

BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH



TELEPHONE: 020 8464 3333

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

DIRECT LINE: 020 8313 4316

FAX: 020 8290 0608

DATE: 24 March 2017

AUDIT SUB-COMMITTEE INFORMATION BRIEFING

Meeting to be held on Thursday 30 March 2017

QUESTIONS ON THE INFORMATION BRIEFING

The Briefing comprises:

- 1 REVIEW OF ST PAUL'S CHURCH OF ENGLAND PRIMARY SCHOOL AUDIT FOR 2016-17 (Pages 3 - 22)**
- 2 REVIEW OF HOUSING BENEFIT AUDIT FOR 2016-17 (Pages 23 - 32)**
- 3 REVIEW OF JAMES DIXON PRIMARY AUDIT FOR 2016-17 (Pages 33 - 48)**
- 4 IT SERVICES CONTRACT AUDIT 2016-17 (Pages 49 - 58)**
- 5 REVIEW OF GLEBE SCHOOL AUDIT FOR 2016-17 (Pages 59 - 82)**
- 6 REVIEW OF WAIVERS AUDIT-2016-17 (Pages 83 - 96)**
- 7 REVIEW OF PUBLIC HEALTH AUDIT FOR 2016-17--SUBSTANCE MISUSE (Pages 97 - 102)**
- 8 REVIEW OF COUNCIL TAX AUDIT FOR 2016-2017 (Pages 103 - 110)**
- 9 FOLLOW UP AUDIT FOR SECTION 106 AGREEMENTS-2016-17 (Pages 111 - 118)**
- 10 REVIEW OF BROMLEY ROAD PRIMARY SCHOOL AUDIT FOR 2016-17 (Pages 119 - 126)**
- 11 FOLLOW UP AUDIT FOR EXTRA CARE HOUSING FOR NORTON COURT-2016-17 (Pages 127 - 136)**
- 12 FOLLOW UP REVIEW OF LIBRARIES AUDIT FOR 2016-17 (Pages 137 - 140)**

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

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

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

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

FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

REVIEW OF ST PAUL'S CRAY CE PRIMARY SCHOOL AUDIT FOR 2016-17

Issued to: Mrs Jacqueline Tranchina, Head Teacher
Mrs Juliet. Lynch, Finance Officer
Dr Jeff, Blyth, Chair of Governors (final report only)
Schools Finance Team, (final report only)

Cc: Jane Bailey, Director of Education (final report only)
Ade Adetosoye, Executive Director of ECHS (final report only)

Prepared by: Principal Auditor

Date of Issue: 20th March 2017

Report No.: ECH/P64/01/2016

REVIEW OF ST PAUL'S CRAY CE PRIMARY SCHOOL AUDIT FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of St Paul's Cray CE Primary Audit for 2016-17. The audit was carried out in quarter Q1 as part of the programmed work specified in the 2016/7 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 4 October 2016. The period covered by this report is from 22 November 2015 – 21 November 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 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. Controls were in place and working well in the areas of financial reporting, bank reconciliations, cash flow statements and DBS checks.

REVIEW OF ST PAUL'S CRAY CE PRIMARY SCHOOL AUDIT FOR 2016-17

7. We would however like to bring to the school's attention the following issues:
- Cash income received is not banked intact and there is a lack of control over the recording and reconciling of cash income received.
 - Declarations of interest have not been completed by staff with financial responsibilities and those completed by Governors were not up-to-date.
 - The contracts register is not complete and has not been presented to Governors for approval.
 - The asset register is not complete.
 - Controls over the raising of orders and payment of invoices and petty cash need to be improved.
 - We were unable to evidence that financial matters discussed and agreed at the Resources Committee had been referred to the full Governing Body meeting for ratification.
 - The lease for the photocopier had not been signed by the Head Teacher or Chair of the Resources Committee.
 - The completed letting form for the on-going letting of the school premises by the Redeemed Church of God had not been authorised prior to the start of the letting.

SIGNIFICANT FINDINGS (PRIORITY 1)

8. There is one Priority 1 finding relating to the recording and records of cash income, specifically school dinner money. At our initial visit to the school in November 2016 we checked the total amount received for school dinner money during that term to the total amount banked. This was not successful because the reports produced from the system showing the dinner money paid did not contain sufficient detail to enable a reconciliation to be made. Weekly reports from the system were then provided enabling a reconciliation to be made. A further visit was made to confirm the school dinner money banked and review the school's arrangements for receiving and recording cash.
9. We noted from examination of the paying in book that there are occasions when the cash received is not banked intact and a cheque is written to cover part of the cash amount, which is retained for the petty cash imprest. This arrangement has been inherited from the previous Finance Officer but contravenes the Authority's Financial Regulations.

REVIEW OF ST PAUL'S CRAY CE PRIMARY SCHOOL AUDIT FOR 2016-17

10. Daily income sheets are used for recording cash received for school dinners and also clubs and activities. Cash is received each day by any one of four members of staff but it is not possible to identify who has received and recorded the cash. The entries on the sheet do not always show the full name of the pupil or member of staff who paid. Although the amounts recorded are then input to the pupil or staff record on the computer system, this does not always happen on the same day that the cash is received. There is no weekly or other periodic reconciliation carried out of the cash received and recorded on the daily income sheets to the income records on the computer system.
11. Due to the large volume of small cash amounts received each day, the risks associated with the receipt and recording of cash and the time consuming nature of the task, we have recommended that the school considers using a cashless on-line payment option for school dinner money, similar to that used by other schools. In the meantime we have discussed with the Finance Officer how the existing controls over cash income could be strengthened and she is keen to put these in place as soon as possible.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>We noted from examination of the paying in book that there are occasions when the cash received is not banked intact and a cheque is written to cover part of the cash amount, which is retained for the petty cash imprest. Examples of this were seen for £93.57 on 30/9/16 and for £92.60 on 16/11/16. This arrangement has been inherited from the previous Finance Officer but contravenes the Authority's Financial Regulations.</p> <p>Daily income sheets are used for recording cash received for school dinners and also clubs and activities. Cash is received each day by any one of four members of staff but it is not possible to identify who has received and recorded the cash. The entries on the sheet do not always show the full name of the pupil or member of staff who paid. Although the amounts recorded are then input to the pupil or staff record on the computer system, this does not always happen on the same day that the cash is received. We noted one instance where £2.50 received on 14/11/16 was shown recorded on the computer system on 22/11/16.</p> <p>There is no weekly or other regular reconciliation carried out of the cash received and recorded on the daily income sheets to the income records on the computer system.</p>	<p>Lack of transparency and accountability of income received. Non-compliance with the Authority's Financial Regulations. Risk of misappropriation of cash income.</p>	<p>The following controls over cash income should be put in place:-</p> <p>(i) All cash income received should be banked intact.</p> <p>(ii)The school should consider the introduction of a cashless on-line system for school dinner money.</p> <p>(iii) A separate cash income sheet should be kept for school dinner money received, cash recorded on the sheet should have the full name of the payee recorded against it and should be initialled by the member of</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>admin staff receiving it. Details of income should be input to the computer system on the day it is received.</p> <p>(iv) A reconciliation of the cash recorded on the income sheets to the individual pupil and staff records on the computer system should be carried out regularly by the Finance Officer.</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
2	Completed declarations of interest were seen for Governors but these were dated September 2014 and therefore need to be updated. There were no completed declarations of interest for staff with financial responsibilities.	Staff and Governors may be involved in making financial or business related decisions in which they have a pecuniary interest.	<p>All Governors, and staff with financial responsibilities, should complete declaration of interest forms. The forms should be held centrally and updated each year or as and when new pecuniary interests arise.</p> <p>[Priority 2]</p>
3	A register of contracts was being put in place at the time of our audit visit. Once completed, it should be presented to the Governing Body at the end of each financial year for approval of any existing contracts to be rolled over into the next financial year or where quotations should be sought to compare the services and prices offered by other suppliers.	Contracts may be let without following proper procedures and/or rolled over without proper approval.	<p>The register of contracts should be presented to the Governing Body at the end of each financial year for approval of any existing contracts to be rolled over into the next financial year or where quotations should be sought to compare the services and prices</p>

Priority 1
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Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
			<p>offered by other suppliers. [Priority 2]</p>
4	<p>The asset register was being compiled at the time of our audit. It needs to be completed, showing details including the make, model, description, serial number and date of purchase of each item. The items should be security marked and arrangements should be put in place for an annual stock check of the items by the Head Teacher.</p>	<p>Assets may not be readily identified in the event of a loss through fire or theft</p>	<p>The asset register should be completed, showing details including the make, model, description, serial number and date of purchase of each item. The items should be security marked and arrangements should be put in place for an annual stock check of the items to be carried out and signed off by the Head Teacher. [Priority 2]</p>

Priority 1
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Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
5	<p>Our testing of a sample of payments made by the school identified that :-</p> <p>4 out of 20 invoices had not been paid within 30 days (sample nos. 1,9,15 and 17)</p> <p>5 out of 20 orders had been raised after the invoice (sample nos 4,5,9,11 and 17)</p> <p>8 orders showed no evidence of having been authorised (sample nos 1,7,9,13,14, 16, 18 and 19)</p> <p>We were informed that the Finance Governor authorises invoices over £5,000. There were 8 invoices over £5,000 in our sample. We saw that they had been initialled by the Head Teacher but there was no evidence that they had been authorised by the Governor concerned.</p> <p>Examination of petty cash records and procedures confirmed that these are reconciled regularly. One of the vouchers completed by a claimant was for £25.00 for petrol. No other details had been provided. From discussion with the Finance Officer and the Head Teacher, it transpired that this related to</p>	<p>Payments may not be made in compliance with Financial Regulations and the Schools own procedures.</p>	<p>The school should ensure that :-</p> <p>(a) purchase orders are always raised in advance of expenditure so that committed expenditure can be recorded on the school's financial system prior to payment,</p> <p>(b) invoices are paid within 30 days of receiving the invoice,</p> <p>(c) all invoices totalling over £5,000 are authorised by the Chair of the Resources Committee,</p> <p>(d) the HMRC self-assessment questionnaire is completed, prior to the</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>duties carried out by the school's family support worker. In future, further details should be provided to support the claim.</p>		<p>engagement of 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, and</p> <p>(e) petty cash claims submitted are supported by sufficient information, including dates and details of journeys, to verify the reason for the claim.</p> <p>[Priority 2]</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
6	Governing Body meetings were held on 3/12/15, 16/3/16, 20/7/16 and 22/9/16. They were well attended and declarations of interest were recorded at the start of each meeting. A full range of issues were discussed each time but whilst financial matters are discussed as necessary eg approving the scheme of financial delegation and budget position in the March 2016 minutes, we would like to see the financial matters discussed and agreed at the Resources Committee referred to the full Governing Body meeting for ratification.	The full Governing Body may not be aware of the financial matters discussed and agreed by the Resources Committee.	Financial matters discussed and agreed at the Resources Committee are referred to the next full Governing Body meeting each time for ratification. [Priority 2]
7	An operating lease with 'Company A' is in place for the photocopier. It was signed by the Finance Officer on 6/6/16 and is for three years duration. Given the total expenditure over a three year period, any future leases, once approved, should be signed by the Head Teacher or Chair of the Resources Committee.	Leases may not be legal or in compliance with regulations.	In future any leases, once approved, should be authorised by the Head Teacher or Chair of the Resources Committee. [Priority 2]
8	We were unable to evidence a completed and authorised letting form for the on-going letting of the school premises by 'Organisation A' on Sunday mornings. A copy of the completed letting form was provided subsequently and signed by the Head Teacher to confirm her	Lettings of school premises may not be charged accurately or authorised appropriately.	In future, the school should ensure that a letting form, completed by any organisation hiring the school premises, is

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Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	approval of the letting and the amount charged.		<p>checked and authorised by the Head Teacher prior to the start of the letting.</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 following controls over cash income should be put in place:-</p> <p>(i) All cash income received should be banked intact.</p> <p>(ii) The school should consider the introduction of a cashless on-line system for school dinner money.</p> <p>(iii) A separate cash income sheet should be kept for school dinner money received, cash recorded on the sheet should have the full name of the payee recorded against it and should be initialled by the member of admin staff receiving it. Details of income should be input to the computer system on the day it is received.</p>	1	<p>We will ensure that all future cash income is banked intact.</p> <p>We will increase the amount of Petty Cash held, raising a school cheque to be cashed at the school's bank.</p> <p>We are currently applying for a credit card for school purchases (via Bromley Schools' Finance). We are exploring the use of a cashless on line system – for parent/carer payments to the school.</p> <p>A separate dated manual sheet is now held for school meals income. This is reconciled/countersigned at the end of each day to a daily print out from the computer school dinner money module which is then attached to the weekly Authorised Banking Return and</p>	Admin Finance Officer / Head Teacher	In progress. To be completed by 30 April 2017.

