

FINAL INTERNAL AUDIT REPORT

CHIEF EXECUTIVES DEPARTMENT

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

Issued to: Shupriya Iqbal, Legal Services Manager
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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

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	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
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