

**Internal Audit
Quarter 2 Internal Audit Report
2016/17
London Borough of Haringey**

Mazars Public Sector Internal Audit Ltd.
November 2016

Contents

	Page
Executive Summary	1
Audit Progress and Detailed Summaries	3
Statement of Responsibility	26

Executive Summary

Introduction

This is our second 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 2 2016/17:

2015/16 Internal Audits finalised in the quarter:

- Child Protection Information Service
- Nuisance Vehicles
- Hornsey Town Hall
- NSL Application Review
- OneSAP
- Procurement of contracts below OJEU threshold

2015/16 Internal Audits drafts issued in the quarter:

- Pensions Administration
- Earlham Primary School

2016/17 Internal audits finalised in the quarter

- Tuition Service
- Stamford Hill Primary School
- North Haringay Primary School

2016/17 Drafts issued in the quarter

- SEN Transport
- Northumberland Park School
- Fortismere School
- Seven Sisters Primary School
- St Aidens Primary School
- St Michael's Primary school
- Rokesley Junior School

Audit Progress and Detailed Summaries

The following table sets out the audits finalised in Quarter 2 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							
Child Protection Information Service	March 16	Aug 16	Full	N/A	0	0	0
Nuisance Vehicles	Feb 16	July 16	Substantial	↔	0	1	2
New Homes	Sept 15	Aug 16	Substantial	N/A	0	4	1
Hornsey Town Hall	March 16	Sept 16	Substantial	N/A	0	5	0
Civica Enforcement Application Review	Feb 16	Aug 16	Limited	N/A	0	7	0
OneSAP Application Review	April 16	Aug 16	Substantial	N/A	0	5	0
Procurement of Contracts below OJEU Threshold	April 16	Aug 16	Limited	N/A	1	1	0
2016/17							
Tuition Service	June 16	Sept 16	Limited	N/A	5	9	2

As part of the 2016/17 Internal Audit Plan we have visited the following schools, completed a probity audit and during Quarter 2 issued a final report.

School	Date of Audit	Date of Final Report	Assurance Level	Number of Recommendations (Priority)		
				1	2	3
Stamford Hill Primary School	July 16	Aug 16	No	9	18	2
North Haringey Primary school	July 16	Sept 16	Substantial	0	5	2

Audit area	Scope	Status/key findings	Assurance
Corporate IT Audit			
<p>Civica Enforcement Application Review</p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> • Application Management and Governance • System Security • Interface Controls and Processes • Data Input • Data Output • Change Control • System Resilience and Recovery • System Support 	<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"> • Ownership and management responsibilities for the Civica-CE application have been formally defined and assigned. A site software licence is in place and currently allows a maximum of 300 users. • Comprehensive training documents are available for staff to use as application guides. No recommendations have been raised. • The system is accessed through a logon process requiring a unique username and password. • However, it was noted that the password parameters currently in place on the application are not in line with best practice guidelines. User access reviews were not being performed and unsuccessful logins were not being reviewed. Although requested, system activity logs were not provided, evidence of database changes were not provided and segregation of duties couldn’t be confirmed. Recommendations have therefore been raised concerning these. • Civica-CE application interfaces were confirmed and reconciliations were performed. However, evidence was not provided to confirm that interface processing jobs were adequately managed. Management sought and obtained clarification on this point. The evidence requested is aimed at “batch” type interfacing, i.e. data is compiled into files and transferred to another system for processing i.e. payment transfers from ICON. The interface between CE and ICON is a dynamic interface, i.e. ICON acts as an extension of CE for the purpose of taking payments in real-time. ICON is called by CE with details of a payment, and ICON sends a response. It was not made clear to us that processing occurs on Icon and not CE during the audit but these arrangements appear satisfactory. Data Input 	<p>Limited</p>

Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> • The application itself has strong validation controls over the data entry fields within it, such as completeness checks, format checks and reasonableness checks. Some proportion of all data held within the application is input manually; therefore the validation controls over the data entry fields are a key control. No recommendations have been raised. • Civica-CE application has good functionality to produce reports to suit the requirements of the Council. However, evidence provided did not confirm if the process of providing access to specific reports was adequately managed. A recommendation has therefore been raised. • Corporate wide change management procedures are followed and changes are performed by the system administrators internally together with internal IT and the service provider. However, change management procedures were not approved and evidence was not provided to confirm that changes were adequately authorised, tested and performed. A recommendation has therefore been raised. • Backups are performed by the service provider (Civica). The backup procedures were included in the contract agreement and backups are held offsite by the service provider. Backup restoration tests are performed on a monthly basis by the service provider. It was also noted that Disaster Recovery was the responsibility of the Council with assistance of the service provider and disaster recovery expectations were also agreed between the service provider and the Council. No recommendation has been raised. • There is an active contract in place between the third party vendor of the Civica-CE application, and the Council. Additionally, regular service review meetings are held with the Account Manager, which are formally documented. As part of the contract in place with the third party, there is a formalised escalation process documented, should issues remain unaddressed by the third party. No recommendation has been raised. 	

Audit area	Scope	Status/key findings	Assurance
		<p>As a result of our audit work we have raised seven Priority 2 recommendations.</p> <p>It should be ensured that across all user accounts, the following best practice password parameters are implemented:</p> <ul style="list-style-type: none"> • Minimum length of 8 characters; • Password history of at least 10 previous passwords is maintained; <p>and</p> <p>Default password change after first attempt or password reset must be set.</p> <p>Management response: Changes have already been made to comply with this recommendation. Deadline – Already Implemented.</p> <p>Management should ensure that:</p> <ul style="list-style-type: none"> • access to master data is limited to system support; • all master data changes logged, authorised by senior management; and tested before change implementation. <p>Management response: There is no “system support team” but access is already controlled and by its very nature the fact that some users will retain permission to make parameter changes means those users are authorised to make those changes. There is an audit log within CE of each and every change a user makes. Evidence of this was supplied. Deadline – Already Implemented.</p> <p>Failure to produce and review system activity logs increases the risk that unauthorised changes will not be identified and investigated in a timely manner.</p> <p>Management response: Within the course of a day thousands of changes are made to specific PCN and permit records. To monitor this activity (at least 500 cases a day) would require considerable extra resource. Quality checking is carried out which includes a review of cancelled cases and evidence of this was supplied as part of this audit.</p> <p>Login attempts are not recorded by Civica and the risk of “unauthorised changes” being made is mitigated by the access controls</p>	

Audit area	Scope	Status/key findings	Assurance
		<p>already in place. The service would need to consider any residual risk in light of the cost of a system upgrade and additional resources to monitor activity logs. Deadline – January 2017</p> <p>Login attempts are not recorded by Civica CE but accounts are logged out on the 3rd unsuccessful attempt. If this is not considered sufficient any residual risk will need to be considered in light of the cost of a system upgrade and additional resources to monitor unsuccessful log ins. Deadline – January 2017</p> <p>Periodic and formalised reviews of user accounts should be performed at least once a year to ensure the appropriateness of the accounts active on the application. The review should also ensure that user functions are in line with their job descriptions. Management response: Managers within the service will implement a yearly review of user accounts as per the recommendation. Deadline – January 2017</p> <p>Management should ensure that access to reports is granted based on a need to know basis and only authorised users are provided with access. Management response: Managers will complete a review of who has permission to amend or delete reports. However, in light of reduced resources, Management requires a high level of resilience and flexibility. If further controls of the ability to view are required then some discussion would be required on how to achieve the required balance. Deadline – January 2017</p> <p>Management should ensure that changes follow the corporate change procedures, changes are logged, and changes are authorised before implementation on to the live environment. Management response: Evidence was provided in relation to UAT testing for V6.4 of CE and the change controls associated with this. <i>Audit Comment: User acceptance testing for V6.4 was obtained, however evidence of major system change logs, change request and</i></p>	