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Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	(iv) A reconciliation of the cash recorded on the income sheets to the individual pupil and staff records on the computer system should be carried out regularly by the Finance Officer.		signed by the Head Teacher. A further sheet for general income payments received is reconciled and signed by all staff involved in handling those payments.		
2	All Governors, and staff with financial responsibilities, should complete declaration of interest forms. The forms should be held centrally and updated each year or as and when new pecuniary interests arise.	2	Governor declarations of interest forms have been re-issued and missing items corrected. Staff with finance and cash handling responsibilities have now signed declaration of interest forms overseen by the Head Teacher.	Clerk to Governors Admin Finance Officer / Head Teacher	Implemented
3	The register of contracts should be presented to the Governing Body at the end of each financial year for approval of any existing contracts to be rolled over into the next	2	The register of contracts will be presented to the Governing Body at their next meeting for the approval of any contracts which need to be rolled over.	Caretaker / Admin Finance Officer / Head Teacher	Next Governing Body meeting

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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
	financial year or where quotations should be sought to compare the services and prices offered by other suppliers.				
4	The asset register should be completed, showing details including the make, model, description, serial number and date of purchase of each item. The items should be security marked and arrangements should be put in place for an annual stock check of the items to be carried out and signed off by the Head Teacher.	2	An asset register will be compiled showing all relevant information about the asset. The security marking of items is being explored and an annual stock check of the items will be introduced. It will be signed off by the Head Teacher.	Admin Finance Officer / Head Teacher	In progress. To be completed by 30 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
5	<p>The school should ensure that :-</p> <p>(a) purchase orders are always raised in advance of expenditure so that committed expenditure can be recorded on the school's financial system prior to payment being made,</p> <p>(b) invoices are paid within 30 days of receiving the invoice,</p> <p>(c) all invoices totalling over £5,000 are authorised by the Chair of the Resources Committee,</p> <p>(d) the HMRC self-assessment questionnaire is completed, prior to the engagement of additional resources, to confirm the employment status as either self-</p>	2	<p>All staff will be reminded that purchase orders must be raised and authorised by the Head Teacher before any expenditure is committed.</p> <p>Invoices will be paid within 30 days of receipt – unless awaiting capital funding from the London Borough of Bromley – notifying the supplier accordingly.</p> <p>Invoices totalling over £5,000 will be notified to the Chair of the Resources Committee for authorisation within the 30 day payment period.</p> <p>The HMRC self-assessment questionnaire will be completed and retained as evidence prior to</p>	Admin Finance Officer / Head Teacher	In progress. To be completed by 30 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
	<p>employed or payroll. This assessment will need to be retained as supporting documentation and liable to inspection.</p> <p>(e) petty cash claims submitted are supported by sufficient information, including dates and details of journeys, to verify the reason for the claim.</p>		<p>engagement of additional resources to confirm the employment status – self-employed/payroll.</p> <p>Head Teacher to remind all staff/budget holders that any petty cash claim form must contain supporting evidence of purchase / journeys including date and purpose of journey taken.</p>		
6	Financial matters discussed and agreed at the Resources Committee are referred to the next full Governing Body meeting each time for ratification.	2	The financial matters raised at Resources Committee meetings and requiring full Governing Body approval will be presented to the following Governing Body meeting and the approval will be clearly recorded in the Governing Body meeting minutes.	Chair of Resources Committee	Implemented

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
7	In future any leases, once approved, should be authorised by the Head Teacher or Chair of the Resources Committee.	2	The 3 year Lease agreement for the School photocopier has now been signed by the Head Teacher	Head Teacher via Admin Finance Officer	Implemented
8	In future, the school should ensure that a letting form, completed by any organisation hiring the school premises, is checked and authorised by the Head Teacher prior to the start of the letting.	2	The lettings agreement has now been signed by the Head Teacher. All new lease / agreements the school enters into will be signed by the Head Teacher prior to commencement (i.e. hire of school hall).	Admin Finance Officer / Head Teacher	Implemented

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

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

Priority 3
 Identification of suggested areas for improvement

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

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FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF HOUSING BENEFIT AUDIT FOR 2016-17

Issued to: John Nightingale, Head of Revenues and Benefits

Cc: Jayne Carpenter, Benefits Operations Manager
Claudine Douglas Browne, Head of Exchequer Services
Peter Turner, Director of Finance (Final Report only)

Prepared by: Principal Auditor

Date of Issue: 24th March 2017

Report No.: CX/062/01/2016

REVIEW OF HOUSING BENEFIT AUDIT FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of Housing Benefit Audit for 2016-17. The audit was carried out in quarter Q3 as part of the programmed work specified in the 2016-017 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 22/11/16. The period covered by this report is from 1st January 2016 to 31st December 2016.
4. The total HB subsidy claim for 2015/16 was £125,714,668.

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:
 - Internal Controls and Security are adequate
 - Applications are promptly identified and properly processed

REVIEW OF HOUSING BENEFIT AUDIT FOR 2016-17

- Benefits cap and Bedroom tax deductions are correctly applied
 - Key management reports are prepared promptly, reviewed by an appropriate member of staff and followed.
 - Changes in clients circumstances are reflected in changes to their claims
8. However we would like to bring to Managers attention the following issues:
- Insufficient recovery action is being taken on a number of Overpayments and Admin Penalties sampled
 - A process is not in place to regularly review self-employed or part time claims.
 - Claimed processing times for new claims and changes in circumstances are not accurate
 - A target is not in place for the recovery of Overpayments by the contractor
 - Appeals are not being considered in a timely manner

It was also identified that one bedroom tax recipient has been incorrectly assessed given the size of the property. One claim has a completed claim form which has not been signed by the claimant and one where proof was not received that the claimant was receiving child benefit.

SIGNIFICANT FINDINGS (PRIORITY 1)

9. No significant findings were identified during the review.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Testing of a sample of 25 claims found 4 claims where the time taken to process the claim was different to the time stated by the contractor. (Sample numbers 1, 3, 17, 19).</p> <p>It was also found that 10 claims took longer than 14 days to process. Given the Indicator is an average of 14 days and that for 2016/17 the average time to process has been 10.13 days this is probably acceptable.</p>	<p>Performance targets as per the contract might not be met.</p>	<p>The contract monitoring team should ensure stated processing times are accurate. [Priority 2]</p>
2	<p>Testing of a sample of 25 overpayments found that for the 21 overpayments, that were actual overpayments an invoice has been raised and recovery action commenced. (The other 4 were overpayments which occurred from reassessing claims and were deducted from ongoing benefit).</p> <p>It was deemed that of these 21, sufficient recovery action has been taken for 17 of them. Of these other 4 cases, 3 have been sent to the Solicitors as part of the recovery process, however they have been returned and no further action has been taken. The other case looks as though no recovery action has taken place for 6 months.</p> <p>Additionally a sample of 10 Admin Penalties was tested to</p>	<p>Sufficient recovery action is not taken on overpayments which are owed back to the authority</p>	<p>The contractor should make sure action is taken on debts that are returned from the solicitor and where no action is taken after a month on hold.</p> <p>All recovery action taken on debts should be recorded on Academy. [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
	confirm that recovery action for these is robust. It was found that for 2, arrangements have been made, but payments were not forthcoming and after a month no action has been taken.		
3	<p>A sample of 25 claims of which for 12 of the claims, the claimants do not receive a passport benefit. It was identified that there is not a process in place to review claims where the claimant is self-employed or part time working (or those with variable hours) and that some claimants provide proof of income and are not requested to provide further proof for over 12months (sample numbers 5, 12, 12005282, 12004320 and 19- this one has not been reviewed for 4 years).</p> <p>In one claim, the claimant was receiving Maternity pay. She was not contacted until over a year after she had been receiving this and as a result started receiving IS and an overpayment was created (sample number 1).</p>	Claimants may no longer be eligible for Housing benefit due to increase earnings.	<p>A process should be put in place to ensure part time and self-employed claims are reviewed on a regular basis. [Priority 2]</p>
4	The DWP initiated RTI data matching exercise against data held on the Local Authorities benefits system in October 2014, to identify cases where claimants have either failed to declare or have under-declared earnings. As a result the previous contractual target for the contractor to recover a percentage of	The objective of maximising recovery may not be achieved.	<p>In achieving the key objective of maximising recovery the annual target needs to be set carefully, bearing in mind the</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
	overpayments raised has been removed.		effects of RTI. [Priority 2*]
5	Examination of the Appeals spreadsheet held by the Housing Benefits team found that the average time to respond to claims between April and September 2016 was 86 days and after October 2016 96 days. The target time to respond to Appeals is 3 months.	Where appeals are not processed within the target deadline, there is a risk that claimants are suffering unnecessary financial hardship where an incorrect decision has been awarded. This could also lead to reputational damage to the Council.	Where appeals are approaching the target date, actions should be taken to ensure that these are reviewed within the 3 month target suggested by the DWP. [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	The contract monitoring team should ensure stated processing times are accurate.	2	Checking accuracy of processing times forms part of the function of random sampling of HB assessments.	Benefits Operations Manager	On-going
2	The contractor should make sure action is taken on debts that are returned from the solicitor and where no action is taken after a month on hold. All recovery action taken on debts should be recorded on Academy.	2	Agreed. Staff will be remind of the importance of recording recovery action on Academy	Benefits Operations Manager	April 2017
3	A process should be put in place to ensure part time and self-employed claims are reviewed on a regular basis.	2	Agreed. A process will be adopt in 2017/18 to ensure that all part-time self-employed claims are reviewed regularly	Benefits Operations Manager	June 2017
4	In achieving the key objective of maximising recovery the annual	2*	The impending changes by HMRC/DWP need to be evaluated	Head of Revenues and Benefits	On-going

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	target needs to be set carefully, bearing in mind the effects of RTI.		before considering the effectiveness of setting a target		
5	Where appeals are approaching the target date, actions should be taken to ensure that these are reviewed within the 3 month target suggested by the DWP	3*	Agreed	Benefits Operations Manager	On-going

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

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

Priority 3
 Identification of suggested areas for improvement

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 JAMES DIXON PRIMARY AUDIT FOR 2016-17

Issued to: Mrs Michelle Aldred, Headteacher

Cc: Mr Len Blomstrand, Chair of Governors (final only)
Schools Finance Team (final only)

Prepared by: Principal Auditor

Date of Issue: 30th November 2016
Report No.: ECH/P34/01/2016

REVIEW OF JAMES DIXON PRIMARY AUDIT FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of James Dixon Primary Audit for 2016-17. 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 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 10th October 2016. The period covered by this report is from November 2015 to November 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, Governance Arrangements and for Primary Accounting; procurement card, petty cash, contracts, voluntary fund, bank reconciliations, DBS checks and school meals.

