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DATE: 13 June 2017

AUDIT SUB-COMMITTEE INFORMATION BRIEFING

Meeting to be held on Wednesday 21 June 2017

QUESTIONS ON THE PUBLISHED AUDIT REPORTS

The Briefing comprises:

1 PUBLISHED AUDIT REPORTS (Pages 3 - 94)

The following reports have been published:

- Follow up review of Downe Primary School
- Review of Penalty Charge Notices for 2016-2017
- Review of Local Election Expenses for 2014
- Follow up review of Legal Expenses audit for 2016-2017
- Review of Residential Placements, Older Persons and Central Placement Team for 2016-2017
- Review of Car Parking Income Audit for 2016-2017
- Follow up Review of Bickley Primary School 2016-2017
- Internal Audit Review of the Troubled Families Claim for 13th September 2016 to 10th March 2017
- Review of the main accounting system and Revenue Budgetary Control Audit for 2016-2017
- Follow up Review of Riverside School-2016-2017

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

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

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.

<p><i>Copies of the documents referred to above can be obtained from</i> <i>www.bromley.gov.uk/meetings</i></p>
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FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

FOLLOW UP REVIEW OF DOWNE PRIMARY SCHOOL
2016/17

Issued to: Mrs S Fuller, Headteacher

Cc: Mrs D Allum, Senior Admin and Finance Officer
Jane Grant, Chair of Governors (final report only)
Schools Finance Team (final report only)
Jane Bailey, Director of Education (final report only)
Ade Adetosoye, Executive Director of ECHS (final report only)

Prepared by: Principal Auditor

Date of Issue: 15 May 2017

Report No.: ECH/P22/01/2015

INTRODUCTION

1. This report sets out the results of our systems based follow up audit of Downe Primary School. The audit was carried out in quarter four 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. This follow up review considered the Internal Audit report issued on 28th August 2015 and the progress made to implement the 4 recommendations.

MANAGEMENT SUMMARY

4. Prior to our audit visit we obtained a download of the bank history for the six month period prior to our audit visit. We were pleased to see that there had been a significant improvement in the raising of purchase orders, but there were instances where purchase orders had not been raised. From subsequent discussion with the Headteacher and Finance Officer it was agreed that all staff will be reminded of the need to raise a purchase order before an invoice is received.
5. There are two new recommendations which arose from our testing. These relate to the need to undertake the HMRC self-assessment for those individuals who provide additional resources to the school and one of the teachers needing to update her pecuniary interests form to include the fact that her husband provides music tuition to pupils at the school.

SIGNIFICANT FINDINGS (PRIORITY 1)

12. There were no Priority 1 findings identified during our original audit and none were identified during this follow up visit.

DETAILED FINDINGS/MANAGEMENT ACTION PLAN

13. Appendix A provides information on the recommendations that are being followed-up and the status following the audit review. Any new findings and re recommendations are detailed in Appendix B of this report and require management comment. Appendix B also gives definitions of the priority categories.

ACKNOWLEDGEMENT

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

Appendix A

No	Recommendation (Internal Audit report August 2015)	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
1	The current scheme of financial delegation is formally approved by the Governing Body and reviewed annually.	The scheme of financial delegation will be formally approved by the RFSPGP committee (finance) and approved by the Full Governing Body at the next following meeting. This will be done in Autumn term 2015 and then annually from Spring term (in line with budget setting procedures)	Autumn term 2015	2	Headteacher. Chair of Governors. Chair of RFSPGP	The scheme of financial delegation was presented to and approved by the RFSPGP Committee and then ratified by the full Governing Body at the meetings held in the Autumn Term 2015. It was reviewed and approved again by those Committees in the Spring Term 2016. No changes were required. It will be presented again at the RFSPGP meeting to be held on 11 May 2017.	Implemented

FOLLOW UP REVIEW OF DOWNE PRIMARY SCHOOL 2016-17

No	Recommendation (Internal Audit report August 2015)	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
2	The minutes of the Finance and Resources Committee meeting should record that the list of contracts and SLAs was presented, discussed and agreed. The contract for the London Grid for Learning should be added to the list.	The list of the SLAs agreed will be formally recorded as accepted in the minutes of the RFSPGP committee annually (Spring term in line with budget setting procedures). The current list 2015-16 will be recorded in the minutes of the next meeting of RFSPGP (Autumn term 2015)	Autumn term 2015	2	Headteacher & Senior Admin and Finance Officer. SAO to present to Governors. Chair of Governors. Chair of RFSPGP	The list of contracts and SLAs was updated, signed off by the Headteacher and presented to the RFSPGP Committee and then ratified by the full Governing Body at the meetings held in May 2016. It is currently being updated and will be presented again at the RFSPGP meeting to be held on 11 May 2017.	Implemented
3	Ensure that orders are raised before invoices are received. For those suppliers where there is a contract in place, raise an order at the start of the financial year for the estimated annual amount based on the contract price or previous year's total expenditure, so that there is an estimated amount of expenditure committed on the financial system in	All orders as far as possible will be raised in advance and estimated orders are to be raised as suggested in audit feedback. (There were specific reasons for the payments without prior orders which were explained to the auditor at the time and he was satisfied with the explanations).	Autumn term 2015	2	Senior Admin and Finance Officer	We obtained a download of the bank history for the six month period prior to our audit visit. We were pleased to see that there had been a significant improvement in the raising of purchase orders, but there were instances where purchase orders had not been raised. From subsequent discussion with the Headteacher and Finance Officer it was agreed that all staff will be reminded of the need to raise a purchase	Re-recommended below

FOLLOW UP REVIEW OF DOWNE PRIMARY SCHOOL 2016-17

No	Recommendation (Internal Audit report August 2015)	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
	advance.					order before an invoice is received.	
4	The school should consider obtaining a purchase card for school use. This would preclude the need for staff to use their own credit/debit cards and claim the expenditure back via the expenses system.	Staff are requested to seek HT approval and an order is raised prior to spending. The acquiring of a school debit card will be investigated in Autumn term and a decision made (& approved by Governor RFSPGP committee).	Autumn term 2015	3	Senior Admin and Finance Officer. Headteacher Chair of Governors	Following consultation by the school with the Schools Finance Team, the school decided not to obtain a purchase card for school use.	Implemented with no further action necessary

No	Re-recommendation	Priority	Management Comment	Responsibility	Target Date
1	<p><u>Finding</u></p> <p>We obtained a download of the bank history for the six month period prior to our audit visit. We were pleased to see that there had been a significant improvement in the raising of purchase orders, but there were instances where purchase orders had not been raised.</p> <p><u>Recommendation</u></p> <p>All staff should be reminded of the need to raise a purchase order before an invoice is received.</p>	2*	<p>The Senior Admin and Finance Officer has worked hard to ensure that purchase orders are raised in advance. We will continue to work on this.</p> <p>All staff will be reminded of this policy at the staff meeting in May 2017. We will re- remind people regularly, at least termly in formal meetings. The Senior Admin and Finance Officer will continue to remind staff informally as she has done.</p>	Head Teacher and Senior Admin and Finance Officer	May 2017 ongoing

No	New recommendation	Priority	Management Comment	Responsibility	Target Date
2	<p><u>Finding</u></p> <p>One of our sample of payments from the bank history, where a purchase order had not been raised, was for lessons provided by a musical instrument tutor. We found out that he is the husband of one of the teachers at the school. Examination of her completed pecuniary interest form showed that this interest had not been declared.</p> <p><u>Recommendation</u></p> <p>The teacher concerned should complete a new declaration of pecuniary interest form, declaring that her husband is a musical instrument tutor at the school.</p>	2	This has now been completed.	Head Teacher Senior Admin and Finance Officer	May 2017

No	New recommendation	Priority	Management Comment	Responsibility	Target Date
3	<u>Finding</u> We noted that there were a number of payments to individuals, including the musical instrument tutor. From discussion with the Headteacher and Finance Officer we confirmed that the HMRC self-assessment questionnaire has not yet been completed for these individuals. <u>Recommendation</u> The HMRC self-assessment questionnaire is completed, prior to the 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.	2	We know that we need to ensure that any staff not on the payroll complete the HMRC self-assessment and this will be implemented.	Senior Admin and Finance Officer and Headteacher	End of term July 2017

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Definition of priority categories.**Priority 1**

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

Priority 2

Required to address issues which do not represent good practice

Priority 3

Identification of suggested areas for improvement

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FINAL INTERNAL AUDIT REPORT

ENVIRONMENT AND COMMUNITY SERVICES DEPARTMENT

REVIEW OF PENALTY CHARGE NOTICES (PCNs) FOR 2016-17

Issued to: Ben Stephens, Head of Shared Parking Services

Cc: Colin Brand, Assistant Director Culture
Claire Martin, Head of Finance, ECS and Corporate

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

Date of Issue: 08 May 2017

Report No.: ECS/009/02/2016

REVIEW OF PCN AUDIT FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of PCNs 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 department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 1st February 2017. The period covered by this report is from 1st January 2016 to 31st January 2017.
4. Parking Services is part of a shared service agreement with the London Borough of Bexley. The scope of the audit was restricted to PCNs issued within Bromley.
5. At the time of the audit, the London Borough of Bromley was in the process of changing contractor. New contractor's proposed processes were included within the scope of this review.
6. The budgeted income from PCN was £3,320,620. The total PCN outstanding debt as at 31st January 2017 was £2,782,996 inclusive of arrears brought forward from previous years.

