Internal Audit
Quarter 4 Internal Audit Report
2014/15
London Borough of Haringey

Mazars Public Sector Internal Audit Ltd.
April 2015

Contents

Executive Summary

Introduction

This is our fourth quarter report to the Corporate Committee for the 2014/15 financial year, including details of all reports which are now at final stage. The report provides information on those areas which have achieved full or substantial assurance and gives an indication of the direction of travel for key systems work which will provide Members with information on how risks are being managed over time. The format of this report is also designed to highlight the key risks facing individual departments and the Council which have been identified during the course of our internal audits. A more detailed summary of the limited assurance audit findings is included for information. The report draws together the summary information which is provided on a monthly basis to Members of the Corporate Committee. Members of the Committee will also be provided with full copies of our audit reports upon request.

All recommendations are agreed with Council officers, and any disputes are discussed prior to the final report being issued. All recommendations to address any control weaknesses highlighted within this report have been agreed. Officers' actions to address the recommendations, including the responsible officer and the deadline for completion, are fully detailed in the individual final audit reports.

The attached tables reflect the status of the systems at the time of the audit, and recommendations may already have been implemented by Council officers by the time the final report is issued and reported to the Corporate Committee.

As a reminder, our recommendations are prioritised according to the following categories:

Priority 1 - major issues for the attention of senior management
Priority 2 - other recommendations for local management action
Priority 3 - minor matters and/or best practice recommendations

Key Highlights/Summary of Quarter 4 2014/15 – Final Reports issued:

2014/15 Internal Audits finalised in the quarter:

- Cash Receipting;
- Treasury Management;
- Accounting and General Ledger;
- Pension Fund Investments;
- Council Tax;
- NNDR;
- Payroll;
- Complaints and DPA (Respond) – Application Audit;
- Benefits & Local Taxation Data Storage (Comino) – Application Audit;
- Environmental Services Enforcement;

- Children in Care Plans (incl. Personal Education Plans);
- Risley Avenue School;
- Safeguarding Adults Prevention Strategy;
- H54k Programme Health Check; and
- Commercial Property

Delivery of 2014/15 Internal Audit Plan

As part of the delivery of the 2014/15 Internal Audit Plan, we have also issued draft reports for the following audits:

- EU Contract Regulations – Compliance with Legislation;
- Environmental Services Enforcement;
- Commissioned Services;
- Medium Term Financial Strategy;
- Strategic Financial Management and Budgetary Control;
- Accounting and General Ledger;
- Housing Benefits;
- Pendarren House Outdoor Education Centre; and
- South Harringay Infants.

Follow Up of Prior Years' Recommendations

The results of our follow-up work are as follows:

2012/13

One recommendation remains outstanding; work is ongoing to address this.

2013/14

To date we have followed up 57 recommendations raised in 2013/14 and the results of our work are as follows:
- Implemented – 42 (73.7 %);
- Partly Implemented – 8 (14.0 %);
- Not Implemented – 5 (8.8 %); and
- Not Applicable – 2 (3.5 %).

Audit Progress and Detailed Summaries

The following table sets out the audits finalised in Quarter 4 of 2014/15 financial year and the status of the systems at the time of the audit. It must be noted that the recommendations may already have been implemented by Council officers by the time the final report is issued and reported to the Corporate Committee.

Detailed summaries of all audits which do not receive 'Full' or 'Substantial' assurance ratings are also provided for Members' information.

Audit Title	Date of audit	Date of Final Report	Assurance Level	Direction of Travel	Number of Recommendations (Priority)		
					1	2	3
2014/15							
Cash Receipting	Dec'14	11.02.15	Substantial	⟺	0	1	1
Treasury Management	Jan'15	11.02.15	Substantial	⟺	0	1	0
Pension Fund Investments	Feb'15	04.03.15	Full	⟺	0	0	0
Council Tax	Dec'14	04.03.15	Substantial	⟺	0	0	0
NNDR	Jan'15	04.03.15	Substantial	⟺	0	0	0
Payroll	Jan'15	04.03.15	Substantial	⟺	0	2	2
Commercial Property	Nov'14	22.01.15	Substantial	N/A	1	2	2
Complaints and DPA (Respond) – Application Audit	Jan'15	04.03.15	Substantial	N/A	N/A	N/A	N/A
Benefits & Local Taxation Data Storage (Comino) – Application Audit	Dec'14	26.03.15	Substantial	N/A	1	2	2
Children in Care Plans (incl. Personal Education Plans)	Nov'14	06.02.15	Limited	N/A	2	2	1
H54k Programme Health Check	Oct'14	16.01.15	N/A	N/A	0	0	1
Safeguarding Adults Prevention Strategy	Oct'14	16.01.15	Substantial	N/A	0	3	3

INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2014/15

As part of the 2014/15 Internal Audit Plan we have visited the following school, completed a probity audit and during Quarter 4 issued a final report.

School	Date of Audit	Report Date	Assurance Level	Number of Recommendations (Priority)		
				1	2	3
Risley Avenue School	Jan'15	31.03.15	Substantial	0	4	3

As part of the 2014/15 Internal Audit Plan we have also visited the following school, completed a follow-up of the recommendations raised in 2013/14 and during Quarter 4 issued a formal follow-up report. The results of our follow-up work are summarised in the table below.

School	Assurance Level	Recommendations								Partly Impl.	Not Impl.	N/A	Priority 1 Recs. Outstanding
		Category				Implemented							
		1	2	3	Total	1	2	3	Total				
Rokesly Junior	Substantial	1	5	2	8	0	5	1	10	2	0	0	1

DETAILED SUMMARIES:

Audit area	Scope	Status/key findings	Assurance
ENVIRONMENTAL SERVICES & COMMUNITY SAFETY			
Children in Care Plans (incl. PEPs) **2014/15**	Audit work was undertaken to cover the following areas: • Compliance with Statutory and Local Requirements; • Governance; • Identification of LAC and Development of PEP; • Monitoring and Review; and • Performance.	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The key findings are as follows: • The Department for Education have produced statutory guidance for local authorities 'Promoting the education of looked after children' dated July 2014, which sets the framework through which local authorities discharge their statutory duty under section 22(3A) of the Children Act 1989 to promote the educational achievement of looked after children. The guidance covers PEP. • A Children's and Young People's Plan (CYPP) 2013 -2016 has been developed by the HCT Board. The CYPP was approved by the HCT Board on 24 September 2013, by the Cabinet on 12 November 2013 and by the Full Council on 18 November 2013. • The PEP Guidance for Social Workers require that the PEP takes place at least six monthly, in line with the care plan, to ensure that educational needs are met and issues can be identified in a timely manner. • Social Workers are responsible for monitoring the six month review cycle of their allocated LAC. • The Virtual School Team undertakes Quality Audits on a monthly basis for a sample of six PEPs selected from the population. The aim of the audits is to monitor and track the quality of PEPs over time. The audits are graded according to a Red/Amber/Green rating system. • The Virtual School Team provides Quality Audit feedback to	**Limited**

Audit area	Scope	Status/key findings	Assurance
		Team Managers and Social Workers on a monthly basis. Meetings are undertaken with the Team Manager and allocated Social Worker for case specific follow up actions.	
		• Senior Management are provided with weekly LAC reports. These reports contain information taken directly from FWi and are therefore monitored in real time. The summary sheets also include a breakdown of each individual LAC case and assigned Social Worker for Team Managers to chase and follow up.	
		• Performance is reported in monthly Score Cards provided to Directors, Heads of Service, Team Managers and Social Workers. The measures reported are the % of Children with an up-to-date PEP.	
		• Performance is discussed at Monthly Performance Call Over Meetings using the monthly Score Card monitoring reports.	

		• The Haringey Virtual School have developed PEP Guidance for Social Workers. The document was drafted in accordance with statutory guidelines. Examination of the document established that the PEP is divided into three sections:
		   o Form A - Information gathering completed by the Social Worker;
		   o Form B - Views on PEP completed by the LAC; and
		   o Form C - Long and short term SMART targets completed by the Designated Teacher.	