REVIEW OF JAMES DIXON PRIMARY AUDIT FOR 2016-17

6. The Internal Audit review has identified issues in the following areas that should be considered by the school:-
- The asset register had not been certified since March 2015 and that the Headteacher has changed in this time frame.
 - Expenditure >£5K was not supported by a specification to compare submitted quotes and verify compliance to Financial Regulations (2/20 payments). For one payment >£5K the quotes were not available at the school. Variations to the purchase order had not been evidenced by the certifying officer to provide an adequate audit trail (3/20). Payments to named individuals were not supported by the HMRC assessment to comply with HMRC regulations.
 - Staff with financial or procurement responsibilities had not completed a pecuniary interest form
 - Discretionary charges applied to lettings are not supported by the approved fees and charges. Invoices are not raised to support the collection of income, income has been noted on the application form.
7. The School is shortly to convert to Academy status and therefore any follow up work should be the responsibility of management

SIGNIFICANT FINDINGS (PRIORITY 1)

8. None

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

AUDIT OPINION

10. 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

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>The asset register was maintained in manual stock books; the Premises Manager was in the process of transferring the information to FMS but as the school are now converting to Academy and will not be using FMS this transfer should be suspended.</p> <p>The stock books were last certified by the previous Headteacher in March 2015. Certificate B should have been signed to evidence a change in headship and responsibility for the asset register.</p> <p>The annual stock take has not been completed or the asset register certified by the current Headteacher</p>	<p>Assets lost or stolen may not be easily identified.</p>	<p>The asset register should include all items over £1K but also any item deemed to be attractive and portable. The asset register should be a comprehensive list of items including the serial and model numbers.</p> <p>The Head Teacher should sign the stock books, if these are the current asset register, or sign a hard copy of the asset report if details are held on the system.</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>The authorised signatories list was out of date as it was still showing the previous Head. Specimen signatures for the current Head, Deputy Head, Premises Manager and School Business Manager were however evidenced. The expenditure procedure has an adequate separation of duties.</p> <p>Of the 20 payments selected for audit examination the following issues were arising;-</p> <ul style="list-style-type: none"> For 2/20 payments, 3 quotes had been obtained for works over £5K but a standard specification to measure each quote against was not available and the Chair and Head Teacher had not signed to waive competitive tendering against a standard specification. (Contractor A £43,315 and Contractor B £17,033) For 1/20 payments the Governor had collated the competitive quotes and e-mailed the results. The school should retain the tender documents on site. (Contractor C £8,604) 	<p>Payments may not be made in compliance with Financial Regulations and the Schools own procedures.</p> <p>The school may not be able to evidence value for money</p>	<p>A standard specification for planned works should be developed to measure competitive quotes. Any deviation from competitive tendering should be supported by a waiver signed by the Head Teacher and Chair of Governors.</p> <p>All quotes should be held on the school site as part of the supporting documentation for payments.</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
	<ul style="list-style-type: none"> For 2/20 payments the invoice value varied to the authorised purchase order. Authorisation for this variation should be evidenced on the order to provide an adequate audit trail. (Contractor D £7,200, 11% variance and Contractor E £1245, 16% variance) For 1/20 payments the supplier specified on the authorised purchase order was not the correct name and should have been cancelled and reissued or the correct information shown on the order and the amendment authorised. (Contractor F/Contractor G £3,636) <p>20 payments to named individuals were identified from the bank history for the period November 2015 to November 2016. Of these payments 5 related to individuals who are engaged or due to be engaged by the school. The HMRC questionnaire had not been completed to identify and confirm the self employment status of these individuals. At the end of audit meeting the Head teacher confirmed that retirement, transfer to company status and withdrawal of service provision would only leave 2 individuals to review and possibly renegotiate terms of engagement (Provider A and B).</p>	<p>HMRC penalties for noncompliance to regulations.</p>	<p>If an order is varied the amendments should be authorised by the certifying officer. Similarly any amendments or changes to the purchase order should be authorised.</p> <p>Any payments to named individuals through the payments system should be supported by the HMRC questionnaire to evidence compliance to HMRC regulations.</p> <p>[Priority 2]</p>

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Project Code: ECH/P34/01/2016

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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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>The Clerk to Governors collates the annual pecuniary interest forms. All forms were completed by Governors in September 2016. The Deputy Head is an Associate Governor and as such is not part of the decision making process however as he could influence decisions he should complete a declaration of interest form.</p> <p>There were no pecuniary interest forms for staff involved in financial or procurement roles and responsibilities.</p>	<p>The School may not be aware of financial decisions taken by staff connected to firms that trade with them.</p>	<p>All staff members involved in the finance and procurement process should sign a declaration of interest annually; this would include finance staff, the Premises Manager and teaching staff if they have responsibility for subject or specific areas of the budget.</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 fees and charges for lettings are reported to Governors. The current charges do not include hire of the field or allow the Headteacher discretion to reduce the charges for community schemes. For the three lettings selected for audit examination the rates charged were not standard but had been agreed by the Headteacher.</p> <p>Income for lettings is not invoiced and the income is recorded on the application form. There is an inadequate audit trail to show income due and income collected. For the Saturday morning football club there is an informal charging arrangement with the organiser paying cash dependent on attendance. The Premises Manager does issue a copy of the lettings form to support the cash remittance but the procedure is weak.</p> <p>There were no issues arising for the 2 debtors invoices checked and the Scholl Business Manager monitors outstanding invoices to recover income promptly.</p>	<p>Income due to the school may not be collected.</p>	<p>The fees and charges should be extended to allow the Headteacher to offer reduced rates for community schemes; this will need to be approved by Governors.</p> <p>Each letting should be supported by the authorised application form that states the date/dates and charge. An invoice should be raised to record the remittance and date of banking. For football hire, a receipt, signed by both parties will evidence the cash payment; the copy receipts should then filed with the lettings form for each term. [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

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p>The asset register should include all items over £1K but also any item deemed to be attractive and portable. The asset register should be a comprehensive list of items including the serial and model numbers.</p> <p>The Headteacher should sign the stock books, if these are the current asset register, or sign a hard copy of the asset report if details are held on the system.</p>	2	The Headteacher has now signed off the stock books, and also a hard copy of the asset report.	Headteacher Premises Manager	Immediate

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
2	<p>A standard specification for planned works should be developed to measure competitive quotes. Any deviation from competitive tendering should be supported by a waiver signed by the Head Teacher and Chair of Governors.</p> <p>All quotes should be held on the school site as part of the supporting documentation for payments.</p> <p>If an order is varied the amendments should be authorised by the certifying officer. Similarly any amendments or changes to the purchase order should be authorised.</p>	2	<p>These procedures will be followed in future, and all deviations, amendments and variations will be properly documented, authorised and signed.</p> <p>Payments to individuals will be supported by evidence of HMRC questionnaire, or payments will be made through payroll</p>	Headteacher Business Manager Premises Manager	Immediate

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	Any payments to named individuals through the payments system should be supported by the HMRC questionnaire to evidence compliance to HMRC regulations.				
3	All staff members involved in the finance and procurement process should sign a declaration of interest annually; this would include finance staff, the Premises Manager and teaching staff if they have responsibility for subject or specific areas of the budget.	2	All leadership and finance staff, and any staff with financial responsibility have now signed a Pecuniary Interest form. This will be continued annually.	Business Manager	Immediate

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
4	<p>The fees and charges should be extended to allow the Head teacher to offer reduced rates for community schemes; this will need to be approved by Governors.</p> <p>Each letting should be supported by the authorised application form that states the date/dates and charge. An invoice should be raised to record the remittance and date of banking. For football hire, a receipt, signed by both parties will evidence the cash payment; the copy receipts should then filed with the lettings form for each term.</p>	2	<p>The schedule showing the Letting Charges has been revised to include a statement giving the Headteacher the authority to offer reduced rates for community lettings.</p> <p>An invoice will be raised to support each letting application. Cash received will be signed for by both parties and the receipt filed with the invoice and the application form.</p>	<p>Business Manager</p> <p>Premises Manager Finance Officer</p>	<p>To be agreed at next Resources Committee meeting in March 2017</p> <p>Immediate</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.

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FINAL INTERNAL AUDIT REPORT
CORPORATE SERVICES DEPARTMENT

IT SERVICES CONTRACT AUDIT 2016-17

Issued to: Mark Bowen, Director of Corporate Services
Peter Turner, Director of Finance
Stuart Elsey, Head of Information System Services
Dee Jackson, Contract Monitoring ISD Manager

Prepared by: Senior IT Audit Manager (Mazars LLP on behalf of LBB)

Date of Issue: 16 March 2017

Report No.: CX/073/01/2016-17

INTRODUCTION

1. This report sets out the results of our IT Services Contract audit. The audit was carried out in Q4 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 audit examined the control framework that we expect to see in place to help minimise the Council's exposure to a range of risks associated with IT Service and Delivery Contract management. 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 10/11/2016.
4. The third party partner for IT Services Delivery activities transitioned to Contractor A during 2016 as part of the new IT Services Contract and the new LBB contract compliance management monitoring arrangements.

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 that a contract was in place, to outline the Service Scope and Delivery Principles. The contract service performance delivery activities are monitored for achievement on monthly basis via the use of appropriate and agreed key performance indicators.
8. The audit examination and assessment of the controls that have been established and applied in the areas set out in the audit scope noted the following:
 - The contract management governance roles and responsibilities – While a heavy reliance is placed on the constant availability of key personnel roles are clearly defined and communicated in the Information Systems Department job descriptions and organisational chart including all payment authorisation and budget management activities.
 - The contract management monitoring arrangements – were confirmed as largely effective after examination of the monthly management monitoring meeting and payment records where the contract service performance delivery activities are monitored for achievement via appropriate and agreed key performance indicators. One recommendation for further improvement was agreed in this area regarding the adoption of an appropriate key performance indicator for virus and malware detection and resolution solutions and mobile phone device patch management activities.
 - Contract hand over arrangements – the LBB IS management team effectively documented all the IS assets and systems in detail prior to transitioning the management and support arrangements from Contractor B to Contractor A. In addition, the effectiveness of the network hardware configuration settings were examined and documented to baseline the security status of these assets at transition and to assist the ongoing monitoring of security improvements. It was also confirmed that the Contractor A delivery management team had completed their own in depth due diligence arrangements for the handover.
 - IT Risk management arrangements – are largely effective as the nine high level risks, that are documented in the IT Risk Register, includes the risk of the “New IT Supplier failing to meet the IT delivery performance levels” and the risk of failing to meet regulatory requirements. However, although risk owners are assigned, the responsibilities and target achievement dates for risk mitigation officer activities are not transparently assigned to assist the risk owners to track and monitor the risk mitigation status and a recommendation was raised to help improve this control area.

SIGNIFICANT FINDINGS (PRIORITY 1)

9. None.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Key Performance Indicator Reports</p> <p>The use of appropriate key performance indicator reports helps to ensure that ICT performance delivery and solutions are adequately monitored for effectiveness.</p> <p>Examination of the IT Contract documentation and the monthly management monitoring meeting records identified IT service performance delivery arrangements are largely effective. However, while patch management reports are available for review by the LBB Contract Management and Security Management Officers, no similar management monitoring report was found in place to advise management on the effectiveness and trends in</p> <ul style="list-style-type: none"> a) antivirus and malware detection and resolution solutions; or b) mobile phone device security patch management update activities. 	<p>The risk of data leakage and virus or ransomware threats impacting upon the Council is increased because the ability of the LBB Contract Management and Security Management Officers to efficiently monitor the effectiveness and trends of the antivirus / malware detection and resolution solutions may be compromised unless appropriate KPI reports are established for</p> <ul style="list-style-type: none"> a) Anti-Virus activity and b) Mobile phone device patch management. 	<p>The LBB Contract Management and Security Management Officers should seek to ensure that appropriate KPI reports are developed to monitor the effectiveness of</p> <ul style="list-style-type: none"> a) antivirus / malware detection resolutions; and b) mobile phone device patch management activities.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>IT Risk Management Mitigation Owners</p> <p>Effective risk management arrangements helps to minimise or eliminate the probability and impacts of risks.</p> <p>Examination of the departmental risk management arrangements identified that nine high level ICT risks have been documented. These include the risk of the “New IT Supplier failing to meet the IT delivery performance levels” and the risk of failing to meet regulatory requirements (e.g. PSN). However, it was noted that</p> <ol style="list-style-type: none"> 1) Risk owners are clearly assigned and documented, but the responsibilities and target achievement dates for risk mitigation officer activities are not transparently assigned to assist the risk owners to track and monitor the status of risk mitigations via the departmental risk management arrangements. 2) The best practice “Actions Issues and Risk” (AIR) log being used by the Contractor A Contact Manager is not transparently linked to the departmental risk log references and while it did include estate management actions regarding power supply it did not include mobile device patch management risks. 	<p>There is a risk that the effectiveness of IT risk management governance arrangements may be compromised unless the risk management arrangements consider that:</p> <ol style="list-style-type: none"> a) Quarterly reviews of strengths, weaknesses, opportunities and threats; b) Assigning appropriate risk mitigation action officers, tasks and dates to report on remediation activity to the Risk Owners and the Senior Information Risk Officer. 	<p>The risk management monitoring arrangements should consider ensuring that:</p> <ul style="list-style-type: none"> • Quarterly reviews of strengths, weaknesses, opportunities and threats take place; and • Assigning appropriate risk mitigation action officers, tasks and dates to report on remediation activity to the Risk Owners and the Senior Information Risk Officer.

