

Internal Audit
Quarter 1 Internal Audit Report
2016/17
London Borough of Haringey

Mazars Public Sector Internal Audit Ltd.
August 2016

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Executive Summary

Introduction

This is our first quarter report to the Corporate Committee for the 2016/17 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 1 2016/17:

2015/16 Internal Audits finalised in the quarter:

- Annual Governance Statement
- Implementation of the Care Act
- Special Educational Needs & Disabilities
- Community Alarms
- Commercial Property
- Community Engagement – Noel Park
- Tottenham Green Public Realm Works

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APPENDIX A

- Multi Agency Working – Violence against women & girls
- Strategic Finance & Budget Management
- Cash Receipting
- Accounting & General Ledger
- Accounts Payable
- Housing Benefit
- Council Tax
- National Non Domestic Rates (NNDR)
- Highgate School
- St Gilda's School

2015/16 Internal Audits drafts issued in the quarter:

- Hornsey Town Hall
- NSL Application Review
- OneSAP
- Brokerage Service
- St Ignatius RC Primary School

School Follow Ups undertaken

- Devonshire Hill Primary School
- Rowland Hill Primary School

Audit Progress and Detailed Summaries

The following table sets out the audits finalised in Quarter 1 of 2016/17 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							
Annual Governance Statement	Jan 16	April 16	Full	N/A	0	0	0
Community Alarms	Feb 16	May 16	Substantial	N/A	0	1	2
Implementation of the Care Act	Mar 16	May 16	Substantial	N/A	0	1	1
Special Educational needs & Disabilities (SEND)	Feb 16	Jun 16	Limited	N/A	0	4	3
Commercial Property	Dec 15	May 16	Limited	↔	1	8	2
Noel Park (Community Engagement Pilot)	Feb 16	Jun 16	Substantial	N/A	0	4	2
Tottenham Green Public Realm Works	Nov 15	May 16	Substantial	N/A	0	2	1
Violence Against Women and Girls	Mar 16	Jun 16	Substantial	N/A	0	5	1
Accountancy & General Ledger	Dec 15	Jun 16	Full	⇒	0	0	0
Strategic Financial Management	Jan 16	May 16	Full	⇒	0	0	0
Cash Receipting	Jan 16	May 16	Full	⇒	0	0	0
Accounts Payable	Jan 16	Jun 16	Limited	↔	0	5	0
Housing Benefit	Feb16	May16	Limited	↔	0	8	1
National Non Domestic Rates	Dec 15	May 16	Full	↔	0	0	0
Council Tax	Jan 16	Jun 16	Substantial	↔	0	0	2

As part of the 2015/16 Internal Audit Plan we have visited the following schools, completed a probity audit and during Quarter 1 issued a final report.

School	Date of Audit	Date of Final Report	Assurance Level	Number of Recommendations (Priority)		
				1	2	3
Highgate School	Feb 16	May 16	Limited	0	13	1
St Gilda's Primary School	Feb 16	May 16	Substantial	0	7	2

Audit area	Scope	Status/key findings	Assurance
Priority 1 – Outstanding for all (Children’s Services)			
Special Educational Needs & Disabilities (SEND)	Audit work was undertaken to cover the following areas: <ul style="list-style-type: none"> • Compliance with local and statutory requirements • Identification and Assessment • Joint Planning and Commissioning • Cost Control • Monitoring of Service Delivery and Budgetary Control • Performance Monitoring and Reporting 	Weaknesses in the system of internal controls are such as to put the client’s objectives at risk. The key findings are as follows: <ul style="list-style-type: none"> • Reforms to the SEN Code of Practice in September 2014 introduced the requirement to provide children with Education, Health and Care (EHC) Plans, and to convert all previous SEN Statements to EHC Plans. A sample of 20 EHC Plans finalised within the last 12 months was selected. The hard copy files held by the team for the co-ordination of these plans were examined, and were not found to have followed a consistent co-ordination process. We were informed that these plans had been produced prior to the inception of the current process document, and so our report has not raised a recommendation about the lack of consistent processes. We were informed that a process document for creating new plans (called ‘Haringey EHCP Coordination Roles and Processes’) was put in place by the Service in October 2014 , however no date is visible on the document, and therefore we cannot formally evidence this. • A process document is in place for converting statements to plans. These documents were not dated and there was therefore no evidence of when staff were provided with guidance, or that timely review of the documents had been undertaken. • EHC Plan co-ordination is not documented on the Mosaic system. An EHC Plan should be completed within 20 weeks of the child being referred to the Service. In all ten cases of new plans examined, plans were produced with delays past the 20 week deadline. A central monitoring spreadsheet is kept to track progress of Plan co-ordination, however this was not consistently completed. • New EHC Plans are formally ratified by the SEND Panel. From the 20 EHC Plans selected, ten were previously Statements which had been converted into EHC Plans. We were informed that these do not need to be ratified by the Panel if there is no change in resourcing. In one out of ten cases of new EHC Plans 	Limited

