

Internal Audit
Quarter 4 Internal Audit Report
2015/16
London Borough of Haringey

Mazars Public Sector Internal Audit Ltd.
May 2016

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Executive Summary

Introduction

This is our fourth quarter report to the Corporate Committee for the 2015/16 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 2015/16:

2015/16 Internal Audits finalised in the quarter:

- Adoption & Fostering
- Better Care Fund
- Parks Events
- Sport & Leisure Capital Works
- Treasury Management
- Accounts Receivable
- Gladesmore Secondary School

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APPENDIX A

- The Willow Primary School
- Earlsmead Primary School
- Lea Valley Primary School
- Muswell Hill Primary School
- St Mary's Priory RC Infant & Junior School

2015/16 Internal Audits drafts issued in the quarter:

- Community Alarms
- Commercial Property
- Special Educational Needs and Disabilities
- Community Engagement – Noel Park
- New Homes
- Strategic Finance
- Cash Receipting
- Housing benefits
- NNDR
- Accounting & General Ledger
- St Gilda's Primary School
- Highgate Primary School

School Follow Ups undertaken

- Park View Academy
- Bruce Grove Primary School
- Chestnuts Primary School
- Crowlands Primary School
- South Haringay Junior School
- South Haringay Infant school

2014/15 Internal Audit Final Reports issued

- DBS Checks
- Sustainable Investment Fund
- Elections 2014 Expenditure & Expenses
- HUI Programme
- Annual Governance Statement

Audit Progress and Detailed Summaries

The following table sets out the audits finalised in Quarter 4 of 2015/16 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
2015/16							
Adoption & Fostering	June 15	Apl 16	Limited	N/A	0	8	1
Better Care Fund	Jan 16	Mar 16	Full	N/A	0	0	0
Parks Events	Sept 15	Mar 16	Substantial	N/A	0	2	0
Sport & Leisure Capital Works	Oct 15	Apl 16	Full	N/A	0	0	0
Treasury Management	Dec 15	Mar 16	Substantial	↔	0	1	1
Accounts Receivable	Dec 15	Feb 16	Substantial	↔	0	2	1
2014/15							
DBS Checks	Nov 15	Jan 16	Substantial	N/A	0	4	0
Sustainable Investment Fund	Nov 15	Jan 16	Substantial	N/A	1	6	0
Elections 2014 Expenditure & Expenses	Aug 15	Apl 16	Substantial	N/A	0	1	0
HUI Programme	Nov 15	Jan 16	N/A Advisory	N/A	0	1	0
Annual Governance Statement	Mar 16	Apl 16	Full	N/A	0	0	0

As part of the 2015/16 Internal Audit Plan we have visited the following schools, completed a probity audit and during Quarter 4 issued a final report.

School	Date of Audit	Date of Final Report	Assurance Level	Number of Recommendations (Priority)		
				1	2	3
Gladesmore Secondary School	Dec 15	Mar 16	Substantial	0	1	2
The Willow Primary School	Nov 15	Feb 15	Substantial	0	3	3
Earlsmead Primary School	Jan 16	Mar 16	Limited	1	12	3
Lea Valley Primary School	Oct 15	Apl 16	Substantial	0	7	2
Muswell Hill Primary School	Dec 15	Apl 16	Substantial	0	1	1
St Mary's Priory RC Infant & Junior School	Oct 15	Feb 16	Substantial	0	3	3

Audit area	Scope	Status/key findings	Assurance
Priority 1 – Outstanding for all (Children’s Services)			
<p>Adoption and Fostering</p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> • Governance • Document, Policies and Procedures • Referrals and Assessment • Cost and Value for Money • Expenditure • Performance management and reporting 	<p>Weaknesses in the system of internal controls are such as to put the client’s objectives at risk. The key findings are as follows:</p> <ul style="list-style-type: none"> • An up to date Foster Register is in place which includes the date that each foster carer was approved, notes of approval, and status of each carer. There was no of formal record of Adopters maintained by the Placement & Adoption Service. • The Getting to Good Action Plan, which was compiled as a result of an Ofsted inspection between May and June 2014 that graded Children’s Services and the Local Safeguarding Children’s Board as requires improvement, is managed robustly by a "Getting to Good" Board made up of senior leads across all service areas. The Board reports directly to the Haringey 54000 transformation programme in order to help to ensure that all other improvement programme activities are aligned to the delivery of the Ofsted recommendations. Examination of the Haringey Getting to Good Action Plan determined that the recommendations raised in the document are those highlighted in the Ofsted report. It was identified that there was no action lead and 60 actions with an end date prior to July 2015 had a Green ‘RAG’ rating - meaning that the action is still open. However, we could not confirm whether these actions were followed up and completed as evidence of subsequent updates was not provided. Additionally, three actions were identified, two with no start and end dates and one with no end date. There was also no evidence to confirm that these were subsequently completed. • A Service Delivery Plan developed for the Placement and Adoption Service is in place, which sets how the Council priorities are to be achieved by the Directorate. The Plan sets out 10 objectives under Corporate 5: Priority 1 of the Corporate Plan Key Priorities and details how the objectives are to be measured, frequency and timescale for review, and progress. We were informed that this was formally approved but no evidence of approval could be provided. 	<p>Limited</p>

Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> • Discussion with the Team Manager established that a Business Process review has not been undertaken since 2012 when a Fostering Service Report was produced. At February 2016, we were informed that work was commencing on a review of workflow within Mosaic but this is still at an early stage. • The most recent meeting of the North London Adoption Consortium (NLAC) Adoption Managers meeting was held on 8th January 2016, and as per the minutes, the meeting was attended by the Service Manager and Head of Service. Most recent meeting of the NLAC Fostering Managers meeting was on 9th October 2015 and was attended by the Service Manager. • Procedure notes have not been updated and refreshed in Child Care Procedural Manual. • CIPFA Looked After Children Benchmarking Club completes an annual comparison of the service and costs of providing the Children Looked After Service across London and other Councils, which includes the Adoption Service, using the returns submitted by Councils based on their annual accounts. We were provided with a benchmarking report produced by the CIPFA Children Looked After Benchmarking Club dated 9th December 2014 and was based on the 2011/12 accounts. The report shows the number of looked after children, a breakdown of looked after children by type of care, age profile of looked after children and unit costs. However, the report does not include Haringey. We were informed that the data was not provided to CIPFA for the period; therefore no comparison was done. As benchmarking data was not submitted to CIPFA for inclusion in the CIPFA Benchmarking report (2014), there were no findings to report on the Adoption Service. Information was provided for the 2015 review. A report dated 10th February 2016 has been received but is yet to be reviewed by management. • Monthly reports of Adoption and Fostering Services performance indicators are produced and reviewed by Senior Management No evidence of this review was presented to us. The Cabinet has agreed key performance targets for the Adoption and Fostering 	

Audit area	Scope	Status/key findings	Assurance
		<p>Services.</p> <ul style="list-style-type: none"> • Individual staff performance objectives are linked to the team, or service, objectives as agreed in the annual performance appraisal process. • Eligibility criteria for potential adopters have been set and adhered to. • Once a potential adopter has received information about adoption, they will either decide that adoption is right for them or not. Should they wish to move onto the next stage they will need to formally register their interests to enter stage 1 of the approval process. They will need to complete and submit a Register of Interest form. From this point they are referred to as potential adopters. • Stage one begins when the Adoption agency accepts the registration of interests in adoptions and should normally not take more than two months to complete. Stage one focuses on initial training and preparation and on ascertaining through prescribed checks and references, whether there is any absolute reason why the prospective adopter should not proceed further. All prescribed checks and references are carried out during Stage one in parallel with initial training and preparation. • A Prospective Adopters Workbook is provided to potential adopters who will complete the workbook and return it to the North London Consortium. The purpose of this document is to guide the potential adopters understanding of adoption. • Once an enquiry has been received, applicants are offered to attend an information session for fostering by the Fostering Team • Fostering Applicants submit a register of interest. • Form F is completed after a full assessment has been undertaken of the potential foster carer and submitted to the Fostering Panel. The Chair of the Panel signs and approves the recommendations. • The Agency Decision Maker signs off the Panel Recommendations as approved • Testing conducted on a sample of five adoption applicants on 	

Audit area	Scope	Status/key findings	Assurance
		<p>Mosaic confirmed the following:</p> <ol style="list-style-type: none"> 1. No evidence of initial visits for two of the five cases by the social worker; (1500412 and 1511660). 2. No evidence for two of the five cases, that applicants have attended a foundation (training) day; (1509602 and 1515784). 3. No evidence for two of the five cases, whether an adopters workbook has been completed; (1509602 and 1515784). 4. No evidence for four of the five cases whether the Prospective Adopters report has been signed off as approved by the Adoption Team Manager before the case is presented to the Panel. (1500412, 1515784, 1509602 and 1511660). <ul style="list-style-type: none"> • Testing conducted on a sample of five foster carer applicants confirmed the following: <ol style="list-style-type: none"> 1. No evidence of initial enquiry in four of the five cases; (69497, 137597, 301439 and 1011621). 2. No evidence for four of the five cases, whether the applicants attended a preparation group; (69497, 137597, 301439 and 1011621). 3. No evidence for three of the five cases as to when the register of interest was submitted; (1082858, 69497, 137597 and 301439). 4. No evidence for four of the five cases of an initial visit by the social worker; (69497, 137597, 301439 and 1011621). 5. No evidence for all five cases as to when the applicants attended Skills to Foster training; 1082858, 69497, 137597, 301439 and 1011621). 6. No evidence for two of the five cases, as to when the personal checks were completed, although in these two cases, each case was presented to the Panel and also approved by the Agency Decision Maker which will only take place once they have assurance that personal checks have been completed. (301439 and 1011621). • Annual Framework-I Purchase Order is raised for each Adopter and Foster Carer and approved by Manager. • Weekly Framework-I payment schedule is run by a Finance 	

