> <p>At the time of the follow up review, no contract monitoring meetings had been held; the new service and kennelling arrangements have only been operational since the end of January 2016. It is planned to hold quarterly monitoring meetings with both providers, the minutes to be scanned and stored in the contract folder in the shared area.</p> <p>The EDM confirmed that the contract monitoring summaries, published for Environment and Community and currently being reviewed for Public Protection, will collate all the information required for effective monitoring.</p>	Progress to implement

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5 Co	<p>The department must account for the monthly occupancy sheets prior to payment of an invoice and interpret the data recorded to identify underutilisation.</p> <p>The duration of kennelling for each dog should not exceed statutory requirements or locally agreed limits, (as evidenced by a contract), when the ownership has passed to the kennels.</p>	<p>be put in place to protect the Council's position in the case that several dogs are collected at in a short period of time and there are no vacant kennels available. The statistics have been analysed and the risk calculated as approximately 10% of the time the Council will not be able to meet its statutory duty and the action plan describes the processes that are being put in place to address this risk. There will be no underutilisation as the proposal is to move to a pay as you go system.</p> <p>All invoices will continue to be checked to occupancy and reconciled with contractor A statistics, on a monthly basis, prior to payment.</p> <p>The duration of occupancy is of no concern to the Council once ownership is passed to a third party as all subsequent costs are also transferred with ownership.</p> <p>Local Authority has a Statutory duty to kennel the dog for seven days and on day eight must decide whether to put the dog up for rehoming or to destroy the dog.</p>			<p>September 2016</p> <p>The EDM confirmed that all Public Protection contracts are now included in the contract monitoring summary for Environmental Services. Contract monitoring for the whole Council is being further developed so that the contract summaries held as Word documents on Sharepoint, will be a database that will upload and collate information from other sources such as FBM. Managers will be responsible for the information held on the database and updating as necessary. The database will provide the contract information to be reported to all PDS Committees and Contracts Sub Committee to allow continuity and accuracy. The timescale for this project is early 2017.</p> <p>The Technical Support Team Manager in the Street Scene and Greenspace division has developed a dashboard reporting tool to enable more effective contract monitoring. The system has been trialled with the street cleansing contract and will be rolled out to all contracts within the division including PP. Information is collected from all sources and used to identify trends, peaks and troughs; contract managers will be asked to explain variances.</p> <p>The procurement of kennels from the provider is still on a pay as you go basis. Information is transferred from contractor A's schedule to Uniform and then checked to the monthly invoices received for each dog held at the nominated kennels. There is no apparent register of dogs submitted by the kennel provider to summarise the duration of kennelling or the outcome. This was discussed with the Public Protection team and has been raised at the next contract monitoring meeting with contractor A as discussed below.</p> <p>There were 5 invoices received from contractor C since the new contractual arrangements, relating to 12 dogs. The information shown on these invoices was not consistent</p>	Partially implemented

No	Recommendation	Management Comment	Target Date	Responsibility	Follow-up comments	Status
5 Co	<p>Any negotiation to reserve a fixed number of kennels must be supported by a financial analysis to consider the occupancy rates, length of stay and alternative cost of paying an enhanced rate for kennelling above reserved units.</p> <p>If the kennelling contract necessitates reserved units, consideration should be given to a credit clause to offset for periods of non-occupancy. As a minimum the contract negotiations should demonstrate arrangements that are fair to both parties.</p> <p>The data from contractor A should be reconciled to the dog register maintained by contractor D (or alternative kennelling contractor) to ensure that the total number of dogs agrees.</p>	<p>At present I am unaware of any local authority that has such a destruction policy and who pay to kennel only for the statutory seven days for healthy dogs but this matter will be put to Members for them to make a decision at the January 2016 PDS.</p> <p>This is no longer happening; see comments above.</p> <p>This is no longer happening; see previous comments.</p> <p>This will now be carried out monthly.</p>			<p>with the kennel invoice and contractor A spreadsheet. Each provider allocates their own reference number and for the 3 dogs checked to May and June invoices the date of seizure and description of the dog differed.</p> <p>The Environmental Health Officer who has recently taken over responsibility for this contract is looking to develop a spreadsheet to record all pertinent information and track the outcome of each dog, tying in expenditure and income details as appropriate from all providers.</p> <p>The audit testing on the kennelling invoices for May and June 2016 showed that 10 dogs went to kennel in each month. Of these 20 cases:-</p> <ul style="list-style-type: none"> 10 dogs were kennelled for less than 7 days, 5, 8 to 30 days, 3, 31 to 60 days and 1 dog was kennelled for 84 days. There was no evidence to support that contractor C had been approached to take the dogs once the statutory 7 days had expired. It was not clear which provider should notify contractor C that a dog is going to need transfer and rehoming or that LBB monitor that this part of the process is followed. 	New Rec.

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5 Co	<p>Contract monitoring should be effective to ensure that key performance indicators are met and that any defaults are identified.</p> <p>Contract meetings should be minuted and available on the shared area. Similarly, if contract meetings are to be held for exception purposes only this should be evidenced as mutually agreed and regularly post that both parties agree that no issues are arising.</p> <p>[Priority 1]</p>	<p>This has always been carried out. A check revealed only one failure by contractor A to meet the 95% pick up rate within four hours, where they achieved 88.8%. This was due to two dogs being held in a veterinary surgery that was not open at the time of receipt of the call and as such no further action was taken. However, this process has been tightened up to ensure that the new kennels meet their required standards and all such comments are recorded within the contracts file.</p> <p>This is in place and all subsequent documentation will be held on the Contracts file.</p>			<p>Contract monitoring meetings are now planned with contractor A quarterly, although only the July meeting will be on site at the Council offices, the other three meetings will be a telephone conference call. The minutes of the monitoring meeting for July 2016 were reviewed and evidenced a range of topics covered and action points noted. These minutes indicated that “the register is dual managed with contractor A updating the collection and movement details and LBB updating the outcome from kennels. The minutes of the telephone conference call on 10/10/16 were evidenced and showed a similar level of detail. These minutes raised the issue of the dog register and a suggestion that the next contract should “account for the kennel to update the register with the outcome of the dog”. In the interim period either LBB issue the provider with a SharePoint licence or update the online register with the outcome as advised by the kennel.</p> <p>A change in contract manager in the Public Protection team prompted a joint visit to the nominated kennels on the 15th June 2016. The site visit was to ensure that the handover was effective and satisfy the requirements for contract monitoring of the kennel provider.</p>	

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6	<p>The department must review the waiver process to ensure that all documents comply with CPR.</p> <p>The roles and responsibilities of each officer involved in the process should be clarified specifically the need for all appropriate officers to authorise the waiver. The initiating officer should ensure that appropriate officers have authorised the waiver to evidence scrutiny by Legal and Finance.</p> <p>The department should review the administrative arrangements for the waiver process to ensure that all waivers are “captured” and held by a responsible officer.</p> <p>Reconciliation to the departmental contract register should ensure that continuing a contract past the expiry date is supported by a waiver.</p> <p>The authorising officer must ensure that the waiver adequately details the reason for the waiver and that there is documented evidence to support this. Similarly the report must demonstrate that continuing with a provider will not be at a cost to the Authority and value for money is still achieved.</p> <p>The Chief Officer should only authorise a waiver that has been seen</p>	<p>The Department will conduct a full review of the waiver process after advice is sought from Procurement and Legal and a new procedure will be developed.</p> <p>The roles and responsibilities of each officer within the Council will be clarified as part of the review and training will be arranged on the new procedure.</p>	Jan 2016	HoEP and CO	<p>Audit Sub Update April 2016</p> <p>A follow up of this recommendation has shown that at service level, the HoEP has developed a procedure and work flow to ensure that the appropriate officers receive, review and authorise any waiver. This includes the type of information to be included in the justification section; the reason for the waiver and assurance of continued value for money. The cumulative spend and whole life costs will also be specified. A line specific to the Head of Finance has been included to evidence that finance have cleared the information reported. Once all comments have been received from the Chief Officer, legal and finance the HoEP will ensure that the document is signed and filed.</p> <p>At a departmental level, the EDM confirmed that a system exists for extensions on the ECS Business Management team site, on One Bromley, this includes the waiver register, contract procedure rules for waivers and exemptions and the waiver template. This information has been available on the departmental team site but it was accepted that officers needed to be reminded of the process and where to access and log forms.</p> <p>Internal Audit review all waivers collated and reported to this committee. For the 6 waivers declared by Environment and Community Services for this cycle there are no issues arising regarding authorisations.</p> <p>September 2016</p> <p>At a corporate level, waivers have been reviewed and rolled out to officers as part of the new Contract Procedure Rules.</p> <p>A review of the authorised corporate procurement templates held by ECS between March 2016 and September 2016 identified that Public Protection has not</p>	<p>Progress to implement</p> <p>Implemented</p>

No	Recommendation	Management Comment	Target Date	Responsibility	Follow-up comments	Status
	<p>and initialled by the Head of Finance as per the DMT minutes for 26.11.13</p> <p>This review has identified that the waiver process is not clearly understood by officers. The department should identify and instigate training to eliminate the ambiguities of this process, namely the status of a contract once expired but procurement with the same contractor is continued.</p> <p>Officers should identify whole life costs and cumulative spend to ensure that the waiver document accurately reflects actual spend with the preferred contractor.</p> <p>[Priority 1]</p>				<p>submitted any waivers during this period. There was an authorised template to extend a contract for the CCTV service and this had been duly completed, signed and dated and will be considered during the CCTV follow up audit.</p> <p>An Internal Audit review of waivers reports is currently being undertaken to confirm that the process to waive any requirements for competitive bids has been carried out as set out in Contract Procedure Rules.</p>	
7	<p>The Department must ensure that the procedures to receipt and approve invoices for payment are robust and compliant to Financial regulations.</p>	<p>This will form part of the Departmental Review to ensure that robust procedures for receipting and approving invoices exist and are adhered to. However, it is recognised that not every entry of every line has been checked over the last ten years that were audited and the Department will identify a resource to carry out this function into the future.</p>	<p>Oct 2015 Jan 2016</p>	<p>CO and HoEP</p>	<p>Audit Sub Update April 2016</p> <p>I-Proc orders have now been raised in advance of the service being procured but as the new contract started in February 2016 no invoices had been received. The roles and responsibility of the officer tasked with the payment of invoices has been clarified and this will be tested during the follow up. The contractor has been made aware of the documentation that will be required to support any variable fees charged to the Authority on the monthly invoice.</p>	<p>Progress to implement</p>

No	Recommendation	Management Comment	Target Date	Responsibility	Follow-up comments	Status
	<p>The need to pay for any service in advance should be with the approval of the Director of Finance.</p> <p>The role of the officer responsible for expenditure should be agreed. Compliance to agreed tasks should be regularly reviewed and challenged specifically for expenditure that was raised by management as queries.</p> <p>An order should be raised in advance of the committed expenditure and not after the invoice has been received. [Priority 1]</p>	<p>The purchase of any advance services within the Division has been stopped. An alternative method of providing the service is to be instigated.</p> <p>The budget holder is identified as the HoEP and his role within the expenditure of this budget will be defined by the Senior Management of the Department. Such Senior Management will then identify tasks, be responsible for the review and will challenge any management queries.</p> <p>Orders are now raised in advance of expenditure not after the invoice has been received.</p>			<p>September 2016</p> <p>The payment of invoices has now been transferred to the administrative officer who is also tasked with the collection of income. The combination of both income and expenditure processes has allowed an element of continuity for the collection and kenneling of dogs, a familiarity of each case and the benefit of seeing each case through from start to finish.</p> <p>I Proc orders have been raised for the financial year 2016-17; contractor C £5,000 and contractor B £12,000. As at the end of August 2016, £6K has been paid to the kennels and £480 to contractor C.</p> <p>The process for receipting and checking invoices is now supported by a written procedure available in a shared folder.</p> <p>Interviews with the administrative officer and the line manager indicated an understanding of Financial Regulations and the checks that are now undertaken before each invoice is passed for payment.</p> <p>May and June 2016 were selected as sample months for audit testing. Following the audit report and the commencement of the contract with the nominated kennels, the manager requested monthly invoices for each dog held by the provider. The invoices detail start and end dates and specify "interim" invoice for dogs that are held over the month. Vet fees are broken down over each charge category and are supported by scanned copies of the invoice from the vet and receipt of payment by the kennels</p> <p>9 dogs were taken to kennels in May (1 to Slough), 10 in June. The invoices were checked to the agreed fees and</p>	<p>Partially implemented</p>

No	Recommendation	Management Comment	Target Date	Responsibility	Follow-up comments	Status
					<p>charges; the main issues arising were:-</p> <ul style="list-style-type: none"> • 1/19 - kennel fees for 28 days charged should be £280 but £800 levied as exceptional circumstances and the dog had a litter of puppies. Although the budget holder had authorised the additional spend there was no audit trail on the invoice to support payment. • 1/19 – kennel fees for 2 days; narrative states “transfer to Greenwich” and “dog found in Greenwich”. Insufficient detail to confirm Bromley’s liability. • Kennel fees exceeding the statutory 7 days; for the 3 cases that spanned monthly invoices there was no evidence that contractor C had been contacted for a place or the status of a possible transfer for rehoming. <p>The 5 invoices submitted by contractor C identified 3 dogs that had been transferred in the sample months checked. The information on these invoices did not tie up with the data from the other two contractors; the seizure date was different and contractor C allocates their own reference number. The date that the dog was transferred did tally to the departure date from the kennels. Contractor C have charged a £15 transfer fee and £25 vet fee per dog however this has not been verified as correct given the I-Proc order does not specify the agreed rate. The I-Proc order refers to “agreed schedule of rates” and this has now been made available to the administrative officer responsible for the payment of invoices.</p>	New Rec.

No	Recommendation	Management Comment	Target Date	Responsibility	Follow-up comments	Status
8	<p>The Department should review the procedures to identify all income due and ensure that controls are robust to collect that income.</p> <p>Collect the £1,524.97 income due from contractor A for quarter 1 2014/15.</p> <p>Consider the policy to collect payment prior to the dog being returned, as stated on the website and how this can be enforced.</p> <p>[Priority 1]</p>	<p>A review is currently in process.</p> <p>The incumbent dog Warden contractor currently releases confined dogs on payment of outstanding debt directly to them on behalf of the Council. In accordance with Audit recommendations, it will be proposed to Members in the January Committee Report that all owners are invoiced</p> <p>This has been invoiced, along with all of the 2015/16 outstanding income and payment is awaited.</p> <p>In a significant number of cases, it is not practicable to receive payment before returning the dog to the owner. However, a new procedure is being set up with contractor A, whereby they will endeavour to recoup all fees prior to the return of the dog if it is within the first three days and returned from their kennel or if a dog is returned to the owner from the Bromley nominated kennel between 3 and 10 days. In all other instances,</p>	<p>Oct 2015 Jan 2016</p>	<p>HoEP</p>	<p>Audit Sub Update April 2016</p> <p>The team have reviewed the task of income collection and have introduced a process to monitor dogs collected and returned to ensure all income due can be identified and recovered. As previously discussed it is anticipated that the majority of dogs will be identified and returned to their owner before incurring kennel fees, however owners will be expected to pay the £25 statutory fee. As with expenditure, the arrangements for income will need to be operational for 6 months before audit testing can effectively assure that the recommendation has been implemented. The £1,524.97 owing from contractor A is still outstanding due to delays in the processing of the invoice by the Exchequer contractor.</p> <p>September 2016</p> <p>Interviews with the administrative officer and the line manager indicated an understanding of Financial Regulations with regard to the collection of income. An exchange of emails with contractor A in August 2016 identified that the need for all owners to be charged the statutory £25 (even if the dog is returned directly to the owner) needed to be clarified. In practice, LBB are invoicing all owners of micro chipped dogs as the owner details are available and recorded by contractor A. The contract monitoring minutes for October 2016 record that this issue has been discussed with the contractor and agreed. Contractor A have been requested to inform all owners, as the dog is returned, that a £25 fee will be levied by the Council.</p> <p>The charging policy for stray dogs is set out on the Bromley website including the statutory payment of £25 for dogs that are identified and returned on the same day. The kenneling fee is shown as £15; this should be corrected to £10 to reflect the cost paid to the provider.</p> <p>May and June 2016 were selected as the sample months for audit testing. The dogs returned to owner (RTO) should be charged the statutory fee of £25; dogs returned from the</p>	<p>Progress to implement</p> <p>Partially Implemented</p> <p>New Rec.</p>

No	Recommendation	Management Comment	Target Date	Responsibility	Follow-up comments	Status
8 Co		LBB will invoice the owner after the dog has been returned			<p>kennels will be required to contact contractor A offices and pay by debit/credit card before the dog is returned, the fee is £25 statutory fee, £100 return fee (reduced by 50% if microchipped) and £10 per night in kennels.</p> <p>May:- 25 calls - 10 aborted/10 dogs to kennel/5 RTO June 27 calls – 14 aborted/10 dogs to kennel/3 RTO</p> <p>For the 8 RTO tested, 7 had been identified from the contractors record and an invoice request submitted to the Exchequer contractor. The missing RTO was a dog that was collected on the 3/5 and the 11/5 but each occasion should have been charged. As previously reported, once the invoice has been requested it is the responsibility of the Exchequer contractor and the debtors process to recover income.</p> <p>For the 20 dogs taken to kennel, 11 were claimed by their owner and returned. In all cases contractor A have collected the fees due. The HoEP evidenced the quarterly statement submitted by the contractor for April to June 2016 but had not undertaken any reconciliation at the time of the audit. Audit checks identified 2 cases for £145 and £185 that had not been declared on the schedule. It was also identified that contractor A were collecting £25 and £100 as statutory fees and the overnight kennel rate although only £125 statutory fees were being declared on the schedule.</p> <p>Finance provided a Discoverer report from ORACLE to detail all transactions on the stray dogs income code. The sample of 7 requests for invoice was checked; 1 was open and 6 had been paid and closed. The £1524.97 outstanding fees from quarter 1, 2014/15 due from contractor A could not be found in the accounts. The contractor confirms that all fees have been submitted to Bromley. The HoEP is currently liaising with the Income Team, (Exchequer contract) to account for all income collected matched to request for debtor invoices raised by the stray dogs team.</p>	New Rec

No	Recommendation	Management Comment	Target Date	Responsibility	Follow-up comments	Status
					Once the quarterly schedules are received from contractor A, the fees collected should be reconciled to the master sheet retained by the team to ensure all income is collected. This task will be undertaken by the administrative officer.	
9	<p>This review has identified significant shortcomings regarding value for money issues. The department should regularly bench mark the costs and income of this service and formally report these findings. Any contractual arrangements should demonstrate value for money. For a variable service, provision needs to be regularly reviewed to assure that ongoing value is achieved.</p> <p>[Priority 1]</p>	<p>The Audit value for money argument primarily revolves around what Audit refers to as “underutilisation” of kennels. As previously stated by the Service Manager, the whole purpose of pre –booking kennels was to guarantee that LBB had vacant kennels where their stray and abandoned dogs could be placed in order to comply with the Statutory obligations. As evidenced to the Auditor, this was known over a year ago by Procurement and Finance and was not challenged as a Policy.</p> <p>With regard to the practicalities of running this service, the kennel owner has to turn away customers in order to keep the allocated kennels vacant for the Council and as such would not then agree to a rebate because the Council did not fill them to capacity, 100% of the time. This is in line with the Procedures of other Local Authorities and the private sector.</p>	Jan 2016	HoEP	<p>Audit Sub Update April 2016</p> <p>One of the main issues arising from the audit review was that the block booking of 9 kennels, pre-paid did not offer value for money. The change in service delivery to pay as you go should offer improved value for money as actual usage is charged. The recent tender exercise identified a cheaper provider for the kennelling element, a reduction from £15 per unit to £10 per unit, however the 2 month pilot will be used to measure the performance of this supplier before committing to a 12 month contract.</p> <p>The HoEP continues to bench mark against neighbouring Authorities and this information will be made available in any reports or waivers that may be presented.</p> <p>September 2016</p> <p>The new contractual arrangements with contractor B and the variation to contract with contractor A have now been operational for 9 months. The follow up review of the stray dogs contract has evidenced significant progress in all areas of service delivery; contract monitoring, payment of invoices and collection of income. With improved checking and recording the team is now routinely monitoring value for money issues. The contract has now been assigned to a manager within the division and the roles and responsibilities defined to ensure that trends and performance are measured.</p> <p>The move from block booked kennels to “pay as you go” has achieved the savings identified in the original audit report and allowed the Authority to meet their statutory duties. Extrapolating the kenneling costs for the first 3 months of 2016/17, the average cost for each dog is £3.6K kennel costs/35 dogs = £103 per dog, which represents 10</p>	<p>Progress to implement</p> <p>Implemented</p>

No	Recommendation	Management Comment	Target Date	Responsibility	Follow-up comments	Status
9 Co		<p>However, it is proposed to move the Council to a pay as you go system with no guaranteed kennels pre-booked.</p> <p>Also, in accordance with this Report, the proposed kennel for the Council to accept will be the cheapest quote. However, it must be noted that it only has six kennels available for Council use. There will be a subsequent risk that the Council will not be able to meet its statutory obligations if six or more dogs are required to be kennelled. For a seven day statutory hold that is less than one dog per day in the same week, whereas the Council has regularly exceeded this.</p> <p>However, analysis of the audit statistics shows that the Council is at risk of failing to meet its statutory duty for 10 % of the time and this may be considered satisfactory to Members at a time when the Division is only committed to a basic Statutory minimum. This will be put to Members for decision at the Committee meeting in January 2016.</p> <p>There are a number of</p>			<p>days in kennel.</p> <p>The legislation that now requires owners to microchip their dogs came into effect 1st April 2016. The October 2016 minutes of the meeting with contractor A recorded that 60% of the dogs collected for the first quarter to June. Being able to identify the dog at the first point of contact allows an early return to the owner and for the Council to invoice the owner to recover fees. Returned dogs that are not chipped are issued with a warning letter and the Authority has held microchipping events to increase take up.</p> <p>The HoEP submitted a report to the Commissioning Board on the 5/9/16 proposing to seek one contractor to take on the whole stray dog service, collection, kenneling and collection of income. Benchmarking costs with neighboring boroughs will be part of the process to retender the service as one entity.</p>	

No	Recommendation	Management Comment	Target Date	Responsibility	Follow-up comments	Status
9 Co		<p>changes to the dog warden contract to be discussed with the provider and will be supported by a variation to contract. These include for contractor A to provide kennelling at their base for the first three days, which will reduce the pressure on the nominated kennels as over 50% of dogs are returned immediately. This percentage may increase when the legislation for owners to microchip their dogs comes into force.</p> <p>A process map has been compiled to support the stray dog service. This shows that contractor C will be notified on the day of seizure to reserve a space; average waiting time is currently 7-10 days.</p>				

Original recommendation No.	Recommendation	Priority	Management Comment	Responsibility	Agreed Timescale
5	<p>The data from contractor A should be reconciled to the dog register maintained by the kennelling contractor to ensure that the total number of dogs agrees.</p> <p>The team should consider developing the spreadsheet to record all key information to be able to trace the dog through the process.</p> <p>The team should clarify which contractor is responsible for referring any stray dog still in kennels and likely to exceed the statutory period. Cases exceeding the 7 day period should be monitored to ensure that the dog can be transferred to contractor C at the earliest opportunity.</p>	<p>2*</p> <p>2</p>	<p>Arrangements have been put in place for contractor A to provide a Licence for the nominated kennels to access their spreadsheet and update the information so that the details and in particular the numbers are the same for both contractors.</p> <p>See comments above.</p> <p>The contractor responsible for this function is contractor B. They are required to contact contractor C immediately after the statutory period has expired and then ring daily thereafter to check if a place has become available. As this could involve hundreds of calls, it has been agreed that the kennel will send a weekly update for the status of each dog and the reason that contractor C have given if they have not been rehomed so that the Council can monitor the process.</p>	<p>HoEP</p> <p>HoEP</p>	<p>December 2016</p> <p>December 2016</p>

7	The Department must ensure that the procedures to receipt and approve invoices for payment are robust and compliant to Financial regulations.	2*	Procedures have been set up to receipt and approve invoices for payment. They are overseen by a Manager and are checked to ensure that they are both robust and compliant to Financial regulations.	HoEP	December 2016
	Any variations to agreed schedule of rates should be authorised by the appropriate officer and supporting documentation available to support that variation.	2	Due to the dynamic and often urgent nature of variations to schedules of rates e.g a stray bitch having ten puppies in the kennels, the authorisation has been verbal in the past. However, the Managers will ensure that any such variations will be confirmed in writing in order to be able to provide the necessary supporting documentation.	HoEP	December 2016
8	The Department should review the procedures to identify all income due and ensure that controls are robust to collect that income.	2*	Arrangements are being made for officers to have access to Oracle and the Discoverer reports so that income may be checked to ensure that it has been received.	HoEP	December 2016
	The schedule of fees collected by contractor A should be received quarterly and reconciled to the Bromley spreadsheet. The contractor should be asked to account for the two missing cases identified in the audit testing and for Bromley to confirm that the total value of fees collected is passed on to the Authority.	2	For the two cases identified by audit, the fees had not been collected when the dog was returned to the owner and should have been invoiced by the Authority; two invoices have now been raised. All of the income	HoEP	December 2016

	<p>The Bromley website should be updated to reflect the charge that will be levied for kenneling</p>		<p>entries will now be checked manually against the quarterly remittance received from contractor A to ensure that they have not missed any payments made to them and this will subsequently be checked again by a Manager.</p> <p>There are current changes to fees being considered at present and the website will be updated once this has been agreed.</p>	<p>HoEP</p>	<p>December 2016</p>
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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
ENVIRONMENT AND COMMUNITY DEPARTMENT

REVIEW OF ENVIRONMENTAL PROTECTION 2016-17

Issued to: Jim McGowan, Head of Environmental Protection

Cc: Dan Jones, Assistant Director, Street Scene and Greenspace
Nigel Davies, Executive Director ECS.
Clare Martin, Head of Finance, ECS and Corporate

Prepared by: Principal Auditor

Date of Issue: 17th November 2016

Report No.: ES/005/01/2016

REVIEW OF ENVIRONMENT PROTECTION 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of Environmental Protection 2016-17. The audit was carried out in quarter Q3 as part of the programmed work specified in the 2016-17 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on the 9th September 2016. The period covered by this report is from 1st January 2015 to 31 August September 2016.
4. The spend on Coroners Service for 2015/16 was £216,871 and £96,000 for payments to the Mortuary. The total spend on Works in default since April 2015 to date is £1836.40.

AUDIT SCOPE

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

AUDIT OPINION

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

MANAGEMENT SUMMARY

7. We would like to draw to Managers attention the following issues:

REVIEW OF ENVIRONMENT PROTECTION 2016-17

- Invoices raised to recharge for WID are not correctly calculated.
- Invoices are not always raised and set to recover works in default charges
- Purchase orders are not being raised until after the commitment to purchase has been made and are not being raised for an accurate estimated amount.
- Staff undertaking financial activities have not completed the authorities Financial Regulations and Contract Procedure Rules training.
- The department risk register does not include risks for a number of statutory functions under Environmental Protection.
- Contract monitoring of the Corpse Collection contract organised by Croydon Council, is not being undertaken.