Audit area	Scope	Status/key findings	Assurance
		<p>examined, the minutes of the SEND Panel do not specifically state that the plan was formally ratified but did state that the request for increased resourcing was not agreed.</p> <ul style="list-style-type: none"> • The Service has recently put in place audits of high-risk placements, including independent and out-of-borough schools. The process for these audits and target timescales for completion have not been documented. No audits are planned for any other placements as they are not necessary due to the statutory review process • KPIs have been established and are reported at Children’s Services Management Team meetings. The timely progress of converting SEN Statements to EHC Plans against the timescales set out in Haringey’s Local Offer is not consistently monitored and reported. The spreadsheet used to monitor Statements being converted into Plans had not been completed to show the year group in all cases, and therefore completion rates could not be determined. The average number of weeks to issue a plan is a KPI, but was not reported at the Children’s Services Management Team meeting for November 2015. No other monthly report of KPIs is produced outside of the meeting minutes, and therefore no evidence is available that this was monitored that month. The children’s team meeting is an internal SEND meeting. <p>As a result of our audit work we have raised four Priority 2 and three Priority 3 recommendations, which should assist in improving the control environment.</p> <p>The Priority 2 recommendations are as follows: All policies and procedures should state the date of production/last review and update, and the name of the officer responsible for maintaining the document. Any updates should be tracked using version control. Furthermore, management should ensure that the ‘Haringey EHCP Co-Ordination Roles and Processes’ and ‘Transfer from Statements to EHC Plans’ documents are reviewed and updated to ensure that they reflect current legislation and working practices</p>	

Audit area	Scope	Status/key findings	Assurance
		<p>Agreed. Working practices reflect the current legislative framework. Deadline : Already implemented</p> <p>A consistent, central system of monitoring and recording information should be followed for the co-ordination of EHC Plans</p> <p>Agreed. Current focus is on reduced delays and increased timeliness of the production of plans, which has been evidenced by the decreased time taken to produce the plans over the last year.</p> <ol style="list-style-type: none"> 1. Mosaic re-designed to include SEND workflow so timescales can be more effectively monitored; 2. Agreement of EHC initiations moved to a new panel to reduce delays from requested of plans; 3. Training of other staff members to ensure that there is a range of people who can carry out the EHC assessments. <p>Deadline: August 2016</p> <p>A clear plan/procedure for carrying out audits of high-risk placements should be produced and formally approved. A review process should be established for in-Borough placements to assess value for money and achievement of outcomes. This could involve a sample review of providers.</p> <p>Agreed. A programme of audits has already commenced. In Borough Placements are local Haringey Schools where the SEND Code states that the child should have an annual review to look at the effectiveness of provision and achievement of outcomes. The Local Authority has to review these annually and look at resourcing. An LA officer may attend or send a report, which are all minuted and sent to the SEN Service to review under statute. The annual review process is carried out regardless of where a child is placed or educated. Any quality issues will be highlighted within the existing review process. Deadline: Already Implemented</p> <p>Performance against KPIs should be consistently reported to senior management. Furthermore, it should be ensured that monitoring is undertaken to verify whether the Service is on target to deliver against</p>	

Audit area	Scope	Status/key findings	Assurance
		<p>the deadlines for conversions set out in their Local Offer.</p> <p>Agreed. A scorecard has been planned once the data transfer to Mosaic has been completed. Performance is reported to the DfE regularly and monitored. Mosaic re-designed to include SEND workflow so timescales can be more effectively monitored Deadline: August 2016</p>	
Priority 3 – Clean and Safe (Environmental Services & Community Safety)			
Commercial Property	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> • Compliance with statutory and local policies. • Income recovery • Debt write off. • Empty properties • Lease compliance • Rent and lease reviews. • Reconciliation. • Performance. 	<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"> • Documented policies, procedures and templates have been developed for Commercial Property, and are available on shared drives for staff to view. However, these have not been reviewed and updated to reflect the change to FRE and Property & Capital Projects. • Commercial Property leases are drafted by Legal Services acting on instructions from Property Services. • New leases were agreed by the Head of Asset Management (and in future by the Assistant Director for Corporate Property and Capital Projects). • Leases are normally for a five year term, with the rent fixed for the duration of the term. • Leases require the rent to be paid quarterly in advance. • Rents as per the lease are recorded on FRE, with invoices raised through SAP Accounts Receivable. • An examination of six of the new leases which commenced in 2015 (or 20% of the total), confirmed that rents charged were as the lease, and that four were for five year terms. It was found that Property Services did not possess a copy of the lease in three instances. • Corporate Debt Management are responsible for the recovery of outstanding debts. • While it was stated that debts are only written off after Legal Services confirms no further action is possible, no debts have as yet been identified and presented for write off. 	Limited

Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> • Empty properties are visited at least once every month, with the date of all visits recorded on a spreadsheet. • Where defects are identified with an empty property, the nature of the defect is recorded on the spread sheet and a Works Order raised with the Council’s Facilities Management contractor (Amey). An examination of defects noted on the spread sheet confirmed that Amey were notified promptly. • While it was noted that inspections of empty properties are completed, there were instances when it appears that no inspection was carried out when the property becomes vacant to agree with the outgoing tenant the condition of the property. • While it was noted that the Property Manager had identified some properties for consideration of conversion to residential, there is no specific review of all such empty properties for alternative use. • The Property Manager Commercial Estates stated that ‘Tenancies At Will’ are not being granted, unless there are exceptional reasons. An examination of six new tenancies which commenced in 2015 confirmed that none were ‘Tenancies At Will’. • There is no inspection of current tenancies to confirm compliance with lease conditions and/or statutory requirements. • The service has recently developed a report which identifies for each patch all commercial tenancies and sorts by expiry date of the lease, from which lease renewals required will be identified and auctioned. These reports did identify many properties where the lease had expired. • At the time of the audit, there is no equivalent report identifying when rent reviews are due but we were informed that this is being worked on and is intended to be incorporated as part of the lease expiry report. • SAP and FRE are completely integrated and hence data on one is the data on another for which no reconciliation is required. • Performance measures have been agreed for Commercial Property, and these cover achievement of income target, growth in commercial income and occupation of commercial premises. 	

Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> • The Corporate Asset Management Plan 2009 – 2012 identified several strategic objectives for commercial property, some of which cover Supporting Local Enterprises. • Reporting on performance has previously been to the Assistant Director for Environment Services and Community Safety. This reporting has ceased with the transfer to Corporate Property and Capital Projects, although the KPI's are still being calculated, no performance reporting though we are informed it has been agreed this likely to be to the Assistant Director of Corporate Property and Capital Projects. <p>As a result of our audit work we have raised one Priority 1, eight Priority 2 and two Priority 3 recommendations, which should assist in improving the control environment.</p> <p>The Priority 1 recommendation is as follows</p> <p>Where the lease expiry date has expired more than two years previously, such leases should be identified and progress on renewing/terminating the lease reported to the Assistant Director. Agreed and the main purpose the reports is to enable better management. Deadline: June 2016</p> <p>The Priority 2 recommendations are as follows:</p> <p>Commercial Services should request from Legal Services a copy of the lease and confirm that it is in accordance with the instructions issued. Identify the properties, obtain the missing Lease and put on file and/or SAP. Deadline: May 2016</p> <p>Where a rent has been agreed by a prospective tenant, the details should be confirmed in a Heads of Terms and signed off by the prospective tenant. Heads of Terms are completed and signed off by the tenant prior to instructing Solicitors. Therefore the files are incomplete so we will</p>	

Audit area	Scope	Status/key findings	Assurance
		<p>identify the properties concerned and ensure that copies are filed. Deadline: May 2016</p> <p>As part of the process of inspection of properties as and when they fall vacant, consideration should be given as to whether there is an alternative use for the property or whether the property should be sold. To be incorporated with the procedures. Deadline: June 2016</p> <p>Current tenants should be contacted to confirm compliance with lease and statutory requirements. Where no response is received from tenants, or the response received is deemed inadequate, inspections of those properties should be completed. Letters to be sent to all tenants requesting confirmation and evidence of compliance with statutory compliance. Deadline: August 2016</p> <p>The Corporate Asset Management Plan should be reviewed in light of the priorities of the current Corporate Plan. Performance measures for Commercial Property should be agreed which cover the appropriate Corporate Plan priorities. Review existing plan, revise as appropriate, circulate to all Surveyors and make available on the server. Deadline: July 2016</p> <p>A schedule of meetings should be agreed between the Property Manager Commercial Estates and the Assistant Director for Property & Capital Projects, at which commercial property performance can be reviewed. Agreed and to be set up on a monthly/six week cycle. Deadline: May 2016</p> <p>Commercial Estates should review the current use and options available for the Munro Works and develop an appropriate use for the site. We have decided that irrespective of Crossrail we will continue to exercise our option to purchase. Already Implemented</p>	

Audit area	Scope	Status/key findings	Assurance
KEY FINANCIAL SYSTEMS			
Accounts Payable	Audit work was undertaken to cover the following areas: <ul style="list-style-type: none"> • Receipt and certification of invoices • Input of invoices to system • Payments • Amendments to supplier master file • CHAPS and BACS controls • Cheque Control • IT Access, Security & Disaster Recovery 	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The key findings are as follows: <ul style="list-style-type: none"> • Accounts Payable (Creditors) has been managed on OneSAP since December 2014. • Invoices are received, scanned into OneSAP and allocated dependent on the type of invoice as follows: <ul style="list-style-type: none"> ○ FB60 invoices – routed by VIM workflow through to a Coder, dependent on the Vendor, and once coded, assigned to an Authoriser for approval to pay; and ○ MIRO invoices – matched against the Purchase Order, and paid once the Purchase Order has been Goods Received. • An individual officer is assigned as a Coder for each Vendor created. • Where the VIM workflow cannot allocate an FB60 invoice, or in the event that it is rejected by a Coder or Authoriser, it is parked in the Accounts Payable Work Area within VIM to be resolved. • A scanned copy of the invoice is retained. • The VIM Workflow history is retained. • We sampled six FB60 and nine MIRO invoices paid during September and December 2015. • The nine MIRO invoices were examined with the relevant Purchase Order and the following was found: <ul style="list-style-type: none"> ○ An invoice was held for five MIRO invoices. The other four were periodic payments made on an Invoicing Plan; ○ All invoices were correctly posted on the system; ○ All Purchase Orders were raised before the MIRO invoice date; ○ The validity end date of one Invoicing Plan Purchase Order was 1 July 2011 with payments still being made; ○ Once invoices were received on OneSAP, they were paid within one day of receipt; and ○ In four of the invoices, there was a delay of greater than 30 	Limited