Audit area	Scope	Status/key findings	Assurance
		<i>change authorisation was not provided.</i>	
Procurement			
<p>Procurement of Contracts Under OJEU Thresholds</p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> • Contract identification and need • Procurement route • Transparency agenda • Contract management • Contracts 	<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"> • There are guidelines in place within the Council for managing the procurement of goods and services including the Contract Standing Orders and the Guide to Procurement. • The Contract Procedure Rules specify the following with regard to the award of contracts for the supply of goods and services: <ul style="list-style-type: none"> ○ At least three written quotations shall be obtained for contracts where the estimated value is greater than £5,000 and less than £100,000; ○ The procurement process shall be managed by the Head of Procurement where the estimated contract value is in excess of £50,000; ○ Where the estimated contract value is greater than £25,000 and advertised, the opportunity shall be published on Contracts Finder within 24 hours of the advertisement; ○ Where the estimated value exceeds £5,000, the contract shall be in a form approved by the Assistant Director of Corporate Governance; and ○ All contracts exceeding £5,000 in value shall be published on the Contracts Register. • A Contracts Register is maintained on the Council website to record contracts entered into with suppliers. • We examined 10 suppliers with expenditure incurred on the supplier in value between £50,000 and £170,000 in 2015/16 (some transactions involved contracts that have been procured in 	<p>Limited</p>

Audit area	Scope	Status/key findings	Assurance
		<p>previous years) and noted the following (see Appendix A for full sample details):</p> <ul style="list-style-type: none"> ○ In three cases, the contract was awarded by waiver of the requirement to obtain quotes or tenders; ○ There was no evidence of advertisement of contract in three instances; ○ We could not find any of the contracts required to be advertised on Contracts Finder; a government portal which allows the general public to search for information about contracts worth over £10,000 with the government and its agencies; ○ A business case or contract award report specifies the rationale for the contract, but could not be found in three cases; ○ Three cases where the contract itself could not be made available; ○ Five contracts were not recorded on the Contracts Register; ○ The involvement of Central Procurement could not be confirmed in one instance. ○ A Lead Officer was not in place to monitor contract delivery in three contracts; ○ Key Performance indicators (KPIs) were not set to monitor one of the contracts; and ○ Evidence of monitoring reports and meetings with contractors not available in three cases. <p>As a result of our audit work we have one Priority 1 and one Priority 2 recommendation, which should assist in improving the control environment.</p> <p>Our priority 1 recommendation is as follows:</p>	

Audit area	Scope	Status/key findings	Assurance
		<p>Central Procurement should periodically review spend reports per supplier and confirm such suppliers are recorded on the Contract Register. Where it is identified that suppliers are not recorded as required, the reasons for such non-compliance and the means by which the supplier was engaged should be determined.</p> <p>Management response: Since June, spend reports are produced monthly and any off contracts spend is reported to SLT/Priority boards. CPU and the priority board have agreed that all off contract spend needs to be investigated. AD's are tasked with working with CPU to either locate or submit the original contracts or to agree a timescale to undertake a process to ensure their expenditure is on contract. This is high on the agenda of SLT. Since/during audit there has been a compliance programme focused on Purchase to Pay (P2P). The compliance Manager is now also looking at breaches that are raised as they are discovered. There is a Waiver and breach register for offences to be recorded. The Compliance Strategy addresses how to deal with non compliance Deadline – November 2016</p> <p>Our priority 2 recommendation is as follows: Contracts with contractors engaged by the Council should be recorded on the contracts register and on the government 'contract finder' portal in all cases. It should be considered to introduce a central online contracts management portal where Central Procurement could monitor progress made from when contracts are being initiated, through the award process to completion.</p> <p>Management response: The regulation states that the council's CSO thresholds take priority over the regulations and therefore if the procurement is for under £100k, there is no requirement to publish the opportunity. Even where the procurement is over £100k and a waiver has been agreed not to publish (tender), in theory there is no requirement to publish the opportunity on Contract Finder. The requirement to publish opportunities will be automated in the new e-procurement system coming in during November 2016 Deadline</p>	