AUDIT SCOPE

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

AUDIT OPINION

8. 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

9. The following samples were tested: 25 write off cases, 20 cancellations and 20 waivers, 25 PCNs issued, 20 debt recovery cases and 14 enforcement agent cases from the debt recovery sample.
10. Controls were in place and working well in that:
- Policies and procedures were in place, readily available to staff and up to date;
 - PCNs issued were supported by evidence of contraventions; and
 - Monthly payments and bi-annual payment had been appropriately authorised.
11. However we would like to bring to management attention the following issues:
- Testing of a sample of 20 debt recovery cases, identified that:
 - In four instances, outstanding debt cases dating back to 2014 had been purged from the 3sixty system and Internal Audit was thus unable to verify what recovery actions had been taken for these cases. Discussion with the Head of Parking Services established that a management decision was made to purge all data before the 1st April 2015 on the 3Sixty system to clear the system in preparation for the new contract on the 3rd April 2017. This was approved by the Head of Finance. No recommendation has been raised;
 - In two instances, recovery action was not undertaken in a timely manner. For one of these cases, the debt had to be written off due to the warrant expiring;
 - In one instance, a cheque payment had been made to clear the debt but the debt was still showing as outstanding, and
 - In one instance, a debt had not been progressed for write-off in a timely manner.
 - In September 2016, a total of 796 debts totalling £80,450.00 were written off because the details of the owner could not be traced. This accumulated write-off was due to the monthly stuck case reports having not been run in a timely manner;

REVIEW OF PCN AUDIT FOR 2016-17

- For a sample of 20 PCN cancellations and 20 waivers tested, it was found that one cancellation should have been progressed for further recovery action instead of being cancelled; and
- There is currently no policy on issuing PCNs to foreign vehicles in place;
- Examination of a sample of eight Penalty Charge Notice policies and procedures identified that seven of these had not been version dated, confirming the date of last and next review. One was version dated confirming the date of last review, but no next review date was evidenced, and
- Two recommendations made within the 2015-16 report were found through testing to remain outstanding and have therefore been re-recommended.

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 Action</p> <p>Testing of a sample of 20 debt recovery cases found for 12 of these, appropriate recovery action had been taken. In four cases the debts had been purged from the 3sixty system and recovery actions could not be determined. For the remaining four cases the following was identified:</p> <ul style="list-style-type: none"> • PCN sample 1 for £172.00: The warrant to pass the debt over to Enforcement Agents was not issued in a timely manner. An order recovery letter was issued on 24 March 2016. A warrant is to be issued and passed to bailiff 36 days after an order recovery letter being sent. However, this was issued on 15 August 2016 (instead of 30 April 2016). The case was then passed onto an Enforcement Agent on 18 October 2016; • PCN sample 2 for £172.00: This debt was sent to Phoenix for enforcement action on 18 January 2016 after an order of recovery letter was sent on 4 November 2015. This was then sent back to Bromley for recycling in July 2016 for another Enforcement Agent to recover the debt. However, this had not been actioned. The warrant has now expired and the debt now is to be written off; • PCN sample 3 for £65.00: A cheque payment was received on 25th August 2016 to clear the debt. This had been credited to the individual's account (PCN sample 3). This was a day before the charge certificate was sent out. However, this was still recorded as a live outstanding debt on the system, and 	<p>Ineffective monitoring of non-payments. Debts owed to the Authority remain outstanding and may become irrecoverable.</p>	<p>Staff should be reminded to ensure that sufficient, timely and appropriate recovery action is taken to recover debts.</p> <p>Debt recovery actions should be appropriately reviewed.</p> <p>[Priority 2]</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<ul style="list-style-type: none"> PCN sample 4 for £172.00: This debt was with Phoenix for enforcement action. Correspondence confirmed that the property was empty as at 18 May 2016. No further evidence of recovery action was recorded. This should have been progressed for write-off earlier, but still had not been at the time of audit. 		

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>Write-offs</p> <p>In September 2016, a total of 796 debts totalling £80,450.00 were written off because the details of the owners could not be traced.</p> <p>It was established that stuck case reports, which detail recovery cases that have not progressed and how long these have been at a particular stage for, are required to be run on a monthly basis. The PCN team, using these stuck case reports, analyse the cases and determine which can be progressed. However, these reports had not been run and as a result, the total number of PCNs written off for not being able to trace the owner had accumulated over a period of time. It was not possible to determine the period of time for which these reports had not been run as these are not retained.</p> <p>It was explained that the primary reason for the stuck case reports not being run was down to long term leave and resource constraints.</p>	Recovery action is not progressed, resulting in unpaid debts accumulating.	<p>Stuck reports should be run monthly and interrogated to help ensure that timely actions are taken to progress cases.</p> <p>Where long term absence of staff members results in stuck case reports not being run, alternative arrangements should be put in place promptly.</p> <p>Copies of the monthly stuck case reports should be retained, (for at least 6 months).</p> <p>[Priority 3]</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>Cancellations and Waivers</p> <p>A sample of 25 write off cases, 20 cancellations and 20 waivers was tested to determine whether the controls were satisfactory and in compliance with the procedures. Of these cases, one PCN was identified, which should have been 'recycled' and passed over to another Enforcement Agent to progress with recovery action instead of being cancelled. The case is as follows: PCN number 1 for £203.00 on 3 February 2017.</p>	<p>There will be a loss of income to the Council if PCNs are incorrectly cancelled, waived or written off. Furthermore, analysis of cancellations, waivers and write offs will not be accurate based on information available.</p>	<p>Parking officers authorised to cancel PCNs should be formally reminded to ensure that the correct codes are used for writing off, cancelling and waiving PCNs and that detailed notes are retained explaining the reason/s for the action taken.</p> <p>[Priority 3]</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
4	<p>Foreign Vehicles</p> <p>Testing of a sample of 20 cancellations identified that four had been cancelled because the vehicles had a foreign registrations and it was not possible to identify who the owner was as the DVLA do not hold details of foreign vehicles. The cases were as follows:</p> <ul style="list-style-type: none"> • PCN sample 1 for £60.00 on 1 July 2016; • PCN sample 2 for £110.00 on 14 April 2016; • PCN sample 3 for £130.00 on 8 October 2016, and • PCN sample 4 for £80.00 on 25 April 2016. <p>Further analysis of the 3Sixty Parking system identified that between April 2016 and January 2017, 783 PCNs had been cancelled as these were for foreign registered vehicles resulting in an estimated loss of £78,650.</p> <p>This issue was also identified and raised as a recommendation in the 2015-16 audit report.</p>	<p>Drivers are avoiding paying correctly issued PCNs resulting in a loss of income to the Council.</p>	<p>A policy on issuing PCNs to foreign vehicles should be considered that includes using data from other sources to identify owners of foreign vehicles so that more robust recovery action can be taken.</p> <p>[Priority 3]</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
5	<p>Policies and Procedures</p> <p>Examination of a sample of eight Penalty Charge Notice policies and procedures identified that seven of them had not been version dated, confirming the date of last and next review:</p> <ul style="list-style-type: none"> • The Parking policy – ‘Outline Guidance on Waiving Penalty Charge Notices’; • The ETA Software reports process; • ETA Software procedure notes; • The Warrant Control Process; • The Witness stat 1st stage process notes; • The Enforcement Agents set up process, and • Auditing cases of Enforcement Agents <p>The Appeals Process – ‘How we consider your appeal’ was version dated ‘October 2015’ but no next review date was evidenced.</p>	Outdated policies and procedures may be adhered to.	<p>Policies and procedures should be annually reviewed. The date of last review and next review should be clearly evidenced to demonstrate best practice.</p> <p>[Priority 3]</p>

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Staff should be reminded to ensure that sufficient, timely and appropriate recovery action is taken to recover debts. Debt recovery actions should be appropriately reviewed.	2	These issues arise due to Management and officers on maternity leave, sick leave and also the effect of the implementation of the new contract. Going forward these processes are part of the contract and are monitored weekly and are also KPI's that the new contractor must achieve and if they do not will incur a default.	Performance and Debt Recovery Manager	Weekly as of the 3rd April 2017