Audit area	Scope	Status/key findings	Assurance
		<p>days from invoice date to being received on OneSAP. We were informed by Accounts Payable this would be due to invoices being sent to individual services despite instructions that all MIRO invoices be sent direct to them.</p> <ul style="list-style-type: none"> • The six FB60 invoices were examined and the following was found: <ul style="list-style-type: none"> ○ An invoice was held to support all FB60 invoice and all were correctly posted on OneSAP; ○ The VIM workflow was held for all invoices; ○ In four invoices there was a delay of more than one week from invoice date to being scanned. In two instances the delay was over two months; and ○ In two invoices there was a delay of more than one month from scanned date to posted date. In one of these the invoice was twice routed to an incorrect officer. • Creation and amendment of SAP Vendors or suppliers is restricted to relevant officers from Vendor Management, with in addition officers from Accounts Payable and Financial Systems team. These are required to manage the data cleanse of Vendor records as required under P2P. • The creation of new or amended vendors is completed on receipt of a written instruction from services • Examination of 10 vendor changes confirmed the following: <ul style="list-style-type: none"> ○ In two instances a supplier invoice only was submitted with no authorisation, as it was stated that these were one-off FB60 non-order invoices and hence approval not required; and ○ In five instances there was no approval from Category Management. We were informed as they were to allow payment to be made on an FB60 this approval was not required. • SAP Creditors General Ledger Code 72025 has been reconciled on a monthly basis up to the end of January 2016. • BACS and Cheque Payments runs are completed daily. • BACS payment files are generated and received automatically by the Treasury Team. Each BACS Payment File is processed 	

Audit area	Scope	Status/key findings	Assurance
		<p>through ePAY.</p> <ul style="list-style-type: none"> • Submission of BACS payments is restricted to senior finance managers, which results in the release of the BACS file for payment by the bank. • Access to OneSAP is granted by Financial Systems Team on receipt of an email instruction from the service manager. • The contract with HCL requires HCL to submit and maintain a Business Continuity & Disaster Recovery (BCDR) Plan, with a review completed at least once every six months, In addition, the plan will be tested not less than once a calendar year. The most recent test was completed in December 2015 with a report issued 15 February 2016. • As part of the audit we were asked to review the need for cheques above £50,000 to be countersigned. We feel there are adequate compensating controls to ensure such transaction are appropriate and it is possible that those carrying out this check have insufficient knowledge of the transaction to add value. We therefore feel that this check can be stopped. • The continued poor performance in payment of invoices has been addressed through the issue of briefings to suppliers and services to send invoices into the correct location for scanning into OneSAP. We were informed that further action will be undertaken in the new financial year that in the event of an invoice being received without a purchase order it will not be paid. It is noted that there has been a decline in the number and value of outstanding invoices, as noted below. • As at 9 February 2016 the total number and value of outstanding invoices was 3,462 and £9,808,423.30 which has reduced from 4,110 and £22,641,259.63 as at 22 October 2015. <p>As a result of our audit work we have raised five Priority 2 recommendations, which should assist in improving the control environment.</p> <p>The Priority 2 recommendations are as follows:</p>	

Audit area	Scope	Status/key findings	Assurance
		<p>Where invoices are scanned into VIM late, these should be identified and referred to the service to confirm the reasons for lateness.</p> <p>Communications are issued periodically to Suppliers and Service users giving clear instructions on where and how to send invoices and of the need to ensure they obtain purchase orders for all requests. The PO issued includes clear instructions on how and where to send invoices. Deadline: Already Implemented</p> <p>Accounts Payable should agree with Financial Systems team a timetable for the implementation of the facility to dispute FB60 invoices.</p> <p>In April 2016 the Council introduced a 'No PO no Pay' policy which we are expecting to significantly reduce down the volume of non-compliant / non-PO purchasing. This should resolve issue raised. Communications have been issued to Services stressing the requirement for the issue of official PO's when ordering goods and services & at the same time a communication went out to Suppliers informing them of the need to quote PO on invoices. This will ensure invoices will be processed against a PO transaction which will allow for a 'Dispute' flag where appropriate. Deadline: Already implemented</p> <p>Payments against Purchase Orders where the validity end date has passed should be blocked.</p> <p>Emails were sent to the Corporate Management team on 7 January and 5 February with a list of open PO's asking them to close or ask for accounts maintenance to be run. We highlighted that any PO raised before Dec 2014 would automatically be closed; this was done on 24 March 16. A more robust review process will be introduced in 2016/17 to ensure that historic PO's do not build up again. We are also reviewing alternative approaches to invoicing plans. Deadline: October 2016</p> <p>FB60 and non-commercial vendors should be subject to review and approval by service and Category Management before creation as a</p>	