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p>Anti-Virus Key Performance Indicator Reports</p> <p>The LBB IT Contract Monitoring and Security Management Officers should seek to ensure that appropriate KPI reports are developed to monitor the effectiveness of</p> <ul style="list-style-type: none"> • antivirus / malware detection resolutions; and • mobile phone device patch management. 	2	<p>AV Reporting – Inflight project will be live with recommendations implemented soon.</p> <p>Mobile Device Security Updates – A CCN will be raised to Contractor A after completion of the above AV software project. It is anticipated that recommendations will be implemented soon after the completion of AV software project.</p>	IT Contract Monitoring and Security Management Officers	<p>June 2017</p> <p>September 2017</p>

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
2	<p>IT Risk Management Mitigation Owners</p> <p>The risk management monitoring arrangements should consider ensuring that:</p> <ul style="list-style-type: none"> • Quarterly reviews of strengths, weaknesses, opportunities and threats take place; and • Assigning appropriate risk mitigation action officers, tasks and dates to report on remediation activity to the Risk Owners and the Senior Information Risk Officer (SIRO). 	2	The Management Team are working together on improving Risk Management and will be setting up quarterly SWOT review. First meeting happened on 08/03/2017.	Head of ISD	June 2017

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 GLEBE SCHOOL AUDIT FOR 2016-17

Issued to: Keith Seed, Head Teacher
Theresa Gillen, Chair of Governors (final report only)
Schools Finance Team, (final report only)

Cc: Jane Bailey, Director of Education (final report only)
Ade Adetosoye, Executive Director of ECHS (final report only)

Prepared by: Principal Auditor
Principal Auditor I

Date of Issue: 16th March 2017
Report No.: CYP/SP2/01/2016

REVIEW OF GLEBE SCHOOL AUDIT FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of Glebe School Audit for 2016-17. The audit was carried out in quarter 4 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 19/12/16. The period covered by this report is from January 2016 to January 2017.

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, Asset Control and Primary Accounting; school meals, voluntary fund and bank reconciliation.

REVIEW OF GLEBE SCHOOL AUDIT FOR 2016-17

6. The Internal Audit review has identified issues in the following areas that should be considered by the school:-
- Inadequate separation of duties and the authorisation control at the end of the process rather than as the expenditure is committed. Written quotes were not dated to support timely comparative tenders; expenditure >£5k not supported by written quotes or an authorised waiver.
 - Procurement card transactions were not authorised before the expenditure was committed.
 - The contracts register had not been reported to Governors
 - Inadequate authorisation for the petty cash
 - Pecuniary Interests register had not been updated.
 - Letting applications had not been completed annually and the insurance liability not evidenced since 2011/12
 - Lack of supporting documentation and evidence of authorisation for additional payments.
 - Information to Governors

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.

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.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Expenditure The expenditure process evidenced during the process was for the Finance Manager (FM) to authorise the purchase order; the invoice to be checked by the FM prior to authorisation by the Headteacher (HT) and the BACS schedule to be authorised by either of the two Deputy Heads (DH) and the FM. Since the appointment of the Development Manager (DM), this officer has been checking the invoices and signing the BACS schedule, improving the separation of duties control. In an expenditure process the key control should be at the point that the expenditure is committed.</p> <p>A sample of 20 payments were checked to ensure that the payment was supported by an order, arithmetically correct, paid in a timely manner, authorised, VAT identified and that all goods/ services over £5K were supported by written quotes. The main issues arising were:-</p> <ul style="list-style-type: none"> • 2/20 related to payments >£5K whereby the written quotes were dated after the successful quote had been accepted (contractor A £32,860) and for contractor B £17,476 no dates were on the unsuccessful quotes. The lowest quote was accepted in both cases. • 1/20 payment to contractor C (£7,105), was not 	<p>Payments may not be made in compliance with Financial Regulations and the Schools own procedures.</p>	<p>The school should review their expenditure procedures to ensure adequate separation of duties. The BACS report identifying the initiating and certifying officers should be printed and filed with the payment batch.</p> <p>The school should ensure that:-</p> <ul style="list-style-type: none"> • All written quotes should be obtained in a timely manner and detail the date to evidence this. • A request to waive written quotes should be authorised by the HT and Chair of Governors.

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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>supported by 3 written quotes but the purchase order had been annotated with a statement that this was a specialist provision. As such the waiver would be appropriate, however the HT and Chair of Governors should both sign to evidence noncompliance to Financial Regulations.</p> <ul style="list-style-type: none"> • 2/20 payments >£5k not supported by written quotes or waiver (contractor D £6,100 and contractor E £5,631) • 2/20 payments did not agree to the SLA. For contractor F £5,256, the DM had subsequently identified the difference, discussed and resolved with the provider, however this had not been recorded on the invoice or agreement. For Contractor G £3,804, the cost had been increased but the monthly increase did not agree to the total increase and needed to be resolved. • 3/20 payments were not supported by a purchase order (contractor H £3,480, contractor I £1,800 and contractor J £1,158) • 1/20 payment to a named individual (contractor K £1,000) was supported by the HMRC self assessment but this was not signed off by the HT. 		<ul style="list-style-type: none"> • Governor approval to award work as a specialist nature should be recorded. • Any variations between the order/SLA and the invoice should be noted on the order/invoice. • All payments should be supported by an authorised purchase order, signed agreement or contract. • Self-employed assessments should be signed by the HT. <p>[Priority 2]</p>

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Priority 1
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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>Procurement Cards There are two procurement cards held at the school but only the card in the FO name is used. The HT's card is secured in the safe.</p> <p>The procurement card statement for the period 29.9.16 to the 28.10.16, totalling £869.11 for 18 transactions was reviewed. There was adequate supporting documentation for goods ordered however there was no authorisation for each transaction. The FM had checked the statement and the HT approved however as an expenditure process there should be separation of duties.</p>	<p>Payments may not be made in compliance with Financial Regulations and the Schools own procedures.</p>	<p>The school should review procedures for the procurement card, improving separation of duties at the initiation and receiving stages of the process.</p> <p>[Priority 3]</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
3	<p>Contracts Register The contracts register was a comprehensive document which should allow effective contract management. There were two issues arising:-</p> <ul style="list-style-type: none"> • There was no evidence that the contract register had been reported to Governors. • Cumulative spend to suppliers for the period January 2016 to January 2017 was checked to the contract register and identified 2 contractors L and M that were omitted. Similarly the agreement with contractor G, identified during the expenditure testing was not listed. 	<p>Contracts may be let without following proper procedures and/or rolled over without proper approval.</p>	<p>The contract register should be reported to Governors annually to approve any contract rolled over and to promote discussion for contracts nearing end date.</p> <p>The school should consider the 3 companies identified during the audit for inclusion on the contracts register.</p> <p>[Priority 2]</p>

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

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 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
4	<p>Petty Cash The FM administers the petty cash through FMS. The petty cash claim for January 2017 (£460.48) was checked and verified, the main issues arising were:-</p> <ul style="list-style-type: none"> • Payments were supported by a reimbursement form but of the 14 forms checked, 7 had no signatures, 2 were signed by the claimant only, 1 was signed by the recipient and 4 had both signatures. • 1/14 reimbursement forms had been authorised by the HT • Imprest reimbursement was checked by the FM and approved by the HT. There was no evidence that the petty cash is reconciled and agreed by an officer independent to the operation of the imprest. • the claim forms are not sequentially numbered to allow accountability and control • there was no cash book evidenced to collate all petty cash reimbursements prior to the summary reimbursement on the system. 	<p>Petty cash may not be properly operated</p>	<p>The school should review the operation of the petty cash to ensure there is adequate separation of duties and authorisation. The reimbursement forms should be sequentially numbered and recorded in a cash book, reconciled when the imprest is reimbursed. The imprest should be independently reconciled annually. Reimbursement forms should be signed by the claimant and authorised by an appropriate officer. The receiving officer should sign the form as the cash is reimbursed</p> <p>[Priority 2]</p>

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

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 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
5	<p>Pecuniary Interests From discussion with the FM it became apparent that the weekend caretaker, as shown on the additional payments for November, is her son. This is a pecuniary interest which has not been declared.</p> <p>The Head Teacher had updated his declaration to show a pecuniary interest. This was not shown on the overall register of interests and therefore the register needs to be updated.</p>	<p>Staff with financial responsibilities may be involved in making financial and/or business decisions relating to organisations/individuals in which they have a pecuniary interest, without the School knowing.</p>	<p>The register of pecuniary interests should be reviewed. The Finance Manager should update and sign her declaration to include the pecuniary interest that her son is the weekend caretaker.</p> <p>The details of the Head Teacher's recently declared pecuniary interest and the Finance Manager's pecuniary interest should be updated on the overall register of pecuniary interests maintained.</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>Opportunity to declare pecuniary interests is given after matters arising from previous minutes item, instead of at start of meeting.</p>	<p>Issues in which a Committee member has a pecuniary interest may be discussed and a decision taken under 'Matters arising' without the rest of the Committee being aware of that interest.</p>	<p>The opportunity to declare pecuniary interests is given at the start of the Finance Committee and Governing Body meetings.</p> <p>[Priority 2]</p>
6	<p>Income There is only one letting at the school, a community scheme hiring the school hall on a Saturday. The main issues arising were:-</p> <ul style="list-style-type: none"> • the letting application form should be completed and authorised annually, the latest available was Sept 2008. • the hirer's liability insurance policy should be requested and reviewed annually; the latest available was 2011/12. • The lettings policy was reviewed and agreed by Governors at the Governing Body meeting on the 23.11.16 	<p>Income due to the school may not be collected.</p>	<p>The hirer should be requested to complete an application form annually and this be authorised by the appropriate officer as determined by the scheme of delegation. The hirer should also be asked to evidence their public liability insurance certificate annually.</p> <p>[Priority 3]</p>

Priority 1
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Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
7	<p>Payroll – additional payments</p> <p>Several different processes were in place for paying dinner duty, at Woodlodge, teaching cover, weekend caretaking and other additional payments. The amounts to be paid are signed off by the Head Teacher on the payroll documentation in the style of a batch header document. There is however, a lack of supporting documentation and/or evidence of authorisation for the individual payments. It was identified that one of the teaching assistants is paid at a double rate for supervising a pupil all day. There is no signed agreement in place to verify this.</p>	<p>Risk of incorrect or inaccurate payments made to individuals due to a lack of documentary evidence and/or appropriate authorisation.</p>	<p>The school should review the supporting documentation and authorisation process for each type of claim to ensure that each individual claim is made on a claim form signed and dated by the claimant. It should be authorised by a senior member of staff who can confirm that the details are correct and the claim is justified. An agreement, signed by the Head Teacher, should be put in place to confirm the individual role and higher rate paid to the teaching assistant who supervises a pupil all day.</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
8	<p>Information to Governors</p> <p>Details of budget changes are included in the commentary to the financial reports provided to members of the Finance Committee, but the commentary could be enhanced to include for example the reasons for budget changes requiring Governors' approval, any significant changes to the expenditure/income profile and details of contracts due for renewal in the near future.</p> <p>The financial information provided to the members of the Finance Committee is distributed to them at the meeting. This does not allow sufficient time for all Committee members to consider the financial reports and any areas requiring further clarification or discussion prior to decisions being made at the meeting.</p>	<p>Insufficient time may be available to Committee members to consider financial reports and any areas requiring further clarification may not being identified prior to or at the meeting. There may be a lack of financial information in the accompanying commentary such as the reasons for budget changes requiring Governors' approval, any significant changes to the expenditure/income profile and contracts due for renewal in the near future.</p>	<p>Management should ensure that :-</p> <p>(i) More information is included in the commentary to the financial reports provided to members of the Finance Committee, such as the reasons for budget changes requiring Governors' approval, any significant changes to the expenditure/income profile and the details of contracts due for renewal in the near future,</p> <p>(ii) The financial information provided to the members of the Finance Committee is distributed in advance of the meeting (suggested one week before) so that</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
			<p>sufficient time is available to Governors to consider the financial reports and any areas requiring further clarification prior to decisions being made at the meeting</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>Expenditure</p> <p>The school should review their expenditure procedures to ensure adequate separation of duties. The BACS report identifying the initiating and certifying officers should be printed and filed with the payment batch.</p> <p>The school should ensure that:-</p> <ul style="list-style-type: none"> All written quotes should be obtained in a timely manner and detail the date to evidence this. A request to waive written quotes should be authorised by the HT and Chair of Governors. 	2	<p>Scheme of Delegation has been updated as follows-</p> <p>Headteacher authorising orders Finance Manager checking & approving invoices Development Manager authorising payment.</p> <p>Bacs audit trail is being printed to show authorisations & filed with payment batch.</p> <p>Comments noted</p> <p>Comments noted.</p>	<p>Governors</p> <p>Finance Manager</p> <p>Headteacher, Development Manager Finance Manager</p>	<p>February 2017</p> <p>January 2017</p> <p>January 17</p> <p>January 17</p>