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
2	<p>Stuck reports should be run monthly and interrogated to help ensure that timely actions are taken to progress cases.</p> <p>Where long term absence of staff members results in stuck case reports not being run, alternative arrangements should be put in place promptly.</p> <p>Copies of the monthly stuck case reports should be retained, (for at least 6 months).</p>	3	<p>The S.A.F.E. report on 3Sixty is checked daily so all active cases progressed accordingly.</p> <p>In this particular incident the highlight cases by finance officers were never due to progress or to be collectable as debt; therefore a delay in writing off these cases had no effect on the debt collection process.</p> <p>Going forward this process is part of the contract, as they need to run the report weekly and send to us to review and complete. This forms part of the KPI's that the new contractor must achieve and if they do not will incur a default.</p> <p>These reports will now be kept and on the Parking Services X Drive, in the new contractor's folder for Stuck Case Reports. Therefore these can be reviewed to see what action was taken by the person who actioned the report.</p>	Performance and Debt Recovery Manager	Weekly as of the 3rd April 2017

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
3	Parking officers authorised to cancel PCNs should be formally reminded to ensure that the correct codes are used for writing off, cancelling and waiving PCNs and that detailed notes are retained explaining the reason/s for the action taken.	*3	<p>This incident was just a case of human error.</p> <p>All officers within Parking Services are regularly reminded to ensure that they use the correct codes and explain their reasons as to why they have taken that action.</p> <p>When officers work is reviewed either by management or supervisors if the officer has used the incorrect code or not put notes on the case they are informed of their error personally and if there are no notes, they are asked to review the case and put notes on the case.</p>	Management and Supervisors	Already in place

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
4	A policy on issuing PCNs to foreign vehicles should be considered that includes using data from other sources to identify owners of foreign vehicles so that more robust recovery action can be taken.	*3	The Head of Parking Service gave a lengthy explanation on the legal and regulatory limitations of the current legislation. Parking Services will continue to review, with a view to implement any policies and practices to achieve a more effective enforcement.	Head of Parking Services	October 2017
5	Policies and procedures should be annually reviewed. The date of last review and next review should be clearly evidenced to demonstrate best practice.	3	Agreed. Going forward all processes need to be reviewed, due to the new contract as many of them will now change and need updating. The date of review and next review date will be added.	Management and Supervisors	April 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.

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FINAL INTERNAL AUDIT REPORT

CHIEF EXECUTIVES

REVIEW OF LOCAL ELECTION 2014 EXPENSES AUDIT

Issued to: Carol Ling, Electoral Services Manager

Cc: Mark Bowen, Director of Corporate Services (Final Report Only)
Claire Martin, Head of Finance ECS and CEX

Prepared by: Principal Auditor

Date of Issue: 24th May 2017

Report No.: CX/034/01/2016

REVIEW OF ELECTION EXPENSES AUDIT FOR 2016-7

INTRODUCTION

1. This report sets out the results of our systems based audit of Election Expenses Audit for 2016-7. 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 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 10/08/2015. The audit covers all expenditure in relation to the 2014 Local Elections.
4. The total cost of the 2014 Local Election was £443,123.02.

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:
 - Payments are correctly authorised.
 - Evidence is retained to support all expenditure

REVIEW OF ELECTION EXPENSES AUDIT FOR 2016-7

- Payments are made at the correct rates according to agreed rates.
8. However we would also like to bring to Managers attention the following issues:
- Registers of staff who attended the election have not been retained.
 - The reconciliation of expenditure made through the authority's accounts and the election bank account did not take place for nearly 3 years after the election.

It was also noted during the audit that for 8 items of expenditure although a purchase order had been raised, they were raised retrospectively.

SIGNIFICANT FINDINGS (PRIORITY 1)

9. No significant findings were identified in this review.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Staff payments are now made through the payroll contractor so cheques are not used (the Cheque book was reviewed by the Auditor). Payments are paid into staff's bank accounts, details of which are collected by the payroll contractor. From the sample selected amounts were at agreed rates.</p> <p>It was queried with the Election Services Manager about what checking is carried out to ensure only staff who work on the election are actually paid. A registration sheet is signed by all staff. The sheets have not been retained by Election Services.</p>	Staff who did not work on the election might be paid.	Registration sheets should be retained. [Priority 2]
2	<p>The Reconciliation of the Bank account and expenditure through the authority has been carried out in March 2017, for the 2014 European and Local Election account. At the 05/04/17 a final journal is to be undertaken to finally close the account.</p> <p>The reconciliation was initially delayed by the European account claim being lost by the Electoral Commission and finally settled on 15th December 2015. The account was not then reconciled for over a year.</p>	Not all expenditure might be accurately accounted for.	Reconciliations of election accounts and expenditure should be undertaken promptly. [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	Registration sheets should be retained.	2	Noted	Electoral Services Manager	13 th April 2017
2	Reconciliations of election accounts and expenditure should be undertaken promptly.	3	Due to a combination of the departure of experienced finance staff and performance issues with new staff, there were unavoidable delays in reconciling the accounts. All election accounts are now up to date and awaiting the final claim settlement figures, before the remaining accounts can be signed off and closed.	Head of Finance (Environment & Corporate)	Already completed

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

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

Priority 3
Identification of suggested areas for improvement

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

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

FINAL INTERNAL AUDIT REPORT

CHIEF EXECUTIVES DEPARTMENT

**FOLLOW UP REVIEW OF LEGAL EXPENSES
AUDIT FOR 2016- 17**

Issued to: Shupriya Iqbal, Legal Services Manager
Mark Bowen, Director of Corporate Services
Claire Martin, Head of Finance ECH and Corporate Services

Prepared by: Principal Auditor

Date of Issue: 5th June 2017
Report No.: CX/077/01/2016

INTRODUCTION

1. This report sets out the results of our systems based follow up audit of Legal Services 2016-17. 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 April 2016 and was restricted to identifying progress made on implementing the previously agreed recommendations.

MANAGEMENT SUMMARY

5. Of the previous 5 agreed recommendations, 2 have been fully implemented and 3 have not been implemented. The recommendations not being implemented relate to retaining quotes when using Counsel Chambers outside of the framework agreement, raising Purchase Orders retrospectively and not processing purchase card transactions promptly after incurring expenditure.

SIGNIFICANT FINDINGS (PRIORITY 1)

6. There are no priority one findings to report.

DETAILED FINDINGS/MANAGEMENT ACTION PLAN

7. Appendix A provides information on the recommendations that are being followed-up and Appendix C gives definitions of the priority categories.

ACKNOWLEDGEMENT

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

No	Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
1	Procedures for income should be written down and arrangements made for more than one member of staff to be involved in the collection of income.	We will include a written procedure for each in the Lexcel manual, which is to be revised as a procedures manual for Legal.	June 2016	2	Team Leaders, Legal Services	The procedure has been written down in Legal Services Office Manual.	Implemented
2	Purchase orders should be raised where the cost of expenditure is known in advance.	Staff will be reminded of the need to do this.	June 2016 Revised date: June 2017	2	Legal Services Manager, Team Leaders, Legal Services	Of 223 PO raised since 1 st April 2016, 42 were raised retrospectively. Revised Management comment: I will follow up with reminders again.	Outstanding
3	Procedures should be put in place make sure purchase card transactions are processed promptly, that the relevant receipts are attached and VAT correctly accounted for.	We are liaising with Finance to find out how to deal with the older payments that have not come through for approval to make sure they are processed correctly	June 2016 Revised date: September 2017	2	Legal Services Manager, Team Leaders, Legal Services	In November 2016, there were 20 transactions that were awaiting approval, from April 2014 to March 2016 and 15 transactions that were awaiting account holder since May 2016 to present. The last posted transaction was in May 2016. At January 2017, there are 41 transactions that are awaiting authorization by the Approver. There are no transactions awaiting the account holder. Revised Management Comment: I will speak with the Team Leader, Social Services and Education and ask him to arrange for receipts to be scanned in so that the Team Leader Corporate Services can authorise them.	Outstanding
4	Suppliers of counsel should be set up	This appears to be the	June 2016	2	Team Leaders,	Individuals are being set up to be paid	Implemented

No	Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
	consistently either as named individuals or Legal Chambers.	result of the change to payment by BACS – previously Counsel had to be paid individually. We will arrange for consistency in future payments			Legal Services	as Individual and Chambers are only being set up where they deliver training. Having checked the use of Counsel since April 2016, all suppliers are set up as individuals.	
5	Evidence of quotes obtained when utilising suppliers outside of the legal framework should be retained. Consideration should be given to formalising the legal Framework rates.	We will amend the Counsel instruction form to include provision for recording quotes where appropriate. The framework rates are already recorded formally as part of the contract and a table of all the rates is available to all legal staff on the Team websites.	June 2016 Revised date: June 2017	2	Legal Services Manager, Team Leaders, Legal Services	The procedure manual has been updated to remind managers to record quotes received on file. Testing of a sample of 5 cases where the Counsel chambers utilised was outside the legal framework, found that quotes are retained for four of the sample. Quotes for the fifth sample were not provided despite being requested. Revised Management Comment: I will speak with the Team Leader-regarding Counsel Sample A's invoice on the LBB Bromley case. I will ask the Team Leader to send you a short explanation as to the basis of Counsel Sample A's instruction.	Outstanding

Definition of priority categories.