It was also identified during the review that 4 contracts in place to utilise MOPAC grant funding, which had recently been procured by Environmental Protection but now transferred to ECHS Strategic and Business Services, had procurement issues which are being addressed by the new department.

SIGNIFICANT FINDINGS (PRIORITY 1)

8. No significant findings were identified in this review.

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>A sample of 5 WID (works in default) were tested to determine that the works have been fully recharged, that any admin charges have been accurately added and VAT has been correctly accounted for.</p> <p>It was also found for WID that the invoice from the contractor was for £156. The charge to the customer should therefore have been £296 (£156 recharged and £140 admin charge). However the request to raise an invoice was for £300 and this was what was subsequently raised. The invoice that was raised was also subsequently cancelled as it had been sent to the wrong address, but not resent.</p> <p>It was also found that one invoice has not been raised despite a request sent to the Exchequer Contractor (the invoice would be for £396).</p>	<p>Income due may not be collected.</p>	<p>The invoice request document should be used to request invoices to be raised for works in default.</p> <p>Confirmation should be received from the Exchequer Contractor of those invoices that have been raised and where debts are outstanding [Priority 2]</p>
2	<p>Testing of a sample of 5 WID found that for all 5 a purchase order had been raised and for all 5 there remains an amount outstanding after payment of the bill. In each case it appears the PO is raised for the total amount of the invoice, though when it is paid, only the net amount is charged to the cost centre and the remainder to the VAT cost code.</p>	<p>The budget can be distorted and not show an accurate impression of the actual position.</p> <p>Invoices could be paid for</p>	<p>Purchase orders should be raised prior to the commitment to spend and closed down where amount is left outstanding on the invoice after paying</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
	Each invoice was supported by adequate documentation and a purchase order, However each PO has only been raised once the invoice has been received.	services which are not actually due.	of the invoice. [Priority 2]
3	<p>The corpse collection contract has just been re tendered and the requirement to provide contract monitoring information has been written in to the new contract.</p> <p>The Contract is now with Corpse Collect Contractor A for £138,502 pa. With the previous contractor it was approximately £67k per annum.</p> <p>Despite a number of requests evidence has not been provided that contract monitoring of the service is undertaken.</p>	Insufficient Contract monitoring of the Corpse collection contract may result in issues not being identified.	<p>Contract monitoring should be undertaken of the corpse collection contract by the Coroner, to ensure compliance with the terms of the contract and ensure payments made are justified, given the levels of service. This should include figures of actual collections for each month.</p> <p>[Priority 2*]</p>
4	It was identified that two Officers involved in the invoicing and payment process of Works in Default have not undertaken Financial Regulations or Contracts Procedure Rules training.	Staff requesting the raising of invoices may not be doing so in accordance with	Staff with Financial Responsibilities should undertake Financial

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
		Financial Regulations	Regulations and Contract Procedure Rules training. [Priority 2]
5	Examination of the ECS contract register identified only one risk in Environmental Protection. Given the number of statutory services under Environmental protection, it is considered that there could be more risks placed on the risk register.	Keys risks relating to Environmental Protection may not be assessed and monitored by the department.	The Head of service should consider reviewing his risks on the departmental risk register to include the Coroners/mortuary service, Dogs service and other statutory areas under his responsibility. [Priority 3]

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

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

Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p><u>Works in Default</u></p> <p>The invoice request document should be used to request invoices to be raised for works in default. VAT should be correctly accounted for on any invoices raised.</p> <p>Confirmation should be received from the Exchequer Contractor of those invoices that have been raised and where debts are outstanding</p>	2	<p>The Admin Officer responsible for this area of work has agreed that she will process the invoice using this form for all future transaction. She is also due to attend Financial training.</p> <p>The Exchequer Contractors have been asked to confirm to the Admin officer when invoices are sent out.</p> <p>As reports for debts outstanding need access to Oracle, this matter is being discussed with the Department's Finance officer to arrange a regular report showing debts still outstanding.</p>	<p>Head of Service, Jim McGowan</p> <p>Head of Service, Jim McGowan</p>	<p>December 2016</p> <p>December 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

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
2	Purchase orders should be raised prior to the commitment to spend and closed down where amount is left outstanding on the invoice after paying of the invoice.	2	Purchase Orders are raised prior to commitment to spend and the Officers who raise these orders have all been advised that they must not include VAT, such that no amounts are left outstanding when it is closed down.	Head of Service, Jim McGowan	December 2016
3	<p><u>Coroners & Mortuary</u></p> <p>Contract monitoring should be undertaken of the corpse collection contract by the Coroner, to ensure compliance with the terms of the contract and ensure payments made are justified, given the levels of service.</p> <p>This should include figures of actual collections for each month.</p>	2*	This contract lies with the Coroner and is administered by the Consortium lead Borough, which is LB Croydon. Discussions are being arranged with LBC and the Coroner to ensure compliance with the terms of the contract. This will include a requirement for the Coroner to send monthly or quarterly statistics.	Head of Service, Jim McGowan	April 2017

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	Staff with Financial Responsibilities should undertake Financial Regulations and Contract Procedure Rules training.	2	The Admin Officer responsible for this area of work is due to attend Financial and Contract Procedure training.	Head of Service, Jim McGowan	December 2016
5	The Head of service should consider reviewing his risks on the departmental risk register to include the Coroners/mortuary service, Dogs service and other statutory areas under his responsibility.	3	This is in progress	Head of Service, Jim McGowan	December 2016

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

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

Priority 3
 Identification of suggested areas for improvement

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF COMMUNITY INFRASTRUCTURE LEVY AUDIT 2016-17

Issued to: Nigel Davies, Director of Environment and Community Services
Jim Kehoe, Chief Planner, Environment and Community Services
Mary Manuel, Head of Development Plan and Planning Strategy, Environment and Community Services
Tim Horsman, Planning Development Control Manager, Environment and Community Services
Steve Ing, Planner, Environment and Community Services
Claire Martin, Head of Finance, ECS and Corporate
Pauline Maton, Local Land Charges Manager, Environment and Community Services

Cc Peter Turner, Director of Finance
Claudine Douglas-Brown, Head of Exchequer Services

Prepared by: Principal Auditor

Date of Issue: 11 November 2016

Report No.: CX/085/01/2016

INTRODUCTION

1. This report sets out the results of our systems based audit of the Community Infrastructure Levy (CIL) Audit 2016-17. The audit was carried out in quarter Q2 as part of the programmed work specified in the 2016/17 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee. 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.
2. CIL is a levy that Local Authorities (including the Greater London Authority) can choose to charge on new developments in their area. The money can be used to support development by funding infrastructure that the council, local community and neighbourhoods want - for example new or safer road schemes, park improvements or a new health centre.
3. The Mayor of London's levy is intended to raise funds to pay for transport infrastructure. Bromley intends to implement its own CIL during 2017 to pay for Bromley's own infrastructure needs.
4. The Mayor's levy applies to all new dwellings and new buildings and extensions proposing additional floorspace of 100 square metres and above. The Mayor chose a charge of £35 per square metre for Bromley on the net additional increase in floorspace of all developments. In 2014/15 a total of £1,273,723 was paid to Transport for London (TfL) and in 2015/16 a total of £2,025,758 was paid to TfL, representing 96% of the CIL income collected by Bromley. At the end of June 2016 there were 24 cases where a Demand Notice for payment had been issued to developers and 261 cases where there is a CIL liability in the future.

AUDIT SCOPE

5. The scope of the audit was outlined in the Terms of Reference issued on 6 July 2016.

AUDIT OPINION

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

MANAGEMENT SUMMARY

- 7 Controls were in place and working well in the areas of availability of completed forms and other case documentation to support the information recorded on the CIL database and calculating and paying the correct percentage of income to TfL.
- 8 Our testing identified the following issues which we would like to draw to management's attention :-
- CIL liability has not been identified in several recent cases where a planning application has been received.
 - A programme of spot check visits by the CIL team found that in three cases building work has already commenced but the Council has not been notified by the developer. Internal Audit also carried out spot check visits and found one property where building work had commenced and had been completed without notification to the Council.
 - The nominated Planner who carries out the quarterly reconciliation of income received and due is not aware of all relevant financial information e.g. surcharge invoices raised but not paid.
 - Roles, responsibilities and procedures within the CIL team need to be reviewed to ensure that expected controls such as separation of duties, supervision and authorisation are in place and operating effectively.
 - Late payment surcharges which remain outstanding had not been notified to the Land Charges team and the Land Charges team had not been notified in two cases where self-build relief had been granted.

REVIEW OF CIL AUDIT 2016-17

- The information requirements for the CIL database which is used to record CIL applications, including reports which can be produced, access levels and training and guidance for other stakeholders, have not been specified. The option to link the database to the Uniform and Oracle applications has not been assessed.
- We noted that late interest payable (an annual rate of 2.5 percentage points above the Bank of England base rate) had not been applied when issuing surcharge invoices for late CIL payments, contrary to Section 87 of Part 9 of the CIL Regulations.
- The amount of CIL paid to TfL is included in the annual accounts but no CIL management information is produced or reported to senior officers and Members at the end of the financial year.
- Risks relating to CIL income collection are not currently included on the departmental risk register.

SIGNIFICANT FINDINGS (PRIORITY 1)

9 There are two significant findings.

- When a planning application is received, it should be identified whether or not CIL is liable, with the relevant 'Y' or 'N' box on the form ticked accordingly and confirmation that the measurements submitted are correct. We are aware from discussions with the CIL team and Local Land Charges Manager and email correspondence provided that there have been several recent cases where CIL liability has not been identified, which would have resulted in a loss of income to the Council and TfL. In these cases, if building work has already commenced, there is a risk that liability to pay CIL could rest with the Council. It is difficult to quantify how many similar applications which are CIL liable have not been identified in previous years. Since completing our audit testing we are aware that discussions have been held between the CIL team and Planning Development Control team, resulting in training to identify CIL liable applications being given to Planners.

REVIEW OF CIL AUDIT 2016-17

- Spot check visits have recently been carried out by the CIL team visiting properties which found that in three cases building work has already commenced but the Council has not been notified by the developer. Internal Audit also carried out spot check visits and found one property where building work had commenced and had been completed without notification to the Council. Details were provided to the CIL team. Where a chargeable development has commenced but LB of Bromley has not been notified, a surcharge equal to 20% of the chargeable amount payable or £2,500 can be imposed, whichever is the lower amount. Demand Notices and surcharges amounting to a total of £39,483.09 are being issued to the developers by the CIL team for the properties referred to above.

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>When a planning application is received, it should be identified whether or not CIL is liable, with the relevant 'Y' or 'N' box on the form ticked accordingly and confirmation that the measurements submitted are correct. We are aware from discussions with the CIL team and Local Land Charges Manager and email correspondence provided that there have been several recent cases where CIL liability has not been identified, which would have resulted in loss of income to the Council and TfL. It is not known how many similar applications which are CIL liable have not been identified in previous years. In these cases, if building work has already commenced, there is a risk that liability to pay CIL could still rest with the Council.</p>	<p>Planning applications which are CIL liable are not identified, leading to loss of income to the Authority.</p> <p>Where planning applications are subsequently identified as CIL liable and building work has already commenced, the Authority may be required to pay the CIL charge due to TfL.</p>	<p>Management should obtain a report run from Uniform independently by IT, identifying those planning applications made since 1 April 2015 where CIL liability has not been assessed and recorded. Those applications should be checked by management. Any cases where CIL is liable should be recorded and reported to Internal Audit with details of the properties, amounts due and action to be taken.</p> <p>[Priority 1]</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>Spot check visits have recently been carried out by the CIL team visiting properties which found that in three cases building work has already commenced but the Council has not been notified by the developer. Internal Audit also carried out spot check visits and found one property where building work had commenced and had been completed without notification to the Council. Details were provided to the CIL team. Where a chargeable development has commenced but LB of Bromley has not been notified, a surcharge equal to 20% of the chargeable amount payable or £2,500 can be imposed, whichever is the lower amount. Demand Notices and surcharges amounting to a total of £39,483.09 are being issued to the developers by the CIL team for the properties referred to above.</p>	<p>Income due to the Council may not be identified and invoiced promptly.</p>	<p>The CIL team should put in place a formal programme of periodic spot check visits to identify any properties where building work has commenced but the Council has not been notified. The liable persons of any properties which are identified should be issued with a Demand Notice and a penalty charge invoiced. In the four cases identified, recovery action should be completed and the outcome notified to Internal Audit.</p> <p>[Priority 1]</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>Our analysis of the CIL payments received and outstanding as shown on Oracle and discussion with the nominated Planner and the finance officer revealed that the nominated Planner is not aware of all relevant financial information available from Oracle, e.g. first, second and final surcharges raised by Exchequer Contractor but which have not been paid, when he carries out his quarterly reconciliation of CIL income.</p> <p>We found one case where the CIL spreadsheet showed £3,093.89 payable to TfL under the future CIL liabilities but the Oracle record showed a nil debtor balance because the Liability Notice had been cancelled.</p> <p>One of the amounts on the CIL spreadsheet of payments due to be made to TfL in future showed £-158.40. We were informed by the nominated Planner, following investigation by Exchequer Contractor, that this related to court fees, had already been paid to TfL in error and would be recovered.</p> <p>We also noted two cases where the CIL amount due had been paid but the late payment surcharge totalling £325.11 and £200.00 respectively remains outstanding. The CIL team and Land Charges team were not aware of these.</p>	<p>Risk that all income outstanding is not identified leading to loss of income and current financial position regarding CIL payments made and outstanding is not accurate.</p> <p>Searches of the Land Charges register by the Land Charges team or members of the public will not reveal that there are late payment surcharges outstanding, leading to loss of income and challenges from interested individuals when properties are sold in future, loss of income and reputational risk to the Council.</p>	<p>Management should ensure that :-</p> <p>(a) the nominated Planner is made aware of all relevant financial information available from Oracle when he carries out the quarterly reconciliation process of CIL income, including surcharges so that the details can be included on the CIL database and Land Charges Register and</p> <p>(b) all invoices which are 'open' are reviewed and appropriate follow up or write off action is taken.</p> <p>[Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
4	<p>We noted that there is a process flowchart for the numerous stages of administering and processing CIL applications, reconciliation of income and quarterly payments to TfL. The process involves exchanging information with other key stakeholders such as Planning, Land Charges, Exchequer Contractor and Finance Department. Due to the limited resources in the CIL team and as a result of the findings from this audit, there is a need to review how the existing roles, responsibilities and procedures can ensure that expected controls such as separation of duties, supervision and authorisation are in place and operating effectively.</p>	<p>A lack of clearly defined roles, responsibilities and procedures may lead to CIL applications and decisions not being processed timely, by the right people and with the incorrect information processed.</p>	<p>Management should review and clearly define the roles, responsibilities and procedures within the CIL team for administering and processing CIL applications.</p> <p>[Priority 2]</p>
5	<p>We found two cases in our sample testing where self build relief had been applied for by the developer/owner but the Land Charges team had not been notified by the CIL team that self build relief had been granted. There is no income due at present but this notification is required so that the Land Charges Register can be updated with the three year timescale during which self build relief can be withdrawn and CIL becomes payable if a disqualifying event occurs eg sale or letting of the property.</p>	<p>The details of self build relief status including conditions and expiry dates may not be recorded on the Land Charges Register, leading to possible loss of income if the conditions are breached in future.</p>	<p>The CIL team should ensure that the Land Charges team are notified of the details whenever a developer/owner has been granted self build relief so that the Land Charges Register can be updated with the date when self build relief is due to expire.</p> <p>[Priority 2]</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
6	<p>The CIL database is currently being used as the single source of information for recording and monitoring all CIL cases. It is also used to produce the quarterly report of payments to be made to TfL. If the CIL database will continue to be used in future there is a need to identify what information should be recorded and management information produced, what levels of access, training and guidance should be given to other stakeholders such as the Land Charges team.</p> <p>We are aware that the CIL database is used by other Authorities and it would be useful to find out how they use it. We also understand that it can be linked to Oracle or Uniform and the cost-benefits that this may bring should be explored.</p>	<p>The full functionality of using the CIL database may not be identified and introduced, resulting in a loss of opportunities to improve CIL business processes.</p>	<p>Management should :-</p> <p>(a) Define what information should be recorded and management information produced from the CIL database and identify what levels of access, training and guidance should be given to other users such as the Land Charges team, and</p> <p>(b) Explore the functionality that the CIL database can provide to improve CIL business processes, including the cost-benefit of linking to existing systems such as Oracle and Uniform.</p> <p>[Priority 2]</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
7	<p>During our audit testing of invoices raised, we noted that late interest payable (an annual rate of 2.5 percentage points above the Bank of England base rate) had not been applied to surcharge invoices for late CIL payments. This is contrary to Section 87 of Part 9 of the CIL Regulations.</p>	<p>Invoices raised are inaccurate leading to a loss of income for the Council and TfL.</p>	<p>Management should ensure that the correct amount of late interest payable (an annual rate of 2.5 percentage points above the Bank of England base rate) as set out in the CIL Regulations, is included in surcharge invoices for late CIL payments.</p> <p>[Priority 2]</p>
8	<p>No CIL management information is produced or reported to senior officers and Members at the end of the financial year, although the amount paid to TfL is included in the annual accounts.</p> <p>The level of future CIL liabilities at the end of the 2015/16 financial year amounted to £3,391.413. It should be noted that 96% (£3,255,756) if received, would be payable to TfL and 4% (£135,656) would be payable to LB of Bromley. LB of Bromley processed 184 CIL receipts during 2014/15</p>	<p>Future strategic and operational decisions may be made without key information about CIL income, resources and associated processes.</p>	<p>Management information about CIL, including amounts received and paid to TfL, amounts outstanding from Demand Notices and Liability Notices issued and amounts in dispute and their current status, is produced and reported to</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	which was the third highest number of receipts London-wide and resulted in a total of £1,273,726 being paid to TfL.		<p>senior officers and Members at the end of the financial year.</p> <p>[Priority 2]</p>
9	Risks relating to CIL income collection are not currently included on the departmental risk register.	Risks relating to CIL income may not be assessed and monitored by the department.	<p>Management should populate the departmental risk register with risks relating to CIL income collection and control measures to mitigate the risks occurring.</p> <p>[Priority 2]</p>

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Management should obtain a report run from Uniform independently by IT, identifying those planning applications made since 1 April 2015 where CIL liability has not been assessed and recorded. Those applications should be checked by management. Any cases where CIL is liable should be recorded and reported to Internal Audit with details of the properties, amounts due and action to be taken.	1	Agreed. We will obtain a report from Uniform, identifying those planning applications made since 1 April 2015 where CIL liability has not been assessed and recorded. These applications will be checked by management. Any cases where CIL is liable will be recorded and reported to Internal Audit with details of the properties, amounts due and action to be taken.	Head of Planning Strategy and Projects with Planning Development Control Manager and nominated Planner	This has started and will be completed by February 2017.
2	The CIL team should put in place a formal programme of periodic spot check visits to identify any properties where building work has commenced but the Council has not been notified. The liable persons of any properties which are identified should be issued with a Demand Notice and a penalty	1	Agreed. A formal programme of periodic spot checks has been set up to identify any properties where building work has commenced but the Council has not been notified. The liable persons of any properties which are identified will be issued with a Demand Notice and a penalty charge invoiced.	Head of Planning Strategy and Projects and nominated Planner	This started in September 2016 and will be completed in February 2017. Further spot checks will then be put in place as

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	charge invoiced. In the four cases identified, recovery action should be completed and the outcome notified to Internal Audit.		Internal Audit have been advised of progress on the cases identified to date, and will be kept informed of further action.		required. 30 November 2016
3	Management should ensure that :- (a) the nominated Planner is made aware of all relevant financial information available from Oracle when he carries out the quarterly reconciliation process of CIL income including surcharges, so that the details can be included on the CIL database and Land Charges Register and (b) all invoices which are 'open' are reviewed and appropriate follow up or write off action is taken.	2	Agreed. (a) A request was made for the nominated Planner to have access to Oracle and this has now happened, with access to Mayoral CIL payment information. It includes financial information about surcharges so the details can now be included on the CIL database and Land Charges Register and b) Open invoices have been identified and will be reviewed and follow up action will be taken.	Head of Planning Strategy and Projects and nominated Planner Head of Planning Strategy and Projects and nominated Planner	30 November 2016 30 November 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
4	Management should review and clearly define the roles, responsibilities and procedures within the CIL team for administering and processing CIL applications.	2	Agreed. Management will review and clearly define the roles, responsibilities and procedures within different parts of Planning for administering and processing CIL applications.	Head of Planning Strategy and Projects with Planning Development Control Manager and nominated Planner	31 December 2016
5	The CIL team should ensure that the Land Charges team are notified of the details whenever a developer/owner has been granted self build relief so that the Land Charges Register can be updated with the date when self build relief is due to expire.	2	Agreed. We will ensure that officers granting self build relief notify the Land Charges Team so that the Land Charges Register can be updated with the date when self build relief is due to expire.	Head of Planning Strategy and Projects and nominated Planner	30 November 2016
6	Management should :- (a) Define what information should be recorded and management information produced from the CIL	2	Agreed. Management will (a) Define what information should be recorded and management information produced from the CIL	Head of Planning Strategy and Projects and nominated Planner	7 December 2016

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	<p>database and identify what levels of access, training and guidance should be given to other users such as the Land Charges team, and</p> <p>(b) Explore the functionality that the CIL database can provide to improve CIL business processes, including the cost-benefit of linking to existing systems such as Oracle and Uniform.</p>		<p>database and identify what levels of access, training and guidance should be given to other users such as the Land Charges team, and</p> <p>(b) Will explore the functionality that the CIL database can provide to improve CIL business processes, including the cost-benefit of linking to existing systems such as Oracle and Uniform.</p>	<p>Head of Planning Strategy and Projects and nominated Planner</p>	<p>31 January 2017</p>
7	<p>Management should ensure that the correct amount of late interest payable (an annual rate of 2.5 percentage points above the Bank of England base rate) as set out in the CIL Regulations, is included in surcharge invoices for late CIL payments.</p>	2	<p>Agreed. Management will ensure that the correct amount of late interest payable (an annual rate of 2.5 percentage points above the Bank of England base rate) as set out in the CIL Regulations, is included in surcharge invoices for late CIL payments.</p>	<p>Head of Planning Strategy and Projects and nominated Planner And the Exchequer Contractor</p>	<p>30 November 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

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
8	Management information about CIL, including amounts received and paid to TfL, amounts outstanding from Demand Notices and Liability Notices issued and amounts in dispute and their current status, is produced and reported to senior officers and Members at the end of the financial year.	2	Agreed. Management information about CIL, including amounts received and paid to TfL, amounts outstanding from Demand Notices and Liability Notices issued and amounts in dispute and their current status, will be produced and reported to senior officers and Members at the end of the financial year.	Head of Planning Strategy and Projects and nominated Planner	31 March 2017
9	Management should populate the departmental risk register with risks relating to CIL income collection and control measures to mitigate the risks occurring.	2	Agreed. Management will populate the departmental risk register with risks relating to CIL income collection and control measures to mitigate the risks occurring.	Head of Planning Strategy and Projects and nominated Planner	30 November 2016

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

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

FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF DOCUMENT STORAGE & RETENTION AUDIT 2016-17

Issued to: Catherine Pimm, Senior Property Officer,
Andrew Champion, Facilities & Support Services Manager,
Jane Thain, Information Architect,
Stuart Elsey, Head of Information Services,

Cc: Colin Brand, Assistant Director, Leisure & Culture,
Peter Turner, Director of Finance (Final Only),

Prepared by: Principal Auditor,

Date of Issue: 3rd November 2016

Report No.: CX/025/01/2016-17

REVIEW OF DOCUMENT STORAGE & RETENTION AUDIT 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of Document Storage & Retention Audit 2016-17. The audit was carried out in quarter 2 as part of the programmed work specified in the 2016-17 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 20/6/2016 but was due for completion in September 2016. The period covered by this report is April 2016- September 2016. However, payments going back to 2011 have been reviewed via a cumulative spend report.

AUDIT SCOPE

4. The scope of the audit is detailed in the Terms of Reference. The audit related to records held internally as detailed on the information asset register and those records held off site in storage by the Contractor A

AUDIT OPINION

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

MANAGEMENT SUMMARY

6. A copy of the Information Asset Register was requested and reviewed for records held internally. Records held offsite by Contractor A were also reviewed. Day to day management of the storage and retrieval of records and the contract monitoring /invoice processing are split functions.
7. Internal Audit would like to bring the following findings to Management's attention:-
 - There are no quarterly contract monitoring meetings as required by the call off agreement. Performance monitoring to ensure value for money has not been undertaken. Insufficient checks are made on processing the invoices for payment.
 - It also appears that some services are not aware of what records are held. There are currently 11,939 boxes stored at the Contractor A storage facility at varying costs dependant on each type of box held per month (as at 26/9/16). The cumulative spend with Contractor A (who are the contractors that supply storage space) from 2011 to date is £201,893.27 (excluding VAT) and this was under Framework Agreement which commenced on 1st November 2010. Since then a new contract has been in place since January 1st 2015 to date the expenditure is £81,386.59 (excluding VAT). A review of records held by Contractor A has not been completed to date to ensure that records that are no longer required do not continue to be paid for by the Authority. The level of records held by Contractor A continues to rise each month and is likely to significantly increase if not monitored.
 - From reviewing the LBB Box Asset report dated 14/7/16, it could be seen that were 2205 out of the 11,753 records had little or no classification/details included which represents approximately 17% of records.
 - There are no written procedures for the day to day operation of the management of the document storage and retrieval of records.
 - There is currently no up to date or comprehensive listing of the information asset owners. An "Information Asset Owners (IAOs) must be senior/responsible individuals involved in running the relevant business. Their role is to understand what information is held, what is added and what is removed, how information is moved, and who has access and why. The list remains out of date and some allocated staff have since left the Authority. The IG toolkit requires that this should be in place to ensure continued N3 connectivity by April 2017.

SIGNIFICANT FINDINGS (PRIORITY 1)

Contract Monitoring & Invoice Checking

8. There are no quarterly contract monitoring meetings held, couple of ad hoc meetings have been held to discuss specific projects, but no regular quarterly meetings have been requested by the Authority, as there have been no issues or concerns that have warranted them. Therefore, no quarterly contract monitoring minutes are available.
9. The Auditor was informed that the contract monitoring officer was unable to confirm which records are stored at Contract A's site only the number of boxes, but not their contents. Each department boxes up its own records and records the contents of each box.
10. Management has indicated that there have been occasions when information has been requested from Contractor A, but has not been received.
11. Each box should also detail a destruction date. Management have confirmed that there has only been one occasion where files have been destroyed by Contractor A when 200+ files were destroyed, but this was a few years ago.
12. As detailed with section 9 of the call off agreement it states that the Authority shall be "entitled to regularly benchmark the Contract Price and performance of the Goods and Services, against other suppliers providing services substantially the same as the Goods and Services during the Contract Period" and additionally entitled to "shall be entitled to use any model to determine the achievement of value for money and to carry out the benchmarking evaluation". In the absence of any contract monitoring meetings and the limited information provided to support the invoices this has not yet been undertaken.
13. The Auditor was advised that a cursory check of Contractor A invoices is made to confirm whether there are any duplicated charges for which credits are received. The invoices are checked that they have roughly the same number of boxes and is in line with other months.