Audit area	Scope	Status/key findings	Assurance
		<p>new vendor. In April 2016 the Council introduced a ‘No PO no Pay’ policy. Invoices received for one off payments will be processed via a ‘One Time’ vendor account which will be subject to monitoring by the Procurement Compliance Officer. Deadline: Already Implemented.</p> <p>Progress on clearance of out of date cheques should be periodically reported to the Assistant Director for Finance. SAP was updated with the missing encashment date for the 13,481 cheques on 27/05/2016. Deadline: Already Implemented</p>	
<p>Housing Benefits</p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> • Policies and Procedures • Segregation of Duties • Compliance with Scheme • Scanning and Indexing • Backdated Claims • Payments • Overpayments • Appeals • Reconciliation • Quality Control • Subsidy • Budgetary Control • Performance Reviews 	<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"> • Segregation of duties exists between benefits assessment, payment, overpayment and fraud management. IT access rights are tailored to an officer’s job role and seniority level. • New Housing Benefit claims and change in circumstances forms are evidenced by supporting documentation, actioned in a timely manner with appropriate Local Housing Allowance (LHA) rate applied. A letter is issued to inform the claimant of the outcome of the decision. Examination of a sample of 20 new claims and 20 change in circumstances confirmed that in all cases, the claim had been processed and the claimant informed of the decision. • Work is indexed in a chronological order and uploaded into the group work tray on COMINO. The group work tray is reviewed on a daily basis by either the Manager or Team Leader and work is allocated to officer’s individual work trays on a priority basis. • Backdated payments must be requested in writing by the Housing Benefit claimant in order for the claim to be considered. Examination of a sample of 20 backdated claims identified that in all cases, written request from the claimant was provided. • Backdated payments are only provided up to six months for working age claimants and up to three months for Pension Credit age claimants, as set out in legislation. Examination of a sample of 20 backdated claims confirmed that in all cases, payments were 	<p>Limited</p>

Audit area	Scope	Status/key findings	Assurance
		<p>within the six and three month limit.</p> <ul style="list-style-type: none"> • Stopped/returned cheques are monitored by the service and cancelled by Accounts Payable, who will cancel the cheque to prevent it from being cashed. Examination of the 12 stopped/returned cheques from April 2015 to January 2016 confirmed that in all cases, the cheque had been cancelled by the Accounts Payable team with this action included on COMINO. 12 cases constitute all the cancelled cheques in this period. • BACs rejects are investigated by the service to verify the cause of payment failure. Examination of a sample of 10 BACs rejects confirmed that in all cases the payment failure had been investigated and corrective action taken. • Examination of a sample of 20 overpayments identified that in 15 cases the recovery action taken was in accordance with the recovery process. In four cases, the overpayment was allocated to the claimant's rent account for further recovery action. The remaining one case related to a manual clerical error on the claimants account which had created an overpayment, this had been corrected immediately. • Examination of a sample of 20 overpayment write offs confirmed that in all cases the write off had been processed in line with the write off policy and approved by the Officer with the appropriate delegated authority. • Where claimants appeal against a Housing Benefit decision, the service will prepare a submission to support the Council's decision where an independent decision is made by Tribunal Services. Examination of a sample of 20 appeals confirmed that in two cases, the appeal had been passed to Tribunal Services. In both cases, a submission had been prepared and submitted to Tribunal Services. In the remaining 18 cases, the appeal had not been referred to Tribunal Services as no further appeals had been made against the decision by the claimant. • The Housing Benefits system (iWORLD) is reconciled to the Council's general ledger (OneSAP), and to the Housing Rents system (OHMS) every four weeks. The Finance department 	

Audit area	Scope	Status/key findings	Assurance
		<p>produces a spreadsheet which gives a breakdown of the value amounts paid out and any variations found during the reconciliations. A coversheet for each period is signed by the Finance Officer and the Finance Manager.</p> <ul style="list-style-type: none"> • A monthly report is produced by Quality Assurance to monitor a set percentage of output for all benefit officers over that period and checks whether payments were accurate, paid into the correct account and performed in a timely manner. We were informed that this report is sent to Housing Benefit Management for review. • The Housing Benefit 2014/15 subsidy claim had been submitted to the DWP on 27th November 2015, and verified by the former external auditors, Grant Thornton. • Monthly budget monitoring reports were produced to compare the actual financial performance of the Council against the agreed budget. Variations from the budget are then investigated, explained and corrective action is agreed and taken. <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:</p> <p>Supporting documentation should be annotated to confirm that the original documentation has been seen.</p> <p>It is our policy to stamp and copy all documents as originals seen however the service has been short staffed in this area. A recruitment exercise is currently taking place and training will be provided. A reminder of the correct procedure will also be issued to all admin and Customer Service staff who accept incoming documents. Deadline May 2016</p> <p>A pro-forma should be completed by the officer, indicating the ‘good cause’ reason and including the supporting evidence.</p> <p>A formal reminder will be communicated to all officers that when they</p>	