Priority 1	Priority 2	Priority 3
Required to address major weaknesses and should be implemented as soon as possible	Required to address issues which do not represent good practice	Identification of suggested areas for improvement

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FINAL INTERNAL AUDIT REPORT
EDUCATION CARE AND HEALTH SERVICES

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM FOR 2016-17

Issued to: Stephen John, Director of Adult Social Care
Lesley Moore, Director of Commissioning

Cc: Tricia Wennell, Head of Service Assessment and Care Management
David Bradshaw, Head of Finance, ECHS
Ruth Woods, Head of Service, Placements & Brokerage
Carol Brown, Operations Manager – Short Term Intervention
Alex Pringle, Operations Manager – Case Management
Claudine Douglas-Brown, Head of Exchequer Services
Ade Adetosoye Executive Director of ECHS (final only)

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

Date of Issue: 18th May 2017

Report No.: ECH/001/01/2016

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM AUDIT FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of Residential Placements Older Persons and Central Placement Team 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 department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 1st March 2017. The period covered by this report is from 1st January 2016 to 31st January 2017.
4. The audit focused on residential care for Adults 18-64 and Adults over 65 for Support with Memory and Cognition, Physical Support and Sensory Support.
5. The 2016/17 total net budgets and actual figures as at 05/04/2017 spend for these services were as follows:

Service	Total Net Budget (£)	Actual (£)	Variance (£)
Support with Memory & Cognition for Adults & Older People	6,332,000	5,487,309	+ 844,691
Physical Support for Adults & Older People	10,898,030	11,376,788	- 478,758
Sensory Support for Adults & Older People	245,400	200,848	+ 44,552

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM AUDIT FOR 2016-17

AUDIT SCOPE

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

AUDIT OPINION

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

MANAGEMENT SUMMARY

8. A sample of 10 long term residential placements and 10 emergency placements were selected for testing.
9. Controls were in place and working well in that:
 - Policies and procedures were in place, readily available to staff and up to date;
 - Comprehensive initial needs and financial assessments had been undertaken for both long term and emergency placements;
 - Quarterly budget monitoring reports for Residential and Nursing placements are produced and discussed with the Head of Service and Director of Adult Social Care.
10. However we would like to bring to management attention the following issues:
 - Testing of a sample of 10 long term placements identified the following:
 - In three instances, individual service contracts had not been signed in a timely manner, resulting in service agreements being authorised in an untimely manner;
 - In one case, an individual service contract was not requested within 48 hours of the placement start date; and

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM AUDIT FOR 2016-17

- In one case, a six week care review was overdue and had not been completed. In three other cases, care reviews had not taken place six weeks after the placement start dates.
 - Testing of a sample of 10 emergency placements identified that in one case, the Head of Service Assessment and Care Management had agreed for contributions to be waived for a year. No evidence of the authorised waiver was sighted.
 - Testing of a sample of 10 long term residential placements and 10 emergency placements identified that in six instances, there was no evidence on Carestore that a provider assessment of the client had been carried out, as required by the Adult Placements procedure notes.
 - Testing of a sample of 10 long term residential placements and 10 emergency placements identified that in three cases, references for the homes used for out of borough placements from the Local Authorities had not been stored on the Central Placement Team site as required by the Adult Placements procedure notes; and
 - The borough rates spreadsheet showing the ceiling rates for residential care homes was incomplete, with the ceiling rates for two boroughs not recorded.
11. The standard methodology to review value for money arrangements was agreed by Members in September 2010. The matrix to assess value for money gives a rating 1 to 4, with 1 equating to not met and 4 equating to fully met. This service has been rated a 3 given the issues with the budget.
12. The value for money arrangements for this service was discussed with the Head of Service Assessment and Care Management, the Head of Contract Compliance and Monitoring and the Senior Accountant of Care Services. The following was identified in relation to benchmarking, external assessments, customer satisfaction and budget monitoring:
- London Borough of Bromley undertakes the following benchmarking activities:
 - **Commissioning Intelligence Safeguarding Group (CISG):** This group is chaired by Bromley's Lead Consultant Practitioner and meetings take place on a bi monthly basis. Discussions are focused on quality issues, with the aim of improving the service as a whole. Agenda items include Learning Disabilities Providers with Concerns, Mental Health Providers with Concerns, Nursing Home Providers with Concerns, Residential Home Providers with Concerns, Out of Borough providers, Extra Care Housing Services with Concerns and Dom care providers.
 - **Associate Director of Adult Service Network (ADAS):** This is a quarterly meeting attended by Assistant Directors of various local authorities across London. Agenda items include Safeguarding, Mental Health, Demand Management and Sustainability and Peer Reviews. The ADAS network meeting represents an opportunity for Bromley to compare its service delivery with different boroughs.

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM AUDIT FOR 2016-17

- **Care forum:** This is led by Bromley's Head of Contract Compliance and Monitoring and takes place on a quarterly basis. These meetings between Bromley officers and care homes across Bromley represents an opportunity for care homes within the borough to share best practice in terms of service delivery.
- The principal external assessments are undertaken by the Care Quality Commission (CQC) who inspect and regulate care homes within the borough. The CQC check whether the provider is meeting the legal requirements and regulations associated with the Health and Social Care Act 2008, assesses the overall quality of the service, and provides a rating for the service under the Care Act 2014. Inspection reports are published online.
- As part of the annual client reviews for individuals in residential care, customer feedback is sought. Review forms include fields for clients to complete around the overall quality of care provided by residential homes.
- The Council's complaints policy is used to deal with complaints around residential placements. A complaints log is maintained by the Quality Assurance team which can be filtered to include all residential placements queries. Complaints are then referred to Team Leaders to deal with. Between 1st April 2016 and 31st March 2017, there had been a total of 12 complaints received about residential care placements.
- The service is aware that there has been an overspend in the last financial year. In particular, there are overspends in Nursing and Nursing Residential homes A. This is primarily as a result of the primary support reasons policy established by the government. For example, an individual who has a history of mental health issues may but also requires physical support may have a primary support reason as physical support instead of mental health. This has seen increased pressure on the budgets for the Head of Assessment and Care Management. In light of market difficulties, discussions established that the budget may need to be reviewed in the future.
- Income is maximised through financial sustainability assessments for residential placements requiring third party top ups. When a third party states they will pay a top up amount, the finance team will assess whether that is sustainable for the time period stipulated (five years). Should the third party top up be assessed as unsustainable, it is stated within the Individual Service Contract that Bromley reserves the right to withdraw from the service, thereby not having to pay any differences.

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM AUDIT FOR 2016-17

SIGNIFICANT FINDINGS (PRIORITY 1)

13. None

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

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

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM AUDIT FOR 2016-17

DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
1	<p>Waivers</p> <p>A sample of 10 long term and 10 emergency placements were selected to test whether waivers for placements exceeding costs of £50,000 per annum had been appropriately authorised in line with the Council's Contract Procurement Rules and Financial Regulations and had been stored on Carestore.</p> <p>In one case, sample number 9, the observations notes dated 25/08/2016 on CareFirst stated that it was agreed by the Head of Service to waive domiciliary care charges (contributions) for a year. No evidence of this was sighted.</p>	Inability to account for authorised waivers.	<p>Where management have used discretion to postpone collection of contributions as a temporary measure, there should be a clear audit trail to support this decision.</p> <p>[Priority 2]</p>
2	<p>Service Agreement Authorisations</p> <p>Testing of a sample of 10 long term placements identified that in three instances, individual service contracts had not been signed in a timely manner, resulting in service agreements not being authorised in a timely manner. The cases were as follows:</p> <ul style="list-style-type: none"> Sample number 3: Placement start date 19/03/2015. The individual service contract was signed by Bromley on 10/06/2015, signed by client on 06/08/2015 and then by the provider on 15/09/2015. The Service Agreement was set up on 18/03/2015 and authorised on 16/09/2015. This delay was down to human error. The address details held by Bromley were not complete, resulting in correspondence, being sent to the wrong address. 	Delayed payments are made to care homes, resulting in reputational damage for the Authority.	Management should continue to closely monitor individual service contracts that have not been signed, to ensure that service agreements are authorised in a timely manner.