REVIEW OF DOCUMENT STORAGE & RETENTION AUDIT 2016-17

14. The Auditor was informed that management had requested a report from Contractor A for a breakdown of the records held by each department and this information was provided on 26th September 2016.
15. On reviewing the invoices, it was noted that there is no accompanying schedule that provides the corresponding breakdown of the records currently held for the invoice period. Additionally there is no supporting schedule providing a breakdown of the number of records currently held by each department.
16. The call off agreement states under 13.2.2 that 'the Supplier shall ensure that each invoice contains all appropriate references and a detailed breakdown of the goods supplied and/or the services provided and that it is supported by any other documentation reasonably required by the Customer to substantiate the invoice'.

Cumulative expenditure and the requirement to undertake a comprehensive review of documents in storage

17. Back in 2011 due to the accommodation review, a decision was made to use Contractor A (through a framework agreement set up by another London Borough) to store records from each department. A breakdown of the expenditure is as follows :-

June 2011-March 2012	£40,759.57
April 2012-March 2013	£30,132.80
April 2013-March 2014	£26,860.69
April 2014-December 2015	£22,753.62
Previous contract expenditure	£120,506.68

18. The new contract with Contractor A (through a GPS Framework) commenced on 1st January 2015 and expires on 31st December 2017, with the option to extend. The contract expenditure is as follows :-

January 2015-March 2015	£15,507.90
April 2015 - March 2016	£50,171.13
April 2016 –September	£15,707.56

REVIEW OF DOCUMENT STORAGE & RETENTION AUDIT 2016-17

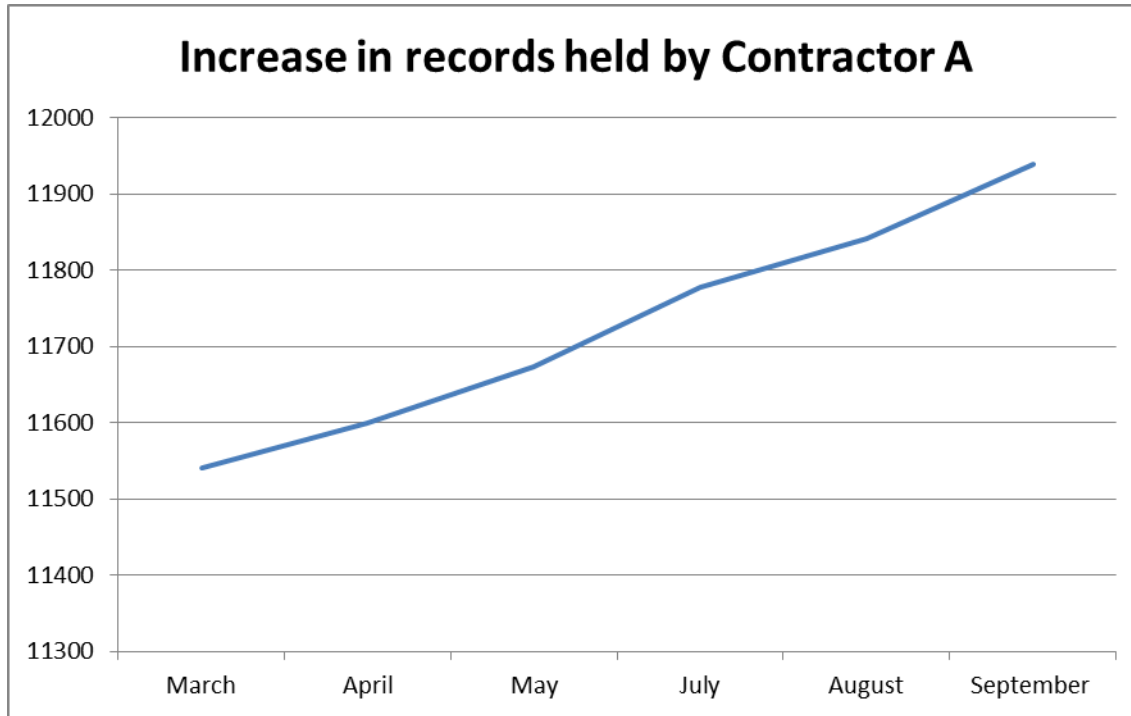
2016	
Contract Expenditure	£81,386.59

19. Expenditure from 2011 to date is £139,787.31 that covers four cost centres CSC Business Support, Archiving, V&E Asset Management. It should be noted that a fourth code the 'civic centre conversion of sports centre' cost centre has not been included that totalled £62,105.96. The reason for this is that FBM records data from financial year 2012/13 to date and the relevant period falls outside of these dates. When this amount is included the total expenditure figure is £201,893.27.

Records Held In Storage at Contractor A

20. Departments are not reviewing the records currently held by Contractor A and ensure that any records no longer required are removed in compliance with financial regulations, as savings could be made by removing unnecessary storage costs. This has VfM implications. Additionally, there may be potential breaches of data protection by continuing to hold records no longer required.
21. An extract from a report submitted to the Executive on 18th May 2016 states "The amount of storage space used for paper files must be reduced significantly. It will be necessary to reduce paper files in two tranches: prior to decanting staff so that building works can proceed and prior to re-occupation of the refurbished buildings.
22. Departments who will be affected by any moves have been asked to review their document management strategies and consider which of their files can be destroyed, sent to off-site storage or scanned. Electronic storage is being encouraged for the future and the Civic Centre review interfaces with work currently being undertaken by I S Service".
23. The amount of records held by Contractor A on the Authority's behalf continues to be on an upward trend.

REVIEW OF DOCUMENT STORAGE & RETENTION AUDIT 2016-17



24. In light of the Civic Centre development, it is vital that departments review the records held in compliance with financial regulations and the retention policies. The impact of the Civic Centre development could result in a far greater number of records held by Contractor A on the Authority's behalf. Departments need to review the records held to determine if they still need to be retained and this will result in savings.

REVIEW OF DOCUMENT STORAGE & RETENTION AUDIT 2016-17

25. Departments with the highest level of storage are detailed below:-

- Development Control 1776 boxes
- Care & Resources 1706 boxes
- Referral & Assessment 1522 boxes
- Planning Strategy & Heritage 1107 boxes

26. It should be noted that the new contract with Contractor B commenced on 1st October 2016 and the new provider is Contractor C. The transition of services will take place over time, which will include the day to day management of document storage at Contractor A. However, the Senior Property Officer Projects will retain responsibility for the contract monitoring and the payment of invoices for Contractor A.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

27. 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

28. 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>Contract monitoring including invoice checking</u></p> <p>Management confirmed that there are no quarterly contract monitoring meetings as there have been no issues or concerns that have warranted them. There were a couple of ad hoc meetings held to discuss specific projects. Therefore, no contract monitoring minutes are available.</p> <p>Management confirmed that there have been occasions when information has been requested but has not been received by Contractor A.</p> <p>The Auditor was informed that the contract monitoring officer was unable to confirm which records are stored at Contractor A only the number of boxes and but not their contents. Each department boxes up its own records and records the contents of each box.</p> <p>Each box should also detail a destruction date. Management confirmed that there has only been one occasion where files have been destroyed by Contractor A when 200+ files were destroyed but this was a few years ago.</p>	<p>Value for money may not be achieved if contract monitoring is not effective.</p>	

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

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Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>As detailed with section 9 of the call off agreement it states that the Authority shall be " entitled to regularly benchmark the Contract Price and performance of the Goods and Services, against other suppliers providing services substantially the same as the Goods and Services during the Contract Period" and additionally entitled to "shall be entitled to use any model to determine the achievement of value for money and to carry out the benchmarking evaluation". In the absence of any contract monitoring meetings and the limited information provided to support the invoices this has not yet been undertaken.</p> <p>The Auditor was informed by management that cursory checks of the invoices are made to confirm whether there are any duplicated charges. The invoices are checked they are roughly the same number of boxes is line with other months.</p> <p>There are sometimes duplicated charges for delivery etc and the invoice is held back until credit(s) are received.</p> <p>The charges for storage are based on the size of the container being stored per month. Invoices are a month in arrears.</p>	<p>Performance monitoring is not undertaken and ensuring that value for money is received.</p>	<p>Quarterly contract monitoring meetings should be undertaken with the contractor, as detailed within the call off agreement, to ensure that the performance of contractor is monitored and to ensure that the Authority is receiving value for money.</p>

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Priority 1
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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>Management have confirmed that a report had been requested from Contractor A asking for a breakdown of the records held by each department. This was provided on the 26th September 2016.</p> <p>On reviewing the invoices, it was noted that there is no accompanying schedule that provides the corresponding breakdown of the records currently held at a given point. Additionally there is no supporting schedule providing a breakdown of the number of records currently held by each department.</p> <p>The call off agreement states under 13.2.2 that 'the Supplier shall ensure that each invoice contains all appropriate references and a detailed breakdown of the goods supplied and/or the services provided and that it is supported by any other documentation reasonably required by the Customer to substantiate the invoice'. This has not been put in place.</p>	<p>Charges detailed on invoices cannot easily be verified and reconciled back to the records held by Contractor A.</p>	<p>On processing invoices for payment, there should be sufficient checks undertaken to ensure that the services have been received as required by Financial Regulations. The contractor should provide supporting documentation to ensure that the number of boxes charged can easily be reconciled to the number of boxes held.</p> <p>[Priority 1]</p>
2	<p><u>Records held in storage with Contractor A</u> Back in 2011 due to the accommodation review, a decision was made to use Contractor A to store records from each department. A breakdown of the expenditure was under</p>		

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Priority 1
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 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>Framework Agreement which commenced on 1st November 2010 and is detailed as follows :- June 2011-March 2012- £40,759.57 April 2012-March 2013 - £30,132.80 April 2013-March 2014 - £26,860.69 April 2014-December 2015- £22,753.62 Total £120,506.68</p> <p>The new contract with Contractor A commenced on 1st January 2015 and expires on 31st December 2017, with the option to extend. The contract expenditure is as follows :- January 2015-March 2015 - £15,507.90 April 2015 - March 2016 - £50,171.13 April 2016 –September 2016 - £15,707.56</p> <p>Contract Expenditure to date £81,386.59 Total expenditure 2011 to date £201,893.27.</p> <p>It should be noted that the cumulative spend report from 2012/13 to date shows that in total the spend is £139,787.31as at 4/10/16 which covers the following cost centres :- CSC Business Support Archiving</p>		

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Priority 1
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Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>V&E & Asset Management.</p> <p>It should be noted that an additional code the 'civic centre conversion of sports centre' cost centre has not been included that totalled £62,105.96. The reason for this is that FBM records data from financial year 2012/13 to date and the relevant period falls outside of these dates.</p> <p>Departments have not reviewed records held by Contractor A and ensure that any records no longer required are removed in compliance with financial regulations, as savings could be made by removing unnecessary storage costs. The impact of the Civic Centre development could result in a far greater number of records held by Contractor A on the Authority's behalf. Departments need to review the records held to determine if they still need to be retained and this will result in savings which has VfM implications.</p> <p>Additionally, there may be potential breaches of data protection by continuing to hold records no longer required.</p>	<p>Additional costs are being incurred by the Authority as departments do not review the records that are currently held in storage.</p>	<p>Records held by Contractor A must be reviewed by departments to ensure that records no longer required do not continue to be paid for and the Authority is complying with data protection requirements. This review should be undertaken as soon as possible, as in addition, the accommodation review may result in further records being transferred by departments unnecessarily, further increasing storage costs.</p> <p>[Priority 1]</p>

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p><u>Classification of records held in storage</u> The Auditor requested a list of the LBB Box Asset List Report which details that 11,753 boxes of records held by Contractor A. A copy of the report was requested and was provided and dated 14/7/16. This roughly correlates to records held by Contractor A as detailed within the August invoice.</p> <p>Enquiries were made with the Centralised Support Services Officer to confirm the departmental contacts in order to undertake testing but no list of staff could be provided. This may be included as part of the Information Asset owners mentioned in Finding 5.</p> <p>The LBB Box Asset report was reviewed and it could be seen that there were a number of boxes that did not have adequate descriptions and/or classifications.</p> <p>It could be seen that from the LBB Box Report dated 14/7/16, out of the total of records 2205 out of the 11,753 records had little or no classification/details included which represents approximately 17% of records.</p>	<p>Difficulty in recalling the correct files resulting in unnecessary expenditure to the Authority.</p>	<p>Classifications of all records held at Contractor A should be consistent across the departments. Information recorded within departments against each Contract A reference should enable easy verification and identification.</p> <p>[Priority 2]</p>

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
4	<p>Procedures The Auditor was advised that the only guidance available was included within the contract. No documented procedures are available currently for all staff to follow.</p> <p>The Document storage retention process of day to day management of the storage and retrieval of records and the contract monitoring /invoice processing are two split functions.</p> <p>The Auditor was informed was that each departmental team should hold locally set procedures for the retrieval and storage of records at Contractor A.</p> <p>Contact was made with selected teams during the Audit, to confirm if any locally set procedures were available. However, none of the teams had locally set procedures that related to this document storage process.</p> <p>The Auditor was advised that there are plans to complete this work but no timescale for completion has been advised.</p>	<p>Staff may be operating to different working practices in the absence of documented procedures.</p>	<p>Documented procedures should be written and made available and be readily accessible to all staff. Procedures should be regularly reviewed and version controlled.</p> <p>[Priority 2]</p>

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
5	<p><u>Retention Schedules</u></p> <p>The current retention schedule undated is held on One Bromley and details all records held and details the assigned information asset owners. The records were found to be out of date and did not include a comprehensive list of all the Authority's key information assets and the relevant information asset owners. It was found that a number of staff identified had left the Authority.</p> <p>At the time of the audit, it is recognised that work had commenced this year with identification of officers that may have assigned responsibility for those records. There is a lack of understanding of what is required by staff. A revised retention schedule is planned detailing :-</p> <ul style="list-style-type: none"> • Information Asset Owner • Location of documents • Document retention and decision maker • Sensitivity of information <p>These areas are required to be included within an information asset register in order to comply with the IG toolkit requirements. The Authority has to ensure that the</p>		

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>requirements of level 1 and level 2 are satisfied to ensure ongoing access to N3 connectivity (this is the sharing of data with the NHS) and compliance must be achieved by April 2017. Internal Audit was advised on 27th September 2016 that the documented Role of the Information Asset Owner and Local Records Officers was approved by the IT Strategy, Commissioning and Governance Board on 4th Sept 2016. It has been recognised that training is required for staff and information asset owners. As a result presentations are being organised and training materials prepared to advise staff on the role of the Information Asset Owners.</p> <p>The Information Management Sub Group are considering the draft Information Management Strategy that has been written and a working party is due to be set up to assist in this process.</p> <p>These work streams, should on completion, address the issues highlighted in regards to the IG toolkit. It is recognised that there are resource implications for the completion of this work, by April 2017.</p>	<p>Non - compliance to the IG Toolkit requirements will not be met to enable continuing N3 connectivity.</p>	<p>Retention schedules should be updated without delay to ensure that N3 connectivity is not interrupted and that the requirements of the IG toolkit are satisfied. Information Asset Owners should be identified throughout the departments and there should be guidance documents and training resulting in a greater awareness of their responsibilities as Information Asset Owners.</p> <p>[Priority 2]</p>

Priority 1
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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p><u>Contract monitoring including invoice checking</u></p> <p>Quarterly contract monitoring meetings should be undertaken with the contractor, as detailed within the call off agreement, to ensure that the performance of contractor is monitored and to ensure that the Authority is receiving value for money.</p> <p>On processing invoices for payment, there should be sufficient checks undertaken to ensure that the services have been received as required by Financial Regulations.</p>	1	<p>The contract states that “either quarterly contract meetings will be held or a call for a meeting as and when required may be made”.</p> <p>The Contract Manager added this clause to the contract to allow for quarterly meetings, in case the contractor’s performance warranted close monitoring. The contractor’s performance of the contract has been very efficient.</p> <p>The Contract Manager has contacted Contractor A and will now diarise quarterly monitoring meetings with them.</p>	Senior Property Officer	January 31 st 2016

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	<p>The contractor should provide supporting documentation to ensure that the number of boxes charged can easily be reconciled to the number of boxes held.</p>		<p>The invoices show the total number of boxes stored, the number of files/boxes retrieved, refiled, collected and delivered. Contractor A will be asked to provide a breakdown showing the number of boxes stored under each account heading (department).</p> <p>It should be noted that, when requested, Contractor A provided a breakdown of boxes held, which matched and substantiated the invoice being checked.</p>	<p>Senior Property Officer</p>	<p>January 31st 2016</p>

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
2	<p><u>Records held in storage with Contractor A</u></p> <p>Records held by Contractor A must be reviewed by departments to ensure that records no longer required do not continue to be paid for and the Authority is complying with data protection requirements. This review should be undertaken as soon as possible, as in addition, the accommodation review may result in further records being transferred by departments unnecessarily, further increasing storage costs.</p>	1	<p>Heads of Service and Directors will be provided with a breakdown of the boxes held by them and asked to review the boxes against the records they hold of their contents. The departments will then have to arrange for any disposals or add destruction dates to boxes, whose contents must be retained.</p> <p>If a department's records are inadequate and they are unable to identify the box contents, it will be necessary for them to physically review the contents of each box and record them. The cost of this cannot be identified at this stage.</p>	<p>The Senior Property Officer will initiate this process, but senior management support will be required from each department to ensure that this exercise is successfully completed.</p>	<p>April 30th 2017</p>

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
3	<p><u>Classification of records held in storage</u></p> <p>Classifications of all records held at Contractor A should be consistent across the departments. Information recorded within departments against each Contractor A reference should enable easy verification and identification.</p>	2	Classification requirements will be specified within the procedures document that will be prepared.	Senior Property Officer	April 30 th 2017
4	<p><u>Procedures</u></p> <p>Documented procedures should be written and made available and be readily accessible to all staff. Procedures should be regularly reviewed and version controlled.</p>	2	A review of procedures has already started in connection with the Civic Centre Programme. This document will be finalised and circulated.	Senior Property Officer	April 30 th 2017

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
5	<p><u>Retention Schedules</u></p> <p>Retention schedules should be updated without delay to ensure that N3 connectivity is not interrupted and that the requirements of the IG toolkit are satisfied. Information Asset Owners should be identified throughout the departments and there should be guidance documents and training resulting in a greater awareness of their responsibilities as Information Asset Owners.</p>	2	<p>ISD are attending various DMT and Managers Special briefing to bring the Information governance requirements back into focus and request that information is fed back to us ASAP. The primary focus is identifying the relevant owners in the departments, where this is not possible then the directors are being contacted for their nominations. Once we have the updated list from departments then we can train the users and ask them to update their elements on the schedules.</p> <p>It is recognised that the current sharepoint list is not the best tool to use so we are currently also looking at some dedicated IG tools to help make the process easier to update and maintain in the future.</p>	<p>Head of Information Services & Information Architect.</p>	<p>December 31st 2016</p>

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			This will be implemented ASAP, however it is difficult to give an exact timescale due to resource constraints, but we expect this to be in place by end of December 2016.		

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF CREDITORS AUDIT FOR 2015-16

Issued to: Claudine Douglas-Brown, Head of Exchequer Services
John Nightingale, Head of Revenues and Benefits
Sara Bowrey, Assistant Director, Housing Needs

Cc Peter Turner, Director of Finance
Lesley Moore, Director of Commissioning and Procurement

Prepared by: Principal Auditor

Date of Issue: 17 November 2016

Report No.: CX/061/01/2015.bf

REVIEW OF CREDITORS AUDIT FOR 2015-16

INTRODUCTION

1. This report sets out the results of our systems based audit of Creditors 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.

AUDIT SCOPE

3. The scope of the audit is detailed in the Terms of Reference and the period covered by this report is from 1 March 2015 to 31 January 2016.
4. In addition to this, we followed up the nine recommendations made in the 2014/15 audit of creditors to confirm that those recommendations had been implemented. We found that seven of the recommendations had been implemented and two have been re-recommended below relating to authorising of invoices and reconciliation of cheque stationery.

AUDIT OPINION

5. Overall, the conclusion of this audit is 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

We found that controls were in place and working well in the areas of payments being charged to the correct cost centre, and authorised at an appropriate level. VAT was correctly accounted for. All invoices in our sample had been paid by the Exchequer Contractor within 30 days of receipt by them. The percentage of payments made by cheque has remained at an average of 11% since the last audit.

The ledger control account is regularly reconciled to the creditors control account and we confirmed that there is a process in place carried out by the Finance Officer to identify duplicate payments made to suppliers. We examined this process and confirmed that, where there were duplicate payments identified during the past twelve months, that appropriate action had been taken to recover those overpaid amounts.

Our sample testing showed that credit notes had been applied promptly and credited against invoices from the supplier.

6. During the audit we identified the following issues:

- Two instances were found in our sample where invoices had been paid but there was no evidence of a signed authorisation form completed by the individuals concerned. We raised this with the Exchequer Contractor and signed authorisation forms have now been obtained by them.
- We have also recommended that the process for maintaining and updating the authorised signatory list every six months as set out in the existing Service Level Agreement with the Exchequer Contractor is reinforced.
- The arrangements for processing and managing petty cash claims locally should be reviewed and guidance provided to imprest holders. We found one claim for £49.00 where the claim was recorded on the batch header but there was no individual supporting claim form and other instances where there was incomplete information recorded by claimants on the individual claim form. Our sample included different styles of claim form used and which did not all have appropriate control features such as a certifying statement that the expenditure was for official purposes.

REVIEW OF CREDITORS AUDIT FOR 2015-16

- There were ten cases out of twenty five in our iproc sample where the purchase order had been raised after the invoice had been received. Two of these relate to annual or quarterly payments for services (Contractor A and Contractor B). The remaining eight cases relate to temporary accommodation. This issue was part of the previous Priority 1 recommendation on retrospective orders detailed below.
- The latest report covering the three month period June 2016 – August 2016 shows 1,366 retrospective orders being raised and is a decrease from the quarter to May 2016 when 2,129 were raised retrospectively. 11% of the orders related to Housing which is a decrease from 28%. We are aware that since the beginning of this financial year Housing raise a purchase order for each provider for each quarter, and establish trends that occur during that quarter to raise a new purchase order for the following quarter, based upon this evidence and prior to the receipt of any of that period's invoices. Confirmation is now sent to the FIS Team of allocated but unspent money to ensure that there are no PO's with financial commitments outstanding. This was raised as a Priority 1 recommendation in the creditors audit report last year. In view of the overall decrease, but because it remains an area of concern, we have repeated it as a Priority 2 recommendation to ensure it continues to be addressed.
- Whilst the Exchequer Contractor had processed invoices within the timescale set out in the SLA agreed between London Borough of Bromley and themselves, there were seven invoices where Departments had not checked, processed and passed them to the Exchequer Contractor for payment within 30 days. Five of these related to temporary accommodation. We are aware that for two of those invoices payment was delayed due to concerns raised with the supplier and satisfactory explanations were received from Housing for the late payment of the other three invoices. One invoice was for the quarterly payment to NAFN already referred to and where we evidenced an email from Trading Standards to the Exchequer Contractor stating that the invoice had been mislaid. For the heating and air conditioning maintenance works invoice we contacted the officer who had authorised the invoice and he informed us that authorisation had been delayed due to IT problems.
- There were seven instances where no formal contract, agreement or quotations for expenditure incurred could be found. Six of these relate to temporary accommodation where we were informed that a new contract/agreement with suppliers was due to be introduced. The other instance relates to a 'No recourse to public funds' case which will be addressed during our audit of that area.

REVIEW OF CREDITORS AUDIT FOR 2015-16

- There was one case in our sample of payments where a purchase order could not be found and where we considered it should have been raised. This will be addressed with the relevant Head of Service outside of this audit report.
7. Due to time constraints we did not carry out testing in the areas of cheque control or the set up and amendment of supplier details. We will include those areas as a priority in our 2016/17 audit of creditors to be carried out in the final quarter of this financial year.

SIGNIFICANT FINDINGS (PRIORITY 1)

8. There were no significant new findings. The Priority 1 recommendation in respect of raising retrospective orders and made during the audit last year, has been re-recommended as a Priority 2 recommendation because the level of retrospective purchase orders has decreased overall but should continue to be addressed.