Audit area	Scope	Status/key findings	Assurance
		November 2016	
Ad hoc Work			
<p>Tuition Service</p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> • Management Organisation • Procurement • Income & Banking • Safeguarding • Staffing • Finance Control • Asset Management 	<p>Weaknesses in the system of internal controls are such as to put the client’s objectives at risk.</p> <p>The key findings are as follows:</p> <ul style="list-style-type: none"> • The service has been managed by the Haringey Alternative Provision Management Committee (the Management Committee) which has met approximately once every other month since January 2014. • The composition of the Management Committee is governed by its Instrument of Government, which was effective as from 1 April 2014. • Minutes are taken of meetings of the Management Committee. • The Management Committee has established a Tuition Service Sub-committee which met until January 2014, and has recently created a Finance & Site Committee and a Pay & Personnel Committee. • Terms of Reference for the Management, Finance & Site and Pay & Personnel Committees have been developed and were approved by the Management Committee in February 2016. • The Terms of Reference define how the Chair is appointed, their membership, quorum requirement, meeting frequency and remit. But while the Terms of Reference for Finance & Site state how the Clerk will be appointed, this is not covered for Pay & Personnel. • There was no Scheme of Delegation for the service or documented financial procedures. • The budget for the service is maintained on SAP, but the interim Head of Service did not have SAP access. As a result, where Purchase Orders are raised on SAP, they are required to be authorised by the Assistant Director for Schools & Learning. During the course of the audit, the Interim Head of Service obtained SAP access. • Nine of the 11 Management Committee members have completed a Declaration of Interest in 2015. 	<p>Limited</p>

Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> • Since April 2014, there is an opportunity at each Management Committee meeting for any relevant interests to be declared. • Development plans have been developed for Simmons House for 2015/16 and the Tuition Service 2014 – 2016. • While the Development Plans set areas for improvement, actions to achieve this, intended outcome, lead officer, timescale and monitoring, there was no identification of resources required. • Examination of the Management Committee minutes confirms that Development Plans were considered up to November 2014. There was no evidence of review after this date. • The Management Committee ratifies the overall budget and budget headings as follows: <ul style="list-style-type: none"> ○ 2014/15 overall budget agreed 1 October 2014 and approval of allocation to budget headings 25 March 2015; and ○ 2015/16 overall funding agreed 13 May 2015 and approval of allocation to budget headings 1 July 2015. • Total funding for Tuition Service is £627,000. This is composed as follows: <ul style="list-style-type: none"> ○ £550,000 DSG funding per year based on 55 places at £10,000 per year ○ £77,000 Alternative Provision Commissioning Service funding. • The SAP employee budget was different from that as per the make-up of the Tuition Service employee costs (see Appendix A for full details). • The Head of Service prepares a report for each meeting of the Management Committee which includes a finance update, these figures could not be agreed back to SAP. • The payroll is provided by Haringey Payroll; as the Interim Head of Service did not possess SAP access, review and checking of the payroll could not be completed. The Interim Head of Service has received the establishment list for the service as per payroll. • A Central Record of all staff is maintained by the Office Manager, 	