Audit area	Scope	Status/key findings	Assurance
		<p>Officer for all certified Adopters and Foster carers. The weekly run produces details of those payments not processed and listed under 'errors' which are resolved by the Finance Officer for inclusion in subsequent payment runs.</p> <p>As a result of our audit work we have raised eight Priority 2 and one Priority 3 recommendation, which should assist in improving the control environment.</p> <p>The Priority 2 recommendations are as follows: There was no formal record of Adopters maintained by the Placement & Adoption Service. This was confirmed through discussion with the Service Manager. The information provided for sample testing was a list prepared by the Service Manager and it did not identify the date each adopter was approved by the Panel.</p> <p>There is no legal requirement to hold a register of adopters. However a central record of all adopters is in place, though date of approval is not added. Adopters are allocated to adoption social workers and therefore there is no risk that there will be adopters who are unknown to the Council. Date of approval to be added to the record of approved adopters. Deadline April 2016</p> <p>Haringey's 'Getting to Good' action plan should include the responsible lead for the implementation of each action. Actions need to be followed up, completed and evidenced. Updates to the Action Plan should be recorded and monitored.</p> <p>Actions relating to adoption and fostering to be reviewed and outstanding actions to be transferred to the service plan. The Getting to Good Board has been subsumed into the Quality and Performance Network Board. Deadline April 2016</p> <p>The Service Delivery Plan should be finalised prior to being disseminated across the Service and evidence of approval should be</p>	

Audit area	Scope	Status/key findings	Assurance
		<p>retained.</p> <p>Placements Service Plan, which includes adoption and fostering, is being drafted by Head of Service Deadline April 2016</p> <p>A Business Process Review should be conducted for both Adoption and Fostering Service.</p> <p>Business Review underway. This cannot be completed until decisions made in regard to whether fostering assessments are undertaken internally or continue to be outsourced. Deadline April 2016</p> <p>The Adoptions Team Manager should check and sign the Prospective Adopters Report to ensure it is adequate once it has been completed by the Social Worker. The Manager should also ensure that the report has been approved before being submitted to the Adoption Panel.</p> <p>All prospective adopter reports are approved for presentation to the adoption panel by the team manager currently. However it is agreed that signed copies should be on file. Procedure to be compiled to state that cases cannot go to panel unless signed copies are presented to panel administrator. Deadline April 2016</p> <p>The Adoption Panel Meeting minutes, which include recommendations regarding the suitability of the adopter, should be signed off as agreed by the Chair of Adoption Panel.</p> <p>Ensure signed copies of minutes are placed on the file. Deadline Immediate effect</p> <p>The Adoption Team should review assessments not completed within required timescales to identify underlying reasons and agree actions to ensure all future prospective adopters are assessed in a timely manner. Where delays occur in the assessment process, these should be comprehensively documented within the Prospective Adopters Report (PAR) and highlighted at the Adoption Panel.</p>	

Audit area	Scope	Status/key findings	Assurance
		<p>Review of recording of the Stage 2 process is currently underway and will be incorporated into the assessment procedure. Deadline April 2016</p> <p>The Adoption and Fostering service needs to ensure that information regarding initial enquiry, submission of registration of interest, evidence of initial visit, attendance of foundation day & preparation groups by applicants, evidence of personal checks completed, adopters workbook completed by applicants and authorisation by Managers of the Prospective adopters Report should be retained and uploaded on Mosaic to demonstrate that the correct processes have been duly followed. There also needs to be a clear audit trail so information is promptly available in case of a query.</p> <p>Procedure review underway and changes to be reflected in new procedure of assessment of adopters. Deadline April 2016</p> <p>The Priority 3 recommendation is as follows: Procedures should be reviewed following significant changes in legislation. Where this occurs before the deadline for review has elapsed, proposed changes to the document during the formal review should be highlighted and included as an appendix.</p> <p>Review to be undertaken. Deadline April 2016</p>	

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****May 2016**

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