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>There were ten cases in our iproc sample of 25 where the purchase order had been raised after the invoice had been received. Two of these related to annual or quarterly payments for services (Contractor A and Contractor B). The remaining eight cases related to temporary accommodation.</p> <p>The latest report covering the three month period June 2016 – August 2016 shows 1,366 retrospective orders being raised and is a decrease from the quarter to May 2016 when 2,129 were raised retrospectively. 11% of the orders related to Housing which is a decrease from 28%. We are aware that since the beginning of this financial year Housing raise a purchase order for each provider for each quarter, and establish trends that occur during that quarter to raise a new purchase order for the following quarter, based upon this evidence and prior to the receipt of any of that period’s invoices. Confirmation is now sent to the FIS Team of allocated but unspent money to ensure that there are no PO’s with financial commitments outstanding.</p>	<p>If orders are not raised commitments will not be reflected in the budget monitoring report. The risk of purchasing unnecessary goods/services is increased where order authorisations controls are bypassed.</p>	<p>Ensure that the issue of iproc orders raised after the invoices have been received is raised with CLT who should take this forward.</p> <p>[Priority 2*]</p> <p>(This was raised as a Priority 1 recommendation in the creditors audit report last year. In view of the overall decrease, but because it remains an area of concern, we have repeated it as a Priority 2 recommendation to ensure it continues to be addressed.)</p>

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

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Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>We provided the Exchequer Contractor with a list of officers who had authorised invoices from our sample. We were provided with images of their signatures and informed that there are two officers on our list for whom they did not have authorised signatories Those officers have now completed the appropriate form.</p> <p>Separately, the Accounts Payable SLA states on page 9 that the Service Provider will 'Maintain and update the Authorised Signatory List every 6 months by requesting up to date information from the Council service departments and informing the Council Contract Monitoring Officer of all customers who do not respond.' We understand that in this case it is the Head of Exchequer Services.</p>	<p>Invoices may be paid without correct authority and expenditure incurred which should not have been.</p>	<p>Invoices which have not been authorised by an authorised signatory are not paid but referred to the Head of Exchequer Services.</p> <p>The procedure whereby the Service Provider will 'Maintain and update the Authorised Signatory List every 6 months is adhered to.</p> <p>[Priority 2]</p>
3	<p>We checked a sample of ten individual petty cash claims totalling £293.49 for authorisation, arithmetical accuracy and documentation to support the claim.</p> <p>We found the following :-</p> <p>- one claim for £49.00 was recorded on the covering</p>	<p>Risk of misappropriation of expenditure and/or incomplete and inaccurate accounting records and information recorded on claim forms.</p>	<p>Review the arrangements which should be in place locally for processing and managing petty cash claims and the guidance provided to imprest holders to include:-</p>

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>reimbursement claim but there was no supporting individual claim form. The £49.00 referred to voucher V496 but voucher V496 was actually voucher V497 showing a different total amount. We were unable therefore to verify this claim.</p> <ul style="list-style-type: none"> - different styles of claim form had been used which did not all have control features such as a printed statement certifying that the expenditure was for official purposes and complied with the Council's Financial Regulations, - the petty cash forms did not have a box for the claimant or authorising officer to print their names so it was difficult to identify who had signed and authorised individual claims, - the date when reimbursement had been received was not shown/recorded by claimant, - no VAT has been claimed for any items reimbursed including cleaning of suits, shoes and ties and hospitality (refreshments), - no specific box for VAT to be recorded separately. Where this had been claimed, it was either recorded in writing at the bottom of the form or on the covering reimbursement claim. 		<p>(i) defining the information which should be completed by claimants on the claim form, including the claiming of VAT, and</p> <p>(ii) creating a definitive style of claim form for individual claims and the reimbursement claim form with appropriate control features and which should be used by all claimants in future.</p> <p>[Priority 2]</p>

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

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Required to address issues which do not represent good practice

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Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
4	There were seven instances where no formal contract, agreement or quotations for expenditure incurred could be found. Six of these relate to temporary accommodation where we were informed that a new contract/agreement with suppliers is being introduced in the near future. The other instance relates to a 'No recourse to public funds' case which will be addressed during our audit of that area.	Preferential rates, terms and conditions may not be obtained as a contract has not been arranged with a supplier through the formal tender and quotation process.	<p>The Assistant Director, Housing Needs, should confirm if contracts are now in place for temporary accommodation providers.</p> <p>[Priority 2]</p>
5	Examination of the cheque control register found that it is updated every time cheques are used. If discrepancies are found or cheques cancelled, these will be recorded and issues resolved. The register is maintained in an electronic format and therefore there is no documented evidence of the periodic supervisory check carried out by an Independent Officer.	Blank cheque stationery could go missing and not be accounted for.	<p>An Independent Officer to the process should count and sign off a stock count of cheque stationery periodically. This should be evidenced by signing and retaining a hard copy of the spreadsheet cheque stationery balance at the time of the check.</p> <p>[Priority 3*]</p>

Priority 1
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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Ensure that the issue of iproc orders raised after the invoices have been received is raised with CLT who should take this forward.	2*	<p>An email was issued on 26 October 2016 to Heads of Service by the Head of Exchequer Services, attaching the latest retrospective purchase orders report which shows that, although the number has reduced, there is still a need for further improvement.</p> <p>Heads of Service have been asked to address this with their budget managers and staff who are responsible for raising the purchase orders.</p> <p>Audit Note: This will be reviewed as part of the next audit of creditors.</p>	Heads of Service and Budget Managers	Implemented

Priority 1
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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
2	<p>Invoices which have not been authorised by an authorised signatory are not paid but referred to the Head of Exchequer Services.</p> <p>The procedure whereby the Service Provider will 'Maintain and update the Authorised Signatory List every 6 months is adhered to.</p>	2*	<p>Agreed. In future any invoices that have not been authorised by an authorised signatory will not be paid and will be referred to the Head of Exchequer Services.</p> <p>The Authorised Signatory List is updated when new information is received. The Service Level Agreement also requires the contractor to update the list annually. The next review will be carried out in January/February.</p>	<p>The Exchequer Contractor Accounts Payable Operations Manager</p> <p>The Exchequer Contractor Accounts Payable Operations Manager/LBB Officers</p>	<p>Completed</p> <p>28/2/2017</p>
3	<p>Review the arrangements which should be in place locally for processing and managing petty cash claims and the guidance provided to imprest holders to include:-</p>	2	<p>The guide to imprest, petty cash and travel warrants will be updated and will be issued to all imprest holders.</p> <p>New forms for individual claims and imprest reimbursement with</p>	<p>Head of Exchequer</p>	<p>31/01/2017</p>

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	(i) defining the information which should be completed by claimants on the claim form, including the claiming of VAT, and (ii) creating a definitive style of claim form for individual claims and the reimbursement claim form with appropriate control features and which should be used by all claimants in future.		appropriate control features will be issued along with the updated guidance.	Services/	
4	The Assistant Director, Housing Needs, should confirm if contracts are now in place for temporary accommodation providers.	2	A quote is always obtained before a placement into temporary accommodation is made and this will always be at the pan London applicable rate or lower. The new contracts have just been approved by Legal Services and meetings are now being arranged with providers for these to be signed.	Assistant Director, Housing Needs	31/1/2017

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
5	An Independent Officer to the process should count and sign off a stock count of cheque stationery periodically. This should be evidenced by signing and retaining a hard copy of the spreadsheet cheque stationery balance at the time of the check. [3*	A reconciliation of the cheque stationery will be carried out periodically and evidenced by the Head of Revenues and Benefits.	Head of Revenues and Benefits.	31/1/2017

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

FINAL INTERNAL AUDIT REPORT
EDUCATION CARE & HEALTH SERVICES

REVIEW OF LEARNING DISABILITIES AUDIT 2015-16

Issued to: Stephen John - Director, Adult Social Care
Mandy Henry – Joint Team Manager Integrated Service
Anne Watts – Assistant Director, Strategic and Business Support Services
David Bradshaw – Head of Finance ECHS

C.c. Peter Turner – Director of Finance

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

Date of Issue: 9th November 2016

Report No.: ECH/010/01/2015bf

INTRODUCTION

1. This report sets out the results of our systems based audit of Learning Disabilities 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 Director of Resources and Audit Sub-Committee.
2. The revised budget for Learning Disabilities (LD), 2015/16, was £23,942K; with an actual spend of £23,352K. The 2016/17 budget was set at £22,614K, the difference in the two years explained by £150K inflation, £130K changes in ILF arrangements and savings of £1.6m to be delivered by the LD service. The full year equivalent client numbers for the services reviewed in this audit was 498 for 2015/16 but this will vary during the year.
3. The London Borough of Bromley manages the learning disability residential service for adults who have a learning disability and are Bromley service users. The services provided include Supported Living, Short Breaks, Live in care & Support, Shared Lives and Shared ownership schemes.
4. 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.
5. The scope of the audit was outlined in the revised Terms of Reference issued on 10th May 2016. The period covered by this report is from April 2015 to March 2016.

Priority 1
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Identification of suggested areas for improvement

REVIEW OF LEARNING DISABILITIES AUDIT 2015-16

AUDIT SCOPE

6. The scope of the audit is detailed in the Terms of Reference. The audit considered clients who are receiving a Day Provision, Residential service, Shared Lives support or Supported Living service.

AUDIT OPINION

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

MANAGEMENT SUMMARY

8. The audit reviewed the effectiveness of controls in the following areas: Policies and Procedures, Assessments, Care Plans & Support Plans, Service Agreements and Ordinary Residence Claims. The Performance and Information team generated a list of clients with active service lines on CareFirst during 2015/16; this report detailed 1507 entries. For the purpose of this audit the report was filtered down to 755 entries consisting of 478 case ID's. A sample of 15 cases was selected for audit examination.

9. Management are requested to consider findings in the following areas:-

Assessments

- A Learning Disabilities Core Assessment was not in place in three instances, and there were four instances where an eligibility assessment was not performed; significant delays in authorisation in four adult review documents; incomplete

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REVIEW OF LEARNING DISABILITIES AUDIT 2015-16

documents on file in three instances; no separation of duties for authorisation; reviews not carried out in a timely manner for 6 cases and core assessments not reviewed every 3 years in seven instances.

Care Plans & Support Plans

- It was identified that in seven instances, the care plan was not reviewed on an annual basis; for 3 cases sampled there was no disability core assessment and in 11 instances a care plan was not in place within four weeks of the assessment being completed.

Service Agreements

- Testing identified 12 instances where there was no evidence that the panel had authorised the agreements.

10. This service area was previously audited in 2013/14; the final report issued September 2013 gave a nil assurance audit opinion and 12 priority 1 recommendations. A management review and follow up audit review ensured that there was scrutiny for this service to improve the significant areas of weak control. Progress to implement the priority 1 recommendations was reported to Audit Sub Committee. The findings in this report have identified similar issues arising however it is acknowledged that the service have been through a difficult period of operation given management changes and turnover.
11. A restructure in 2015 resulted in three senior managers in the LD service leaving the Authority. The Head of Service post has been met by agency appointments, the most recent of which terminated in August 2016. The Department have now transferred the Team Leader (Complex Team East) to manage the LD team and an initial meeting has been held with audit to discuss the issues arising.
12. During the course of the audit the Director, Adult Social Care sought advice from Internal Audit with regard to an invoice received from a provider for £130K. The payment was in respect of a Bromley LD client but the Department were disputing financial liability. Initial review indicated that the client had been transferred from his placement to a secure unit. E-mails

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REVIEW OF LEARNING DISABILITIES AUDIT 2015-16

between providers and the allocated Bromley care manager (TH) indicate that alternative placements were being considered and comparative costs were made available. There is then elapsed time of some 8 months followed by an e-mail between commissioning officers seeking to clarify the agreement for the placement and funding for this LD client. Internal Audit have consulted with LD and determined that a case review and internal investigations is being progressed by the Senior Practitioner LD. To avoid duplication it was agreed with the Director, Adults Social Care that LD would complete their review and Internal Audit would be kept informed particularly as there is potential loss to the Authority. This case does indicate potential system weaknesses and issues:-

- Availability of key documentation to support placement, funding and financial liability and absence of an adequate audit trail to support key decisions and allow continuity of service delivery.
- The shortcomings identified maybe restricted to this case, this care manager or may be endemic of the working practices evidenced by the LD team.
- The limited emails available to audit indicate that the lowest cost placement was not accepted by the Authority and may therefore represent a loss and poor value for money, if a higher cost placement was then procured.

SIGNIFICANT FINDINGS (PRIORITY 1)

13. During the audit the following issues were identified in three areas of the service:

Assessment: Examination of a sample of 15 clients identified three instances where a core assessment to identify the clients' needs was not carried out and in four instances where an eligibility test to determine the clients' eligibility for publicly funded care and support was not performed. Examination of 17 key documents identified four instances where there was a delay in authorising the adult reviews and three instances where the forms were incomplete. Examination of

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REVIEW OF LEARNING DISABILITIES AUDIT 2015-16

the sample of 15 clients identified six instances where a client review was not carried out on an annual basis and seven instances where the core assessment was not reviewed every three years. There was 1 key record out of the 65 key documents reviewed that had been initiated and authorised by the same officer.

Care & Support Plans: Examination of a sample of 15 clients identified that in 7 instances, the care plan was not reviewed on an annual basis; 3 instances without a core assessment in place and 11 instances where a care plan was not in place within 4 weeks of the core assessment being completed.

Service Agreements: Examination of 15 clients identified twelve instances where there was no evidence that the panel had authorised the agreements.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

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

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation																				
1	<p>Assessments Examination of a sample of 15 clients identified three instances where a core assessment was not in place (Sample 1, 11 and 14) and four instances where eligibility assessment was not performed (Sample 4, 9, 11 and 13)</p> <p>Examination of the 17 key documents identified four instances where there was a delay in authorising the adult review document.</p> <table border="1" data-bbox="286 943 1178 1174"> <thead> <tr> <th>Sample</th> <th>Date Completed</th> <th>Authorised Date</th> <th>Duration (Days)</th> </tr> </thead> <tbody> <tr> <td>3</td> <td>30/12/2015</td> <td>03/02/2016</td> <td>35</td> </tr> <tr> <td>8</td> <td>16/10/2015</td> <td>04/03/2016</td> <td>140</td> </tr> <tr> <td>10</td> <td>31/07/2015</td> <td>05/01/2016</td> <td>158</td> </tr> <tr> <td>10</td> <td>03/03/2016</td> <td>26/04/2016</td> <td>54</td> </tr> </tbody> </table>	Sample	Date Completed	Authorised Date	Duration (Days)	3	30/12/2015	03/02/2016	35	8	16/10/2015	04/03/2016	140	10	31/07/2015	05/01/2016	158	10	03/03/2016	26/04/2016	54	<p>Where the Core Assessments are not carried out, there is a possibility that the client's disability and the client's needs may not be identified and met.</p> <p>Where an eligibility test is not performed, there is a risk that services are being provided to clients who are not eligible to receive a service.</p> <p>Where the review documents are not authorised in a timely manner, there is a risk that clients' needs are not adequately met</p>	<p>Ensure that the Core Assessments and eligibility tests are carried out and are available in all cases.</p> <p>Ensure that document authorisation is carried out in a timely manner.</p>
Sample	Date Completed	Authorised Date	Duration (Days)																				
3	30/12/2015	03/02/2016	35																				
8	16/10/2015	04/03/2016	140																				
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 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation																		
1 cont	<p>Examination of the 17 key documents identified three instances where these forms were incomplete. These incomplete forms are the last document on these clients CareFirst files.</p> <table border="1" data-bbox="282 539 1162 700"> <thead> <tr> <th>Sample</th> <th>Document</th> <th>Date Started</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>Core Assessment</td> <td>17/11/2014</td> </tr> <tr> <td>7</td> <td>Initial Assessment</td> <td>07/08/2015</td> </tr> <tr> <td>11</td> <td>Initial Assessment</td> <td>17/08/2015</td> </tr> </tbody> </table> <p>Examination of 65 key documents consisting of Adult Reviews, Core Assessment, and Initial Assessments identified 30 instances where there was a lack of segregation of duties and the officer completing the assessment was the same officer who authorised the document. However, there was only one instance which related to 2015/16.</p> <table border="1" data-bbox="282 1035 1081 1114"> <thead> <tr> <th>Sample</th> <th>Document</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>15</td> <td>Initial Assessment</td> <td>17/06/2015</td> </tr> </tbody> </table>	Sample	Document	Date Started	4	Core Assessment	17/11/2014	7	Initial Assessment	07/08/2015	11	Initial Assessment	17/08/2015	Sample	Document	Date	15	Initial Assessment	17/06/2015	<p>Where there are incomplete documents on clients' files, there is a risk that assessments cannot be evidenced as being carried out.</p> <p>Where the assessments are being authorised by the same officer who completed the document, there is a risk that the qualitative data may be insufficient.</p>	<p>Ensure that key documents are completed</p> <p>Ensure that the officers completing and authorising documents are different officers.</p>
Sample	Document	Date Started																			
4	Core Assessment	17/11/2014																			
7	Initial Assessment	07/08/2015																			
11	Initial Assessment	17/08/2015																			
Sample	Document	Date																			
15	Initial Assessment	17/06/2015																			

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation																											
1 cont	<p>Examination of the clients' assessment record identified six instances where a review has not been carried out in a timely manner. In all cases, these were the last document on the clients CareFirst file.</p> <table border="1" data-bbox="282 611 1162 903"> <thead> <tr> <th>Sample</th> <th>Document</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>2</td> <td>Initial Assessment</td> <td>06/03/2014</td> </tr> <tr> <td>4</td> <td>Initial Assessment</td> <td>03/04/2014</td> </tr> <tr> <td>5</td> <td>Core Assessment</td> <td>01/07/2014</td> </tr> <tr> <td>7</td> <td>Adult Review</td> <td>27/01/2015</td> </tr> <tr> <td>11</td> <td>Adult Review</td> <td>24/11/2014</td> </tr> <tr> <td>12</td> <td>Initial Assessment</td> <td>30/10/2014</td> </tr> </tbody> </table> <p>It was also identified that in seven instances, the core assessment was not reviewed every three years.</p> <table border="1" data-bbox="282 1086 1146 1214"> <thead> <tr> <th>Sample</th> <th>Core Assessment Date</th> </tr> </thead> <tbody> <tr> <td>2</td> <td>03/12/2012</td> </tr> <tr> <td>3</td> <td>11/02/2011</td> </tr> </tbody> </table>	Sample	Document	Date	2	Initial Assessment	06/03/2014	4	Initial Assessment	03/04/2014	5	Core Assessment	01/07/2014	7	Adult Review	27/01/2015	11	Adult Review	24/11/2014	12	Initial Assessment	30/10/2014	Sample	Core Assessment Date	2	03/12/2012	3	11/02/2011	<p>Where adult reviews and assessments are not performed on an annual basis, there is a risk of not identifying any changes to the clients need</p>	<p>Ensure that reviews and core assessments are carried out on an annual basis.</p> <p>[Priority 1]</p>
Sample	Document	Date																												
2	Initial Assessment	06/03/2014																												
4	Initial Assessment	03/04/2014																												
5	Core Assessment	01/07/2014																												
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DETAILED FINDINGS

No.	Findings	Risk	Recommendation																
	<table border="1"> <tr> <td data-bbox="277 357 640 395">4</td> <td data-bbox="640 357 1146 395">28/05/2012</td> </tr> <tr> <td data-bbox="277 395 640 434">Sample</td> <td data-bbox="640 395 1146 434">Core Assessment Date</td> </tr> <tr> <td data-bbox="277 434 640 472">6</td> <td data-bbox="640 434 1146 472">04/08/2008</td> </tr> <tr> <td data-bbox="277 472 640 510">7</td> <td data-bbox="640 472 1146 510">09/05/2013</td> </tr> <tr> <td data-bbox="277 510 640 549">8</td> <td data-bbox="640 510 1146 549">18/06/2009</td> </tr> <tr> <td data-bbox="277 549 640 587">13</td> <td data-bbox="640 549 1146 587">20/06/2011</td> </tr> </table>	4	28/05/2012	Sample	Core Assessment Date	6	04/08/2008	7	09/05/2013	8	18/06/2009	13	20/06/2011						
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Sample	Core Assessment Date																		
6	04/08/2008																		
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8	18/06/2009																		
13	20/06/2011																		
2	<p data-bbox="277 732 1146 874">Care and Support Plans Examination of 15 clients found seven instances where the care and support plan was not reviewed on an annual basis.</p> <table border="1"> <thead> <tr> <th data-bbox="277 874 640 912">Sample</th> <th data-bbox="640 874 1146 912">Most Recent Care Plan Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="277 912 640 951">2</td> <td data-bbox="640 912 1146 951">06/02/2014</td> </tr> <tr> <td data-bbox="277 951 640 989">5</td> <td data-bbox="640 951 1146 989">28/10/2013</td> </tr> <tr> <td data-bbox="277 989 640 1027">7</td> <td data-bbox="640 989 1146 1027">19/02/2015</td> </tr> <tr> <td data-bbox="277 1027 640 1066">8</td> <td data-bbox="640 1027 1146 1066">05/02/2014</td> </tr> <tr> <td data-bbox="277 1066 640 1104">11</td> <td data-bbox="640 1066 1146 1104">24/11/2014</td> </tr> <tr> <td data-bbox="277 1104 640 1142">12</td> <td data-bbox="640 1104 1146 1142">26/09/2014</td> </tr> <tr> <td data-bbox="277 1142 640 1181">14</td> <td data-bbox="640 1142 1146 1181">06/02/2014</td> </tr> </tbody> </table>	Sample	Most Recent Care Plan Date	2	06/02/2014	5	28/10/2013	7	19/02/2015	8	05/02/2014	11	24/11/2014	12	26/09/2014	14	06/02/2014	<p data-bbox="1200 767 1621 951">Where care and support plans are not reviewed on an annual basis there is a risk that care needs may not be identified.</p> <p data-bbox="1200 991 1621 1206">Where care and support plans are not in place within four weeks, appropriate services may not be in place to support the client's needs.</p>	<p data-bbox="1635 767 2051 874">Ensure that care plans are reviewed on an annual basis.</p> <p data-bbox="1635 914 2051 1062">Ensure that care plans are in place within four weeks of the core assessment being completed.</p> <p data-bbox="1635 1102 1805 1137">[Priority 1]</p>
Sample	Most Recent Care Plan Date																		
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No.	Findings	Risk	Recommendation																																	
2. cont	<p>It was also identified that, with three instances without a core assessment in place, in eleven instances the care and support plan was not in place within four weeks of the core assessment being completed.</p>																																			
	<table border="1"> <thead> <tr> <th data-bbox="280 758 472 798">Sample</th> <th data-bbox="472 758 869 798">Date of Core Assessment</th> <th data-bbox="869 758 1160 798">Date of Care Plan</th> </tr> </thead> <tbody> <tr> <td data-bbox="280 798 472 837">1</td> <td data-bbox="472 798 869 837">-</td> <td data-bbox="869 798 1160 837">29/01/2016</td> </tr> <tr> <td data-bbox="280 837 472 877">2</td> <td data-bbox="472 837 869 877">23/09/2013</td> <td data-bbox="869 837 1160 877">06/02/2014</td> </tr> <tr> <td data-bbox="280 877 472 917">3</td> <td data-bbox="472 877 869 917">11/02/2011</td> <td data-bbox="869 877 1160 917">07/02/2014</td> </tr> <tr> <td data-bbox="280 917 472 957">4</td> <td data-bbox="472 917 869 957">28/05/2012</td> <td data-bbox="869 917 1160 957">05/02/2014</td> </tr> <tr> <td data-bbox="280 957 472 997">5</td> <td data-bbox="472 957 869 997">01/07/2014</td> <td data-bbox="869 957 1160 997">28/10/2013</td> </tr> <tr> <td data-bbox="280 997 472 1037">6</td> <td data-bbox="472 997 869 1037">04/08/2008</td> <td data-bbox="869 997 1160 1037">04/02/2014</td> </tr> <tr> <td data-bbox="280 1037 472 1077">7</td> <td data-bbox="472 1037 869 1077">09/05/2013</td> <td data-bbox="869 1037 1160 1077">31/12/2013</td> </tr> <tr> <td data-bbox="280 1077 472 1117">8</td> <td data-bbox="472 1077 869 1117">18/06/2009</td> <td data-bbox="869 1077 1160 1117">05/02/2014</td> </tr> <tr> <td data-bbox="280 1117 472 1157">9</td> <td data-bbox="472 1117 869 1157">23/05/2014</td> <td data-bbox="869 1117 1160 1157">04/02/2014</td> </tr> <tr> <td data-bbox="280 1157 472 1217">10</td> <td data-bbox="472 1157 869 1217">23/05/2011</td> <td data-bbox="869 1157 1160 1217">07/02/2014</td> </tr> </tbody> </table>	Sample	Date of Core Assessment	Date of Care Plan	1	-	29/01/2016	2	23/09/2013	06/02/2014	3	11/02/2011	07/02/2014	4	28/05/2012	05/02/2014	5	01/07/2014	28/10/2013	6	04/08/2008	04/02/2014	7	09/05/2013	31/12/2013	8	18/06/2009	05/02/2014	9	23/05/2014	04/02/2014	10	23/05/2011	07/02/2014		
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Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

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

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation												
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12	19/09/2013	05/02/2014													
13	20/06/2011	04/02/2014													
14	-	06/02/2014													
3	<p>Service Agreements Examination of the 15 client’s service agreements identified that in twelve instances, LD Panel Report and Decision Paper approving the service provided was not located.</p> <p>(Sample 1,2,3,4,5,6,7,8,11,12,13 and 14)</p> <p>Discussion at the end of audit meeting identified that care managers have submitted funding requests for approval by the Group Manager. These requests were referred to as “X manager requests” and were not formally recognised as part of the service agreement procedures, as approval was outside of panel.</p>	<p>Where panel papers are not obtained and retained on the clients file, there is a risk that the department is providing services prior to authorisation being granted which could potentially lead to a financial loss to the Council.</p>	<p>Ensure that panel papers authorising the provision of services are obtained and retained.</p> <p>Investigate the use of any informal request for funding. Identify any funding approved outside of panel and ensure that the correct procedure is followed.</p> <p>[Priority 1]</p>												

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

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

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
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Priority 1
Required to address major weaknesses and should be implemented as soon as possible

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p>Ensure that the Core Assessments and eligibility tests are carried out and are available in all cases.</p> <p>Ensure that document authorisation is carried out in a timely manner.</p> <p>Ensure that key documents are completed.</p> <p>Ensure that the officers completing and authorising documents are different officers.</p> <p>Ensure that reviews and core assessments are carried out on an annual basis.</p>	1	<p>This is to be bought up in the team meetings and followed through in supervision sessions. This is agreed practice</p> <p>Supervisors to routinely quality check and authorise documents sent to them on the Electronic Social care system- CareFirst</p> <p>Regular scrutinisation of workers desktops by workers, supervisors and team manager is required to ensure key documents are completed.</p> <p>Also, in supervision, cases are to be reviewed to inform the supervisor that the workers are completing the key documents.</p> <p>This can also be discussed in team meetings</p> <p>Discussion at team meetings to enforce the process and remind team of the audit requirement- it is the agreed practice that documents should not be</p>	Joint Team Manager Integrated Service	November 2016

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			completed and authorised by the same officer Regular scrutiny of the management reports to inform the management team how many reviews are due-The report is produced weekly		
2	<p>Ensure that care plans are reviewed on an annual basis.</p> <p>Ensure that care plans are in place within four weeks of the core assessment being completed.</p>	1	Supervisors and staff to ensure this occurs, and that any care plans not reviewed are returned to the worker to complete. Care/support plans to be completed and scrutinised by supervising staff. Assessing staff to accept and acknowledge this requirement	Joint Team Manager Integrated Service	November 2016

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
3	<p>Ensure that panel papers authorising the provision of services are obtained and retained.</p> <p>Investigate the use of any informal request for funding. Identify any funding approved outside of panel and ensure that the correct procedure is followed</p>	1	<p>Panel papers are completed and authorised on carefirst, and retained on the system. PRG papers are to be authorised by someone other than the manager completing them signifying agreement for a case to go to PRG</p> <p>All requests for funding are to be made to the Group Manager, or in her absence, to the Senior care managers, and advised to the Director of Adult Social Care. Requests are to be recorded on Carefirst Observations by all parties and service requests raised and authorised by the manager where necessary, and presentation to the next PRG should be made as a priority</p>	Joint Team Manager Integrated Service	November 2016

OPINION DEFINITIONS

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

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

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FINAL INTERNAL AUDIT REPORT
ENVIRONMENT AND COMMUNITY SERVICES DEPARTMENT

REVIEW OF CONFIRM AUDIT FOR 2015-16

Issued to: Nigel Davies, Executive Director of ECS
Dan Jones, Assistant Director ECS
Stuart Elsey, Head of ICT
Andrew Herbert, Systems Manager

Cc: Tommy Keys, Principal Business Applications Manager

Prepared by: Principal Auditor

Date of Issue: 14/11/2016

Report No.: CX/059/01/2015.bf

REVIEW OF CONFIRM AUDIT FOR 2015-16

INTRODUCTION

1. This report sets out the results of our systems based audit of CONFIRM 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 20/11/2015. The period covered by this report is from 01/04/2015 to 30/11/2015.

AUDIT SCOPE

4. The scope of the audit is detailed in the Terms of Reference. Controls relating to the Confirm Highways database were only tested as part of this audit.

AUDIT OPINION

5. Overall, the conclusion of this audit was that substantial assurance can be placed on the effectiveness of the system controls. It should be noted that the audit opinion only relates to Confirm Highways database. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

6. Confirm is a modular software solution for the maintenance and management of public infrastructure assets and services including Highways, Lights, Structures, Street Works, Property Maintenance, Grounds, Trees and Cleansing.