Audit area	Scope	Status/key findings	Assurance
		<p>process backdated Housing Benefit claims they must comply with procedures with regard to completing pro formas and rejection letters where relevant Periodic random checks will be undertaken through the Quality checks by the Control & Compliance team. Deadline May 2016</p> <p>System notes for backdated claims should be updated to ensure that there is an auditable trail of manual actions taken on an account. System notes not required if point 3 is enforced. Agreed and accepted, we will review and update our policy accordingly. Deadline May 2016</p> <p>Notification letters should be issued to claimants informing them of the decision regarding backdated housing benefit. Agreed and reminders to be sent out to staff. Deadline May 2016</p> <p>System notes should be updated for overpayments to ensure that there is an auditable trail of manual actions taken on the account. Agreed – reminder to be sent to Managers & Team Leaders We have recently t appointed 4 new Team Leaders, this will be one of their with responsibilities, we will ensure they are up to date and familiar with the procedure. Deadline May 2016</p> <p>Supporting evidence should be obtained to ensure that decisions made on appeals are appropriate. Agreed and accepted that evidence should be obtained staff to be briefed. Deadline May 2016</p> <p>Appeals should be processed in a timely manner. Agreed – we will be undertaking a review and management of the team and will start to produce performance statistics.</p> <p>Changes in circumstances should be actioned within 10 days of receipt. The service is working towards improving processing times for changes but these needs to be balanced between assessing new claims</p>	

Audit area	Scope	Status/key findings	Assurance
		<p>and changes. Demand on the service is at it's highest with the welfare reform changes. Priorities are reviewed weekly to reflect demand and the resources available. All incoming documents are checked at the admin stage for potential overpayments. Any identified have HB suspended to avoid any potential overpayments being created in case there are any delays in processing the change. Deadline March 2017</p>	

Follow Up Table – 2014/15 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														
Strategic Financial Management and Budgetary Control	Substantial	0	1	0	1	0	1	0	1	0	0	0	0	0
Cash Receipting	Substantial	0	1	1	2	0	1	1	2	0	0	0	0	0
Accounting & General Ledger	Substantial	0	2	0	2	0	2	0	2	0	0	0	0	0
Accounts Payable	Limited	3	5	0	8	3	4	0	7	1	0	0	0	0
Accounts Receivable	Substantial	0	2	2	4	0	1	2	3	0	1	0	0	0
Housing Benefits	Substantial	0	2	1	3	0	2	0	2	0	1	0	0	0
Payroll	Substantial	0	2	2	4	0	2	2	4	0	0	0	0	0
Contract & Procurement														
IT Services – Disposal of IT Assets	Substantial	0	4	0	4	0	4	0	4	0	0	0	0	0
BSF ICT Managed Services Contract	Substantial	0	0	1	1	0	0	0	0	1	0	0	0	0
Off Site Storage Contract	Limited	1	6	0	7	1	2	0	3	0	4	0	0	0
E U Public Contract Compliance	Substantial	0	1	1	2	0	0	1	1	1	0	0	0	0
Procurement Strategy	Substantial	1	5	0	6	1	1	0	2	3	0	1	0	0
Scheme of Delegation and Contract Standing orders		0	4	0	4	0	3	0	3	0	1	0	0	0
Corporate IT Audits														
Website Management	Substantial	0	0	3	3	0	0	3	3	0	0	0	0	0
ICT Strategy & Governance	Substantial	0	1	1	2	0	0	1	1	0	0	1	0	0
Comino Document Management System	Substantial	1	2	2	5	1	1	2	4	0	0	1	0	0
ePay Application	Substantial	0	1	3	4	0	1	3	4	0	0	0	0	0
M3PP Environmental Enforcement Application	Substantial	0	6	7	13	0	5	7	12	0	1	0	0	0
Environmental Services & Community Safety														
Highways Income	Limited	2	0	1	3	2	0	1	3	0	0	0	0	0

INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2016/17

APPENDIX A

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		
Environmental Services - Enforcement	Substantial	0	1	1	2	0	0	1	1	0	1	0	0	0
Children's Services														
Children in Care	Limited	2	2	1	5	2	2	1	5	0	0	0	0	0
Adult Services														
Safeguarding Adults Board	Substantial	0	3	3	6	0	3	3	6	0	0	0	0	0
Private Sector Leasing		0	0	3	3	0	0	0	0	3	0	0	0	0
Corporate Risks														
Data Quality & Performance Indicators	Substantial	0	2	0	2	0	0	0	0	0	2	0	0	0
Ad hoc Work														
Pendarren Outdoor Education Centre	Limited	6	4	1	11	0	0	0	0	0	11	0	0	6
Free School Meals		0	3	0	3	0	3	0	3	0	0	0	0	0
Total		16	60	34	110	10	38	28	76	9	22	3	0	6