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM AUDIT FOR 2016-17

DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
	<ul style="list-style-type: none"> Sample number 4: Placement start date 04/11/2014. The individual service contract was signed by Bromley on 19/01/2015 and by the client and provider on 30/06/2015. The Service Agreement was set up on 04/11/2014 and authorised on 30/06/2015. Evidence was provided that Bromley was chasing the client to sign the individual service contract. However, discussion with the Contract and Operations Manager Exchequer identified that all cases where individual service contracts have not been signed after two months are monitored and authorisation is given to progress with signing the Service Agreement to trigger payments to care homes. The period between Bromley signing the individual service contract (19/01/2015) and the service agreement being authorised (30/06/2015) was five months in this case. Sample number 2 – Placement start date 08/01/2016. The Adult Placement procedures state that individual service contracts should be requested within 48 hours of the placement start date. However in this case, the individual service contract was requested on 21/01/2016 (13 days after the placement start date). The contract was then signed by Bromley on 26/01/2016, by the provider on 18/02/2016 and not by client. Discussions established that the contract had not been signed by the client because the client does not have the capacity to sign and Bromley are funding gross pending outcome of court of protection / deputyship. The contract was signed on behalf of the client 		<p>Staff should be reminded to request for individual service contracts in a timely manner, within 48 hours of the placement start date.</p> <p>[Priority 2]</p>

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM AUDIT FOR 2016-17

DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
	by their solicitor. The Service Agreement was then authorised 28/04/2016. The period between Bromley signing the individual service contract and the service agreement was three months.		
3	<p>Care Reviews</p> <p>A sample of 10 long term placements was selected to test whether reviews had taken place six weeks after placement start dates and annually thereafter.</p> <p>In one case, a six week review had not been completed. The individual, sample number 9 was placed in Nursing Home A on 13/12/2016.</p> <p>In three other cases, care reviews had not taken place six weeks after the placement start dates. The cases were as follows:</p> <ul style="list-style-type: none"> • Sample number 1: Placement start date 11/08/2016. The review was done on 27/10/2016 and authorised 08/11/2016; • Sample number 7: Placement start date 08/01/2016. The review was done on 06/06/2016 and authorised on 08/06/2016; and • Sample number 10: Placement start date 05/05/2015. The review was done on 17/07/2015 and authorised on 	Care reviews are undertaken in an untimely manner, resulting in changes in circumstances not being detected in a timely manner.	<p>Care reviews should be carried out 6 weeks after placement start dates in accordance with the Adult Placements procedures.</p> <p>Review teams should formalise a procedure to ensure that where clients are incorrectly included on their schedule for reviews, they are identified and referred to the appropriate team. This would improve data accuracy on CareFirst.</p> <p>[Priority 2]</p>

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM AUDIT FOR 2016-17

DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
	<p>24/07/2015.</p> <p>Examination of the residential placements review statistics identified that from a total of 459 individuals over 18 years old in a residential placement for more than 12 months as at 01/04/2017, in six cases, there were no records of reviews having taken place.</p> <ul style="list-style-type: none"> • Case number 1, placement start date: 20/04/2016; • Case number 2, placement start date: 11/01/2017; • Case number 3, placement start date 16/10/2016; • Case number 4, placement start date 16/09/2016; • Case number 5, placement start date 07/11/2016; and • Case number 6, placement start date 20/06/2016. <p>Residential placement reviews are carried out by the Co-ordination and Review Team. Discussion with the Team Leader identified that with the exception of case number 4, these reviews are the responsibility of the Community Mental Health Team. Discussions also established that case number 4 is open to the Complex West Team.</p>		

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM AUDIT FOR 2016-17

DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
4	<p>Care Provider Assessments</p> <p>The Adult Placements procedure notes dated 27/06/2016 state that 'where an assessment has been completed by a provider, a copy should be requested, checked through, shared with care manager and stored on Carestore regardless of if they can accept or not'.</p> <p>From the sample of 10 long term and 10 emergency placements selected, placements that had been made after 27/06/2016 were selected to test whether provider assessments had been stored on Carestore. From the total of seven placements, in six instances, there was no evidence on Carestore that an assessment of the client by the provider had been carried out. The cases were as follows:</p> <ul style="list-style-type: none"> • Sample number 1: Placement start date 11/08/2016, end date 22/11/2016; • Sample number 8: Placement start date 28/09/2016, end date 22/01/2017; • Sample number 9: Placement start date 13/12/2016; • Sample number 12: Placement start date 01/07/2016, end date 18/09/2016; • Sample number 14: Placement start date 30/12/2016, end date 18/01/2017; and • Sample number 20: Placement start date 29/12/2016. 	Lack of transparency regarding assessments carried out by residential care providers.	<p>Staff should be reminded to attach assessments completed by providers on Carestore in accordance with the Adult Placements procedures.</p> <p>[Priority 2]</p>

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM AUDIT FOR 2016-17

DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
5	<p>Provider references</p> <p>The Adult Placement procedure notes state that 'all new providers should be able to supply 2 referees at least one from a local Authority. These need to be stored on the team site for anyone to access'.</p> <p>Testing of a sample of 10 long term residential placements and 10 emergency placements identified that eight had been placed out of borough. In three instances, references from the Local Authorities within which the individuals had been placed could not be located on the Central Placement team site. The cases were as follows:</p> <ul style="list-style-type: none"> • Sample number 2 (Long term placement): This individual had been placed in Home A; • Sample number 6 (Long term placement): This individual had been placed in Home B; and • Sample number 8 (Long term placement): This individual had been placed in Home C. 	Unsuitable residential care homes are sourced by the Central Placement Team.	<p>Where a new provider is being used out of borough, staff should be reminded that two referees should be supplied, with at least one from a Local Authority. These should be stored on the Central Placement Team site for anyone to access.</p> <p>[Priority 2]</p>
6	<p>Borough spreadsheet</p> <p>Examination of the borough rates spreadsheet held on the Central placements Team site identified that the ceiling rates for residential care homes in Buckinghamshire and Newham had not been recorded.</p>	Incomplete records held by the Central Placements Team.	The Borough rates spreadsheet should be updated to include the residential care home ceiling rates for all local Authorities used by London Borough of

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM AUDIT FOR 2016-17

DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
			Bromley to place individuals. [Priority 2]

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM AUDIT FOR 2016-17

APPENDIX B

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Where management have used discretion to postpone collection of contributions as a temporary measure, there should be a clear audit trail to support this decision.	2	All waivers are stored on Carestore. The particular case mentioned identified that sample number 9 did not have a waiver for the client dom care contributions being waived. This was not a waiver of the contributions but a postponement of the collection of the contributions due to an issue of capacity of the client and no identified POA.	HOS, P&B	31 st May 2017

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM AUDIT FOR 2016-17

APPENDIX B

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
2	<p>Management should continue to closely monitor individual service contracts that have not been signed, to ensure that service agreements are authorised in a timely manner.</p> <p>Staff should be reminded to request for individual service contracts in a timely manner, within 48 hours of the placement start date.</p>	2	<p>Individual service contracts are monitored by both Deputy Mgr of Exchequer Services and the ACS Finance support in CPT. Prior to each monthly pay run outstanding ISCs are reviewed by the DM, ES to identify where payments should be made to the provider when ISC paperwork has not been completed.</p> <p>Delays occur with the production of the ISC if the Fairer Charging team, for instance have not been able to obtain all the financial information in a timely way – e.g. sample number 4 where delay between placement and issue of ISC was 2.5 months. Families do not always co-operate with the process.</p> <p>However Placements staff will be reminded to be prompt in their request for the issue of an ISC</p>	HoS, P&B	May 2017

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM AUDIT FOR 2016-17

APPENDIX B

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
3	<p>Care reviews should be carried out 6 weeks after placement start dates in accordance with the Adult Placements procedures.</p> <p>Review teams should formalise a procedure to ensure that where clients are incorrectly included on their schedule for reviews, they are identified and referred to the appropriate team. This would improve data accuracy on CareFirst.</p>	2	There are occasions when reviews are late because of the capacity of the team to carry them out in all areas. Management action is in place to address this and the performance digest is used to monitor progress in this area. The HoS is looking at mobile working options to provide greater efficiency within the service allowing for work to be carried out in a timely way.	Tricia Wennell	Ongoing
			Where the reviews are the responsibility of the LD or MH services these are directed to the responsible management for them to action.	Stephen John	Ongoing
			HoS will discuss issue of data accuracy regarding reviews belonging to LD and MH at CSMG to agree how to resolve this.	Tricia Wennell	July 2017