REVIEW OF CONFIRM AUDIT FOR 2015-16

7. Confirm Highways was acquired after a tender exercise in late 1990 and it was selected due to its street work utilities. The version currently in use is V12.20.e. This is not the latest version (V16.1) Historically Confirm Highways has been upgraded when required due to changes in legislation or upgrade to Corporate IT system, to keep the costs down. Versions that have been available for a year or so also tend to be more stable than the most recent releases. The LBB policy of upgrading to stable versions helps mitigate the risks of software issues.
8. An annual maintenance contract is in place with Software Supplier A for support and maintenance of the system. There are currently 36 concurrent user licences, 30 mobile users licences and 10 customer services licences available for use. Audit reviewed the invoice for payment of these licences to Software Supplier A dated 29/06/2015 for £60,815.50 (INC VAT) for the period 05/07/2015 to 4/07/2016. It was noted that the number of licences available could not be reconciled to number of licences paid based on the information available on invoice.
9. There are a number of contracts that were wholly and partially run through the Confirm Highways Database. Street Lighting (maintenance and improvements), Highway Major Works, Highway Minor Works, Street Cleansing, Graffiti Removal, Nuisance Vehicles, Drainage Cleansing, Arboriculture and Grounds Maintenance.
10. Audit reviewed a sample of 20 payments from an Oracle report for the period 01/04/2015 to 18/11/2015 that were initiated and authorised in the Confirm Highways database to ensure that input, output and processing was adequate and the system retained activity logs. The testing was satisfactory for the sampled payments.
11. Users are set up on the Confirm Highways database by the Principal Business Applications Managers (System Administrators) on request from Managers. A sample of 15 Confirm Highways user accounts was reviewed to ensure evidence of authorisation to set up was available and access rights for users were restricted to their roles and responsibilities. Principal Business Applications Manager assured that the users in the sample were set up on management request; however it could not be independently verified as supporting documents were not available.
12. Testing also highlighted that the access rights for individual user accounts are controlled by linking individuals to pre-set work groups with in Confirm Highways database. Functionality that has been made available to 15 Confirm Highways user accounts in the sample has not been reviewed for a number of years and may not be as per the roles and responsibility of the individuals.

REVIEW OF CONFIRM AUDIT FOR 2015-16

13. Further testing was undertaken to ensure that quality passwords are used to access Confirm Highways database and other controls are in place to ensure security of data held in the system. Following issues have been identified with password control and security of Confirm Highways database:
 1. Passwords are not robust and can be 6 letters, not alpha numeric. Users are not enforced to change temporary passwords at the first log-on.
 2. There is no limit on the maximum time allowed for the log-on period. Sessions do not shut down after a defined period of inactivity.
 3. Passwords are transmitted in clear text to the network from mobile devices. The data transfer from Mobile/ConfirmConnect is not encrypted.
14. The activity of System Administrator account which gives full administration access to Confirm Highways database is not logged. System currently does not retain an audit trail of system changes.
15. A number of Monitoring reports can be produced from the Confirm Highways directly by managers from the portfolio of reports created by the System Administrator. Bespoke reports for monitoring any aspects of the work can be requested and produced with the help of System Administrator. Currently production and review of monitoring reports is reliant on action from managers. The system is however capable of automatically generating and sending regular monitoring reports to Managers. This functionality has not been purchased and utilised at this time.
16. A ledger report is run weekly by Payments Administrator in the Confirm Highways database which captures jobs that been checked and approved for payment for each contract to generate payment schedules. The payment schedules are printed and manually authorised by budget holders. Authorised payments schedules are taken to Accounts Payable by Payments Administrator for payment via Oracle. Currently no reconciliation is undertaken between payment schedules generated by Confirm Highways database to actual payments made via Oracle. The manual interface between the Confirm Highways database and Oracle to generate payments is not ideal and Management should explore options to automate this process by incorporating segregation of duties and authorisation limits within the Confirm Highways database.

REVIEW OF CONFIRM AUDIT FOR 2015-16

17. Data is backed up every night by LBB IT support service currently BT. After the recent incidence of loss of IT services on 04/02/2016 due to power failure, the data was successfully restored from back up.

SIGNIFICANT FINDINGS (PRIORITY 1)

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

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

20. 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>There are currently 36 concurrent user licences, 30 mobile user licences and 10 customer services licences available for use.</p> <p>Audit reviewed the invoice for payment of these licences to Software Contractor A dated 29/06/2015 for £60,815.50 for the period 05/07/2015 to 4/07/2016. It was noted that the number of licences available could not be reconciled to number of licences paid based on the information available on invoice.</p>	Loss due to overpayment	<p>The Software Supplier A should be asked to provide better information on their invoice for Confirm Highways licences. The invoice should be reviewed before renewal of licences to ensure that LBB is only paying for licences required and utilised.</p> <p>[Priority 2]</p>
2	<p>Users are set up on the Confirm Highways Database by the Principal Business Applications Manager (System Administrator) on request from Managers. A sample of 15 Confirm Highways user accounts was reviewed to ensure evidence of authorisation to set up was available and access rights for users were restricted to their roles and responsibilities.</p> <p>Set up of user account on Confirm Highways database</p>	Data corruption due to unauthorised changes	<p>Requests to set up user accounts and any amendments should be retained.</p> <p>[Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>The Principal Business Applications Manager assured that the users in the sample were set up on management request; however it could not be independently verified as supporting documents were not available for all 15 accounts tested.</p> <p>Roles and Responsibility</p> <p>Testing also highlighted that the access rights for individual user accounts are controlled by linking individuals to pre-set work groups with in Confirm Highways database. Functionality that has been made available to 15 Confirm Highways user accounts in the sample has not been reviewed for a number of years and may not be as per the roles and responsibility of the individuals.</p>		<p>Functionality relating to work groups in the Confirm Highways Database should be reviewed by the Principal Business Applications Managers in conjunction with the Service Managers to ensure user access level is restricted to their role and responsibility.</p> <p>[Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>Further testing was undertaken to ensure that quality passwords are used to access the Confirm Highways Database and other controls are in place to ensure security of data held in Confirm. Following issues have been identified with password control and security of Confirm Highways system:</p> <ol style="list-style-type: none"> 1. Passwords are not robust and can be 6 letters, not alpha numeric. Users are not enforced to change temporary passwords at the first log-on. 2. There is no limit on the maximum time allowed for the log-on period. Sessions do not shut down after a defined period of inactivity. 3. Passwords are transmitted in clear text to the network from mobile devices. The data transfer from Mobile/ConfirmConnect is not encrypted. 	Risk of unauthorised access to system	<p>Passwords should be a minimum of 8 characters including alpha, numeric and symbols. The system should enforce users to change the temporary passwords at the first log-on.</p> <p>Sensitive information including passwords should be encrypted when transmitted to the network from mobile devices.</p> <p>[Priority 2]</p>
4	The activity of System Administrator account which gives full administration access to Confirm Highways database is not logged. System currently does not retain an audit trail of system changes.	Unauthorised changes could be made	It should be explored if the Confirm Highways database has the functionality to record

Priority 1
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Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
			<p>audit log of System Administrator activity. Depending on system capability system audit logs if available should be retained and reviewed periodically.</p> <p>[Priority 2]</p>
5	<p>A number of Monitoring reports can be produced from the Confirm Highways database directly by managers from the portfolio of reports created by the System Administrator. Bespoke reports for monitoring any aspects of the work can be requested and produced with the help of System Administrator. Currently production and review of monitoring reports is reliant on action from managers. The system is however capable of automatically generating and sending regular monitoring reports to Managers. This functionality has not been purchased and utilised at this time.</p>	<p>Inadequate performance monitoring</p>	<p>Management should undertake a cost-benefit analysis of investing in additional functionality to automate production of regular monitoring reports to enhance monitoring of contracts.</p> <p>[Priority 2]</p>

Priority 1
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Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
6	<p>A ledger report is run weekly by Payments Administrator in the Confirm Highways database which captures jobs that been checked and approved for payment for each contract to generate payment schedules. The payment schedules are printed and manually authorised by budget holders. Authorised payments schedules are taken to Accounts Payable by Payments Administrator for payment via Oracle. Currently no reconciliation is undertaken between payment schedules generated by Confirm Highways database to actual payments made via Oracle. The manual interface between the Confirm Highways database and Oracle to generate payments is not ideal and Management should explore options to automate this process by incorporating segregation of duties and authorisation limits within the Confirm Highways database.</p>	<p>Incorrect payments may not be identified</p>	<p>Periodic reconciliation between payment schedules generated from Confirm Highways database and payments made via Oracle should be undertaken to ensure there are no discrepancies. Any identified discrepancies should be investigated.</p> <p>Management should explore options to automate this process by incorporating segregation of duties and authorisation limits within the Confirm Highways database.</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	The Software Supplier A should be asked to provide better information on their invoice for Confirm Highways licences. The invoice should be reviewed before renewal of licences to ensure that LBB is only paying for licences required and utilised.	2	We have recently requested that the Software Supplier A tidy up the Annual Support & Maintenance Invoice. I will make a formal request to our new account manager when she returns from sick leave. Requested and awaiting confirmation that this will be available for next year	Principal Business Applications Manager and Systems Manager	July 2017
2	Requests to set up user account and any amendments to account should be retained. Functionality relating to work groups in Confirm Highways database should be reviewed by the Principal Business Applications Managers in conjunction with the Service Managers to ensure user access	2 2	A folder will be retained containing all account set up information. We are willing to participate in any review of access levels and permissions as required	Principal Business Applications Manager and Systems Manager	December 2016

Priority 1
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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	level is restricted to their role and responsibility.				
3	<p>Passwords should be a minimum of 8 characters including alpha, numeric and symbols. The system should enforce users to change the temporary passwords at the first log-on.</p> <p>Sensitive information including passwords should be encrypted when transmitted to the network from mobile devices.</p>	2	<p>This has been raised as an issue on a Confirm online forum and the idea has already received support from other Local Authority users. We have raised this but are reliant on the software vendors development priorities</p> <p>I have asked the Software Supplier A about this. Confirm Connect (mobile solution) does support SSL so encryption is an option we can pursue.</p>	Corporate System Manager	September 2017

Priority 1
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Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
4	It should be explored if the Confirm Highways database has the functionality to record audit log of System Administrator activity. Depending on system capability system audit logs if available should be retained and reviewed periodically.	2	I have asked about this as well. This is currently not available. Audit comment: This recommendation should be re-visited at the time of future upgrades to the system.	Corporate System Manager	September 2017
5	Management should undertake a cost-benefit analysis of investing in additional functionality to automate production of regular monitoring reports to enhance monitoring of contracts.	2	We have recently been contacted about creating a number of monitoring reports but have not received a firm steer on purchasing automated reporting functionality. Awaiting confirmation from the Business	Principal Business Applications Manager, Systems Manager and Budget Holders ECS	September 2017

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	<p>Periodic reconciliation between payment schedules generated from Confirm Highways and payments made via Oracle should be undertaken to ensure there are no discrepancies. Any identified discrepancies should be investigated.</p> <p>Management should explore options to automate this process by incorporating segregation of duties and authorisation limits within the Confirm Highways database.</p>	2	We are happy to participate in these reconciliations.	Principal Business Applications Manager, Systems Manager, Budget Holders ECS and ECS Finance	September 2017

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
CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF PAYROLL EXPENSES AUDIT FOR 2015-16

Issued to: Barbara Plaw, Head of Pay and Reward

Cc: John Nightingale, Head of Revenues and Benefits
Charles Obazuaye, Director of Human Resources
Kay Weiss, Interim Director of Children's Services
Stuart Elsey, Head of ICT
Peter Turner, Director of Finance (Final Version)

Prepared by: Principal Auditor

Date of Issue: 24th October 2016

Report No.: CX/066/01/2015.bf

REVIEW OF PAYROLL EXPENSES AUDIT FOR 2015-16

INTRODUCTION

1. This report sets out the results of our systems based audit of Payroll Expenses 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 30/11/15, however it came to Audit's attention during the review, that there were potential weaknesses in the controls around Managers reviewing and approving carried forward leave on the Myview system which was now being used for booking annual leave. The period covered by this report is from March 2015 to June 2016.
4. Audit examined a sample of 10 starters, 10 leavers, 10 deductions to pay, 25 overpayments, 15 manual payments, 10 SPOT Salaries.

AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference. This review did not take into consideration finding from the recent HMRC audit and subsequent actions. This will be covered in the 2016/17 audit.

AUDIT OPINION

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

MANAGEMENT SUMMARY

7. Controls were in place and working well in the areas of :
 - Recovery of overpayments identified and prevention of overpayments occurring.
 - Controls are in place to ensure new starters are suitably qualified and eligible to work.
 - Controls are in place to ensure only genuine deductions and variations to pay are made
 - Reconciliations are promptly and accurately carried out between payroll system and the ledger.
 - Regular contract monitoring does take place.

8. However we would like to bring to Management's attention the following issues:
 - Debts that are unrecoverable are not being promptly written off. Evidence of effective recover action is not retained for two debts sampled
 - New starters in Children's Social Care are not having their probation meetings and signed off.
 - Manual payments are being authorised but it cannot be confirmed who has given the authorisation
 - Staff are leaving the Authority and not having their IT account closed down and without returning items of equipment.
 - There are unexplained differences between outstanding leave entitlements from 2015-16 and annual leave bought forward amounts entered onto the system for 2016-17.

SIGNIFICANT FINDINGS (PRIORITY 1)

9. No significant findings were identified during 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.

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p>The total payroll debt in February 2015 was £112,625.41. By April 2016 this had reduced to £99,037.15. Of this £5239, relates to pension recharges, £20603, relates to overpaid pensions and £73195 to payroll. Of the £99,037.41 outstanding, £31283.41 relates to overpayments raised since April 2015, with the other £70633.26 being older than a year.</p> <p>Testing of a sample of 12 recent payroll overpayments (that have occurred since January 2015) and 13 long term outstanding overpayments found the following: Of the 13 long term debts, 5 have been passed for write off, but have not been written off in over a year.</p> <p>For two recent overpayments of the 12 selected, insufficient recovery action is being taken. For one (sample 9 £3869.88, it does not appear any action has been taken since 29/12/15 and for sample 5 £755.44, action was not taken for over a year).</p>		<p>Overpayments made to members of staff may not be recovered.</p>		<p>Debts that are not able to be recovered should be promptly written off.</p> <p>Action to recover debts should be prompt and supported by evidence. [Priority 2]</p>
2	<p>Testing of a sample of ten new starters from across the Authority found:</p> <ul style="list-style-type: none"> • In one instance an employee in Adult Social Care had started where a reference was still outstanding. • In one employee in Children’s Social Care had not had their probation period signed off at the six month period. 		<p>Staff may be employed who are not sufficiently skilled for the job.</p>		<p>Children’s Social Worker Managers should be reminded to complete 6 month probations for new starters. [Priority 2]</p>

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	<p>Subsequent discussion with the Manager, HR Business Services and the HR Consultant, indicated that that the prompt sign off of probation after six months Children's Social Care staff was an issue. .</p> <p>Further checks were therefore undertaken for this division. A list of uncompleted probations is kept by HR which showed that of 43 new starters in Children's Social Care between September 2014 and June 2016 , five had left before the end of the 6 month probation, 25 had had their probation signed off at six months, however 13 had not had their probation signed off.</p>				
3	<p>Testing of a sample of 10 members of staff who have left found that at the time of testing, that for six of them, they had left with either an item of equipment, a live IT account or site access card.</p> <p>The following was found: Person 2, active IT account and IPAD Person 3, still has a site access card and IT account Person 4, still had mobile phone and an Ipad Person 6, still has an active IT account Person 8, has an Ipad</p>		<p>Staff could leave without handing back valuable items of equipment.</p>	<p>Ensure managers are reminded to complete Workforce Member Removal forms when staff leave the authority and ID cards, Safetokens and Purchase Cards and Assets are returned as per procedures.</p> <p>Given the findings assets</p>	

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	<p>Person 10 has a site access card.</p> <p>It is acknowledged that some items such as mobile phones and Ipads may have been returned, but central inventories have not been updated due to the relevant member of staff not being informed.</p>			<p>should be placed on ResourceLink and BeeLine [showing Permanent and Agency staff leavers]. Notification of leavers will be distributed to key staff to confirm system access is denied and assets are recovered. [Priority 2*]</p> <p>Action should be taken to ensure items outstanding are returned to Bromley and accounts closed off. [Priority 2]</p>	
4	<p>Examination of the workforce removal form on 08/07/16 found that it now includes a reminder to return any ID cards and key fobs. It does not mention mobile phones or IPADs/laptops.</p>		<p>Staff could leave without handing back valuable items of equipment.</p>	<p>Ensure the Workforce Removal form is updated to include the mobile</p>	

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
				phone services to be terminated and i-pads and laptops are to be held securely by managers when staff leave the authority. [Priority 2*]	
5	A system/form has not been implemented and further testing of manual payments found that there is still an issue with not being able to identify who is authorising payments.		Payments could be processed which are not for legitimate time worked.	Management should consider introducing an automated form / system, which only allows Management to authorise payroll claims. [Priority 2*]	
6	In 2015/16 Bromley started recording annual leave bookings on the MyView HR system. Previously it had been recorded on manual timesheets for all staff and any bookings were approved by Managers. Whilst undertaking the audit, it was brought to our attention by HR, that discrepancies were arising between the amount of leave being carried over from last year by staff and the amount of brought forward leave they were then entering onto the Myview HR system.		Staff may take more annual leave than they are entitled to.	Officers and Managers should be contacted where there has not been a suitable explanation given for any discrepancies in carried forward leave amounts. If a response is not	

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	<p>HR ran a report from the Myview system, to show the amount of carried forward leave staff took from last year and the amount entered in this year to be carried forward. This figure had to be manually input by staff and then approved by their line Manager. Following these large discrepancies HR emailed staff and Managers to seek explanation of the discrepancies. It was promptly identified that there is an issue with the system, whereby bank holidays were pro rata for starters who have joined during the year, rather than when they may actually fall. This has an effect on staff's carried forward leave as it was being deducted from staff's annual leave amount.</p> <p>Of 1414 staff in the authority, there was a discrepancy of over an hour for 85 staff. These staff were contacted by HR to identify the reason for this discrepancy and for 34 no response was given. The total for these 36 staff was 450 hours of discrepancies. For the other 51 contact has been made and for 30 the discrepancy was due to human error, which has now been altered accordingly, 14 were due to the system pro-rata-ing bank holiday entitlement for new starters and one no adjustment was required.</p>			<p>received, the discrepancy should be deducted from this year's annual leave entitlement.</p> <p>Managers should be made more aware of guidance documents available and their responsibilities for approving leave including checking carried forward amounts from previous year's carried forward figures.</p> <p>[Priority 2]</p>	

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p>Debts that are not able to be recovered should be promptly written off.</p> <p>Action to recover debts should be prompt and supported by evidence.</p>	2	<p>List of outstanding overpayment write-off's to be requested and processed.</p> <p>Overpayment recovery to be entered as a standard item on service review agenda's</p>	<p>Head of revenues & Benefits</p> <p>Head of Revenues & Benefits & Head of Exchequer Services</p>	<p>November 2016</p> <p>November 2016</p>
2	<p>Children Social Worker Managers should be reminded to complete 6 month probations for new starters.</p>	2	<p>Heads of Service have been instructed to contact HR and complete all paperwork for the starters identified in the review and to insure probations are completed going forward.</p> <p>Heads of Service have confirmed that for all staff identified in the review, their performance is satisfactory.</p> <p>HR to send reports and copy in Managers where probations are not completed.</p>	<p>Children's Social Care, Heads of Service</p> <p>HR services</p>	<p>October 2016</p> <p>Ongoing</p>

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
3	<p>Ensure managers are reminded to complete Workforce Member Removal forms when staff leave the authority and ID cards, Safetokens and Purchase Cards and Assets are returned as per procedures.</p> <p>Given the findings assets should be placed on ResourceLink and BeeLine [showing Permanent and Agency staff leavers]. Notification of leavers will be distributed to key staff to confirm system access is denied and assets are recovered.</p>	<p>2*</p> <p>2</p>	<p>We did start the process with HR for tokens but this did stall. We will re-initiate the process but there are devices that are not necessary recorded against a user such as laptops, these could be allocated to anybody. Ipads have to be allocated to a person so should be possible, again phones may not necessarily be allocated to an individual, but where they have been we can certainly look to liaise with HR and get them added in resource link.</p>	Head of ICT	March 2017
4	<p>Ensure the Workforce Removal form is updated to include the mobile phone services to be terminated and i-pads and laptops</p>	2*	<p>We will amend the work form to include a reminder for the phones etc.</p>	Head of ICT	October 2016

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	are to be held securely by managers when staff leave the authority.				
5	Management should consider introducing an automated form / system, which only allows Management to authorise payroll claims.	2*	Self-service system that is currently in “test” will remove issue of authorisation	Head of Revenues & Benefits Head of Pay & Reward	January 2017
6	Officers and Managers should be contacted where there has not been a suitable explanation given for any discrepancies in carried forward leave amounts. If a response is not received, the discrepancy should be deducted from this year’s annual leave entitlement. Managers should be made more aware of guidance documents available and their responsibilities for approving leave including	2	Comments have not been received from the department		

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	checking carried forward amounts from previous year's carried forward figures.				

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

REVIEW OF CHILDREN WITH MENTAL HEALTH AUDIT FOR 2015-16

Issued to: Ian Leadbetter, Head of Social Care, Care & Resources,
Kay Weiss, Director, Children's Services,
Ruth Wood, Head of Service, Placements & Brokerage,

Cc: Lesley Moore, Director of Commissioning,
David Bradshaw, Head of Finance, ECHS,
Anne Watts, Assistant Director, Strategic & Business Support Services.

Prepared by: Principal Auditor,

Date of Issue: 19th October 2016

Report No.: ECH/011/01/2015.bf

MANAGEMENT ACTION PLAN

INTRODUCTION

1. This report sets out the results of our systems based audit of Children with Mental Health 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. The audit was delayed due to the Ofsted inspection and it was agreed that this review would be undertaken after completion of said inspection.
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 7/9/16 .The period covered by this report is from 1/4/2015 to 19/5/16, to enable confirmation that all recoupments had been recovered.

AUDIT SCOPE

4. The scope of the audit is detailed in the Terms of Reference. This review concentrated on the procedures, reviews and assessments, recoupments and budget monitoring.

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. A report was requested from the Performance and Information team, detailing all children currently receiving mental health services for the period 1st October 2014-31st October 2015, which was to include residential and non- residential services.

MANAGEMENT ACTION PLAN

Responses were received from Safeguarding East, Safeguarding West, Children with Disabilities, Teenage and Parent Support Service and Fostering. Difficulties arose in extracting this information as it is mostly recorded in free text observations within CareFirst. The Referral and Assessment team have not been able to provide any information or the Leaving Care service by the requested timescale so therefore were not included within the report used for sample selection.

7. On this basis, a sample was selected from the information available and in addition the four joint funded residential placements. A number of the samples also received services from Provider A and or Provider B. Additionally, all of the four residential placements, where split funding agreements existed, were reviewed. All recoupments had been made or were in the process of being made at the time of audit testing.
8. The budgets are not built by the type of the placement, but instead by the type of accommodation that children in care receive, such as Residential, Fostering etc. Children receiving support from Mental Health services may be in any of these placement types.

SIGNIFICANT FINDINGS (PRIORITY 1)

9. None.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

10. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B. There are no recommendations made within this review and therefore, no Appendix A or 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.



FINAL INTERNAL AUDIT REPORT
EDUCATION CARE and HEALTH SERVICES

REVIEW OF ST GEORGE'S BICKLEY CE PRIMARY SCHOOL FOR 2016-17

Issued to: Mrs. G Shackleton, Head Teacher

Cc: Mr. D Hood (final report only)
Schools Finance Team, (final report only)

Prepared by: Principal Auditor

Date of Issue: 5th October 2016

Report No.: CYP/P57/01/2016

REVIEW OF ST GEORGE'S BICKLEY CE PRIMARY SCHOOL FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of St George's Bickley CE Primary Audit for 2016-17. The audit was carried out in quarter 1 as part of the programmed work specified in the 2016-17 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 the 09/03/16. The period covered by this report is from 01/04/15 to 19/04/16.

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, Governance Arrangements and specific areas of Primary Accounting, namely bank reconciliations, contracts, payroll, voluntary fund and school meals. The school are asked to consider findings as follows:-
 - The Scheme of Delegation had not been reviewed and information held is out of date
 - The Asset Register was reviewed to ensure it is maintained and includes serial numbers. It was noted that items when purchased are recorded. However, no annual review of stock is undertaken to ascertain if stock is as recorded in the Asset register.
 - A debtor's invoice for £180 was outstanding since July 2015 and there was no evidence that recovery had been initiated.

REVIEW OF ST GEORGE'S BICKLEY CE PRIMARY SCHOOL FOR 2016-17

- The school procurement card was unsigned and not secured.
- The expenditure process did not demonstrate adequate separation of duties for all payments sample checked. An authorised order had not been raised in all cases to comply with Financial Regulations 5.2.1. Academy expenditure had been coded to Bromley school funds.