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	<ul style="list-style-type: none"> Governor approval to award work as a specialist nature should be recorded. Any variations between the order/SLA and the invoice should be noted on the order/invoice. All payments should be supported by an authorised purchase order, signed agreement or contract. Self-employed assessments should be signed by the HT. 		<p>Comments noted</p> <p>Comments noted</p> <p>Comments noted</p> <p>Comments noted</p>		<p>January 17</p> <p>January 17</p> <p>January 17</p> <p>January 17</p>
2	<p>Procurement Cards The school should review procedures for the procurement card, improving separation of duties at the initiation and receiving stages of the process.</p>	3	Process reviewed, individual authorisation forms with separation of duties implemented	Headteacher, Development Manager Finance Manager	March 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	<p>Contracts Register The contract register should be reported to Governors annually to approve any contract rolled over and to promote discussion for contracts nearing end date.</p> <p>The school should consider the 3 companies identified during the audit for inclusion on the contracts register.</p>	2	<p>A standard Agenda Item will be introduced for all Finance Committee meetings</p> <p>Contractor L is included on the HDC contract register & school has no contract with contractor L</p> <p>Contractor M is included on the HDC contract register & school has no formal contract in place with contractor M</p> <p>Contractor G agreement has been included in the contract register as suggested</p>	<p>Development Manager Finance Manager</p> <p>Development Manager</p>	<p>March 2017</p> <p>March 2017</p>

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

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Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
4	<p>Petty Cash The school should review the operation of the petty cash to ensure there is adequate separation of duties and authorisation. The reimbursement forms should be sequentially numbered and recorded in a cash book, reconciled when the imprest is reimbursed. The imprest should be independently reconciled annually. Reimbursement forms should be signed by the claimant and authorised by an appropriate officer. The receiving officer should sign the form as the cash is reimbursed.</p>	2	<p>Process reviewed, individual authorisation forms with separation of duties implemented</p> <p>Independent reconciliation implemented</p> <p>FMS folio numbers now being used</p> <p>Evidence of receipt of cash included on new form</p>	Development Manager / Finance Manager	March 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
5	<p>Pecuniary Interests The register of pecuniary interests should be reviewed. The Finance Manager should update and sign her declaration to include the pecuniary interest that her son is the weekend caretaker.</p> <p>The details of the Head Teacher's recently declared pecuniary interest and the Finance Manager's pecuniary interest should be updated on the overall register of pecuniary interests maintained.</p>	2	New forms completed & register updated	Finance Manager	January 17

Priority 1
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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>Income The hirer should be requested to complete an application form annually and this be authorised by the appropriate officer as determined by the scheme of delegation. The hirer should also be asked to evidence their public liability insurance certificate annually</p>	3	<p>Public Liability Insurance is held in school & updated annually. New form requested from hirer for 1st April 2017</p>	Finance Manager	April 2017

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Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
7	<p>Payroll – additional payments The school should review the supporting documentation and authorisation process for each type of claim to ensure that each individual claim is made on a claim form signed and dated by the claimant. It should be authorised by a senior member of staff who can confirm that the details are correct and the claim is justified.</p> <p>An agreement, signed by the Head Teacher, should be put in place to confirm the individual role and higher rate paid to the teaching assistant who supervises a pupil all day.</p>	2	<p>System reviewed, Deputy Headteacher to sign cover slips</p> <p>As suggested an agreement will be placed on file.</p>	<p>Finance Manager</p> <p>Headteacher</p>	<p>April 2017</p> <p>April 2017</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
8	<p>Information to Governors Management should ensure that :-</p> <p>(i) More information is included in the commentary to the financial reports provided to members of the Finance Committee, such as the reasons for budget changes requiring Governors' approval, any significant changes to the expenditure/income profile and the details of contracts due for renewal in the near future,</p> <p>(ii) The financial information provided to the members of the Finance Committee is distributed in advance of the meeting (suggested one week before) so that sufficient time is available to Governors to consider the financial reports and</p>	2	Future financial reports & supporting commentary will be distributed with the agenda one week before the meeting.	Development Manager	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
	any areas requiring further clarification prior to decisions being made at the meeting.				

Priority 1
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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 WAIVERS AUDIT 2016-17

Issued to: Lesley Moore, Director of Commissioning
Dave Starling, Head of Corporate Procurement
Alastair Baillie, Environmental Development Manager

Cc Peter Turner, Director of Finance

Prepared by: Principal Auditor

Date of Issue: 17 March 2017

Report No: CX/089/16/2016

INTRODUCTION

1. This report sets out the results of our systems based audit of the waiver process. The audit was carried out in quarter 4 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. Contract Procedure Rules (CPR) (Paragraphs 3.1 – 3.4 and 23.7) set out the process to waive any CPR requirements for competitive bids when engaging in procurement activity. In addition to the guidance in Contract Procedure Rules, the Corporate Procurement Authorisation Template form contains guidance in each section of that form outlining the type and nature of the information required to be completed. This is available on OneBromley.

AUDIT SCOPE

3. The scope of the audit was outlined in the Terms of Reference issued on 14 October 2016. We have analysed a sample of completed waiver forms for completeness, accuracy and timeliness and examined the monitoring arrangements in place.

AUDIT OPINION

4. Overall, the conclusion of this audit was that limited assurance can be placed on the effectiveness of the controls over the completeness, accuracy and timeliness of the waiver forms submitted for authorisation and the recording and monitoring of waiver information. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

5. Controls were in place and working well in the areas of guidance provided by the Head of Procurement in CPR on waivers and the advice on the waiver request template form. The authorisation of any waivers/extension requests where the contract

REVIEW OF WAIVERS AUDIT 2016-17

is due to expire within the next 6 months are now made by the relevant Portfolio Holder/PDS/Executive. The recording of the information of approved waivers in ECHS enables the waiver end date to be monitored and officers notified in sufficient time to carry out further tendering action

6 Our testing covered waivers submitted between March 2016 and October 2016. We sampled eight waivers submitted by a range of Directorates during that period. These were sourced from the binders of waivers retained by the PAs of the Directors of Environment and Community Services, Corporate Services and Finance, amounting to approximately 30 waivers. We also examined the arrangements for recording and monitoring waiver information. We identified the following issues which we would like to draw to management's attention:-

- Whilst waivers are sometimes subject to scrutiny by the Director of Commissioning and Commissioning Board, not all waivers are subject to formal scrutiny by procurement professionals to confirm that they have been completed accurately, timely and with required information in line with CPR.
- There is no single Corporate Register of completed waiver information and the forms are not uniquely referenced to enable them to be easily identified and to give assurance that all have been captured, processed and authorised. Information relating to waivers is kept in different locations and formats depending on the department.
- The current arrangements and format for recording and monitoring waiver information should be reviewed, together with the possibility of introducing an automated electronic alert process for waivers which are nearing their expiry date.
- Instructions and guidance have been provided to officers by Procurement, both via Contract Procedure Rules and on the waiver template, but there were numerous instances in our sample testing where the waiver forms had not been completed correctly. The sample of waiver forms which we examined contained examples of incomplete and inaccurate information and a lack of timeliness and evidence of appropriate authorisation. The introduction of an electronic waiver form with on-line authorisation at each stage of the process would improve existing controls.
- The form used for requesting agreement to waive a contract is also used to award a contract. A separate form for approving waivers should be considered.

SIGNIFICANT FINDINGS (PRIORITY 1)

9 There are two significant findings.

- Whilst waivers are sometimes subject to scrutiny by the Director of Commissioning and Commissioning Board, not all waivers are subject to formal scrutiny by procurement professionals to confirm that they have been completed accurately, timely and with required information in line with CPR. We acknowledge that there is no requirement in Corporate Procedure Rules for all completed waiver forms to be submitted to the Corporate Procurement Team before they are authorised. There is no single Corporate Register of completed waiver information and the forms are not uniquely referenced to enable them to be easily identified and to give assurance that all have been captured, processed and authorised. Information relating to waivers is kept in different locations and formats depending on the department. We were unable to identify any formal waiver monitoring arrangements in place for HR, Finance and IT Directorates. A Corporate Register of waiver information and an automated electronic alert process for waivers which are nearing their expiry date would strengthen controls. This could be explored as part of the functionality of the new Contracts Database.
- Our examination of a sample of the waiver forms submitted found that, although instructions and guidance have been provided to officers by Procurement, both via Contract Procedure Rules and on the waiver template, there were numerous instances where the waiver forms had not been completed correctly. The sample of waiver forms which we examined contained examples of incomplete and inaccurate information and a lack of timeliness and evidence of appropriate authorisation. We saw instances in our sample of waiver forms examined where they had not been signed and dated and the 'Guidance' section had been removed. In one case a waiver to extend the existing contract had been requested approximately two weeks before the contract expiry date and insufficient time had been allowed to undertake the tendering process. In another case for Beckenham Town Centre improvements, the contract extension start date was January 2016 but the waiver was submitted in September 2016 due to a delay in awaiting funding from

REVIEW OF WAIVERS AUDIT 2016-17

TfL to proceed with the scheme. The introduction of an electronic waiver form with on-line authorisation at each stage of the process would improve existing controls. It would enable a unique reference to be applied to the form and provide an audit trail of who has authorised the form and when. Any subsequent changes to information contained on the form or edits of the form by individuals could then be identified. This could also be explored as part of the functionality of the new Contracts Database.