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
Key Financial Systems				
Accounts Receivable				
1	The LB HARINGEY SAP Debtors - Collection Procedure documents should be updated to reflect the current working practices, agreed by management, relating to the debt management cycle.	2	August 2015	Not Implemented SAP debt recovery functionality will be turned off when we implement the new Ash debt management system. Collection procedures for the new Ash system will be documented and available following the implementation.
Housing benefit				
2	Management should investigate the reasons for the delay in the processing of relevant housing benefit claims which take longer than the 10 day target set by the Council. Corrective actions should then be taken to ensure that the risk of delays is kept to a minimum.	3	In place	Not Implemented We were informed the service is working towards improving processing times for changes but these needs to be balanced between assessing new claims and changes. Demand on the service is at it's highest with the welfare reform changes. Priorities are reviewed weekly to reflect demand and the resources available. All incoming documents are checked at the admin stage for potential overpayments. Any identified have HB suspended to avoid any potential overpayments being created in case there are any delays in processing the change. To be implemented by March 2017
Contract & Procurement				
Off Site Storage Contract				
3	Responsibility for managing the off site storage contract and the management of all client service user issues, invoicing, and contractor liaison should be clearly determined, documented, and communicated.	2	August 2014	Not Implemented We understand the contract is being managed by the Interim FM Services Manager - this is currently under review due to the recent restructure of FM services to Amey
4	Upon review of the monthly Consolidated Invoice, the rates charged should be checked and agreed to the Schedule of Rates prior to	2	August 2014	Not Implemented A new schedule of rates has been requested as rates on invoices received in 2016 do not correspond with contract rates

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
	approval of the invoice for payment.			
5	Facilities Management should develop a process for the management of the disposal of documents, which should include, but not be limited to, the following: <ul style="list-style-type: none"> · Receipt of reports from Stor-A-File listing documents due for disposal; · Referral to original services to issue an instruction to dispose of the document (or retain if necessary); · Issue of formal service instruction to dispose to Stor-A-File; and · Receipt of certificate confirming secure disposal from Stor-A-File. All staff involved in the process should be provided training in the receipt, processing, and issue of documents.	2	August 2014	Not Implemented Outstanding FM Services Manager to follow this up
6	Team Managers across the Council should be formally reminded of the requirement to maintain a register of documents, detailing documents in storage, accountability, date sent to storage, destruction dates, and documents retrieved. The register should be kept up-to-date.	2	September 2014	Not Implemented This needs to be re-addressed following the recent restructure of staff and departments.
Procurement Strategy				
7	The Category Management structure under Commercial Services should be agreed as soon as possible.	2	September 2015	In Progress Revised draft Operating Model agreed by SLT in Feb 2016. Procurement finished consultation 08/06/16, final structure to be agreed and implemented by October 2016.

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
Scheme of Delegation and Contract Standing Orders				
8	The Financial Schemes of Delegation displayed on the intranet should be reviewed and updated to reflect the current management structure of the Council. Corporate Finance should seek to obtain notice from SAP HR of changes to staff with financial powers, such that the Directorate Schemes of Delegation can be amended.	2	August 2015	Not Implemented We have been unable to find a responsible officer as the original responsible officer has left the council
Corporate IT Audit				
ICT Strategy and Governance				
9	<p>Management should implement the following:</p> <ul style="list-style-type: none"> · Include the ICT security awareness training to the Council wide corporate induction training program so that all Council users are adequately trained on their responsibilities to comply with the Council security policies and legislative requirements; and · Introduce annual refresher training to all Council staff to remind them of their responsibilities to comply with the corporate security requirements. 	2	October 2015	In Progress Human Resources are now working on a Fuse Corporate Induction package to address the vulnerability.

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
Comino Document Management System				
10	Management should explore and develop an effective method to delete electronic documents that are no longer required by the Council in accordance with Council's Retention Schedule and relevant rules and regulations.		On Going	In progress We have discussed and reviewed the functionality provided with the supplier (Civica) but it is very expensive and not cost effective. We are currently looking at other potential suppliers. I cannot provide an end date at the moment as no final decision has yet been made in regard to how we will proceed but one of the options is to use a whole new document management system to replace Comino.
M3PP Environmental Enforcement Application				
11	Periodic backup recovery testing of M3PP servers and databases should be carried out to ensure timely restoration of critical data. All results should be documented and any gaps in the processes promptly investigated and rectified.	2	January 2015	Not Implemented Due to the system upgrade and the IT restructure, this has not happened yet. All services have a business continuity plan which has recently been reviewed.
Environmental Services - Enforcement				
12	The Enforcement Strategy should be reviewed and updated to reflect the priorities of the current Corporate Plan and to provide a transparent link to Corporate objectives. The updated Strategy should be made available on the Council's intranet. Management should also ensure that the document is reviewed and updated in a timely manner, when due.	2	November 2015	Not Implemented In light of proposals to join up current noise/ASB and street enforcement functions. The Enforcement Strategy will now be incorporated into an overall Enforcement Policy. The Enforcement Policy will reflect current Corporate Plan priorities linked to Corporate objectives. It is anticipated that a draft Enforcement Policy will be ready for consultation by December 2016 and published by April 2017.