SIGNIFICANT FINDINGS (PRIORITY 1)

6. None

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

7. 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

8. 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

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	The scheme of financial delegation has not been reviewed for a number of years and the financial delegation limits are outdated. Some staff members listed on the scheme of delegation are no longer at the school.	Unauthorised expenditure may be incurred	<p>The scheme of delegation and financial limits should be periodically reviewed and reported to governors annually. Leavers should be removed from the document.</p> <p>[Priority 2]</p>
2	The Asset Register was reviewed to ensure it is maintained and includes serial numbers. It was noted that items when purchased are recorded. However, no annual review of stock is undertaken to ascertain if stock is as recoded in the Asset register.	Missing assets may not be identified	<p>An annual asset check should be undertaken to confirm that all assets are secured in the school. The asset check should be verified and signed by an independent person to the one undertaking the review, certified by the Head Teacher.</p> <p>[Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	The school does not use the financial system for debtor invoices. The income testing identified that one invoice (£180), issued on the 17/07/2015, was still outstanding. The school commenced recovery as a result of the audit.	Inadequate procedures to monitor debtors invoice to ensure that all income due is recovered.	<p>The school should have a record of all invoices, the unique invoice number and date of issue. Income should be recorded on receipt and a periodic review of outstanding invoices should prompt recovery. Income should be collected in a timely manner.</p> <p>[Priority 2]</p>

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

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

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
4	<p>The school has two procurement cards. One issued to the head teacher and one to deputy head.</p> <p>A sample of 10 entries was selected from February 2016 and March 2016 to determine whether the individual lines of expenditure are fully justified as acceptable 'school expenditure'.</p> <p>There was one issue arising; one of the school procurement cards had not been signed and was not secured.</p>	<p>Payments may not be made in compliance with Financial Regulations and the Schools own procedures.</p>	<p>All procurement cards should be signed and held securely.</p> <p>[Priority 2]</p>

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

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

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
5	<p>A sample of 20 payments was selected for audit examination. The main issues arising were:-</p> <ul style="list-style-type: none"> • Orders where available were authorised by Head teacher. 18/20 invoices were authorised by the Head Teacher. It could not be evidenced that three people are involved in the whole payment process through from ordering to payment of invoice • 5/20 payments were not supported by an authorised purchase order or adequate supporting documentation • 1/20 payment was not supported by an order, there was an e-mail from the HT confirming dates but not the rates. The payment to the individual was supported by a declaration regarding responsibility to pay tax and national insurance but the UTR number had not been quoted. <p>The payment to Supplier A (£3,400) relates to the period September 2016 to August 2017, given the target date for conversion is the 1/9/16, this expenditure should be met by the</p>	<p>Payments may not be made in compliance with Financial Regulations and the Schools own procedures.</p>	<p>The school should evidence adequate separation of duties for the expenditure process, orders and invoices.</p> <p>An authorised purchase order should be raised as the expenditure is committed subject to the exceptions stipulated in 5.2.1 of the Schools Financial Regulations.</p> <p>The school should develop a procedure to engage temporary staff to comply with HMRC regulations. All payments currently made to individuals should be reviewed using the HMRC self assessment and</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>academy budget.</p> <p>The management fee of £6,456.53 is the 8% charge on works handled by Supplier B during 2014-15. The spread sheet attached to the invoice shows 24 individual jobs. The cost to the school is inflated by the 8% management fee for procuring the services through Supplier B.</p>		<p>agreements renegotiated if that assessment indicates that the service should be payroll. The school will need to retain the self assessment questionnaire, authorised by the Head Teacher to evidence any payments made to individuals as self employed.</p> <p>Expenditure relating to a period post conversion should be met by the Academy budget not Bromley School Funds; a transfer will need to be actioned.</p> <p>The school should consider procuring minor works direct from the</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
			<p>contractor rather than engaging Supplier B to avoid an additional 8% management fee.</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	The scheme of financial delegation should be reviewed periodically by governors to ensure that the financial delegation is kept up to date. Name of staff members who have left the school should be removed from the scheme of delegation.	2	The scheme of financial delegation has been superseded by the Trust document.	Head Teacher and School Governors	In process of adoption
2	An annual asset check should be undertaken to confirm that all assets are secured in the school. The asset check should be verified and signed by an independent person to the one undertaking the review, certified by the Head Teacher	2	An annual asset check is scheduled. The current assets have been reviewed and the resulting register has been signed by an independent person.	School Business Manager	31/03/2017

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 school should have a record of all invoices, the unique invoice number and date of issue. Income payments should be recorded on receipt and a periodic review of outstanding invoices should prompt recovery. Income should be collected in a timely manner.	2	Prior to becoming an academy, the school introduced a control spreadsheet to track the payment of any invoices. This was reviewed prior to conversion.	School Business Manager	31/10/2016
4	All procurement cards should be signed and held securely.	2	Prior to the audit completing all cards were verified as signed and securely stored in the school safe.	School Business Manager	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
5	The school should evidence adequate separation of duties for the expenditure process, orders and invoices.	2	New forms were introduced and staff communicated to regarding online purchases.	School Business Manager	Complete
	An authorised purchase order should be raised as the expenditure is committed subject to the exceptions stipulated in 5.2.1 of the Schools Financial Regulations.		New forms developed and accessible to all staff. Review of the appropriateness, reasonableness and cost benefit of item being purchased are verbally challenged when submitted.	Leadership team	Complete
	The school should develop a procedure to engage temporary staff to comply with HMRC regulations. All payments currently made to individuals should be reviewed using the HMRC self-assessment and agreements renegotiated if that assessment indicates that the service should be		Ongoing, new procedure under review.	Leadership team	31/03/2016

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
5 cont	<p>payroll. The school will need to retain the self assessment questionnaire, authorised by the Head Teacher to evidence any payments made to individuals as self employed.</p> <p>Expenditure relating to a period post conversion should be met by the Academy budget not Bromley School Funds; a transfer will need to be actioned.</p> <p>The school should consider procuring minor works direct from the contractor rather than engaging Supplier B to avoid an additional 8% management fee.</p>		<p>Work in progress. A member of the Schools Finance Team reviews and any expenditure prior to payment.</p> <p>The school has ceased using Supplier B.</p>	School Business Manager	<p>In progress</p> <p>Complete</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

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.

FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

REVIEW OF TROUBLED FAMILIES AUDIT FOR 2016-17

Issued to: Kay Weiss, Director of Children's Services
Rachel Dunley, Head of Service, Early Interventions & Family Support
Luke Wilkins, Intelligence & Operations Lead
Neil Dilkes, Intelligence & Operations Co-ordinator
David Bradshaw, Head of Education, Care and Health Services Finance
Anne Watts, Assistant Director, Strategic Development and Performance, Education, Care and Health

Services

Prepared by: Principal Auditor

Date of Issue: 17 October 2016

Report No.: ECS/005/01/2016

REVIEW OF TROUBLED FAMILIES AUDIT FOR 2016-7

INTRODUCTION

1. This report sets out the results of our audit of Troubled Families for 2016-17. The audit was carried out in quarter Q2 as part of the programmed work specified in the 2016-17 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.

AUDIT SCOPE

3. The scope of the audit is detailed in the Terms of Reference issued on 26th August 2016.

AUDIT OPINION

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

MANAGEMENT SUMMARY

5. At the time of our testing there were approximately 58 individual claims closed between 1 February 2016 and 12 September 2016 and due to be submitted to the DCLG for 'Payment By Results' under Phase 2 of the Troubled Families Programme. We selected a sample of 10% i.e. six claims to check. Four of these were claims where the Bromley Children Project considered that the national and/or local criteria as set out in the London Borough of Bromley's Outcome Plan had been met and significant and sustained progress had been made, resulting in the family no longer being attached to the programme. Two of the claims were where a client had gained employment within the above period.

REVIEW OF TROUBLED FAMILIES AUDIT FOR 2016-7

6. Our review of these claims found that the two employment claims and three of the four other claims showed evidence that significant and sustained progress had been made.
7. The remaining claim showed that, whilst progress could be seen from the evidence recorded by the Practitioner, the significant and sustained element had not been met. One of the local criteria could not be considered significant at this time as a debt relief order was being applied for by the client but from discussion with the Senior Practitioner there is a risk of debt collectors returning to the household at this time.
8. The Senior Practitioner also clarified the health criteria stating that the client had been accepted for counselling following an assessment and was due to start counselling but had not completed a course of counselling. In our opinion therefore the sustained element of the claim was not met at this time. This was discussed and agreed with the Intelligence & Operations Lead. The claim will not therefore be submitted to the DCLG at the end of September 2016 but will be tracked with a view to claiming at a future date, once the significant and sustained elements for those criteria have been met.
9. As part of our audit we confirmed through audit testing that the six recommendations made in our previous audit report dated 16 March 2016 had been implemented :-

A new case closure procedure has been implemented with closure authorised by the Senior Family Support & Parenting Practitioners and a secondary verification completed by the Intelligence & Operations Team on each closure.

Arrangements are in place to check that a family claimed for in Phase 1 are not claimed for in Phase 2 of the Tackling Troubled Families Programme. Our sample of cases had not been claimed previously.

Our sample testing confirmed that information recorded on the Synergy database about action taken in Troubled Families cases was clear and comprehensive.

New processes including assessments linked to the six headline troubled family areas, goals directly linked to the Outcome Plan and a new evidence based recording system for the Troubled Families Programme was in place.

REVIEW OF TROUBLED FAMILIES AUDIT FOR 2016-7

A formal process is now in place setting out the appropriate actions and timescales to ensure families are supported in the event of Family Support & Parenting Practitioners being unavailable for any reason. Our sample testing showed that since our last audit there were no periods of unavailability.

The remaining recommendation relating to confirmation of the case closure letter sent to a client has now been superseded by attaching photographic evidence of the case closure form.

SIGNIFICANT FINDINGS (PRIORITY 1)

10. There are no significant findings and there are no recommendations arising from this review.

ACKNOWLEDGEMENT

11. We 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
EDUCATION CARE & HEALTH SERVICES

REVIEW OF CARELINK AUDIT FOR 2016-17

Issued to: Janice Murphy, Carelink Team Leader,
Richard Haines, Head of Direct Care,
Tricia Wennell, Head of Assessment & Care Management,
Stephen John, Director, Adult Social Care,

Alicia Munday, Programme Manager, Commissioning,
David Bradshaw, Head of ECH Finance,
Claudine Douglas Brown, Head of Exchequer Services,

Cc: Lesley Moore, Director of Commissioning,
Anne Watts, Assistant Director, Strategic Development & Performance.

Prepared by: Principal Auditor
Date of Issue: 4th October 2016
Report No.: ECH/017/01/2016

REVIEW OF CARELINK AUDIT FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of Carelink for 2016-17. The audit was carried out in quarter 1 as part of the programmed work specified in the 2016-17 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 16/5/16. The period covered by this report is from April 2015 to June 2016.
4. The budgeted cost of the service for the Carelink service for 2016-17 is £74,330 and the actual net expenditure to date is £27,500. The budgeted cost of the service for 2015-16 was £66,840. The net expenditure for 2015-16 was £146,146. There is no longer any income from Housing Associations; clients within the schemes now pay individually.
6. The service is currently undergoing market testing, which is likely to be completed in 2017.

AUDIT SCOPE

7. The scope of the audit is detailed in the Terms of Reference.
8. The implementation of the previous audit recommendations were followed up which related to similar issues highlighted within this report.

REVIEW OF CARELINK AUDIT FOR 2016-17

AUDIT OPINION

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

MANAGEMENT SUMMARY

10. Internal Audit would like to bring the following findings to Management's attention:-
- There is no current client database for social care service users receiving the Carelink service. The Service relies on the provider's database and manual records.
 - The Service does not hold a comprehensive record of all current private clients. Contractor A hold the private client database and conduct an annual reconciliation to CareLink records.
 - Procedures were not up to date or version controlled.
 - There was no comprehensive record of the stock held by the service and the stock checks were not undertaken regularly. Mobile phones had been issued to CareLink officers without being formally assigned.
 - The service maintenance schedule was incomplete and maintenance checks for telecare equipment and CareLink alarms were found to be overdue.
 - Effective contractual arrangements and contract monitoring was not undertaken by the service.
 - The London Borough of Bromley website was found to display the incorrect service charges for the Carelink Service.
 - The application form, rental agreement and Bromley Mylife website did not include the requirement of a VAT declaration for private clients.
11. The CareLink Team Leader had completed the Financial Regulations online training and started the Contract Procedures module. Given the findings in this review relating to contractual arrangements and contract monitoring it is suggested that this officer complete the training.

SIGNIFICANT FINDINGS (PRIORITY 1)

12. There were no significant findings.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p><u>Social Care Clients</u></p> <p>Referred clients eligible for care are set up for CareLink as a service agreement on CareFirst.</p> <p>Strategy and Performance (ECHS) provided a report of all open and closed CareLink social care clients for the period 1/6/15 to 31/5/16. This first report totalled 1016 service users; however “cancelled” service lines had been included i.e. agreement lines set up in error and cannot be closed.</p> <p>The original sample of 21 clients included 11 of these “cancelled” lines that appeared as open on the CareFirst report. Audit testing confirmed that the active service line for these cases had been correctly closed in line with the date of death. Further testing for these cases was not possible as the manual records had been archived.</p>		<p>The Department should consider the need for a comprehensive list of social care CareLink users whether it be held as a database or spreadsheet. This document would then be used to record all equipment data, visits and movement. Manipulation of data held on a spreadsheet would allow the service to present data as required, be it number of clients, private and social care or outstanding visits due.</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>The narrative “deceased” is added to the name field on CareFirst when the date of death is uploaded. The CareFirst report was filtered and sorted to identify any deceased cases with an open service. The issues arising were:-</p> <ul style="list-style-type: none"> • 147 cases were identified; sample testing on 5 of these cases evidenced that the matched line was the “cancelled” line and that the active line had been correctly closed. • 4 duplicate entries of which 3 were clients changing from monitoring to full response but 1 client (P239825) had two different start dates • P1323 shows the agreement date as an input error <p>The CareLink team could not specify the number of social care clients at any given time. There is no current list held locally and the stand alone database Vision3 was decommissioned in 2010. The CareLink team do not have access to CareFirst and rely on client information supplied by the provider and the manual files held in the CareLink office. For operational purposes the team have online access to the Contractor D database but this does not differentiate between private and social care clients.</p>	<p>Records currently held do not allow sufficient reconciliation or information to make informed decisions.</p>	<p>The spreadsheet would be a “live” document held in the shared area and updated daily. To maintain an audit trail it is suggested that deletions are identified but remain as “strike throughs”. An end of quarter version of the document be retained as an operational snap shot.</p> <p>CareFirst reports identifying service users should be reconciled to CareLink records to ensure that the information held on CareFirst is accurate and complete.</p>

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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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>The service maintains a “Client Index Replacement” spreadsheet that records installations and removals each week and is used to update the manual records. However, without a starting point these movement sheets cannot effectively be used to reconcile to any reports generated from CareFirst or the “live” manual files held by the team.</p> <p>There is no apparent check on the quality or timeliness of information updated to CareFirst. The sample check identified 1 social care client (Sample 4) that did not have a support plan.</p> <p>Strategy and Performance ran a revised report on the 25/7/16, filtered to exclude “cancelled” and duplicate records and without a start parameter to give a total of 490 current social care CareLink users.</p> <p>The service should be aware of their current service users to allow effective monitoring of the asset register, the maintenance programme and for business planning purposes.</p>		<p>Care Management should review sample 4 and verify that the service user has a current support plan.</p> <p>The actual number of CareLink clients should be reconciled to the stock register.</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><u>Private Clients</u></p> <p>As previously reported in finding 1 above there is no comprehensive list of CareLink clients. Private clients are recorded on the 'CareLink Private Clients Database' spreadsheet. This report has separate worksheets for change of equipment ID, installations, removals, transfer of equipment and Housing Associations.</p> <p>All private clients are charged and should therefore be included on the Contractor A schedule. Contractor A annually reconcile the CareLink manual files/CareLink database to the schedule of private clients. This has recently been completed and Contractor A confirmed that there were no issues arising.</p> <p>There was no evidence that the service reconcile the private client database to the manual records maintained or the equipment register.</p> <p>A sample of 10 cases was selected from the private client database once online access had been opened to audit. As at the 29/6/16 there were 1068 private Carelink service users detailed on the database as current users.</p>	<p>Records held may not be sufficient to allow adequate reconciliation or information to make informed decisions.</p>	<p>The service should request regular updates of the current private clients held by Contractor A to ensure that the records held by the team are accurate.</p> <p>As with the social care clients, the private clients list should be reconciled to the equipment list and the manual files to ensure information is accurate and complete. If the service accepts that this is conducted by Contractor A, a copy of their findings and report should be evidenced.</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>The sample was reconciled to data held by Contractor A, the service and Contractor B on the Device Type Report. Out of these additional cases queries arose with 4 out of 10 cases:-</p> <ul style="list-style-type: none"> • equipment reference 52647 shows that this is allocated to a different client. (Sample 32) • equipment reference 54981, no equipment is listed / allocated.(Sample 33) • equipment reference ,51836 refers to a different service user (Sample 36) • equipment reference 52551 had no client details recorded against the equipment ID. (Sample 37) <p>The service is reliant on data held by contractors; amendments, deletions and additions are processed by Contractor A.</p>		<p>The service should resolve the queries identified in audit testing.</p> <p>[Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>Procedures The procedure manual is held in the shared area and is available to all staff. The document is dated July 2011 and requires updating. There is no procedure for clients to be charged for monitoring only in the event of an emergency call out and departmental contacts are out of date.</p> <p>The manual still refers to 'Vision 3 and Contractor C'.</p>	<p>Staff may be operating to different practices and possible loss of income to the Authority.</p>	<p>Policies & Procedures should be fully reviewed and updated, stating the responsible officer and date. The areas discussed in this report should be considered and included if appropriate.</p> <p>[Priority 2]</p>

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

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
4	<p>Asset Register The Carelink stock check of items held as at 3/6/16 was provided. Discussions with the Team Leader, Carelink confirmed on 28/6/16 that no check is undertaken on assets.</p> <p>The asset register detailing mobile phones allocated to CareLink staff was incomplete when checked against IT records:-</p> <ul style="list-style-type: none"> • 07960 565786 is not allocated on the CareLink log but this is shown as allocated to employee 1 • 07949 094864 is allocated to employee 2 on the CareLink log but employee 3 on the IT log. <p>There was no evidence that the officers assigned mobiles have read and agreed the Council’s policy on mobile phones or that the section monitor usage to mitigate potential abuse.</p>	<p>Ineffective control over assets.</p>	<p>The Carelink service should ensure that they are maintaining an up to date record of stocks and that movements of these assets are recorded. The stock list should be regularly reviewed and signed off by a senior officer.</p> <p>The asset register for mobile phones should be updated, IT informed of any changes and officers allocated a mobile phone to sign receipt of the unit and declaration that use will be in accordance with the Council’s policy.</p> <p>[Priority 2]</p>

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Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
5	<p>Equipment Maintenance The Carelink Team Leader confirmed that basic maintenance such as battery replacement is undertaken by CareLink staff and is recorded on the client’s manual file. The service checked all 2K client files to complete a manual register of CareLink units and date of installation to attempt a routine visit annually. The team have just completed 2013 installations and have started 2014. A low battery alarm will be sent from the base unit to Contractor D to alert CareLink but there is a guaranteed battery life of 5 years. Telecare maintenance is undertaken by a contractor and recorded on a spreadsheet.</p> <p>The 'Equipment Telecare Check' report was provided by the Team Leader. Audit testing raised the following issues:-</p> <ul style="list-style-type: none"> • the battery check/maintenance showed that the dates had passed and that checks were overdue. • the spreadsheet records clients by area and is not recorded alphabetically to identify clients/records easily. 	<p>Equipment may fail putting the service user at risk.</p>	<p>Consider transferring the CareLink unit data to a comprehensive user spreadsheet to monitor and plan routine visits.</p> <p>Clients who have ‘Assisted Technology/Equipment only’ should also receive planned and routine maintenance checks as they fall due.</p> <p>The spreadsheets should be updated on closure of the service as part of the closure process.</p> <p>[Priority 2]</p>

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Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>A sample of 5 “equipment only” service users was selected. For 3/5 cases:-</p> <ul style="list-style-type: none"> • equipment reference 122, died on 23/10/14 (Sample 41) • equipment reference 114 is a child but had no service agreement on CareFirst (Sample 43) • no equipment unit referenced and no service agreement on Carefirst. (Sample 45) 		
6	<p><u>Contracts & Contract Monitoring</u> Market testing for CareLink is currently being undertaken with a view to replace the separate contracts for the supply, installation, maintenance, call monitoring, call handling and in house response team, with a sole provider (or lead provider) to deliver an end to end service. This audit reviewed the current contractual arrangements, compliance to contract procedure rules and contract monitoring.</p>	<p>Value for money may not be achieved. Contract monitoring is not effective.</p>	<p>The contract arrangements for the service need to be formalised.</p>

Priority 1
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Priority 2
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Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p><u>Contractor D (formerly Contractor C)</u> This contract was subject to competitive tendering in 2011 and was in place for the period 1/2/11 to 31/1/13. Waivers were subsequently sought exempting the need to re-tender as the service was subject to market testing. The current waiver for November 2015 to October 2016 was approved by the Directors of Finance and Corporate Services and the Portfolio holder as cumulative spend exceeded £100k. Care Services PDS (28th June 2016) resolved that the contract be extended to March 2017.</p> <p>The cost of the contract is based up on the number of connections to households charged at £1.73 per connection, invoiced monthly. The service did not evidence how the monthly charge is independently verified as correct as there is no comprehensive list of clients held by Bromley.</p> <p>This contractor provides information on the number and source of calls as detailed in the contract. However the action in response to calls (no response, accidental use or battery alert) is not used by the service as a performance indicator. The manual emergency day sheets recording visits, actions and outcomes are transferred to the client records. This data is not</p>		<p>The service should be undertaking effective contract monitoring to ensure that providers are delivering value for money.</p> <p>Elements of the service specified in the contracts should be delivered.</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>reported but is retained and available for scrutiny.</p> <p>The contract states that the Council will undertake spot checks and conduct telephone surveys or written satisfaction surveys together with regular monitoring of complaints. Audit testing has shown that:-</p> <ul style="list-style-type: none"> • The customer feedback forms checked were undated. • No telephone surveys or spot checks are undertaken. • There were 4 formal complaints in 2015-16, 2 not upheld but 2 partially upheld; the Head of Service was not aware of these complaints or the potential consequences for the contract. <p>The Carelink Service do not undertake any contract monitoring but rely on the spot checks carried out by an external body and place assurance that the company would need to comply to service criteria demanded by the external body. The service do not check that Contractor D are currently registered or evidenced what spot checks the external body have undertaken on Contractor D.</p>		<p>The service should regularly verify that Contractor D are registered with the external body.</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><u>Contractor B</u> The supplier of community alarm equipment is Contractor B. Originally procured through a framework agreement until this expired in 2014. Waivers were evidenced to support the continued contractual arrangements with this supplier up to January 2017.</p> <p><u>Contractor E</u> Contractor E undertakes installations and maintenance. The charge rates (£250 per day/ £125 1/2 day) have been standard since the service level agreement in 2010. There is no current contract in place and no evidence that the market has been tested to evidence value for money. Cumulative spend from February 2010 – to date is £45,892.20.</p> <p>Regular meetings have not been convened with the contractors.</p>		<p>The contractual arrangements with Contractor E should be reviewed and value for money evidenced by market testing.</p> <p>Contract monitoring meetings should be arranged and attended by the appropriate officers.</p> <p>[Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
7	<p><u>Bromley Website</u></p> <p>The Contributions Policy for 2016-17 details that the current rates are as follow:-</p> <p>Full Monitoring - £8.82 per week Monitoring Only - £5.88 per week Emergency Call Out - £84.58 Assisted Technology (Equipment Only) - £2.94 per week</p> <p>It was found that the current rates displayed on London Borough of Bromley website as at 11/7/16 displays the incorrect weekly charges :-</p> <p>Full Monitoring - £8.61 per week Monitoring Only - £5.74 per week Emergency Call Out - £82.60</p>	<p>Reputational Risk to the Authority as current charges are not displayed to the public correctly.</p>	<p>The website should be updated to reflect the current charges in place as declared in the 2016/17 contributions policy.</p> <p>[Priority 2]</p>

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

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

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
8	<p><u>VAT Declaration.</u> Each private client is required to complete a VAT declaration to ensure that they meet set criteria namely, that they are :-</p> <ul style="list-style-type: none"> • Chronically Sick and • The goods and services acquired are purchased for their personal or domestic use. <p>This declaration has not been detailed on the application form, the Carelink rental agreements or the Bromley Mylife website.</p> <p>The file check on the selected sample evidenced that the necessary VAT declaration was complete.</p>	Private clients may not meet these criteria.	<p>The application form and rental agreement should be updated to include the need for a VAT declaration.</p> <p>The Bromley Mylife site should be updated to include all necessary information in respect of the VAT declaration.</p> <p>[Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p><u>Social Care Clients</u></p> <p>The Department should consider the need for a comprehensive list of social care CareLink users whether it be held as a database or spreadsheet.</p> <p>This document would then be used to record all equipment data, visits and movement. Manipulation of data held on a spreadsheet would allow the service to present data as required, be it number of clients, private and social care or outstanding visits due.</p>	2	<p>Carelink will produce a spreadsheet of all the service users, including the private clients, which will detail equipment type as well as the schedule of Routine Visits. This will continually be updated.</p> <p>The social care clients section can be sent to Care Management admin. on a regular basis so that Carefirst, which holds a comprehensive list of Social Care clients, can be kept up-to-date.</p> <p>Details of emergency visits will continue to be held in the client files to ensure that a comprehensive time line of visits</p>	<p>Carelink Operational Manager.</p> <p>Carelink, Operational Manager & Head of Assessment & Care Management.</p>	<p>End of November 2016</p> <p>Continue to be done weekly.</p>

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Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1 cont.	<p>The spreadsheet would be a “live” document held in the shared area and updated daily. To maintain an audit trail it is suggested that deletions are identified but remain as “strike throughs”. An end of quarter version of the document be retained as an operational snapshot.</p> <p>CareFirst reports identifying service users should be reconciled to CareLink records to ensure that the information held on CareFirst is accurate and complete.</p>		<p>can be viewed by Carelink staff.</p> <p>Rather than changes are recorded by “strike throughs” they will be cut and pasted onto another workbook so that all changes can be tracked.</p> <p>Information from Carelink will be passed over to Carefirst admin. so that Carefirst will be up-to-date.</p>	<p>Carelink, Operational Manager</p> <p>Carelink Operational Manager</p>	<p>Ongoing</p> <p>Weekly</p>

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

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

Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	<p>Care Management should review sample 4 and verify that the service user has a current support plan.</p> <p>The actual number of CareLink clients should be reconciled to the stock register.</p>		<p>Care Management will review and ensure that that a support plan is put in place. This has now been reviewed and completed</p> <p>This is not necessary as Carelink will in future hold a comprehensive list of all clients which will be reconciled against Contractor D's list.</p>	<p>Care management admin.</p>	<p>Implemented</p>

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

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

Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
2	<p><u>Private Clients</u></p> <p>The service should request regular updates of the current private clients held by Contractor A to ensure that the records held by the team are accurate.</p> <p>As with the social care clients, the private clients list should be reconciled to the equipment list and the manual files to ensure information is accurate and complete. If the service accepts that this is conducted by Contractor A, a copy of their findings and report should be evidenced.</p> <p>The service should resolve the</p>	2	<p>An updated “Private Clients” spreadsheet is sent to Contractor A on a weekly basis for charging purposes.</p> <p>In addition Contractor A do an annual audit of the information they hold about Carelink SU’s by comparing the charging list with the manual records that Carelink hold.</p> <p>Contractor A will be required to evidence their audit, a copy of which will be kept by Carelink.</p>	Carelink, Operational Manager.	Ongoing activity.

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
	queries identified in audit testing.				