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>Whilst waiver forms are referred to the relevant Head of Finance, they are not referred to the Corporate Procurement Team. Therefore there is no evidence of procurement involvement to verify that the form has been completed correctly in line with CPR. For comparison purposes we searched the internet to identify waiver forms used in other authorities. We identified that in those authorities the Head of Procurement approves waiver requests, prior to approval by the Section 151 Officer.</p> <p>Information relating to waivers is kept in different locations and formats depending on the department. The process involves a waiver form being authorised at different stages by officers such as Directors, Head of Legal Services and Director of Finance. Copies of the form are retained by these officers at each stage. There is no single Corporate Register of completed waiver information and the forms are not all uniquely numbered to enable them to be easily identified for future reference. We cannot therefore guarantee that all waivers have been accounted for and hence reported to the Audit Sub-Committee.</p> <p>The format of the ECS and ECHS monitoring information is</p>	<p>Risk that a waiver form is not completed timely, accurately or with incomplete information. Value for money is not obtained due to poor timeliness in tendering for a service and the need for exemption from procurement rules.</p>	<p>Management should consider:-</p> <p>(i) introducing a process whereby all waiver requests are submitted to the Corporate Procurement Team, to verify that the form has been completed in line with Contract Procedure Rules and for approval by the Head of Procurement,</p> <p>(ii) the introduction of a Corporate Register for the recording and retention of all waivers as a single source of information. We consider that the location for this should be the Corporate Procurement Team,</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>different. ECHS use a spreadsheet format whereas ECS use a database, which also includes waiver information for other Directorates such as HR, Finance and IT. Monitoring information recorded on the ECS team site showed an incorrect end date on the contract monitoring summary sheet for one waiver in our sample and an extension end date was not recorded in another case. In three other cases relating to ECS, HR and Finance there was no information for those waivers recorded. There were four cases in our sample where a copy of the authorised waiver form could not be seen on the ECS or ECHS team sites.</p> <p>We noted that in another Authority a uniquely referenced waiver form is issued by the procurement team each time, which enables it to be recorded and monitored from that point forward. This practice, if adopted by London Borough of Bromley, could help to identify at the first stage any instances of poor timeliness relating to tendering.</p>		<p>(iii) All forms should be uniquely numbered to ensure that they can be identified, and</p> <p>(iv) reviewing the current arrangements and format for monitoring waiver information to ensure that it is accurate and complete.</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
2	<p>We selected and examined a sample of eight waiver forms submitted since April 2016 for timeliness, completeness and accuracy of information and appropriate authorisation. We identified the following issues:-</p> <ul style="list-style-type: none"> The format of the waiver template is multi-purpose and is required to be completed for agreement to be considered for awarding and waiving procurement. <p>The originating officer's name was typewritten in 1 case (sample 7) and signed but not dated in 2 other cases (samples 1 and 5)</p> <p>The budget holder's name was signed but not dated in two cases (samples 1 and 5)</p> <p>In one case the waiver form had been amended and adapted with the 'Guidance' section of the waiver form removed (sample 2).</p> <p>In two cases a waiver to extend the existing contract had been requested where it appeared insufficient time had been allowed to undertake the</p>	<p>Risk that a waiver form is not completed timely, accurately or with incomplete information. Value for money is not obtained due to poor timeliness in tendering for a service and the need for exemption from procurement rules.</p>	<p>The current version of the template waiver form is dated 2012-13. In view of the findings from our sample testing of completed forms it should be reviewed and revised to consider :-</p> <p>(i) introducing separate forms for awarding contracts and requesting to waive procurement rules,</p> <p>(ii) including boxes in those sections where a signature and date is required, to emphasise the need for officers to sign and date the form accordingly,</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>tendering process (samples 1 and 3).</p> <p>In one case the title of the waiver was the same as a previous waiver submitted and appeared to have been copied and pasted from a previous waiver form (sample 2)</p> <p>In three cases the table of information for the contracts register had not been completed (samples 2, 5 and 7).</p>		<p>(iii) the inclusion of total expenditure made with the supplier, in addition to the budget and total contract value which are already included and</p> <p>(iv) the feasibility of operating the waiver process by an electronic method in future which would generate an indisputable record of the date when a waiver is authorised at each stage of the process and by whom. It would also prevent sections of the waiver request form being amended or removed.</p> <p>[Priority 1]</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>Management should consider:-</p> <p>(i) introducing a process whereby all waiver requests are submitted to the Corporate Procurement Team, to verify that the form has been completed in line with Contract Procedure Rules and for approval by the Head of Procurement,</p> <p>(ii) the introduction of a Corporate Register for the recording and retention of all waivers as a single source of information. We consider that the location for this should be the Corporate Procurement Team,</p>	1	<p>Agreed. The waiver form will be amended to include the signature of the Head of Procurement, who should be the first signature on the waiver form (subject to review concerning the numbers of waivers received).</p> <p>Agreed. Contracts Database will deliver in September 2017. Three waiver templates are envisaged covering:</p> <ul style="list-style-type: none"> • Extensions Beyond Term Waivers (establishes a parent-child relationship between the original contract and the extension contract) • Single Tender Waivers 	<p>All Directors</p> <p>Head of Procurement</p>	<p>End of April 2017</p> <p>Manual system: July 2017</p> <p>Database solution: Sept. 2017</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
	<p>(iii) All forms should be uniquely numbered to ensure that they can be identified, and</p> <p>(iv) reviewing the current arrangements and format for monitoring waiver information to ensure that it is accurate and complete.</p>		<ul style="list-style-type: none"> Change Control Notices Agreed. Contracts Database will deliver this process, but until database fully operational it will need to be done manually <p>Proposed Contract Database solution will ensure all elements of the waiver are completed and all appropriate signatures secured.</p>	All Directors	<p>Manual system: July 2017 Database solution: Sept. 2017</p> <p>April 2017</p>
2	<p>The current version of the template form is dated 2012-13. In view of the findings from our sample testing of completed forms it should be reviewed and revised to consider :-</p> <p>(i) introducing separate forms</p>	1			

Priority 1
Required to address major weaknesses and should be implemented 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>for awarding contracts and requesting to waive procurement rules,</p> <p>(ii) including boxes in those sections where a signature and date is required, to emphasise the need for officers to sign and date the form accordingly,</p> <p>(iii) the inclusion of total expenditure made with the supplier, in addition to the budget and total contract value which are already included and</p> <p>(iv) the feasibility of operating the waiver process by an electronic method in future which would generate an indisputable record of the date</p>		<p>Agreed</p> <p>Agreed</p> <p>Will review feasibility (within Oracle Financials and Contract Database).</p> <p>Agreed. Contract Database will create a controlled system specifically for waivers to:</p> <ul style="list-style-type: none"> • hold templates (three types) • provide on-line guidance • provide a unique reference 	<p>Head of Procurement</p> <p>Head of Procurement</p> <p>Director of Commissioning</p> <p>Head of Procurement</p>	<p>July 2017</p> <p>July 2017</p> <p>September 2017</p> <p>September 2017</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>when a waiver is authorised at each stage of the process and by whom. It would also prevent sections of the waiver request form being amended or removed.</p>		<p>system</p> <ul style="list-style-type: none"> • ensure all fields are completed • generate staged workflows (virtually circulate the document for electronic signature according to the value concerned – all date-stamped) • securely store the final document in one location (the database) 		

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

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

Priority 3
 Identification of suggested areas for improvement

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

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

FINAL INTERNAL AUDIT REPORT

EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

REVIEW OF PUBLIC HEALTH AUDIT FOR 2016-17 - SUBSTANCE MISUSE

Issued to: Dr Agnes Marossy, Consultant in Public Health,
Dr Nada Lemic - Stojcevic, Director of Public Health,
David Bradshaw, Head of ECHS Finance

Cc: Anne Watts, Assistant Director, Strategic & Business Support Services,
Lesley Moore, Director of Commissioning,
Peter Turner, Director of Finance (Final Only)

Prepared by: Principal Auditor

Date of Issue: November 24th 2016

Report No.: ECH/023/02/2016

REVIEW OF PUBLIC HEALTH AUDIT FOR 2016-17 - SUBSTANCE MISUSE

INTRODUCTION

1. This report sets out the results of our systems based audit of Public Health Audit for 2016-17 - Substance Misuse. The audit was carried out in quarter 3 as part of the programmed work specified in the 2016 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
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 April 1st 2016 to September 2016, however, the budgetary position was also reviewed for the financial year 2015-16.
4. The total net budget for this service area for 2016-17 is £1,755,060 and the actual spend as at August 2016 was £418,595. For 2015/16, the total net budget was £2,266,920 and the actual spend was £1,930,227. This budget information was provided to the Auditor on 5/10/16.
5. There are two relevant contracts in place originally with Contractor A which have since changed their name, that individually cover adults and young people. The contracts commenced on 01 December 2015 and will run for a period of 2 year(s) expiring on 30 November 2017. The aim of the contracts for the substance misuse service for both client groups are to move a client from a position of problematic drugs and/or alcohol misuse, with possible poor physical health status, chaotic lifestyle and criminality to a position of stability, improved health and well-being, employment and positive engagement with the community. This will be informed by the end goals of recovery and abstinence and will include access to a range of service options including treatment, support and rehabilitation.

AUDIT SCOPE

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

REVIEW OF PUBLIC HEALTH AUDIT FOR 2016-17 - SUBSTANCE MISUSE

AUDIT OPINION

7. Overall, the conclusion of this audit was that substantial assurance can be placed on the effectiveness of the overall controls that Internal Audit have been able to test. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

8. Drug treatment as detailed within the national service framework identifies four tiers of treatment :-
 - Tier 1: information and advice, screening and referral to specialist drug treatment services,
 - Tier 2: information and advice by specialist drug services, triage assessment, referral to structured drug treatment,
 - Tier 3: community-based drug assessment and structured treatment (including community prescribing, psychosocial interventions
 - Tier 4: residential treatment, such as NHS inpatient units and voluntary sector rehabilitation
9. Information was requested in respect of the all adult service users that had placements agreed at panel in order that testing could be undertaken. These are Tier 4 services which are inpatient detox or residential rehabilitation.
10. For young people, there is no panel as these would not be appropriate for young people, as they are generally necessary because of the complex medical problems which have developed as a result of substance misuse, or to help people overcome dependence by management of longstanding psychological, emotional and behavioural issues. Therefore, testing could not be undertaken in respect of young people in the same way.
11. Data was requested in respect of the outcome measures specific to the two contracts mentioned above to ensure that these measures were being met or achieved. The performance outcomes for adults include :-
 - Number of people in the service

REVIEW OF PUBLIC HEALTH AUDIT FOR 2016-17 - SUBSTANCE MISUSE

- Number of successful completions
 - Abstinence rates at 6 months
 - Waiting times
12. The performance outcomes for young people include:-
- New presentations (year to date)
 - Waiting times < 3 weeks
 - Average treatment length (weeks)
 - Number of young people in service (rolling twelve months).
13. It was not possible to have access to this data as it was confirmed by the Consultant in Public Health, that having checked with the Regional Lead, the performance activity reports from the National Drug Treatment Monitoring System (NDTMS) could not be shared with the Auditor, as these are restricted until publication. The only information that was accessible was the Joint Strategic Needs Assessment (JSNA) support pack, but this would not cover the relevant time period.
14. In respect of the number of adult service users, it was confirmed that the caseload as at 20/10/16 was 734. Of these, 330 are in structured treatment, and 218 are in Tier 2 (needle exchange, or in the recovery service and have been stepped down from Tier 3). There are 75 clients who have been referred to the service, mainly in the last 28 days who have been contacted but have not presented as of yet. There are also approximately 30 who have been assessed who turned down treatment from Drug Intervention Programme (DIP), and the rest of the clients are due to be closed off the caseload. The contract with the provider states that 'based on the current volumes, the provider can expect to see 2,000 individuals in the course of one year. Approximately, 200 of these will require the substitute prescribing service.
15. In total there are 118 service users who the service have worked with since the contract commenced, of which 70 are still open, 23 at Tier 3 and 38 at Tier 2. Included in the data are 13 cases that have been referred and not been assessed yet, have not attended an appointment offered, or have postponed the appointment. The contract with the provider states that the provider can expect to see a maximum of 160 individuals in the course of one year.

REVIEW OF PUBLIC HEALTH AUDIT FOR 2016-17 - SUBSTANCE MISUSE

SIGNIFICANT FINDINGS (PRIORITY 1)

16. None.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

17. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. There are no findings and as a result, there is no Appendix A or B. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

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

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 COUNCIL TAX AUDIT FOR 2016-17

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

Cc: Peter Turner, Director of Finance

Prepared by: Senior Auditor (Mazars LLP on behalf of LBB)

Date of Issue: 20th December 2016

Report No.: CX/05/12/2016

REVIEW OF COUNCIL TAX AUDIT FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of Council Tax Audit. 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 28/10/16. The period covered by this report is from 01/11/15 to 01/11/16.
4. The target collection rate for 2016/17 is 97.8%. The collection rate for October 2016 was 67.2%, a negative variance of 0.3% against last year's collection rate and this current year's target.

AUDIT SCOPE

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

AUDIT OPINION

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

MANAGEMENT SUMMARY

7. Controls were in place and working well in the areas of a contract being in place, to outline the Service Scope and Delivery Principles. The contract is performance monitored monthly, including the collection rates by bailiffs, post bailiff recovery and bankruptcy and top debt action. The contractor has engaged registered bailiffs to carry out some of the collection works.
8. The following areas were tested:
 - 10 valuation amendments to ensure that changes and deletions had been actioned in a timely manner;
 - 15 new occupiers to ensure that new incomer forms had been completed or any other supporting documentation confirming liable parties;
 - 20 Long Term Empty Class C properties to ensure that visits were being carried out on a six monthly basis;
 - 10 Single person discounts, disablement reductions and student exemptions to confirm they were supported by the correct documentation;
 - 10 returned cheques and rejected direct debits to ensure that they had adjustments had been made accordingly on taxpayers' accounts;
 - 10 refunds to ensure that they had been processed within 10 working days of refund request and had been appropriately authorised;
 - 25 taxpayers in arrears to ensure recovery procedures were followed and supporting evidence of action taken was retained
 - 5 bankruptcy cases and 5 charging orders to ensure that they had been appropriately authorised and supporting documentation had been retained; and
 - 10 write-offs to ensure procedures were followed and supporting evidence of action taken was retained
9. The following issues have been identified from testing:
 - From the sample of 25 taxpayers in arrears, it was established that in three cases, Council Tax recovery had been delayed and had to be backdated to previous years due to untimely actions by the Exchequer Contractor.