		• The Virtual School provide training sessions to Social Workers, Teachers and other relevant individuals on a termly basis. However, the attendance of staff is not monitored.	
		• A Haringey Children's Trust (HCT) Board has been constituted in accordance with statutory guidelines. The HCT Board has a	

Audit area	Scope	Status/key findings	Assurance
		clear and documented Terms of Reference that is subject to annual review and approval.	
		• For the 2013 and 2014 calendar year, the HCT Board did not meet at intervals in accordance with its Terms of Reference, which require six meetings per calendar year.	
		• From a sample of 10 LAC selected for testing, the following was established:	
		o In five instances the most recent PEP was not developed within six months of the last;	
		o In six instances the previous PEP was not developed within six months of the last;	
		o In one instance Forms B and C were marked as incomplete on Framework-i.(FWi).	
		• Examination of Performance Call Over meeting minutes established that the root of poor performance has not been identified and has continued to decline for the three months from July 2014 to September 2014.	
		As a result of our audit work we have raised two Priority 1 and two Priority 2 recommendations, and one Priority 1 recommendation, which should assist in improving the control environment.	
		The Priority 1 recommendations are as follows:	
		• The Social Worker assigned to the LAC should ensure that Personal Education Plans is reviewed every 6 months. The information pertaining to the review should be documented within FWi in a timely manner.	
		• The review dates of PEPs should be monitored by Team Managers to ensure that Social Workers have undertaken reviews within the required six month timeframe.	
		Consideration should be given to developing a pro-forma spreadsheet that can be maintained on a shared drive to assist	

Audit area	Scope	Status/key findings	Assurance
		with the monitoring of PEP review dates. The monitoring spreadsheets should be reviewed by Team Managers on a monthly basis to identify cases for upcoming review and ensure these are undertaken within the timeframe. The Priority 2 recommendations are as follows: • The HCT Board should meet regularly at a frequency in accordance with its Terms of Reference. Where the frequency of meetings is not deemed to be appropriate, the Terms of Reference should be amended to state the required frequency. The HCT Board should schedule meetings in advance on an annual basis for the upcoming calendar year to ensure meeting frequency is sufficient to comply with its Terms of Reference. The calendar of meetings should be documented. • All responsible Social Workers involved in the relevant PEP process should be formally reminded of the requirement to upload all sections of the PEP (Forms A, B and C) onto FWi in a complete and timely manner. Consideration should be given to implementing a timeframe deadline for Social Workers to upload information onto FWi, e.g. within three working days of the PEP meeting. Any such requirement should be included within the procedures. The Priority 3 recommendation is as follows: • Attendance at training sessions by relevant individuals who are key to the PEP development process should be monitored and poor attendance should be followed up by the Virtual School.	

Detailed Progress Report – Outstanding Recommendation 2012/13

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
**KEY FINANCIAL SYSTEMS**				
**Accounting & General Ledger**				
1	Procedure notes should be reviewed and up-dated on a regularly basis and version control should be introduced to evidence the review. Upon review of the procedures, specifically the SAP Procedure Notes, these should be updated to reflect the requirement for approval of journals over £50,000.	2	December 2013	*Internal Audit findings March 2015* We identified 23 General Ledger End User Procedures and Reporting Guides on the Council's intranet. We sampled five of these and found that all were dated either 2003 or 2004, without any evidence of recent review. We were informed by the Systems Manager for Corporate Finance that the procedure notes identified have not been reviewed recently as no changes were required. However, the documents do not show a current date, as evidence of review, even where no changes are required. *Management Response March 2015:* Agreed. *Responsible Officer: Financial Systems Manager* *Deadline: September 2015*