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	<p><u>Procedures</u></p> <p>Policies & Procedures should be fully reviewed and updated, stating the responsible officer and date. The areas discussed in this report should be considered and included if appropriate.</p>	2	This is in the process of being completed.	Head of Direct Care and Carelink, Operational Manager	By the 31st of October 2016

Project Code: ECH/017/01/2016

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

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

Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
4	<p><u>Asset Register</u></p> <p>The Carelink service should ensure that they are maintaining an up to date record of stocks and that movements of these assets are recorded. The stock list should be regularly reviewed and signed off by a senior officer.</p> <p>The asset register for mobile phones should be updated, IT informed of any changes and officers allocated a mobile phone to sign receipt of the unit and declaration that use will be in accordance with the Council's policy</p>	2	<p>This has already been implemented. The stock list will be reviewed every three months and signed off by the Head of Direct Care Services.</p> <p>This has been completed.</p>	<p>Carelink, Operational Manager and Head of Direct Care Services.</p> <p>Carelink Operational Manager</p>	<p>1st October 2016, to coincide with the financial quarters.</p> <p>Completed</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
5	<p><u>Equipment Maintenance</u></p> <p>Consider transferring the CareLink unit data to a comprehensive user spreadsheet to monitor and plan routine visits.</p> <p>Clients who have ‘Assisted Technology/Equipment only’ should also receive planned and routine maintenance checks as they fall due.</p> <p>The spreadsheets should be updated on closure of the service as part of the closure process</p>	2	<p>Carelink are in the process of producing a comprehensive list of all users of the service.</p> <p>This already happens via Contractor E on a spot purchase basis i.e. as and when needed. However the new Carelink spreadsheet detailing all service users and their equipment will be used to manage the maintenance visits.</p> <p>The spreadsheet will be updated along with the financial “charging list”.</p>	<p>Carelink, Operational Manager.</p> <p>Carelink Operational Manager.</p> <p>Carelink, Operational Manager.</p>	30 th November 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
6	<p><u>Contracts & Contract Monitoring</u></p> <p>The contract arrangements for the service need to be formalised.</p> <p>The service should be undertaking effective contract monitoring to ensure that providers are delivering value for money.</p> <p>Elements of the service specified in the contracts should be delivered.</p> <p>The service should regularly verify that Contractor D are registered with the external body .</p>	2	<p>All contract matters are on-hold due to the current Market Testing program for the various elements of the service.</p> <p>Quarterly meetings will be held with Contractor D to ensure that effective contract monitoring ensures that providers are delivering value for money.</p> <p>On an annual basis Contractor D will be asked to provide a copy of their external body registration Certificate.</p> <p>All contract matters are on-hold</p>	<p>Head of Direct Care Services.</p> <p>Carelink, Operational Manager</p>	<p>No action at present.</p> <p>30th November 2016</p> <p>Annually</p> <p>No action at present.</p>

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

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

Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	<p>The contractual arrangements with Contractor E should be reviewed and value for money evidenced by market testing.</p> <p>Contract monitoring meetings should be arranged and attended by the appropriate officers.</p>		<p>due to the current Market Testing program for the various elements of the service.</p> <p>Quarterly meetings will be held with Contractor D to ensure that effective contract monitoring ensures that providers are delivering value for money.</p>	<p>Head of Direct Care Services.</p>	<p>30th November 2016</p>
<p>7</p>	<p><u>Bromley Website</u></p> <p>The website should be updated to reflect the current charges in place as declared in the 2016/17 contributions policy.</p>	<p>2</p>	<p>An update has been requested.</p>	<p>Carelink, Operational Manager and Head of Direct Care Services.</p>	<p>Completed</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
8	<p><u>VAT Declaration.</u></p> <p>The application form and rental agreement should be updated to include the need for a VAT declaration.</p> <p>The Bromley Mylife site should be updated to include all necessary information in respect of the VAT declaration.</p>	2	Declarations exempting Carelink customers from VAT are signed at the point of installation. If SU's do not meet the criteria then the service cannot be provided.	Carelink, Operational Manager.	Completed

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

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

Priority 3
 Identification of suggested areas for improvement

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF BIGGIN HILL AIRPORT AND THE GLADES AUDIT FOR 2016-17

Issued to: Neil Thompson, Principal Valuer
Mark Bowen, Director of Corporate Services

Cc: Claire Martin, Head of Finance ECS and Corporate
Peter Tuner, Director of Finance
Nigel Davies, Executive Director of ECS
Tracey Pearson, Chief Accountant

Prepared by: Principal Accountant

Date of Issue: 13th September 2016

Report No.: CX/088/01/2016

REVIEW OF BIGGIN HILL AIRPORT AUDIT FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of Biggin Hill Airport and the Glades Audit for 2016-17. The audit was carried out in quarter Q2 as part of the programmed work specified in the 2016-17 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on the 11th July 2016. The period covered by this report is from 1st January 2014 to 1st July 2016.
4. Bromley received £220,616.72 for Biggin Hill for 2014/15 and £1,878,800 for the Glades for 2015/16. Both of these amounts are subject to an annual review and are based on turnover of the property less any relevant costs. The minimum rent Bromley will receive for the Glades is £1,878,800 (before deductions for major capital works). This was received for 2015/16, due to Capital works being undertaken with the construction of 5 restaurants in the Queen's Garden, which were offset against income received. In 2014/15 Bromley received £2,024,897.56 and in 2013/14 Bromley received £1,989,382.84 for the Glades.

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:
Satisfactorily detailed leases are in place
Rent payments are received promptly
Independently audited accounts and turnover rent calculation statements are provided for Biggin Hill Airport
Rent payments are accurately calculated according to the lease agreements

8. However we would like to draw to Managers attention the following issues:
Independently audited accounts have not been provided to Bromley for at least six years in respect of the Glades. As part of the lease with the Glades Management Company for the Management of the Glades, should Bromley require audited accounts then the cost to provide these would be borne by Bromley unless the error identified is more than one and half percent of the reserved rent amount as stated in the Lease. This is not the case with Biggin Hill Airport.

SIGNIFICANT FINDINGS (PRIORITY 1)

9. No significant findings were identified during 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>For the Glades a statement is provided each quarter from Glades Management Company, who are managing the centre. It broadly sets out the amount of rental and service charge income received and expenses incurred and thus how much is payable to Bromley (which is eligible for 15% of income less expenses incurred as per the lease document). The statement also includes details of how each line is calculated.</p> <p>The auditor picked 10 items of rental income, 7 items of expenditure and 10 project expense costs and requested evidence to substantiate each of these. This was provided by the Glades Management Company and the only issue identified was that the backing documentation for a number of support charges did not match the figure charged for reactive maintenance. These were explained away as due to timing differences.</p> <p>The last four quarterly rent statements from the Glades Management Company were checked to confirm the amount of rent received was the same as the statement. This was found to be the case.</p> <p>Audited accounts are provided each year for Biggin Hill. The</p>	<p>Income due to the authority is not received.</p>	<p>Independently audited accounts should be periodically requested from the Glades Management Company. Alternatively on an annual basis a sample of evidence of income and expenditure incurred on the quarterly statements should be requested to confirm figures stated are accurate. [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>Airport Management Company have appointed an independent accountants to provide a Turnover rent calculation in compliance with the lease document.</p> <p>Discussion with the Principal Valuer found that Independently audited accounts have not been provided for the Glades from the Glades Management Company for at least the last 6 years. Should Bromley Council request this, the cost would have to be borne by the Council unless the error identified is more than one and half percent of the reserved rent amount as stated in the Lease.</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	Independently audited accounts should be periodically requested from the Glades Management Company. Alternatively on an annual basis a sample evidence of income and expenditure incurred on the quarterly statements should be requested to confirm figures stated are accurate.	2	Agreed, albeit there is a risk of costs to the Council if material errors are not found. This could be mitigated by pursuing the alternative recommendation.	Strategic Property / Client side in consultation with Internal Audit.	The timing of future audits will need to be agreed with Internal Audit.

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 BUILDING CONTROL AUDIT FOR 2016-17

Issued to: Stephen Moore, Head of Building Control

Cc: Jim Kehoe, Head of Planning
Claire Martin, Head of Finance, ECS and Corporate

Prepared by: Principal Auditor

Date of Issue: 2nd August 2016

Report No.: ES/043./02/2016

REVIEW OF BUILDING CONTROL AUDIT FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of Building Control Audit for 2016-17. The audit was carried out in quarter Q1 as part of the programmed work specified in the 2016-17 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 18/05/16. The period covered by this report is from January 2015 to May 2016.
4. Building control received income of £812,783 against a budget amount of £923,810. This was offset by staff vacancies of £142,770 for the year.

AUDIT SCOPE

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

AUDIT OPINION

6. Overall, the conclusion of this audit was that Substantial assurance can be placed on the effectiveness of the overall controls. 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 :
 - Office procedures are up to date

REVIEW OF BUILDING CONTROL AUDIT FOR 2016-17

- Charges are collected, receipted and accounted for correctly
 - Performance of the service is satisfactory
 - Customer service is satisfactory
 - Building notices/demolition notices are issued on time
8. However we would like to bring to manager's attention the following issues:
- There was a delay in sending Building control notices to the Valuation, resulting in a delay in reviewing and changing of council tax bands for a number of properties
 - The budget does not accurately reflect the department's situation
 - A reconciliation does not take place between Oracle financial system and Uniform the Building Control database.

SIGNIFICANT FINDINGS (PRIORITY 1)

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

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

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

OPINION DEFINITIONS

APPENDIX C

<p>1</p>	<p>The Building Control budget in 2014/15 included a figure of £919,100 for income. In 2015/16 this had increased to £926,420 It was discussed with the Assistant Accountant that it was increased to reflect the pay increases for staff as any increase in costs need to be recovered from income as it is a chargeable account.</p> <p>Despite this increase in the budget the actual level of income received in the last 3 years has dropped</p> <p>During 2015/16 expected level of income £926,420, whilst the actual received amount was £812,783. In 2014/15, the expected level of income £919,100 whilst the actual income £934,164. The level of Employee costs increased from £628,720 in 2014/15 to £636,040 in 2015/16.</p> <p>It was discussed with the Head of Finance, ECS and Corporate that several posts have had to be retained as the staff were on flexible retirement. Should the staff leave, then the posts would be recruited as a full time equivalents. As the cost centre is a trading account, the level of income is set to must match any expenditure.</p>	<p>Budgets may not be realistically set.</p>	<p>Building Control should consider reviewing charges to ensure they do not make a surplus.</p> <p>Once the service has been reviewed the budget should be adjusted to accurately reflect the new structure and income from the revised charges. [Priority 3]</p>
<p>2</p>	<p>A reconciliation is not undertaken between income received and recorded on Uniform (a stand-alone system) and that received on Oracle. It was discussed with the Head of Building control that this was attempted several years ago, by accountancy, but was never completed.</p> <p>The auditor attempted to reconcile the income received for the</p>	<p>Income might not be received for approved applications</p>	<p>A reconciliation should take place between income received on Oracle and Uniform. [Priority 2]</p>

	<p>month of February 2016, but was initially unable to do so. The 220 transactions through Uniform were eventually matched up to payments received through Oracle. 147 transactions directly matched using data analysis software, whilst 73 did not. 66 of these 73 transactions were then manually matched using reports already run .This left seven transactions which totalled a discrepancy of £1657.09 (one transaction accounted for £1260) which could not been matched.</p> <p>Upon further information from Building Control it was then possible to reconcile these payments and confirm that income had been received. It was identified that the payment for £1260 had been wrongly coded to a Planning cost centre.</p> <p>During testing of a sample of 20 payments received during 2014-15 and 2015-16, it was identified that one payment of £552 had been wrongly coded to a Planning cost centre and had not been picked up by the department or accountancy.</p>		
3	<p>Discussed with the Head of Building Control that a delay had occurred sending Building Control Notices to the Valuation Office. This was identified by the department and rectified in February 2016. Discussion with the Head of Revenues and Benefits and examination of service review minutes and emails found that this issue was raised by the Exchequer Contractor and that it is confined to building control notices.</p> <p>It was not possible to give an accurate figure of the likely cost to Bromley, due to the fact once notices are sent to the Valuation Office, a revaluation may not take place immediately</p>	<p>Building control notices are not passed to the valuation office, resulting in a loss of income to the authority.</p>	<p>A process should be put in place to ensure all planning and building control works are notified to the Valuation Office. [Priority 2]</p>

OPINION DEFINITIONS

APPENDIX C

	<p>and is often delayed until the property changes ownership. The Auditor carried out a data matching exercise to estimate the potential lose, but following identification of the delay by the valuation office, it was realised the matches were not accurate.</p> <p>It was also identified that from matching the list of building control notices to commercial properties that there were only 2 matches. It was discussed with the Head of Building Control that Bromley's Building Control have very few commercial applications they process. However it was discussed that despite this, applications would still have to go through Bromley and that potentially more commercial matches should have been made and that therefore the list sent may not be complete.</p>		
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OPINION DEFINITIONS

APPENDIX C

1	<p>Building Control should consider reviewing charges to ensure they do not make a surplus.</p> <p>Once the service has been reviewed the budget should be adjusted to accurately reflect the new structure and income from the revised charges.</p>	3	<p>Budgets are considered each year based on previous history. It is a contingency budget and takes into account present arrangements for flexible retirement, vacancies and the overall staffing cost requirements of the Section</p> <p>Charges are reviewed each financial year and a judgment made if any significant changes are required. The charges have not been increased since 2013 which automatically represents a decrease in market terms and is good value compared with the competition. There is already provision within the charges scheme to provide discounts on multiple works and to provide individual fees for particular applications when requested.</p>	Head of Finance and Head of Building Control	Ongoing assessments
2	A reconciliation should take place between income received on Oracle and Uniform.	2	This to be explored via IT section to see what meaningful and viable. Reports can be produced by Building Control. However, clarification is required as to precisely what information is required and how it can be compared or reconciled with	IT and Head of Building Control	Ongoing and will depend on IT resources

OPINION DEFINITIONS

APPENDIX C

			Oracle.		
3	A process should be put in place to ensure all planning and building control works are notified to the Valuation Office.	2	<p>A system is currently in place whereby a list of monthly Building Control completions is sent over to the Exchequer Contractor to assess and pass on to the Valuation Office. This present list is sent with a one month's delay to allow for alterations/amendments to be made to the current live Uniform database.</p> <p>It is the Exchequer Contractor's role to check and assess precisely the information required in the report to ascertain if the completion information from Building Control is the correct and timely information required to fulfil their requirements for this function or whether information is best sourced elsewhere from other council sections.</p>	Head of Building Control to run check and send the report to the Exchequer Contractor as requested.	Ongoing and continuous

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 DORSET ROAD INFANT SCHOOL AUDIT FOR 2016-17

Issued to: Mrs Joanne Brinkley, Executive Head Teacher

Cc: Mrs Caroline Bale, School Finance Officer
Mr Bernard Hawes, Chair of Governors

Prepared by: Principal Auditor

Date of Issue: 12th July 2016
Report No.: ECH/P21/01/2016

REVIEW OF DORSET ROAD INFANT SCHOOL AUDIT FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of Dorset Road Infant School Audit for 2016-17. The audit was carried out in quarter Q2 as part of the programmed work specified in the 2016-17 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 23rd June 2016. The period covered by this report is from 1st July 2015 to 30th June 2016. The School is due to convert to Academy status in September 2016.

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 being provided
 - Asset Controls
 - Governance Arrangements

REVIEW OF DORSET ROAD INFANT SCHOOL AUDIT FOR 2016-17

6. However we would like to bring to Managements attention the following issues:
- Purchase orders are not always raised where expected
 - The school does not have a contracts register and approval is not sort by Governors to approve the rollover of contracts
 - The school has not matched its income or expenditure costs against other schools for over a year.
 - The school has not checked the employment status of an individual who is self-employed and may have been paid through payroll.

SIGNIFICANT FINDINGS (PRIORITY 1)

7. No significant findings were identified in this review.

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 Substantial 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.

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p>A sample of 20 payments were selected (of which only one was above £5000). Testing was conducted and found that all invoices are authorised appropriately, VAT correctly accounted for payments are made within 30days (except in one instance).</p> <p>It was found that for the 9 purchase orders they were correctly authorised and raised. However it was identified that for 6 items of expenditure a purchase order had not been raised where it would be expected. (Samples 10, 11, 14, 16, 17 and 20).</p> <p>It was also found that in one instance a contract was not in place, where a contractor was regularly engaged (sample 10) and in one instance quotes had not been retained from where the service had been evaluated against for VfM. (Sample 11).</p>		<p>The School may not be able to demonstrate VfM. In the absence of raising orders the School may not be accurately recording committed expenditure.</p>	<p>Purchase Orders should be raised for all items of expenditure as per School's Financial Regulations section 5.3. [Priority 2]</p>	
2	<p>It was discussed with the Finance Officer that the school has not carried out benchmarking of its expenditure against other schools in over a year.</p>		<p>The School may not be able to demonstrate VfM.</p>	<p>The school should consider benchmarking its expenditure and income against other schools. [Priority 3]</p>	
3	<p>The School does not have a contracts register. It was discussed with the Finance Officer that there is not a formal</p>		<p>Contracts may be let without following proper procedures</p>	<p>The school should create a contracts register,</p>	

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	process for approving the extension of existing contracts.		and/or rolled over without proper approval.		including details of the contract including supplier, length of contract and expiry date and annual spend. This should be reviewed annually Governors. [Priority 2]
4	Whilst testing the sample of 20 items of expenditure it was identified that one supplier is an individual who was self-employed and is currently submitting an invoice and being paid through creditors and not through payroll (Sample 16).		The School may be liable to tax penalties from the HMRC		The school should carry out the HMRC self-employed status checker on any suppliers who may be counted as self-employed and are used on a regular basis and retain evidence of the check carried out. [Priority 2]

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Purchase Orders should be raised for all items of expenditure as per School's Financial Regulations section 5.3	2	<p>Samples 10 and 16 invoices – regular sport providers, factored for in budget. Sample 14 – oversight, factored in budget. Sample 11 – invoice arrived right at start of financial yr, factored in budget, Sample 17– finance officer not aware of cost until invoice arrived, Sample 20 – former music teacher, invoiced monthly in arrears, amounts varied, as sometimes unable to come to school/school asked for additional sessions, ballpark figure allowed in budget.</p> <p>Will ensure POs are raised.</p>	School Finance Officer/ Executive Head Teacher	With immediate effect
2	The school should consider benchmarking its expenditure and income against other schools.	3	Accepted to do in new academic year	School Finance Officer /Trust	In new academic year
3	The school should create a contracts register, including details of the contract including supplier,	2	School has list, but needs updating with length of contract, expiry date and annual spend.	School Finance Officer /Trust	In new academic year

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	length of contract and expiry date and annual spend. This should be reviewed annually Governors.				
4	The school should carry out the HMRC self employed status checker on any suppliers who may be counted as self employed and are used on a regular basis and retain evidence of the check carried out.	2	Status checked 8 th July 2016 – supplier deemed to be self-employed. Evidence retained.	School Finance Officer /Trust	Implemented July 2016

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.

FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF NNDR AUDIT FOR 2016-17

Issued to: John Nightingale, Head of Revenues and Benefits
Cc: Peter Turner, Director of Finance
Prepared by: Principal Auditor
Date of Issue: 4th November 2016
Report No.: CX/063/01/2016

REVIEW OF NNDR AUDIT FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of NNDR Audit for 2016-17. The audit was carried out in quarter Q2 as part of the programmed work specified in the 2016-17 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 4th July 2016. The period covered by this report is from August 2015 to July 2016.
4. The total amount of NNDR collectable for 2015/16 was £83.5m (net of revaluations, reliefs and discounts). Bromley's collection rate for 2015/16 was 99.0% against a target of 99.3%. The collection rate at June 2006 was 29.8% against a profiled target of 32.2%.

AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference.
6. In addition to this, a number of cases with outstanding debts have been included following fraud referrals investigated by the Greenwich Fraud Team.

AUDIT OPINION

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

MANAGEMENT SUMMARY

8. Controls were in place and working well in the areas of:
 - Rateable values being accurately reconciled and updated.
 - Bills for the Bromley BID area are being correctly sent and recovery action taking place in accordance with legislation.
 - Discounts and exemptions are being correctly calculated and awarding pending application and regularly reviewed.
 - Academy NNDR is regularly reconciled to the general ledger.
9. However we would like to draw to Management's attention the following issues:
 - Procedures are not in place to ensure sufficient documented evidence is retained to confirm who liable rate payers are.
 - A refund was incorrectly awarded to a Primary School following a request for Charity relief.
 - Contact details of account holders are not recorded on the NNDR system.
 - Empty rate relief is automatically applied to accounts, when the previous ratepayer informs the Council they have vacated the property, even when evidence is not provided to substantiate the premises is empty.
 - The Contractor's team in North Somerset do not have a copy of NNDR procedures.

SIGNIFICANT FINDINGS (PRIORITY 1)

10. One priority 1 finding was identified during this review and is listed here:

Refund

11. Testing of a sample of 10 refunds found that for all 10 a credit balance existed on the account. For 4 of these this was due to a revaluation of the property, for 5 it was due to a change in ratepayer liability and for one it was for a backdate of relief.
12. Upon examination of the refund for backdated charity relief, it was identified that the relief had been backdated to 1/04/2010 from the 26/05/15. This was despite the fact the School had only converted to an Academy on the 1/04/14 and therefore was not eligible for charity relief from before this date. The Auditor calculated that they were therefore not eligible to £103,499 of the £133219 refund.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Procedures for setting up new accounts and how to deal with partially occupied properties were supplied. A documented procedure covering what evidence to accept that someone is the liable rate payer for a property does not exist.</p> <p>Testing of a sample of 25 accounts (18 of which were started after 2010), found that since 2010, 2 leases had been provided as evidence of Rate Payer's liability but in both cases the lease had not been signed by the tenants. It was found for 10 accounts that the only evidence retained was an email from the current or former ratepayer that a new ratepayer is now eligible.</p> <p>Account A, Account B and Account C, are all examples of where we have accepted an email as proof of liability, but have subsequently had problems recovering rates, tracking down the liable person and confirming who the liable person is. Debts of £117k are due from these three properties. In the instances of Accounts A and B evidence has been provided by Public Protection, which confirms who the liable person is and in the case of Account C the ratepayer was interviewed under caution (IUC) and accepted that he was liable for the debts at the property, even at times when it was recorded on the NNDR</p>	<p>Bromley is unable to determine the correct ratepayer and unable to collect outstanding business rates.</p>	<p>A procedure should be put in place to make sure satisfactory documented evidence is retained for all accounts of who the ratepayer is.</p> <p>If evidence is not provided, the Exchequer Contractor should consider contacting Environmental Protection for a list of licensed commercial properties and licensees. [Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>system, other people were liable.</p> <p>For Account C between 06/03/02 to present there have been four liable rate payers with a total debt of £11,104.51. Two of these rate payers, were the same person but with a variation on the name. He is also the lease holder. He has accepted at the IUC that he is the liable person for these periods as well, but that the other two were Managers of the business.</p> <p>Account A, has had five rate payers since 22/10/12, with a total debt of £27,025.69. For each one of these accounts the new rate payer has accepted responsibility for being rate payer via an email. Subsequently these rate payers cannot then be contacted. Environmental Protection took two of the listed ratepayers to court in July 2015 for breaches of Food safety and found evidence that the liable people were not those listed on the business rates account.</p> <p>For Account B, it has had three rate payers since 12/10/15 with a total debt of £79,399.54. Each ratepayer has been a limited company, with two of the companies having listed the business address as the shop. No evidence is held of who holds the lease for this property and in two instances the company has</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
	left the property and a new ratepayer taken over without notifying Bromley.		
2	<p>Testing of a sample of 10 refunds found that for all 10 a credit balance existed on the account. For 4 of these this was due to a revaluation of the property, for 5 it was due to a change in ratepayer liability and for one it was for a backdate of relief.</p> <p>Upon examination of the refund for backdated charity relief to Primary School A, it was identified that the relief had been backdated to 1/04/2010 from the 26/05/15. This was despite the fact the School had only converted to an Academy on the 1/04/14 and therefore was not eligible for charity relief from before this date. The Auditor calculated that they were therefore not eligible to £103,499 of the £133,219 refund.</p>	Refunds are given that are incorrectly due.	<p>The Academy should be contacted and action taken to recover the refund that was wrongly awarded. [Priority 1]</p>
3	From testing a sample of 25 accounts it was also found that for 15 accounts contact details were not held on the academy system, though it is acknowledged correspondence was held on Images for each of these.	Up to date contact details not held on Academy which inhibit attempts to contact ratepayers for recovery of outstanding debts	<p>Contact details should be recorded on academy and up dated where required. [Priority 3]</p>
4	Testing of a sample of 5 mandatory, 2 discretionary and 5	Empty rate relief is applied	Consideration should be

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>empty reliefs found that mandatory and discretionary reliefs are supported by suitable applications requesting this relief and evidence to prove charity and other status except in one instance. For sample 1 – the account holders are a registered charity and therefore eligible to receive mandatory relief. However no application has been received from them, though relief has been applied.</p> <p>It was identified that empty relief is automatically applied when a ratepayer informs us they are leaving a property, regardless of whether it is requested.</p>	<p>though the property might be occupied.</p>	<p>given to not immediately applying empty rate relief to properties where the rate payer has moved out, without notification of the property being empty. [Priority 2]</p>
5	<p>Copies of the procedure documents were requested from the Exchequer Contractor. These were provided via email from the Revenues Operations Manager and were a total 56 documents covering all aspects.</p> <p>However despite this, these were initially requested from the Exchequer Contractor team who are dealing with the majority of billing and recovery, who are based in Somerset. This team did not have access to these files.</p>	<p>Contractor staff might inappropriately set up an account, attempt to recover funds or issue a refund, due to the unavailability of documented procedures.</p>	<p>The Exchequer Contractor staff in North Somerset should be reminded of the online procedures for dealing with NNDR. [Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
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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

OPINION DEFINITIONS

APPENDIX C

<p>1</p>	<p>A procedure should be put in place to make sure satisfactory documented evidence is retained for all accounts of who the ratepayer is.</p> <p>If evidence is not provided, the Exchequer Contractor should consider contacting Environmental Protection for a list of licensed commercial properties and licensees.</p>	<p>2</p>	<p>Standard practice in many types of Council is for liability to be accepted without supporting documentation. Therefore, this requirement was not included in the Service specification. and so this cannot be a P1 or P2. Current practice is for further evidence to be sought where there is a dispute or pattern of non-payment.</p> <p>A change in the way suggested could result in billing delays for the Council.</p> <p>The Section will endeavour to improve liaison arrangements with Environmental Protection Officers.</p> <p>Response in respect of individual cases will be provided under separate cover.</p>	<p>Head of Revenues & Benefits</p>	<p>Ongoing</p>
<p>2</p>	<p>The Academy should be contacted and action taken to recover the refund that was wrongly awarded.</p>	<p>1</p>	<p>The Academy has been contacted and recovery is being sought. The Exchequer Contractor have agreed to cover the whole sum, ensuring no loss incurred as a result of any failure to recover the full amount.</p>	<p>Head of Revenues and Benefits</p>	<p>March 2017</p>

OPINION DEFINITIONS

APPENDIX C

			A biannual review of charity reliefs awarded is undertaken by Bromley staff.		
3	Contact details should be recorded on academy and up dated where required.	3	Contact details are entered on the document management system; also adding them to Academy would be a duplication of effort and so would affect productivity. However, will discuss with the Exchequer Contractor as agree could assist with exercises such as mailings.	Head of Revenues and Benefits	December 2017
4	Consideration should be given to not immediately applying empty rate relief to properties where the rate payer has moved out, without notification of the property being empty.	2	There is no obligation for a business to apply for empty relief. Whilst relief is applied to the account on notification of vacation, the status is confirmed by means of an inspection. Consideration will out into reviewing the process and seeking to obtain evidence in the future.	Head of Revenues and Benefits	Feb 2017
5	The Exchequer Contractor staff in North Somerset should be reminded of the online procedures	2	The service provider would like to apologise for the auditor being given incorrect information	Head of Revenues and Benefits	November 2016

	for dealing with NNDR.		regarding the availability of procedures. However they can confirm that all NNDR procedures are held on a shared drive which is accessible by and available to, staff in both Bromley and North Somerset.		
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As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

While there 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.