REVIEW OF COUNCIL TAX AUDIT FOR 2016-17

10. The suspense account currently holds an unallocated balance of -£1,984.63 from prior years (as far back as 2002/03). This is an increase of £799.79 from last year. Given the size of this balance, it is considered that this does not require a recommendation.
11. Disablement reduction forms do not state ratepayers can be prosecuted for incorrectly claiming the reduction.

SIGNIFICANT FINDINGS (PRIORITY 1)

12. None

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Recovery and Enforcement Audit selected a sample of 25 taxpayers in arrears marked at the enforcement stage.</p> <ul style="list-style-type: none"> • Account 1: Total debt of £5,071.26. This account had been opened on 25th August 2015 in the name of a property management company as per an email that was received on 3rd June 2013. The Council Tax debt had therefore been backdated to 2012/13. This debt is currently with the Enforcement Agents. • Account 2: Total debt of £6,897.74. The previous account holder had died around August/September 2013. The new account for remaining individual had been opened on 4th November 2015 and Council tax debt was backdated to 2013/14 after the death. • Account 3: Total debt of £6,497.71. According to Academy, the individual in question had been the owner of the property since 1st April 2008. The account had been set up on 2nd June 2016 and the Council Tax bills had been backdated to 2011/12. The debt has subsequently been paid in full on 25th October 2016. 	<p>Delays in recovery action may result in Bromley's inability to recover income owed.</p>	<p>The SLA states that 'all recovery action should be promptly taken and where specific action is threatened by a specific date, every effort should be made to carry out that action on the due date'. Recovery action should take place promptly as per the Service Level Agreement. [Priority 2]</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>Disablement reductions During the review it was identified that the 'Application for Disabled Person's Reduction', Application for Discount: Caring for a Disabled Person and 'Application for Discount/Exemption: Person resident in a hospital, nursing home or residential care home' forms do not state that rate payers could be prosecuted for incorrectly applying for council tax reduction to which they are not entitled.</p>	<p>Rate payers who are fraudulently awarded council tax reductions may not be prosecuted.</p>	<p>Discount and exemption application forms should be amended to include a fair processing of fraud notice. [Priority 2]</p>

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p>The SLA states that 'all recovery action should be promptly taken and where specific action is threatened by a specific date, every effort should be made to carry out that action on the due date'.</p> <p>Recovery action should take place promptly as per the Service Level Agreement.</p>	2	Further resource now employed on monitoring team. Additional checks will be undertaken with compliance failures brought to the contractors attention.	Head of Revenues and Benefits	Ongoing
2	Discount and exemption application forms should be amended to include a fair processing of fraud notice.	2	Forms will be reviewed to ensure they provide appropriate warning to support prosecution if appropriate	Head of Revenues and Benefits	March 2017

OPINION DEFINITIONS

APPENDIX C

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

FINAL INTERNAL AUDIT REPORT
ENVIRONMENT & COMMUNITY SERVICES

FOLLOW UP AUDIT SECTION106 AGREEMENTS FOR 2016-17

Issued to: Jim Kehoe, Chief Planner,
Tim Horsman Development Control Manager,
Pauline Maton, Land Charges Manager,
Claire Martin, Head of ECS and CEX Finance,
Greg Ullman, Team Leader, Planning, Litigation & Licensing,

Cc: Nigel Davies, Executive Director, Environment & Community Services (Final Only)

Prepared by: Principal Auditor.

Date of Issue: February 1st 2017
Report No.: CX/085/02/2016

FOLLOW UP AUDIT OF SECTION 106 AUDIT FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of Section 106 Follow Up Audit for 2016-7. 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 Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.

AUDIT SCOPE

3. The follow up review concentrated on the progress of implementation of the previous audit recommendations made in the 2015-16 report issued on January 26th 2016.

MANAGEMENT SUMMARY

4. From the previous review, 3 recommendations were made of which it was found through audit testing that 2 recommendations had been fully implemented. The third recommendation related to electronic copies of the S106 agreements been filed on the Council's planning application pages. Through audit testing, it was found that the format and document type was not always correct and therefore not readily accessible by members of the public. Therefore, this has been re-recommended.

SIGNIFICANT FINDINGS (PRIORITY 1)

5. None.

DETAILED FINDINGS/MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

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

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
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<p><u>1. Public Access to S106 Agreements</u></p> <p>A check should be made to ensure that a signed copy of all S106 Agreements are electronically filed on the Council's Planning Applications webpages.</p>	<p>We will modify the system to ensure that all the S106 Agreements appear on the website.</p>	<p>April 26th 2016.</p>	<p>3</p>	<p>Chief Planner</p>	<p>Following the audit, it was confirmed by the Planning Development & Control Manager (PD & CM) that internal procedures to ensure that all agreements were uploaded to the electronic casefile were put in place, so all new agreements since the previous audit will have been uploaded and are available to the public. It was confirmed by the PD & C M that they were in the process of working through all of the previous agreements on the register to ensure that they are firstly uploaded, but secondly that the upload is visible on our website. Previously the agreement that could not be seen was actually on the document management system, but set to sensitive so it couldn't be viewed on the public website but was available to officers.</p> <p>Testing for five cases showed that :- 375 – 16/01544 – Online and</p>	<p>Outstanding</p>
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Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
					<p>listed as 'Unilateral Undertaking Pursuant' 376 – 15/04400 – Online and listed as 'Section 106 Agreement' 377 – 16/01091 – In Idox but marked as sensitive 378 – 16/03569 – In Idox but marked as sensitive 379 – 15/00508 – Online and listed as 'Agreement Pursuant to Section 106 Of The Town And Country Planning Act 1990'</p> <p>The PD & CM advised that the status of some of the records had been marked as sensitive so therefore were not accessible. A decision has been made as a result to start working backwards from the most the recent agreements to check the format and status of the S106 agreements on the Idox file. The Auditor was informed that although the documents were there, the format or document type is wrong, which is preventing them displaying in some cases.</p>	

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
<p><u>2. Registering as a Local Land Charge</u></p> <p>A check should be made to ensure that a Local Land Charge has been registered for all S106 agreements.</p>	<p>We will modify the system to ensure that a Local Land Charge is registered to all S106 agreements.</p>	<p>April 26th 2016.</p>	<p>2</p>	<p>Chief Planner</p>	<p>The PD & CM has since discussed this with the Local Land Charges Manager (LLCM) has agreed to provide a list of all S.106 agreements so that Land Charges can check their register against each. The LLCM advised that this date would be the date that each Agreement was registered as a Local Land Charge.</p> <ul style="list-style-type: none"> • 16/01544- Date of registration 20.05.2016 • 15/04400- Date of registration 03.10.2016 • 16/01091/FULL1- Date of registration 03.10.2016 • 16/03569/RESPA- Date of registration 02.12.2016 • 15/00508/FULL1- Date of registration 12.08.2016 	<p>Implemented</p>
<p><u>3. Receipt of Funds</u></p> <p>Management should clarify the status of this substantial debt given</p>	<p>We will make a final attempt to receive payment then refer this to the Council's</p>	<p>April 26th 2016.</p>	<p>2</p>	<p>Chief Planner</p>	<p>Audit testing showed that in respect of the invoice 70055908, this was the original invoice for Contractor A for £105K. From discussions with</p>	<p>Implemented</p>

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
<p>the time that has evolved since the invoice was first issued in April 2013.</p>	<p>Legal team under the terms of the S106 agreement.</p>				<p>Chief Planner, it was confirmed that the invoice was cancelled and reissued as the debt was taken on by the new party and the new invoice is 70089033 Contractor B for £105k. This has since been paid.</p>	

Recommendation	Priority *Raised in Previous Audit	Risk	Management Comment	Responsibility	Agreed Timescale
<p>1. <u>Public Access to S106 Agreements</u> A check should be made to ensure that a signed copy of all S106 Agreements are electronically filed on the Council's Planning Application webpages. The S106 agreements or Unilateral Undertaking should be in the correct format and document type to enable public access, as necessary.</p>	<p>3*</p>	<p>If members of the community do not have easy access to agreed planning obligations which may be of interest to them, any concerns about the impact of a new development may not be dispelled and/or the Council is not openly demonstrating that obligations are being used solely for the purpose of making developments acceptable.</p>	<p>It is recognised that there remain some S.106 agreements which are not visible to the public. This is for a number of reasons including some being set to not allow public viewing in the document management system. It is proposed to work backwards from the latest S.106 agreement to check all agreements are available online. This is a significant task and it is proposed to carry out the work by checking a small number of agreements each day over a longer period.</p>	<p>Development Control Manager.</p>	<p>By 1st May 2017.</p>

Priority 1

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

Priority 2

**Required to address issues which do
not
represent good practice**

Priority 3

**Identification of suggested
areas for improvement**



FINAL INTERNAL AUDIT REPORT

EDUCATION AND CARE SERVICES

REVIEW OF BROMLEY ROAD PRIMARY SCHOOL AUDIT FOR 2016-17

Issued to: Mrs Karen Minnis, Head Teacher

Cc: Mr Stuart Dixon, Chair of Governors
Schools Finance Team (Final Report Only)
Jane Bailey, Director for Education (Final Report Only)
Ade Adetosoye, Executive Director Education, Care and Health Services (Final Report Only)

Prepared by: Principal Auditor

Date of Issue: 3rd March 2017
Report No.: CYP/P09/01/2016

REVIEW OF BROMLEY ROAD PRIMARY SCHOOL AUDIT FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of Bromley Road Primary School Audit for 2016-17. The audit was carried out in quarter Q4 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 20/12/2016. The period covered by this report is from 01/01/2016 to 30/01/2017.

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 BROMLEY ROAD PRIMARY SCHOOL AUDIT FOR 2016-17

6. However we would like to bring to Managements attention the following issues:
- Purchase orders are not always being raised before the commitment to purchase.
 - The school has checked the employment status of two individuals who are self-employed and have been paid via invoices. The check has not been signed off by the Head Teacher.

It was also identified that at the time of the audit, the total income collected was 84% of total expected amount, whilst expenditure was only 64%. Within the expenditure only £17,672 of £98,000 budget for building maintenance has been spent and only £1,709 of £26,900 for grounds maintenance.

SIGNIFICANT FINDINGS (PRIORITY 1)

7. No significant findings were identified.

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.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	Testing of a sample of 20 items of expenditure found that for 2 payments an individual is being paid. The School has carried out the HMRC check on these individuals, who are self-employed, however the check has not been signed off.	Payments may not be made in compliance with Financial Regulations and the Schools own procedures.	The school should consider reviewing contractors subject to the HMRC Self-assessment regularly and signing off confirmation that it has been completed, once it is done [Priority 3]
2	Testing of a sample of 20 payments, 8 of them were over £5000. Of these at least 3 quotes were received for two items, though in one instance only 2 were received (sample 6). In the other 5 instances, two were part of a consortium, one was for a specialist piece of equipment and 2 were payments to LBB and LBB's Exchequer Contractor. Purchase orders were raised for all 20 items of expenditure, though for 5 of these they were raised post the commitment to purchase (samples 5, 8, 9, 15 and 20). All invoices were paid within 30 days and in 19 cases at least 3	Payments may not be made in compliance with Financial Regulations and the Schools own procedures.	Purchase orders should be raised when the decision has been taken to procure a service/item. [Priority 2]

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	people were involved with payment of invoices. In one instance (sample 2) only 2 people were involved. VAT was appropriately accounted for.		

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

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

Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	The school should consider reviewing contractors subject to the HMRC Self-assessment regularly and signing off confirmation that it has been completed, once it is done	3	Self-assessments signed and dated. Annual review cycle established	Head Teacher School's Finance Officer	Summer term 2017
2	Purchase orders should be raised when the decision has been taken to procure a service/item.	2	All staff reminded that purchase orders must be raised as soon as the decision to undertake spending has been made.	School's Finance Officer	March 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

SCHOOLS OPINION DEFINITIONS

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse.