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM AUDIT FOR 2016-17

APPENDIX B

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
4	Staff should be reminded to attach assessments completed by providers on Carestore in accordance with the Adult Placements procedures.	2	<p>Not all providers will copy their assessment to the LA. Those that do are stored in Carestore.</p> <p>Staff will be reminded to ask for them for all placements</p>	HoS, P&B	May 2017

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM AUDIT FOR 2016-17

APPENDIX B

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
5	Where a new provider is being used out of borough, staff should be reminded that two referees should be supplied, with at least one from a Local Authority. These should be stored on the Central Placement Team site for anyone to access.	2	<p>Staff have been reminded of the need to undertake checks for quality assurance, however not all placements are made by the Central Placements team and therefore some checks may be missed when undertaken by other parties;</p> <p>In respect of the cases identified in the audit :</p> <p>Sample number 2 – was not a placement made by CPT</p> <p>Sample number 6 – a verbal reference was taken and recorded and had been stored on the workers M drive. This has now been uploaded to Carestore.</p> <p>Sample number 8 was a placement made by the CCG. LBB were only involved short term during a period of funding review by the CCG (who are now funding the placement again).</p>	HoS, P&B	May 2017

REVIEW OF RESIDENTIAL PLACEMENTS OLDER PERSONS AND CENTRAL PLACEMENT TEAM AUDIT FOR 2016-17

APPENDIX B

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
6	The Borough rates spreadsheet should be updated to include the residential care home ceiling rates for all local Authorities used by London Borough of Bromley to place individuals.	2	This is a work tool for the placement officers and is updated whenever the staff have time. However for each individual placement if there is no record on the spreadsheet for the relevant LA the broker will contact the host LA and verify host rates. Not all LAs have ceiling rates.		

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 AND COMMUNITY SERVICES DEPARTMENT

REVIEW OF CAR PARKING INCOME AUDIT FOR 2016-17

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

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

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

Date of Issue: 08 May 2017

Report No.: ECS/009/01/2016

REVIEW OF CAR PARKING INCOME AUDIT FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of Car Parking Income 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 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. For 2016-17 the total net budget for off street parking was £2,087,590, and the on street parking budget was £3,773,990.

AUDIT SCOPE

4. A random sample of 4 weeks between January 2016 and January 2017 was selected.
 - Week 4 (16th April 2016 – 22nd April 2016);
 - Week 15 (2nd July 2016 – 8th July 2016);
 - Week 29 (8th October 2016 – 14th October 2016); and
 - Week 41 (31st December 2016 – 6th January 2017)
5. This review also included the follow up of the audit recommendations made within the Car Parking Income for 2015-16.

AUDIT OPINION

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

REVIEW OF CAR PARKING INCOME AUDIT FOR 2016-17

MANAGEMENT SUMMARY

7. Transactions were reviewed within the Daily Cash Collections for the four week sample selected. Shortfall's and overs were reviewed in line with the Shorts & Overs Not Less Than £5.00 Reports:
- There is no formal means by which the contractor's explanations for shorts and overs are accepted or rejected;
 - The recommendation made within the 2015-16 report about large discrepancies being recorded in the contract management meeting minutes was found through testing to remain outstanding and has therefore been re-recommended;
 - In two cases, shortfalls of more than £5.00 had not been explained in the shorts and overs reports; and
 - For the sample of weeks selected for bank reconciliations testing, a 10 pence discrepancy was noted on Friday 6th January 2017. According to the income totals spreadsheet for that day, a total of £14,729.36 had been received. However, the total banked for that day was £14,729.26. This discrepancy was not considered to be significant and has therefore not been raised as an issue.

SIGNIFICANT FINDINGS (PRIORITY 1)

8. None.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>‘Shorts and Overs’ reports</p> <p><u>July 2016 – Civic Centre Car Park</u></p> <p>On Thursday 7th July 2016 at machine number 336 Civic Centre (note), there was a shortfall of £20.00. This had not been recorded or explained in the shorts and overs report for that week.</p> <p><u>October 2016 - Fairfield Road</u></p> <p>On Saturday 8th October 2016 at machine number 2033, there was a shortfall of £5.45. This discrepancy had not been explained in the shorts and overs report for that week.</p>	Unexplained losses and inadequate contract monitoring of issues that need to be clarified with the contractor.	<p>All shorts and overs should be recorded in the ‘shorts and overs’ reports.</p> <p>[Priority 2]</p>
2	<p>Large discrepancies and contract monitoring meetings</p> <p>On Saturday 16th April at the Village Way Car Park, machine number 2027, there was a shortfall of £108.75. The contractor’s response was ‘I have investigated transactions and audits; I feel this is a software issue. I will speak with the contract on this matter again, but in past experience they found nothing wrong or can’t explain it’. This same issue caused a £10.45 shortfall at High Street Chislehurst Car Park on Monday 18th April and a £45.95 shortfall at the Village Way Car Park, machine number 2026 on Thursday 21st April 2016. No email correspondence was sighted confirming that the issue had been resolved.</p>	Unexplained losses and inadequate contract monitoring of issues that need to be clarified with the contractor.	Unders and overs should be discussed as part of the contract monitoring meetings where the amounts are £100 or more. Where the contractor escalates the issue to a third party, management should ensure that the matter has been adequately resolved. Any email correspondence from the

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>On Saturday 31st December 2016, there was a shortfall of £247.45 at the Hill Car Park (coin). The contractor's response was 'The Contractor B visits on the following dates 20/12/2016, 21/12/2016 had not cleared the issue of the audit Id reverting back to 583 which was last seen in September and when it was this Id the machine would show that the last box inserted was on 20/09/2016 at 12:09:06. This has also corrupted the audit figures I have tried to find where it was taking the figures from but this has not been possible. J1536/J1540'. This same issue caused the following:</p> <ul style="list-style-type: none"> • A £385.70 shortfall at the Hill Car Park (coin) on Tuesday 3rd January 2017; • A £605.00 shortfall at the Hill Car Park (note) on Tuesday 3rd January 2017; • A £320.30 shortfall at the Hill Car Park (coin) on Wednesday 4th January 2017; and • A £285.00 shortfall at the Hill Car Park (note) on Wednesday 4th January 2017. The contractor A stated here that 'Contractor B was on site on this day after these were pulled and they did the following work – replaced port.ini and port.bak with one copied from POF 7 at Civic. This has sorted the issue we were having with the Id reverting. J1552'. <p>However, correspondence was sighted from week 47 (Saturday 11th February 2017 to Friday 17th February 2017) confirming that</p>		<p>contractor relating to the discrepancies should be held with the short and over not less than £5.00 reports with a note from the client side accepting or rejecting the explanation.</p> <p>[Priority 2]</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>there was still an issue with the Hill Park. The contractor A stated: 'This is still an on-going issue with this machine. Even after the PC tank and printer was replaced on the 15/02/2017. Contractor B revisited this machine on this day 17/02/2017 and unplugged the PC tank with all the components and reconnected machine now working, but have stated have ordered a flash card and IDE drive. This was done at 09:45am – 11:15am. But the box was collected before the work had been done at 0817am. Due to them still ordering parts for this machine we have put the machine out of service until we can confirm this machine will show correct collection figures.' The Operations and Contracts Manager stated at the time of the audit that this has tried to be rectified without success and is still out of service.</p> <p>There is no mechanism whereby the responses from the contractor A is formally accepted or rejected by management. Having reviewed the contract monitoring minutes, the responses for shorts and overs are not specifically recorded, only that the report should be submitted monthly to the Contract & Operations Manager. The minutes do not detail whether the issues escalated to third parties had been resolved.</p>		

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	All shorts and overs should be recorded in shorts and overs reports.	2	The item was placed on the daily shortfalls sheet (Approx. 300 items) but no reply given. Will ensure each month all items on the daily shortfall sheet are answered by Highlighting the previous month's details.	Contracts & Operations Manager	May 2017
2	Unders and overs should be discussed as part of the contract monitoring meetings where the amounts are £100 or more. Where the contractor escalates the issue to a third party, management should ensure that the matter has been adequately resolved. These issues should be recorded in meeting minutes. Any email correspondence from the contractor relating to the discrepancies should be held with the short and over not less than £5.00 reports with a note from the client side accepting or rejecting the explanation.	2	As stated when details were requested for April 16 this was prior to last year's Audit in which we received the recommendations in May 16, therefore references to processes prior to May 2016 should be noted "prior to last year's Audit". Since May 16 references have been made within the minutes regarding discrepancies but not specific items were extensively discussed, these have been dealt with directly with correspondence supplied. To ensure acceptance/rejection of any discrepancy the comments will be highlighted on the Daily Shortfalls.	Contracts & Operations Manager	May 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
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

FOLLOW UP REVIEW OF BICKLEY PRIMARY SCHOOL
2016/17

Issued to: Mrs E Blake, Headteacher
Tracey Mortimer-Brown, Chair of Governors

CC: Ade Adetosoye, Deputy Chief Executive, Executive Director of ECHS (final only)
Jane Bailey, Director of Education (final only)
Schools Finance Team (final only)

Prepared by: Linda Pilkington, Principal Auditor

Date of Issue: 18th May 2017
Report No.: ECH/P05/01/2016

INTRODUCTION

1. This report sets out the results of our systems based follow up audit of Bickley Primary School. The audit was carried out on the 9th May 2017 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. This follow up review considered the Internal Audit report finalised on the 12th February 2016 and was limited to identifying progress made to implement the 2 recommendations.