OPINION DEFINITIONS

APPENDIX C

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 ST ANTHONY'S RC PRIMARY AUDIT FOR 2016-17

Issued to: Mrs. L M White, Head Teacher
Cc Mr J Egan, Chair of Governors (final report only)
Schools Finance Team (final report only)

Prepared by: Principal Auditor

Date of Issue: 05/07/2016

Report No.: CYP/P56/01/2015.bf

REVIEW OF ST ANTHONY'S RC PRIMARY AUDIT FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of St Anthony's RC Primary Audit for 2016-17. The audit was carried out in quarter 1 as part of the programmed work specified in the 2016-17 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 11/04/2016. The period covered by this report is from 01/04/2015 to 11/04/2016.

AUDIT SCOPE

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

AUDIT OPINION

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

MANAGEMENT SUMMARY

6. Controls were in place and working well in the areas of budget monitoring, safeguarding assets, governance arrangements and for the bank reconciliation, DBS checks and school meals. However there were issues arising as follows:-
 - A sample of 20 payments for the period 01/04/2015 to 11/04/2016 were reviewed to ensure that orders are raised and authorised where appropriate, invoices are checked by an independent officer prior to payment, cheques are signed by 2

REVIEW OF ST ANTHONY'S RC PRIMARY AUDIT FOR 2016-17

authorised signatories and 3 individuals are involved in the whole process. It was also tested that quotes or tenders are maintained for all payments over £5,000. Following issues were highlighted:

- 20/20 payments were not supported by a requisition request, purchase order or adequate supporting documentation; separation of duties should be reviewed as three people are not involved in the whole payment process through from ordering to payment of invoice
 - Competitive quotes are not obtained. In 3/20 purchases reviewed as part of the audit there was no evidence of competitive quotes.
 - 14/20 payments were not supported by an authorised purchase order or supporting documentation detailing agreed dates and rates.
- A contract register for all SLA's and contracts, detailing start and end dates, is not formally reported to Governors annually to agree rolling year on year contracts.
 - Pecuniary Interest forms were completed by Governors and staff who have budgetary responsibility. In some instances not all questions on Pecuniary Interest form were answered.
 - 6/20 payments were made to individuals whose self-employment status needs to be verified. Previously any payments to individuals should be supported by the UTR number and a signed declaration that the supplier will pay their own tax and NI. However it should be noted that payment to this type of supplier via invoice rather than payroll was reviewed following an HMRC audit in 2015 and guidance has been issued to schools.

SIGNIFICANT FINDINGS (PRIORITY 1)

7. None.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>A sample of 20 payments for the period 01/04/2015 to 11/04/2016 were reviewed to ensure that orders are raised and authorised where appropriate; invoices are checked by an independent officer prior to payment; cheques are signed by 2 authorised signatories; 3 individuals are involved in the whole process; payments are made within 30 days or terms agreed with the contractor; VAT charged on the invoice is a proper VAT invoice including a VAT registration number; and quotes or tenders are maintained for all payments over £5,000.</p> <p>The main issues arising were:-</p> <p>Requisition form was not available for 20/20 payments reviewed. Orders where available (6/20) were authorised by Head teacher. 20/20 invoices were authorised by the Head Teacher. Three people are not involved in the whole payment process through from ordering to payment of invoice.</p> <p>3/20 payments no evidence of competitive quotes</p> <ul style="list-style-type: none"> Contractor A payment of £20,443. Cumulative spend for Toilet refurbishment project £ 36,208. 	<p>Payments may not be made in compliance with Financial Regulations and the Schools own procedures.</p>	<p>The school should develop an expenditure process that ensures separation of duties.</p> <p>Three Competitive quotes must be obtained for all purchases over £5,000 in compliance with the financial regulations for schools. The Chair of Governors should endorse any payment where financial regulations have been waived; this may be for reasons of cost or performance.</p> <p>An authorised purchase order should be raised as expenditure is committed and prior to the invoice</p>

Project Code: CYP/P56/01/2015.bf

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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
	<ul style="list-style-type: none"> Contractor B payment of £7092. Cumulative spend in 2015-16 was £25,710. Contractor C payment of £4,528 however cumulative spent with the company in 2015-16 was £15909. <p>14/20 payments were not supported by an authorised purchase order or supporting documentation detailing agreed dates and rates.</p>		<p>being received.</p> <p>All payments should be supported by adequate documentation; for example agreed dates and rates. Any changes should be supported, signed and dated by the authorising officer.</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	The school does not have a list of current contracts.	Contracts may be rolled forward without proper approval.	A list of contracts that the school currently holds should be prepared and used for contract monitoring. The list of contracts should be presented to Governors annually to ensure they are aware of on-going commitments. [Priority 2]
3	Pecuniary Interest forms were completed by Governors and staff who have budgetary responsibility. It was however noted that in some instances the form was incomplete; if the officer has no interests to declare the declaration should state "none".	Financial decisions taken may be biased	Pecuniary Interest once completed should be reviewed by an independent person to ensure they are completed correctly. [Priority 3]

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
4	<p>Further review of the sample of 20 payments for the period 01/04/2015 to 11/04/2016 highlighted that</p> <ul style="list-style-type: none"> • 6/20 payments to the individual whose self-employment status needs to be verified as per HMRC guidance (Contractors D,E,F,G,H and I). • 1/20 payment cheque made to individual and not company.(Contractor F) <p>Since the site visit to the school and issue of the draft Internal Audit report, the corporate guidance for the engagement of temporary staff to comply with HMRC findings, has been issued. The procedure notes were sent to Bromley community schools at the beginning of June 2016 and the HR contractor have confirmed that guidance will be issued to academies and foundation/voluntary aided schools week commencing 4/7/16. Voluntary aided schools would directly incur any HMRC penalty arising from non compliance to regulations with regard to the recruitment of additional resources.</p>	<p>Payments may not be made in compliance with Financial Regulations and the Schools own procedures.</p>	<p>Any payments to individuals would previously need to be supported by the UTR number and a signed declaration that the supplier will pay their own tax and NI. However this will now be replaced by the new guidelines for engaging temporary staff.</p> <p>In summary, the school will need to complete the HMRS self-assessment questionnaire prior to the engagement of any additional resources to confirm the employment status as either self-employed or payroll. This assessment will need to be retained as supporting</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>documentation and liable to inspection.</p> <p>Similarly any existing arrangements to pay individuals by cheque rather than payroll should be reviewed and renegotiated to comply with HMRC regulations and the guidelines issued by the Authority.</p> <p>Cheques should only be issued payable to the company and not individuals.</p> <p>[Priority 2]</p>

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

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

Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p>The school should develop an expenditure process that ensures separation of duties.</p> <p>Three Competitive quotes must be obtained for all purchases over £5,000 in compliance with the financial regulations for schools. The Chair of Governors should endorse any payment where financial regulations have been waived; this may be for reasons of cost or performance.</p> <p>An authorised purchase order should be raised as expenditure is committed and prior to the invoice being received.</p> <p>All payments should be supported by adequate</p>	2	<p>We have a process, there have been two large items ordered which were emergencies. Head Teacher has limit of £10,000 according to our scheme of delegation. All large items purchased have been discussed with governors at meetings and minuted.</p>	Head Teacher	ongoing

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	documentation; for example agreed dates and rates. Any changes should be supported, signed and dated by the authorising officer.				
2	A list of contracts that the school currently holds should be prepared and used for contract monitoring. The list of contracts should be presented to Governors annually to ensure they are aware of on-going commitments.	2	This has been completed since audit	Officer Manager	ongoing
3	Pecuniary Interest once completed should be reviewed by an independent person to ensure they are completed correctly.	3	This is checked by our Chair to Governors as a matter of course	Clerk to Governors	ongoing

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
4	<p>Any payments to individuals would previously need to be supported by the UTR number and a signed declaration that the supplier will pay their own tax and NI. However this will now be replaced by the new guidelines for engaging temporary staff.</p> <p>In summary, the school will need to complete the HMRS self-assessment questionnaire prior to the engagement of any additional resources to confirm the employment status as either self-employed or payroll. This assessment will need to be retained as supporting documentation and liable to inspection.</p>	2	<p>HMRC advice not received. Persons paid by cheque have on invoices that they are responsible for their own tax and NI contributions.</p> <p>As soon as guidance is received this will be implemented.</p>	Head Teacher/Officer Manager	ongoing

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	<p>Similarly any existing arrangements to pay individuals by cheque rather than payroll should be reviewed and renegotiated to comply with HMRC regulations and the guidelines issued by the Authority.</p> <p>Cheques should only be issued payable to the company and not individuals.</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
CHIEF EXECUTIVE'S DEPARTMENT

INSURANCE AUDIT FOR 2015-16

Issued to: Tracey Pearson, Chief Accountant
James Mullender, Principal Accountant

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

Date of Issue: 04/07/2016
Report No.: CX/082/01//2015

INTRODUCTION

1. This report sets out the results of our systems based Insurance 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 7/12/15. The period covered by this report is from 01/04/15 to 31/12/15.

AUDIT SCOPE

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

AUDIT OPINION

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

MANAGEMENT SUMMARY

6. Controls were in place and working well in the area of claim handling, as outlined in the service specification between the London Borough of Bromley and the Royal Borough of Greenwich (RBG). The contract is performance monitored 4-6 weekly, using KPIs for the timely acknowledgement and recording of claims, timely investigations, receiving management reports on repudiation rates, the amount spent on solicitors and loss adjusters and the discussion of operational issues.

INSURANCE AUDIT FOR 2015-16

7. The following areas were tested:

- Policies and procedures, availability and access
- A sample of 32 claims tested to evidence an adequate audit trail, compliance to procedures and retention of supporting documentation on the LACHS system.
- Of the 32 claims, 23 had been started since RBG has delivered the service; this sample was further tested to evidence agreed procedures for claims handling.
- A sample of 15 Insurance Fund transactions selected from Oracle to ensure that the supporting documentation and authorisation of payments were available on LACHs
- Insurance coverage; the monitoring of insurance premium payments and the insurance fund
- Reconciliations between Oracle and LACHs
- Contract monitoring

8. The following issues have been identified from testing:

- There is an ongoing issue with importing e-mails and access to the insurance claim handling system (LACHs) that can lead to a delay in processing claims.
- On occasions, actions are not carried out by the RBG Insurance Team within timeframes stipulated by the service specification.
- A clear evidence trail has not always been maintained in each case that was tested.
- The purpose of the £50K imprest, held by the Council's insurers, was not clear following discussions with RBG and LBB officers.
- Performance monitoring meetings does not include stop-loss monitoring, finding solutions to technical difficulties and the improvement of management information.

INSURANCE AUDIT FOR 2015-16

9. During the course of the audit, the insurance team had received a £60K invoice from our insurers but it was not clear to what this invoice related to or if it was indeed due for payment. Officers are attempting to clarify this but e-mail communication has not resulted in a satisfactory response. The invoice will not be passed for payment.

SIGNIFICANT FINDINGS (PRIORITY 1)

10. None

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>IT issues</p> <p>The Financial Governance Manager (FGM, RBG) identified an ongoing problem with importing e-mails. It was also reported that RBG had experienced problems accessing the insurance claim handling system, LACHs, and connection is frequently lost .This has an adverse impact on the timeliness of actions carried out by RBG and it leads to inefficient use of resources.</p> <p>During the course of the audit the FGM, RBG identified that there is potential for better utilisation of the LACHs system to improve management information; amendments to the system framework are needed to be carried out to achieve this.</p>	<p>Downtime of the system and no or limited access to all information can lead to delay in claim handling and inappropriate decisions. This could result in inefficient use of resources, not achieving objectives, financial and reputational loss.</p> <p>Value for money may not be achieved without effective use of LACHs.</p> <p>Staff and external resources may be inefficiently used.</p>	<p>Review the issues regarding the reliability of the relevant IT applications with the Information Systems Division (ISD) and agree timetable for enhancing system availability.</p> <p>The ability to improve management information and to utilise LACHs to a higher capacity should be explored and actioned.</p> <p>[Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>Procedures for claim handling</p> <p>The service specification document between LBB and RBG sets out the arrangements for claim handling. It states that all claims should be recorded and acknowledged within 24 hours and investigation has to be started within 48 hours of receiving the claim. The specification also requires data quality checks, reserves to be set aside for the claims, authorisation of payments and prompt closure of cases.</p> <p>To allow testing of the RBG contract, the sample of 23 cases was selected from cases that had been started after the contract was outsourced to Greenwich. The main issues arising were:-</p> <ul style="list-style-type: none"> 8/23 cases (14LC000020, 14LC000034, 14LC000047, 14LC000048, 15LC000002, 15LC000022, 14AR000003 and 14AR000011) were not recorded on LACHs within 24 hours, consequently, investigation started outside the 48 hours stipulated timeframe in these cases. 	<p>Non-compliance with the procedures and/or the lack of clear understanding of the expectations during contract monitoring would result in performance related issues and confusion. Poor performance could lead to putting service objectives at risk and unsatisfactory delivery of the service.</p>	<p>The Service should review and compare the procedures (service specification) and working practices of the Insurance Section to ensure that procedures are clear and working practices are compliant with the specification.</p> <p>Specifically, procedures for timeliness, completeness and diarising action to chase claims should be reviewed.</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
2 cont	<ul style="list-style-type: none"> 11/23 cases (14LC000020, 14LC000030, 14LC000031, 14LC000034, 14LC000047, 14LC000048, 15LC000002, 15LC000005, 15LC000022, 14AR000003 and 14AR000011) where acknowledgements were not sent to the claimant within 24 hours. The FGM, RBG stated that Lease Car claims do not have to be acknowledged within 24 hours, however this is not apparent in the service specification document and the Principal Accountant was not aware of a different requirement in relation to Lease Car cases. This would relate to 9/11 cases identified above. Timeliness issues were evidenced specifically in case 14LC000048 where the incident date was 6.3.15, the notification date on LACHs was recorded as 3/6/15, the first email requesting claim reference was sent on 7/4/15, and response to this e-mail providing claim ref was sent on 3/6/15. Case 14AR000011 showed that a response was sent to claim inquiry by RBG insurance team member but the claim was not recorded on LACHs at the same time. 		

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

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

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2 cont	<p>A sample of 32 cases was tested to evidence that a reserve was set aside and monitored. A monetary value had been set up in all but 1 case, 15LC000013, where the total claim was set for 0.</p> <p>The audit testing identified that cases were not closed promptly (14LC000031); the Insurance Team did not evidence a proactive approach in chasing other parties.</p>		<p>Clarify the reason for the total claim being set as 0 in case 15LC000013.</p> <p>[Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>Evidence trail / records of claim handling</p> <p>A sample of 32 cases was selected on the LACHs system to verify the information held for each claim. Testing identified cases where the management trail was incomplete. The issues arising can be summarised as follows:-</p> <ul style="list-style-type: none"> • Notification dates did not agree to the correspondence date (14PL000214) • Missing documentation attached to claims; a court document (14PL000214); acceptance of the offer to settle to support payment (14PL000131); completed disclaimer to support payment (15PL000051); repair report for a recovered stolen vehicle (14LC000047) • Accident, repair and car hire dates did not correspond (14LC000048) Insufficient information on the repair invoice to match to the claim 	<p>Where there is no evidence to support actions, there is a risk that procedures are not being followed and case management is not transparent. In addition, decisions made in the case would be difficult to justify and can be open to challenge.</p>	<p>The Insurance Team should ensure that a clear case management trail is maintained for all claims. Each claim should be supported by scanned documentation held in LACHS.</p> <p>Confirm that invoice, dated 23/02/15 attached to 14LC000048 related to the claim.</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
3 cont	<ul style="list-style-type: none"> Repairs exceeding £1,500 are referred to contractor A. Minor damage to the vehicle for claim 14LC000009 was below the threshold but a potential personal injury claim could result in a higher payment award. Duplicate information requested that delayed processing (15LC000005) 		<p>Any deviation from agreed procedures, such as the referral to Contractor A, should be clearly documented with the appropriate authorisation.</p> <p>[Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
4	<p>Imprest account</p> <p>The Council’s insurers hold a £50K imprest for insurance claim payments. It was not clear from interviews with LBB and RBG officers, what claims would be paid from the imprest and this should be confirmed.</p>	<p>Where there is no clarity about the intended purpose of an account, there is a risk that it can be misused or that payments would not be made in a timely manner or duplicate payments would be made.</p> <p>If the balance of the account is not used for a long period of time, the Council is potentially losing interest that it could have gained on another account.</p>	<p>Clarify the administration and purpose of the imprest. Monitor usage to determine if £50K is an appropriate amount to be held as an imprest.</p> <p>[Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
5	<p>Contract monitoring</p> <p>The FGM, RBG maintains and monitors a spreadsheet of excess breakdown; the total excess paid to date is well below the aggregate stop-loss level for each insurance type. However there is no evidence that aggregate stop-loss monitoring is discussed at the contract performance monitoring meetings</p> <p>The Principal Accountant spot checks approximately 10% of the claims quarterly and KPI's are measured to the service specification. Conclusions are discussed at the performance monitoring meetings, however robust actions have not been seen to address non-compliance.</p> <p>The check in December 2015 showed that 80% of the claims included in the spot check were not acknowledged within 24 hours. The selected sample included lease cars, for which RBG do not apply the 24 hour limit; testing should ensure that the claims are relevant to the KPI to be measured. There was no audit trail that this had been addressed at monitoring meetings.</p>	<p>Inappropriate accountability of the Authority's funds and Value for money may not be achieved</p> <p>Vulnerability to service delivery issues due to the lack of understanding of the expectations.</p>	<p>LBB client side should monitor the aggregate stop-loss for each type of its insurance policy and to be aware of the total excess paid to date.</p> <p>Spot checks on claim handling to ensure compliance should continue to identify issues in relation to service delivery and potential malpractice. Findings should be discussed with the contractor and procedures clarified to enable LBB to monitor performance. [Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p>Review the issues regarding the reliability of the relevant IT applications with the Information Systems Division (ISD) and agree timetable for enhancing system availability.</p> <p>The ability to improve management information and to utilise LACHs to a higher capacity should be explored and actioned.</p>	2	<p>Following detailed work by ISD and consultation with Contractor B, the advice received is that the issues being experienced are due to the version of software being used. A system upgrade is being progressed which will provide the most up to date version of LACHS and will also be hosted on a new server. It is hoped that this will address the reliability issues. UAT will include testing of remote access.</p> <p>The system framework and user defined fields will be reviewed and updated to make best use of management information. This will be done after the system upgrade has been implemented.</p>	<p>Principal Accountant</p> <p>Insurance Manager</p>	<p>31st August 2016</p> <p>30th September 2016</p>

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
2	<p>The Service should review and compare the procedures (service specification) and working practices of the Insurance Section to ensure that procedures are clear and working practices are compliant with the specification.</p> <p>Specifically, procedures for timeliness, completeness and diarising action to chase claims should be reviewed.</p> <p>Clarify the reason for the total claim being set as 0 in case 15LC000013.</p>	2	<p>Now that the shared service has fully bedded in, the service specification will be reviewed and updated to reflect agreed working practices.</p> <p>Internal procedures and flowcharts will also be reviewed to ensure that they remain fit for purpose.</p> <p>Compliance with agreed procedures will continue to be monitored through monthly client meetings.</p> <p>The insurance manager is arranging for shared access to LACHS diaries so that managers are able to review and monitor due / overdue diary actions.</p> <p>The claim was originally set at zero so that it could be registered and a claim number provided. The claim has since been closed and LACHS records updated.</p>	<p>Principal Accountant / Insurance Manager</p> <p>Insurance Manager</p> <p>N/A</p>	<p>31st August 2016</p> <p>31st July 2016</p> <p>Complete</p>

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
3	<p>The Insurance Team should ensure that a clear case management trail is maintained for all claims. Each claim should be supported by scanned documentation held in LACHS.</p> <p>Confirm that invoice, dated 23/02/15 attached to 14LC000048 related to the claim.</p> <p>Any deviation from agreed procedures, such as the referral to Contractor A, should be clearly documented with the appropriate authorisation.</p>	2	<p>Agreed. This has been re-iterated to staff in the insurance team and will be monitored by the insurance manager.</p> <p>This is also monitored via quarterly reconciliations to identify and address circumstances where information has not been passed to the insurance team in a timely manner.</p> <p>Confirmed. Invoice related to windscreen repair.</p> <p>Agreed. This was not a deviation from agreed procedures and the reason for referral is valid and was agreed.</p>	<p>Insurance Manager</p> <p>Principal Accountant</p> <p>N/A</p> <p>Car Leasing Section</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Closed</p> <p>Ongoing</p>
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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
4	Clarify the administration and purpose of the imprest. Monitor usage to determine if £50K is an appropriate amount to be held as an imprest.	2	Purpose of imprest account is confirmed (motor claims). Usage is monitored at monthly client meetings and level will be reviewed following current reconciliation exercise. Likely to be reduced to between £20k and £30k.	Principal Accountant	31 st August 2016

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
5	<p>LBB client side should monitor the aggregate stop-loss for each type of its insurance policy and to be aware of the total excess paid to date.</p> <p>Spot checks on claim handling to ensure compliance should continue to identify issues in relation to service delivery and potential malpractice. Findings should be discussed with the contractor and procedures clarified to enable LBB to monitor performance.</p>	2	<p>The stop-loss is monitored as part of the performance monitoring report which is reviewed at monthly client meetings. The stop-loss has not been exceeded since 2004/05.</p> <p>These are done as part of quarterly reconciliation exercise involving case file sampling (walk-throughs of a sample of settled and repudiated claims). Any findings will be fed into the review of the service specification and internal procedures. Required actions will be discussed and taken forward through monthly client meetings.</p>	<p>Principal Accountant</p> <p>Principal Accountant/ Insurance Manager</p>	<p>Ongoing</p> <p>Ongoing</p>

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

FINAL INTERNAL AUDIT REPORT

CHIEF EXECUTIVES DEPARTMENT

**FOLLOW UP REVIEW OF THE EXCHEQUER CONTRACT AUDIT
AUDIT FOR 2016- 17**

Issued to: Peter Turner, Director of Finance

Cc: John Nightingale, Head of Revenues and Benefits
Claudine Douglas-Brown, Head of Exchequer Services
Duncan Bridgewater, Head of Customer Services
David Bradshaw, Head of ECHS Finance
Angela Huggett, Head of HR Strategy and Education

Prepared by: Principal Auditor

Date of Issue: 12th September 2016

Report No.: CX/070/01/2016

INTRODUCTION

1. This report sets out the results of our systems based follow up audit of the Exchequer Contract Audit 2015-16. The audit was carried out in quarter three as part of the programmed work specified in the 2016/17 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 in 12th November 2015 and was restricted to identifying progress made on implementing the previously agreed recommendations.

MANAGEMENT SUMMARY

5. Of the previous 9 agreed recommendations, 5 have been fully implemented, and 4 are being progressed for completion. Of the four recommendations being progressed for completion, two are to be implemented when retendering the contract. This however is not now due to take place until 2020, with a report having gone to the Executive in January 2016, requesting a two year extension to the contract. It was noted that the contract was approved for continuation with no changes being made to the terms of it. The other two outstanding recommendations relate to the issuing of defaults and benchmarking of the accounts receivable and payable functions.

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 EXCHEQUER CONTRACT AUDIT 2016-17

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	Bromley should increase its Lease charge to the Exchequer Contractor in line with RPI and seek to recover amounts where we have not increased the charge in the past. Accommodation charges should include services added on since the original contract.	This had been identified prior to the audit and steps put in place to recover the amount due. Procedure put in place to ensure that future years are charged at the correct amount.	Ongoing	2	Head of Revenues & Benefits	The monthly charge was correctly amended to reflect RPI from the date of the audit to March 2016. However the rate was not then increased from April 2016. The amount of £48,985.65 was received from Exchequer Contractor on the 15/01/16, for the difference of where Bromley had under invoiced the Exchequer Contractor in the past 4 years. The invoice was amended in August 2016 to the correct levels.	Implemented.
2	Prior to the next retendering process, it is recommended that a review be undertaken of the incentive and damages regime included in the specification.	Agreed. This will be included in the review of the whole specification.	Prior to next invitation to tender Revised date March 2020	2	Head of Revenues & Benefits Head of Exchequer Services Head of Customer Services	The contract has recently been reviewed and extended until 31/03/2020. It will be retendered then.	Outstanding
3	As per the document retention section of the Financial Regulations, all documents relating to the tendering of a contract should be retained for the life of the contract. All CCN documents should be held on file.	Central file of CCN's to be maintained by the Revenues and Benefits Monitoring Team	Ongoing	2	Head of Revenues & Benefits	Folders containing all 88 CCNs were provided to audit. Of the 11 CCNS missing during the audit, 8 are held on file. The other 3, have been replaced and are no longer relevant and thus are not held.	Implemented.
4	Contract Monitoring staff should have a copy of the contract available to them	Electronic copies of the contract available. All	Nov 2015	2	Head of Revenues &	Copies of the contract are now held by all contract monitoring staff.	Implemented

No	Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
	and be familiar with the terms of it.	monitoring staff will be advised to their location and copies forwarded on request.			Benefits		
5	Defaults should be issued where performance is sufficiently bad to warrant one, in accordance with the default process in the contract. Bromley should seek to recover costs from the Exchequer Contractor for expenses incurred within the Housing PSL contract, for non-processing of HB claims	Option of issuing default notice will continue to be considered where warranted. Compensation will be sought from the Exchequer Contractor in respect of financial loss that can be identified to be a result of the Exchequer Contractor's action/inaction.	Dec 2015 Revised date March 2017	2	Head of Revenues & Benefits	It was identified that a default has been issued by the Head of Revenues and Benefits against the contractor. However at present there are two actions pending which may result in a loss to Bromley, whereby it has been agreed that the loss will be recovered from the Exchequer Contractor.	Outstanding
6	For future contracts, consideration should be made into to allowing Bromley staff the ability to run reports directly from systems used by the contractor.	This will be considered at the time of the next retendering exercise and/or at the time of implementing a new computer system.	Prior to next invitation to tender Revised date March 2020	2	Head of Revenues & Benefits Head of Exchequer Services Head of Customer Services	The contract has recently been reviewed and extended until 31/03/2020. It will be reviewed then.	Outstanding
7	Consideration should be put into carrying out benchmarking of the accounts payable and accounts receivable elements of the contract.	Consideration will be given to becoming a member of the CIPFA Benchmarking Group and if appropriate an application will be submitted prior to the start of the next subscription period on 1st February 2016.	Jan 2016 Revised date May 2017	3	Head of Exchequer Services	Discussed with the Head of Exchequer Services that she has not been able to carry this out yet. This will be considered when the new debt recovery system has been introduced.	Outstanding.

No	Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
8	Performance reports should include details of all KPIs listed in the SLAs or deleted from the SLA if deemed not being necessary.	Review will be undertaken to ensure that all important KPI's are currently being reported. A review to be undertaken of all KPI's to be undertaken as part of the retendering process.	Dec 2015	2	Head of Revenues & Benefits Head of Exchequer Services Head of Customer Services	In the report to the Executive on 13/01/16, in respect of approval to extend the contract, a list of KPIs was included as an appendix. This list had recently been reviewed, though some KPIs in respect of housing benefits are still in the process of being reviewed, pending legislative changes to Benefits.	Implemented
9	The performance bond should be signed put in place for the period of the contract and be sealed/ signed off by appropriate Officers in the Council.	Agreed	Jan 2016	2	Director of Corporate Services	The Head of Audit has had sight of the signed version of this.	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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