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
Corporate Risks				
Data Quality & Performance Indicators				
13	A process should be implemented, and responsibilities delegated, for the Performance Service offer to be updated prior to the start of each financial year to reflect the key deliverables for that year. The updated document should be communicated to the Performance Team and relevant Directorate officers.	2	April 2015	Not Implemented No response received to our request for an update
14	Management should ensure that authorisation is obtained at the appropriate level for all statutory returns submitted to central government (including PIE and RAP returns) prior to these being sent. Documentary evidence of sign off should be retained. Where data has to be input directly onto a portal, approval should still be obtained.	2	May 2015	Not Implemented No response received to our request for an update

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
Ad hoc Work				
Pendarren Outdoor Education Centre				
15	The Centre Manager should discuss with the Council the necessary governance arrangements to put in place to satisfy the needs of the Council. This will assist with the periodic review of the financial and operational performance of the Centre. We also recommend that adequate guidance is given to the Centre Manager's appraiser at the Council to assist with the effective monitoring of their performance with regard to the management and governance of the Centre.	1	May 2015	Not Implemented No response received to our request for an update
16	The Centre's Scheme of Financial Delegation should be presented to the Council for review and formal approval, documentary evidence of which should be retained at the Centre. Any authorisation limit above which Council approval is required should also be identified. Where there are changes in the delegated financial authority, resulting from new starters, leavers or reallocation of job responsibilities, the document should be revised and reapproved by the Council.	1	May 2015	Not Implemented No response received to our request for an update

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
17	A process should be implemented for the rationale for any price concessions to be discussed and agreed by a Management Committee, in line with the governance arrangements recommended above.	3	May 2015	Not Implemented No response received to our request for an update
18	The Centre should ensure that all documentation in support of the process followed for high value expenditure requiring a tender process to be followed or three quotes obtained, as appropriate, is retained on file at the Centre. The documentation should allow for transparency in the rationale followed for the selection of the contractor or supplier. Where there is a business case for not following procedures, a waiver should be raised and approved in line with the Centre's Scheme of Financial Delegation. With regard to the selection of BBM, the Centre should liaise with the Council to ensure that relevant documentation is obtained from NPS in support of the decision.	1	May 2015	Not Implemented No response received to our request for an update

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
19	The Centre should ensure that a purchase order is raised and signed by an Officer with the appropriate authority prior to the Centre being committed to any expenditure. This requirement should be formally communicated to all Officers with financial responsibility delegated through the Centre's Scheme of Financial delegation.	1	April 2015	Not Implemented No response received to our request for an update
20	The Centre should obtain a copy of the current signed bank mandate and check that the authorised signatories are all current employees of either the Centre or the Council. Any changes in authorised signatories should be communicated to the bank and a copy of the revised signed mandate should be retained.	2	March 2015	Not Implemented No response received to our request for an update
21	The Centre should complete a physical asset check at least annually and the results should be reported to senior management for further action, if necessary. The check should be undertaken by an officer independent of the individual who maintains the asset register.	2	March 2015	Not Implemented No response received to our request for an update

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
22	An asset disposal and write off policy should be developed for the Centre, for review and sign off by senior management. The policy should state the circumstances for disposing and writing off assets, the method of disposal and the authority and approval for disposal.	2	March 2015	Not Implemented No response received to our request for an update
23	The process for setting the Centre's annual budget should be strengthened to include involvement and input from the Centre Manager, which will help ensure that realistic and achievable budgets are set. A process should then be implemented at the Centre for the approved budget to be loaded on the RM Cash Accounts. Where budget virements need to be made, appropriate approval should be obtained.	1	May 2015	Not Implemented No response received to our request for an update
24	The Centre should liaise with the RM Cash Accounts supplier with a view to making the budget codes on the system consistent and compatible with the Council's SAP system.	2	May 2015	Not Implemented No response received to our request for an update

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
25	Management should ensure that there is a formal offer of employment, signed by both the Council and the employee, together with a job description, in each of its employee files. Where terms and conditions for the employment has changed, a revised contract or formal offer letter, signed by both parties, should be retained on file.	1	June 2015	Not Implemented No response received to our request for an update

Follow Up 2015/16 – Fostering & Adoption

At the request of Corporate Committee we have followed up our 2015/16 audit of Fostering and Adoption. In the report we raised eight Priority 2 recommendations and one at Priority 3.

Of the 8 recommendations raised, six have been implemented and two remain outstanding. These relate to the updating of the Service Delivery Plan and completion of the Business Process Review. No evidence of progress on these items has been submitted to us so we are unable to sign these off as implemented at this time. These will be kept under review and progress reported to the next meeting of the Corporate Committee.

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****August 2016**

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