MANAGEMENT SUMMARY

4. At the site visit on the 9th May 2017 audit testing and supporting documentation satisfactorily evidenced implementation of the 2 recommendations, as detailed in Appendix A. The requirement to verify self-employed status for paid services at the school was discussed with the School Business Manager; the checking arrangements in place are satisfactory although it is suggested that the Headteacher signs the decision sheet for each individual and that the HMRC questionnaire be completed annually to evidence continued compliance as the questions do change.

SIGNIFICANT FINDINGS (PRIORITY 1)

5. There are no priority one findings to report.

DETAILED FINDINGS/MANAGEMENT ACTION PLAN

6. Appendix A provides information on the recommendations that are being followed-up and Appendix B give definitions of the priority categories.

ACKNOWLEDGEMENT

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

No	Recommendation/Management Comment	Target Date and Responsibility	Follow-up comments	Status
1	<p>A contract register should be held by the school showing details of all contracts, including the value, duration, purpose and current supplier. It should be reviewed by Governors to make sure contracts are appropriately renewed [Priority 2]</p> <p>A contract register with full details including value, duration, purpose and current supplier will be created.</p> <p>The governors will review this annually (June) and make sure that contracts are appropriately renewed</p>	<p>School Business Manager and Headteacher 1/4/16</p> <p>Governing Body to review annually</p>	<p>The School Business Manager has created a comprehensive contract register that details the key information relating to contracts to allow the school timely decisions, scrutiny of rolling contracts and benchmarking.</p> <p>The contract register was reported to Governors in June 2016 at the Finance and General Purposes Committee. The register is on the agenda for the 23.5.17, to achieve the annual review by governors.</p>	Implemented
2	<p>Review the lettings arrangements to ensure that:-</p> <p>(i) a completed lettings form is in place for all hirings of school premises and this has been approved by the Headteacher</p> <p>(ii) evidence of the hirer's insurance cover is checked. Where a hirer does not have adequate insurance cover, an insurance charge is set out in the lettings policy.</p> <p>Review lettings policy and procedures with Governing Body (March)</p> <p>Lettings diary completed with check list</p> <p>Head Teacher to sign all lettings forms prior to the let</p> <p>SBM to ensure that insurance is charged or checks made with attached evidence of insurance cover provided by the hirer.</p>	<p>Headteacher to review the policy, Governing Body to agree the policy and School Business Manager to carry out checks.</p> <p>1/4/16</p>	<p>The lettings folder was reviewed and a sample of 3 lettings was selected for audit examination.</p> <p>A current insurance policy was evidenced for each let, the correct fees had been applied and for 2/3 applications forms the Headteacher had authorised the application. The annual renewal form for one hirer had not been signed but this was rectified at the earliest opportunity following the audit visit.</p>	Implemented

Definition of priority categories.

Priority 1	Priority 2	Priority 3
Required to address major weaknesses and should be implemented as soon as possible	Required to address issues which do not represent good practice	Identification of suggested areas for improvement

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INTERNAL AUDIT FINAL REPORT
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

**INTERNAL AUDIT REVIEW OF THE TROUBLED FAMILIES CLAIM
FOR THE PERIOD 13 SEPTEMBER 2016 TO 10 MARCH 2017**

Issued to: Rachel Dunley, Head of Service, Early Interventions & Family Support
Luke Wilkins, Intelligence & Operations Lead
Neil Dilkes, Intelligence & Operations Co-ordinator

Cc Ade Adetosoye, Executive Director of ECHS and Deputy Chief Executive
Janet Bailey, Interim Director of Social Care
David Bradshaw, Head of Finance, ECHS
Luis Remedios, Head of Internal Audit

Prepared by: Principal Auditor

Date of Issue: 3 April 2017

Audit ref: ECS/005/01/2016 (2)

INTRODUCTION

1. This note sets out the results of our audit testing of a sample of individual claims for the six month claim period between 13 September 2016 and 10 March 2017. These claims are due to be submitted at the end of March 2017.
2. We have agreed with the Early Intervention and Family Support Service that checks on a sample of individual claims will be carried out every six months, in September and March of each financial year. These compliance checks will seek to confirm that the sample of individual claims to be submitted at the end of those periods meet the significant and sustained criteria, enabling a claim to be made. The six month periods from which our samples are selected are continuous, ensuring that there is no gap in dates with the risk of individual claims not being considered for selection.

METHODOLOGY

3. We ascertained that there were 67 individual claims closed between 13 September 2016 and 10 March 2017 and due to be submitted to the DCLG for 'Payment By Results' under Phase 2 of the Troubled Families Programme at the end of March 2017. We selected a sample of 10% i.e. six claims to check. Two of the claims examined were where a client had gained employment, enabling a claim to be made. The four other claims in our sample were where the Early Intervention and Family Support Service considered that the national and/or local criteria as set out in the London Borough of Bromley's Outcome Plan had been met and significant and sustained progress had been made, resulting in the family no longer being attached to the programme.

SUMMARY OF FINDINGS

4. Our review of these claims found that the two employment claims met the relevant criteria for a claim to be made and the four other claims showed evidence that significant and sustained progress had been made. We also confirmed that these families had not been claimed for previously under the Troubled Families programme.
5. As a result of our testing there are no significant findings and there are no recommendations arising from this review.
6. Finally, we would like to thank all the staff contacted during this review for their help and co-operation.

FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF MAIN A-C SYSTEM & REVENUE BUDGETARY CONTROL AUDIT FOR 2016-17

Issued to: Tracey Pearson, Chief Accountant
Claire Martin, Head of ECS and CEX Finance
David Bradshaw, Head of ECHS Finance
Claudine Douglas-Brown, Head of Exchequer Services

Cc: Peter Turner, Director of Finance

Prepared by: Principal Auditor

Date of Issue: 9th May 2017

Report No.: CX/069/01/2016

REVIEW OF MAIN A-C SYSTEM & REVENUE BUDGETARY CONTROL AUDIT FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of Main Accounting System & Revenue Budgetary Control 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 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 25/10/16. The period covered by this report is from May 2015 to November 2016.
4. The total Revenue budget for 2016/17 for the authority is £190,045,000.

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:
Access to the system and controls around functions on the system are adequately restricted
Budget monitoring reports are being accurately reported to the relevant committee.

REVIEW OF MAIN A-C SYSTEM & REVENUE BUDGETARY CONTROL AUDIT FOR 2016-17

Reconciliations to Oracle are regularly and accurately taking place
Journals and virements are adequately supported by documentation and authorised.
Controls around setting up new cost centres are sufficiently secure.

8. However we would like to bring to Manager's attention the following issues:
- Managers and Accountants are not signing off FBM
 - Invoices cannot be viewed on the cumulative spend report
 - User accounts on Oracle for former staff are not being removed
 - Current Oracle functionality does not allow for logs of activity to be recorded
 - Budgets have been set which do not accurately reflect the situation within departments.

SIGNIFICANT FINDINGS (PRIORITY 1)

There were no significant findings identified in this review.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Reports were run from FBM for August for ECHS and September for CEX and ECS to show that budget holders and Accountants are signing off their budget. It was found that 95% of Managers in ECS/CEX sign off their budget within the month, but that only 55% of ECHS budgets had been signed off within the month.</p> <p>Only 76% of CEX budgets for September have been signed off by the relevant accountant, compared with 100% of ECS and ECHS.</p> <p>The December FBM monitoring report was then requested and reviewed. This showed that for ECHS budgets approval was 85% sign off by the relevant budget holder.</p> <p>The CEX and ECS budgets were 100% signed off by the Relevant Accountant for December.</p>	Systems are not in place to identify and alert managers of budgetary failures and to ensure that significant variances are reported to senior management and/or Members as soon as possible.	Managers and Accountants should sign off cost centres under their responsibility on FBM. [Priority 2]
2	There is an issue identified during the audit, that on FBM, not all information is currently available to staff. It was identified that under Cumulative spend, links to invoices are not working.	Systems for identifying and alerting managers on budgetary failures to ensure that significant variances are reported to senior	The issues with Cumulative Spend report should be resolved to enable users to view invoices from the report.