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FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE & HEALTH DEPARTMENT

FOLLOW UP AUDIT OF EXTRA CARE HOUSING FOR NORTON COURT 2016-17

Issued to: Alison Sapsford, Norton Court Unit Manager
Jeanne Greer, Group Manager, Extra Care Housing
Richard Haines, Head of Direct Care Services,
Tricia Wennell, Head of Assessment & Care Management,
Stephen John, Director Adult Social Care,
Claudine Douglas-Brown, Head of Exchequer Services

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

Prepared by: Principal Auditor.
Date of Issue: December 5th 2016
Report No.: ECH/018/01/2016

INTRODUCTION

1. This report sets out the results of our follow up audit of the. The audit was carried out in quarter 3 as part of the programmed work specified within 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. This follow up review concentrated on the progress of implementation of the four previous audit recommendations made with the report issued on January 11th 2016.

MANAGEMENT SUMMARY

4. From the previous review, there were four recommendations made, one priority one and three priority two recommendations. A report was requested by the Auditor of all the planned and actual hours for each client in residence at Norton Court for the week ended 31/7/16. A random sample of 10 clients were selected for testing. It was found that for the Priority one finding which related to domiciliary care charges and accounts this remained outstanding.
5. Sample 1 had not been charged the correct hours for week ending 31/7/16. Planned hours for this service user were 5.75 hours and the actual hours received were 16.50 for the same week. Reviewing the statements, there have been no charges made for this week to date. It has been confirmed that a number of weeks have not been charged. This service user has a maximum client weekly contribution of £101.60.
 - Sample 8 had 13.5 planned hours detailed within the template but on Carefirst, the service users planned hours were recorded as 13.25. A new recommendation has been made in respect of this item
 - The three remaining recommendations were found to have been satisfactorily implemented.

SIGNIFICANT FINDINGS (PRIORITY 1)

6. Audit testing highlighted that for Sample 1, the service user had not been charged for potentially 8+ weeks for personal care, at a weekly contribution of £101.60. This has resulted in a loss of income of approximately £800. The contractor has been contacted in respect of possible errors made by them when inputting weekly charges. Therefore, this priority one recommendation remains outstanding.

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 prioritized at Appendix B.

ACKNOWLEDGEMENT

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

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
<p>1. <u>Domiciliary Care Charges & Accounts</u> Domiciliary care statements should reflect the actual care delivered within respective weeks. Care charges should reflect the actual care received on a weekly basis. Any increases or reductions in care should be reflected within the charges levied. Adjustments to the individual care accounts should be rectified without delay. The process for charging for care hours should be reviewed. It should be investigated how the credit balance arose in this Appointeeship case. Financial Assessments should be undertaken regularly. Confirmation should be provided to Internal Audit that there are no other similar cases that have fallen outside of the</p>	<p>All cases where incorrect hours were identified have been corrected. The officer responsible for making the errors has received additional training and the team have been reminded of the need to ensure the accuracy of their work.</p> <p>The procedure for uploading timesheets has been reviewed and amended to include an additional control.</p> <p>Checks will be carried out on a regular basis by the Client Unit to ensure the revised procedures are being followed and the correct hours are being charged.</p> <p>The credit on the client's domiciliary care account arose due to the charges for April and May 15 being paid twice. The A & D staff have been</p>	<p>Completed</p> <p>Completed</p> <p>Ongoing from 01/02/16.</p> <p>Completed.</p>	<p>1</p>	<p>Liberata Operations Manager, Financial Assessment Management and Appointeeship & Deputyship.</p> <p>Head of Exchequer Service</p> <p>Exchequer Finance Officer.</p> <p>Liberata Operations Manager, Financial Assessment Management and Appointeeship & Deputyship.</p>	<p>Audit testing revealed that in once case (Sample 1) out of the ten cases sampled for testing, personal care charges had not been made for 8+ weeks. The planned hours for this client were 5.75 but the actual hours were 16.50. This has resulted in a loss of income of approximately £800. Management advised that the contractor has been informed that any losses will have to be recovered from them.</p> <p>The auditor was provided with a copy of the new procedures and the details of the monitoring that has been carrying out.</p>	<p>Outstanding.</p>

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
<p>process. All financial assessments should be readily available and contribution levels evidenced.</p>	<p>reminded to ensure they pay the correct outstanding charges. As part of the April 2014 reviews, a financial assessment was returned however, it was not processed. A backdated assessment has been completed and the incorrect charges have been refunded to the client.</p> <p>Each March there is an annual review and clients are informed of their new charge. A breakdown of the charges is provided and they are advised to inform LBB if there has been any change to their financial circumstances.</p> <p>The service level agreement requires all clients to have a completed and verified financial assessment form at least every 2 years. These reviews are carried out on a monthly basis and the completed financial assessments forms are processed on completion.</p>	<p>Completed.</p> <p>31/7/16</p>		<p>Liberata Operations Manager, Financial Assessment Management and Appointeeship & Deputyship.</p> <p>Operations Manager, Financial Assessment Management and Appointeeship & Deputyship</p>	<p>Management advised that there are 49 financial assessment forms still to be processed from the 1192 that had been returned in 2014. These have been prioritised and are likely to be completed within the next month.</p> <p>Sample 8 had 13.5 planned hours detailed within the template but on Carefirst, the service users planned hours were recorded as 13.25.A new recommendation has been made as a result.</p>	<p>New recommendation made.</p>

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
<p>2. <u>Expenditure</u> Ensure that the appropriate checks are undertaken to ensure that the Authority only pays for actual goods and services purchased and received. Recovery of the overpayment has occurred by applying the credit note. Mis-codings identified through testing should be rectified.</p>	<p>Admin staff who raise orders will be reminded to request the appropriate budget codes for any expenditure which may be for another unit.</p> <p>Checks will be put in place to ensure that in future staff time sheets outside of the Adecco system are checked more thoroughly.</p>	<p>January 31st 2016.</p> <p>Immediate</p>	<p>2</p>	<p>Scheme Managers and Group Manager.</p> <p>Group Manager</p>	<p>Audit testing showed that there were no issues arising in relation to the expenditure items sampled for testing.</p> <p>Management advised that every order that is raised has the budget code checked to ensure it is the correct budget code for which ever scheme has raised the order. It is very rare that another scheme has to order goods for another and it is always discussed if that is what is needed.</p>	<p>Implemented.</p>
<p>3. <u>Use of Agency</u> If staff are engaged outside of the Adecco contract, then three written quotes should be obtained. In the absence of this a waiver should have been sought.</p>	<p>If there is a need to engage staff outside of the contract for the supply of agency staff, then three quotes will be requested or a waiver sought.</p>	<p>Immediate.</p>	<p>2</p>	<p>Head of Direct Care Services.</p>	<p>From reviewing the expenditure items it could be seen that there were no agency fee payments.</p> <p>Management advised that no staff are used outside of the supply of agency staff contract and if it was ever required three quotes would be obtained.</p>	<p>Implemented.</p>

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
<p>4. <u>Assets</u> All assets attributable to the Amenity Fund should be separately recorded and easily identifiable. The asset checks undertaken throughout the year should be signed off by the Unit Manager or Group Manager.</p>	<p>Assets have been identified and are on the appropriate logs.</p>	<p>Immediate.</p>	<p>2</p>	<p>Scheme Managers and Group Manager.</p>	<p>An extract of the schedule of the Amenity Fund assets was provided by the Unit Manager and had been duly signed off by the Unit Manager.</p>	<p>Implemented.</p>

FOLLOW UP AUDIT OF EXTRA CARE HOUSING FOR 2016-17

APPENDIX B

Recommendation	Priority *Raised in Previous Audit	Risk	Management Comment	Responsibility	Agreed Timescale
<p>1. <u>Domiciliary Care Charges & Accounts</u> Domiciliary care statements should reflect the actual care delivered within respective weeks. Care charges should reflect the actual care received on a weekly basis. Any increases or reductions in care should be reflected within the charges levied. Adjustments to the individual care accounts should be rectified without delay. The process for charging for care hours should be reviewed Financial Assessments should be undertaken regularly. Confirmation should be provided to Internal Audit that there are no other similar cases that have fallen outside of the process. All financial assessments should be readily available and contribution levels evidenced.</p>	<p>1*</p>	<p>Incorrect charges are applied resulting in loss of income.</p>	<p>The correct charges for sample 1 have now been levied. The missing hours identified was as a result of an error in the template used by the ECH units. This was resolved in August 2016 and new guidance was issued to the staff responsible for uploading the care hours.</p> <p>The contractor has carried out an audit of all clients' accounts in CareFirst for the period January 2016 to August 2016. This was completed on 28th November 2016. The missing hours identified have been uploaded and the charges will be levied.</p> <p>Monitoring was introduced in February 2016 and any errors identified have been investigated and corrected.</p>	<p>Operations Manager</p> <p>Operations Manager</p> <p>Exchequer Finance Officer</p>	<p>Completed</p> <p>Completed</p> <p>Ongoing</p>

<p><u>2.Information held on Carefirst.</u> Planned hours on Carefirst for service users should reconcile to care plans to ensure that the correct hours are being provided and the correct charges made, as appropriate.</p>	<p>2</p>	<p>Incorrect care charges could be made if the hours on Carefirst are incorrect and misleading.</p>	<p>There is a tolerance policy in place to ensure the needs of the service user are met in a safe and timely way. This means that for short period of up to 2wk and no longer than 4 weeks there may be a difference in how the hours are reflected in the extra care housing plan and Carefirst. This is updated within 4 weeks by the care management team and there should not be any charges outstanding beyond that 4 week period for any service user. During the next 4 months the Team Leader Coordination & Review will have random samples checked to ensure this process is being followed.</p>	<p>Team Leader Coordination & Review.</p>	<p>Ongoing</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



FINAL INTERNAL AUDIT REPORT
ENVIRONMENT AND COMMUNITY SERVICES DEPARTMENT

FOLLOW UP REVIEW OF LIBRARIES
AUDIT FOR 2016- 17

Issued to: Tim Woolgar, Libraries Operations and Commissioning Manager
Ann Donovan, Shared Services Manager
Judith Mitlin, Head of Shared Library Services
Colin Brand, Assistant Leisure and Culture

Prepared by: Principal Auditor

Date of Issue: 21st November 2016
Report No.: ECS/017/01/2016

INTRODUCTION

1. This report sets out the results of our systems based follow up audit of the Libraries 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 Finance and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.

AUDIT SCOPE

4. This follow up review considered the final audit report issued in 16th December 2016 and was restricted to identifying progress made on implementing the previously agreed recommendations.

MANAGEMENT SUMMARY

5. Of the previous 3 agreed recommendations, 2 have been fully implemented, 1 is being progressed for completion. The recommendation being implemented relates to amending the Library computer system, to include pending fines on a client's overall debt, not just adding it once items are returned.

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.

8.

ACKNOWLEDGEMENT

9. 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	Any discrepancies in reconciliations should be uniformly recorded.	Issue will be raised at Management Team Meeting	January 2016	3	Library Commissioning and Operations Manager	A sample of ten weeks banking's were tested for ten individual libraries. It was found that reconciliations are uniformly recorded. Discrepancies continue to be reported to Management and investigated.	Implemented.
2	The LMS should be amended so that the pending fine is added to system, to enable customers to be sent to the DCA when their total debt surpasses £15.	This will be kept under review. As this would really only apply to someone with one item overdue worth less than £15 the cost of implementing it is likely to outweigh the potential benefit.	Ongoing	2*	Library Commissioning and Operations Manager	This is still outstanding pending development by the supplier of the system.	Outstanding.
3	Chief Officer approval should be obtained where expenditure is in excess of £5000, where quotes are not obtained.	Waiver documents are currently with the Head of Finance for approval and this is expected within the next month. Expenditure with Supplier A was capital funding for a special project approved by the Executive.	January 2016	2*	Stock and Reader Development Manager	57 items of expenditure over £15,000 were tested to ensure a contract was in place and/or tendering was undertaken or a wavier sort in compliance with CPRs. This was found to be the case, for the 57 items with 10 waivers having been sort. A number of contracts were procured on behalf of the consortium by LB Bexley.	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