Follow Up Table – 2013/14 Audit Work

AUDIT AREA	Assurance Level	Recommendations												Priority 1 Recs. Outstanding
		Category				Implemented								
		1	2	3	Total	1	2	3	Total	N/A	Not Imp.	In Progress	Not due	
Key Financial Systems														
Accounts Receivable	Substantial	0	2	0	**2**	0	1	0	**1**	0	**1**	**0**	**0**	0
Payroll	Substantial	0	4	0	**4**	0	2	0	**2**	0	**1**	**1**	**0**	0
Strategic Financial Management & Budgetary Control	Substantial	0	2	0	**2**	0	1	0	**1**	0	**1**	**0**	**0**	0
Housing Benefits	Substantial	0	2	0	**2**	0	1	0	**1**	0	**1**	**0**	**0**	0
Cash Receipting	Substantial	0	3	0	**3**	0	2	0	**2**	0	**0**	**1**	**0**	0
Accounts Payable	Substantial	0	2	1	**3**	0	1	0	**1**	0	**0**	**2**	**0**	0
Treasury Management	Substantial	0	1	1	**2**	0	1	1	**2**	0	**0**	**0**	**0**	0
Procurement Audits														
Temporary Accommodation	Substantial	0	2	0	**2**	0	2	0	**2**	0	**0**	**0**	**0**	0
Corporate Purchase Cards	Substantial	0	1	0	**1**	0	1	0	**1**	0	**0**	**0**	**0**	0
IT Audits														
Framework-I Application	Substantial	0	1	3	**4**	0	1	3	**4**	0	**0**	**0**	**0**	0
eBenefits Application	Limited	0	9	1	**10**	0	7	0	**7**	0	**0**	**3**	**0**	0
Children's Service														
14-19 Provision	Limited	4	4	0	**8**	4	3	0	**7**	0	**0**	**1**	**0**	0
Adult Social Services														
Residential and Community Care Charges	Substantial	0	2	1	**3**	0	1	1	**2**	0	**1**	**0**	**0**	0
Pan-London (Major) Equipment Service	Substantial	1	2	0	**3**	1	1	0	**2**	1	**0**	**0**	**0**	0
Pan-London (Minor) Equipment Service	Substantial	0	3	0	**3**	0	2	0	**2**	1	**0**	**0**	**0**	0

AUDIT AREA	Assurance Level	Recommendations												Priority 1 Recs. Outstanding
		Category				Implemented								
		1	2	3	Total	1	2	3	Total	N/A	Not Imp.	In Progress	Not due	
Customer Services														
Social Fund	Substantial	0	0	3	**3**	0	0	3	**3**	0	**0**	**0**	**0**	0
Policy and Business Management														
Data Quality	Substantial	0	1	1	**2**	0	1	1	**2**	0	**0**	**0**	**0**	0
Total		**5**	**41**	**11**	**57**	**5**	**28**	**9**	**42**	**2**	**5**	**8**	**0**	**0**

Implemented – officers has indicated through self-certification the progress of recommendations. We have verified a sample of responses.

N/A – the recommendation is no longer applicable due to changes in the system, or alternative action has been taken to address the risk.

Not implemented – the recommendation has not been addressed, alternative action has not been taken.

In Progress – officers have started implementation of recommendations

Detailed Progress Report – Outstanding Recommendations 2013/14

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
			IT AUDITS	
eBenefits Application				
1	Management should address the following issues identified during this audit: • A formally defined procedure should be established to update and align housing benefit and council tax thresholds with the iWorld application; • Management should request that Northgate configure the eBenefits application to reject non-alpha characters when entering a claimant's surname; • Management should request that Northgate configure the eBenefits application to enable the ability to export and print the Unexported Claims report; and • Management should review the licensing arrangements for the eBenefits application.	3	Completed N/A N/A Completed January 2014	**Status: Partly Implemented** The pre annual billing spreadsheet detailed the process of aligning eBenefit parameters with Council Tax and iWorld as part of the annual parameter changes. Application of this could not be evidenced as the system is in dormant state and no parameter changes were applied for 2014/15 financial year. The call log 1812954 with Northgate noted rejection of non alpha character and ability to export unexported issues were raised. In response Northgate have rejected the request on non alpha character as only alpha and numeric character is permitted and therefore cost does not outweigh the benefit to make the change. An additional call log 1864122 confirmed the function to export unexported was always there and now working as required. It was confirmed by the Principal Supplier Manager that the current Licence agreement has expired and have requested a current agreement from vendor Northgate. *Further action required*: Management should ensure the licensing agreement for the eBenefits application is current, valid and adequate for the number of users. *Management Response December 2014:* A new eBenefits contract has been requested by IT Supplier Management from Northgate. The contract will state that licenses are perpetual and include the number of users or sites it applies to. Awaiting feedback from Northgate. *Revised Deadline: 31/3/2015*