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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
		management and/or Members as soon as possible	[Priority 2]
3	Budget Setting The salaries of HR, Audit and Housing were selected to determine they were accurately calculated. This was found to be the case for HR and Housing, though not with Audit, where the wrong spinal points had been recorded resulting in incorrect setting of salaries budget. This has since been resolved.	Inaccurate budgets loaded onto the financial management system	Budgets should be set which accurately reflect the situation within the department. [Priority 2]
4	The review of the report of FIS users and their responsibilities as at 20/05/2015 highlighted that there are 15 generic accounts to access FIS which are not linked to individuals. These include System Administrator account which gives FIS team full admin access to Oracle system. The activity on this account is not subject to any independent monitoring. This issue has previously been raised in both internal and external audit reports of Main Accounting System and is still outstanding. It has also been identified previously that the FIS team are able to amend the bank details of suppliers as well as	Failure to safeguard systems by access controls may give rise to the increased risk of fraud or malicious damage to data	The audit functionality within the Financial Information system should be activated so an audit log is captured of activities undertaken and changes actioned. [Priority 2*] Consideration should be

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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
	create and approve lproc orders.		made to segregating access to Oracle and to ensure the ability to change bank details of suppliers is not held by the FIS team. [Priority 2]
5	<p>A report was run of all the staff who have access to the financial system. It was identified that 32 former employees and 2 former external auditors are still set up with access to the Financial System. At least 5 of these have not had their access to Bromley systems removed.</p> <p>Of 869 people who are set up on the system with some form of access (for many this is only to lproc), the report shows that 452 have not logged on in 2016/2017.</p> <p>Access to setting up codes is restricted to 22 members of staff, all of who are Accountants. Access to adjusting bank details is restricted to 5 individuals, 3 who work for the Exchequer Contractor Supplier set up team and two who work in the FIS Admin Team.</p>	Failure to safeguard systems by access controls may give rise to the increased risk of fraud or malicious damage to data	User accounts that are no longer required should be deleted or disabled to prevent unauthorised usage. [Priority 2*]

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Priority 1

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

Priority 2

Required to address issues which do not represent good practice

Priority 3

Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	It was found four former members of staff who had access to lproc, who have not been removed from the system, 2 of these still have systems accounts.		

Priority 1

Required to address major weaknesses and should be implemented 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	Managers and Accountants should sign off cost centres under their responsibility on FBM.	2	<p>Agreed</p> <p>In ECHS the low budget holder signoff was due in the main to a couple of budget holders who were not available. The Assistant Director agreed these in their absence. Sign off has improved in subsequent monitoring</p> <p>In terms of the Accountant sign off there were some finance staff issues which have now been rectified and the percentages have increased.</p>	Heads of Finance	22/03/17
2	The issues with Cumulative Spend report should be resolved to enable users to view invoices from the report.	2	We were unaware there was a problem with images on that report. No one had reported any problems to us. We are investigating the issue. In future we'll regularly check the report.	Head of Financial Systems	01/04/17

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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
3	Budgets should be set which accurately reflect the situation within the department.	2	Agreed. There were some staffing issues in the relevant finance team that have since been resolved and the budget position has been corrected.	Head of ECHS and CEX Finance	22/03/17
4	The audit functionality within the Financial Information system should be activated so an audit log is captured of activities undertaken and changes actioned. Consideration should be made to segregating access to Oracle and to ensure the ability to change bank details of suppliers is not held by the FIS team.	2*	As explained previously, turning on audit tables comes with a 'health warning' as it could severely impact/effect the performance of the system. The system performance has already slowed since the upgrade to R12. We've introduced some audit reports that have previously satisfied audit. There is a bank account details report run daily by	Head of Financial Systems	01/09/17

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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
			the Exchequer Contractor Supplier Management Team to track all new bank accounts enter, amended and who made the amendment. This was seen previously as the weakest point in the system. However, we will review the Audit tables again with PDG.		
5	User accounts that are no longer required should be deleted or disabled to prevent unauthorised usage.	2*	As explained in the last audit, to approve a requisition users do not need to log on to the system instead they can approve the requisition via email. Therefore their user record in Oracle is not updated as they haven't logged on. Also budget holders have requested users to be set up for iproc and they have not used it. Their passwords would have timed	Head of Financial Systems	Already in place

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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>out so they would be unable to access the system.</p> <p>Regarding former employees - As you are aware there is a general issue with staff not completing Leaver forms when someone leaves. If a form is not completed then we won't receive an automatic request to remove that member of staff from Oracle. I understand that IT are currently reviewing this. We send a list of users to the Accountants yearly for them to check and inform us of any leavers. We also remove users based on emails bounced back when sending out global communications.</p> <p>Regarding LBB AP - Bank Set-up</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>responsibility– This responsibility is no longer active since R12. However it has been removed from the team members. FIS team do not set up bank accounts. There is an audit report for this that the Exchequer Contractor run daily.</p> <p>The Supplier Management team (SMT) will contact the Finance Officer where they have been unable to amend the bank details in Oracle. Where he has been unable to resolve the issue assistance will be requested from the FIS team.</p>	Head of Exchequer Services/ Exchequer Finance Officer	01/06/2017

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

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

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

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FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

FOLLOW UP REVIEW OF RIVERSIDE SCHOOL
2016/17

Issued to: Steve Solomons, Headteacher
Katrina O'Leary, Chair of Governors (final only)
Sue Crane School Business Manager

CC: Ade Adetosoye, Deputy Chief Executive, Executive Director of ECHS (final only)
Jane Bailey, Director of Education (final only)
Schools Finance Team (final only)

Prepared by: Principal Auditor

Date of Issue: 18th May 2017
Report No.: ECH/SP4/01/2016

INTRODUCTION

1. This report sets out the results of our systems based follow up audit of Riverside School. The audit was carried out in May 2016 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. This follow up review considered the Internal Audit report finalised on the 14th December 2015 and was limited to identifying progress made to implement the 2 recommendations.

MANAGEMENT SUMMARY

4. At the site visit on the 8th May 2017 audit testing and supporting documentation satisfactorily evidenced implementation of the 2 recommendations, as detailed in Appendix A.

SIGNIFICANT FINDINGS (PRIORITY 1)

5. There are no priority one findings to report.

DETAILED FINDINGS/MANAGEMENT ACTION PLAN

6. Appendix A provides information on the recommendations that are being followed-up and Appendix B give definitions of the priority categories.

ACKNOWLEDGEMENT

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

No	Recommendation/Management Comment	Target Date and Responsibility	Follow-up comments	Status
1	<p>Purchase orders should be raised when the decision has been taken to procure a service/item. [Priority 2]</p> <p>Every effort is made to ensure that all commitments are entered as a purchase order at the time of commitment. Additional attention will be given to ensuring all commitments are logged as purchase orders including estimates for monthly and quarterly generated invoices</p>	<p>School Business Manager /Finance Officer</p> <p>Dec 2015</p>	<p>A sample of 5 payments was selected to test that the order had been raised when the decision has been taken to procure the goods and services and prior to the receipt of the invoice.</p> <ul style="list-style-type: none"> • 2/5 orders were raised before the invoice • 1/5 on the same day • 2/5 orders raised after the invoices however there were satisfactory explanations for both. The School Business Manager confirmed that provision for both payments had been included in budget monitoring. 	Implemented
2	<p>The school should consider reviewing all assets annually in accordance with School's Financial Regulations. [Priority 3]</p> <p>The school has a comprehensive and effective asset tracking system in place which records significant numbers of items for insurance purposes such as furniture that do not need checking annually. Annual checks as well as spot checks via a bar code reader are completed on all appropriate items. Unfortunately, not all information had been uploaded to the system prior to the audit which gave a misleading impression of checks. Recording of asset numbers on purchase paperwork and additional checks to ensure data has been uploaded will be completed.</p>	<p>School Business Manager/IT Administrator</p> <p>Dec 2015</p>	<p>The school evidenced the current asset register. The printed report shows the date that the item was added to the register although column heading is "inspection date". This is misleading as original assets that were uploaded to the register in June 2013 appear not to have been inspected since that date.</p> <p>The school has undertaken stock checks and will record any random spot checks to support the annual certification by the Headteacher.</p> <p>The Headteacher has signed and dated the asset register hard copy to satisfy Financial Regulations.</p>	Implemented

Definition of priority categories.

Priority 1	Priority 2	Priority 3
Required to address major weaknesses and should be implemented as soon as possible	Required to address issues which do not represent good practice	Identification of suggested areas for improvement