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
				Management Response April 2015: The eBenefits contract has been requested from Northgate but we are currently still awaiting feedback from Northgate. *Revised Deadline: 31/05/2015*
2	Management should configure the eBenefits application to enforce strong logical access controls that are aligned to the Council's Access Control Policy.	2	Completed	**Status: Partly Implemented** The call log 1812954 and the Enhancement request have been logged with vendor Northgate to improve logical security of the system. However, although the request has been accepted no date of implementation has been provided. *Further action required:* The risk remains until vendor implementation of recommendation. *Management Response December 2014:* The call log 1812954 and the Enhancement request have been logged with vendor Northgate to improve logical security of the system. However, although the request has been accepted no date of implementation has been provided. Awaiting Northgate response. *Revised Deadline: 31/3/2015* *Management Response April 2015:* We are still awaiting updates from Northgate. *Revised Deadline: 31/05/2015*
3	Management should request that Northgate configure the audit trail for the eBenefits application to record: • Changes that have been made to master held within the Application; • Changes that have been made to a user's account; and • Failed or unauthorised access attempts to the	2	November 2013	**Status: Partly Implemented** The call log 1812954 and the Enhancement request have been logged with vendor Northgate to establish audit trail for the system. However, although the request has been accepted no date of implementation has been provided. *Further action required:* The risk remains until vendor implementation of recommendation. *Management Response December 2014:*

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
	Application.			The call log 1812954 and the Enhancement request have been logged with vendor Northgate to establish audit trail for the system. However, although the request has been accepted no date of implementation has been provided. Awaiting Northgate response. *Revised Deadline: 31/3/2015* ***Management Response April 2015:*** We are still awaiting updates from Northgate. *Revised Deadline: 31/05/2015*
	CHILDREN'S SERVICES			
	14-19 Provision			
4	The RPA Team structure should be formally agreed and presented to the Project Management Group for review and approval. Evidence of this should be documented in the relevant meeting minutes. *Responsibility: 14-19 Development Officer*	2	March 2014	**Status: Partly Implemented** *Management update October 2014:* The situation is currently the same as the progress report i.e. the Raising the Participation Age (RPA) team is not fully implemented. This is due to ongoing reviews of the post16/RPA/Youth Service space. A review of this area has taken place by the Corporate Development Unit which will inform the resources for this area. It is anticipated that a decision is to be made no later than December 2014. *Management update October 2014:* The function of the RPA/Post 16 Team is forming part of the wider corporate consultation and over arching restructures. It is expected a new structure to address RPA issues will be in place by April 2015. *Revised Deadline: April 2015* ***Management update April 2015*** The structures around the RPA/Tracking and the wider youth service will begin in June for a roll out on 1ˢᵗ October 2015. *Revised Deadline: October 2015*

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
			ADULT SOCIAL SERVICES	
Residential and Community Care Charges				
5	Management should identify the reasons for missing the targets and an action plan should be developed to help financial assessment officers in the achievement of set objectives. In addition, the reasonableness of the targets set should be considered and new ones should be set if the current targets are deemed unachievable. _Responsibility: Acting Finance Manager, IMPBS Team_	2	31 March 2014	**Status: Not Implemented** _Management Update October 2014:_ Implementation of this recommendation has been delayed. It is difficult to implement due to system limitations. The current system cannot provide accurate data to confirm how long it takes to complete financial assessments. This will be reviewed when the charging module is moved into Framework-i. _Management Update December 2014:_ As per above. As part of the Care Act, there is a plan to move the current charging system (OCC) into FWi. _Revised Deadline: November 2015(anticipated and at the earliest – but could be delayed further)_.

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Mazars Public Sector Internal Audit Limited

London

April 2015

This document is confidential and prepared solely for your information. Therefore you should not, without our prior written consent, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

In this document references to Mazars are references to Mazars Public Sector Internal Audit Limited.

Registered office: Tower Bridge House, St Katharine's Way, London E1W 1DD, United Kingdom. Registered in England and Wales No 4585162.

Mazars Public Sector Internal Audit Limited is a subsidiary of Mazars LLP. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales to carry out company audit work.