Audit area	Scope	Status/key findings	Assurance
		<p>which states when DBS clearance was received for Council and agency staff. This did confirm that all staff listed had an Enhanced CRB Disclosure, though for three, the Disclosure Number and date was not recorded.</p> <ul style="list-style-type: none"> • There were 12 staff recorded on the Central Record who were not on the payroll establishment, or on SAP as being paid. • There was an unbudgeted £22,000 utilities charge incurred. The Interim Head of Service stated this was for an agreement between the Head of Service and the Bruce Grove Youth Centre for the service to make a contribution towards the utility costs of the shared site, which had been paid by the Youth Centre. No documentation could be found to confirm this agreement or how the sum was determined. • An examination of 15 payments identified the following: <ul style="list-style-type: none"> ○ No SAP purchase orders were raised, though we were informed that this is now the practice; and ○ One payment for £2,462 for a new printer. • As per the Office Manager the service does not have any petty cash. • An inventory could not be found for the service. The Interim Head of Service stated that all a Portable Appliance Test (PAT) was to be completed for electrical assets, and from this an inventory would be created. • Laptops and iPADS are held by the service and issued to staff, but no forms were retained to evidence what devices have been loaned to who. • The service is funded through the DSG, and a further NHS grant which funds the educational provision at Simmons House, which is a mental health facility managed by the Whittington Health NHS Trust No income is received at the service. • Where a student is entitled to a Free School Meal the service provides a packed lunch, which is provided to the service from Bruce Grove Primary School. There are no paid for meals taken. <p>As a result of our audit work we have raised Five Priority 1, nine Priority 2 and two Priority 3 recommendations.</p>	

Audit area	Scope	Status/key findings	Assurance
		<p>Our priority 1 recommendations were as follows A Scheme of Delegation should be documented for the Tuition Service covering the authority to incur expenditure. A Scheme of Delegation will be presented to the FGB to be agreed and signed off. Deadline: Already Implemented</p> <p>A program of risk assessments should be developed covering all rooms and areas of the service, as well as all activities. Responsibility for completion of each risk assessment should be assigned. All risk assessments should be reviewed for completion by the Head of Service. All risk assessments to be reviewed, training provided to relevant staff and risk assessments to be updated. Deadline: Already Implemented</p> <p>The service should agree a budget timetable. Chair of Management Committee to present the budget timetable to the Finance Committee. Finance Committee to monitor. Deadline: Already Implemented</p> <p>The budget on SAP should be reviewed to reflect the actual staffing of the service. All employee cost to be reviewed with the Local Authority Officer in Finance and an application to be completed to the School Forum to via additional funds to support the additional cost of the suspension of two senior staff. Deadline: Already Implemented</p> <p>An inventory of all assets employed by the service should be completed. One office should be named as responsible for maintenance of the inventory. On an annual basis, there should be a check of the inventory to actual assets, with the findings reported to the Management Committee (or delegated Committee). PAT Testing took Place July 2016. Management is waiting for the completed inventory. Inventory will be completed by end of October Half Term. Template to be agreed by The Management Committee.</p>	

Audit area	Scope	Status/key findings	Assurance
		<p>Deadline October 2016</p> <p>Our priority 2 recommendations were as follows The Development Plans for Simmons House and the Tuition Service should be presented to the Management Committee once every term. Where the actions outlined in the plans have not been achieved, this should be identified with remedial action proposed. Termly review of the SDP will be a fixed item on the Management committees agenda Deadline: Already implemented</p> <p>The Development Plans for Simmons House and the Tuition Service should be reviewed to identify the resources needed to implement each action. Interim Head of Service to present new format with separate column identified for resources and cost. Deadline: Already implemented</p> <p>Minutes should be produced for all meetings of the Management Committee, signed and agreed by the Chair at the next meeting, and the signed minutes retained on site. Minutes to be signed and filed into school file immediately after each meeting. File to be kept in the Head’s office. Deadline: Already implemented</p> <p>The actual cost of utility charges incurred by the Youth Service for 10 Bruce Grove should be determined and a clear method of determining those due to the Tuition Service be agreed and documented in a formal agreement. Interim Head of Service to meet with Senior Staff from Bruce Grove Youth Service to agree a Service Level Agreement which must clearly identify costs incurred to Haringey Tuition Service. Deadline: Already implemented</p> <p>Evidence should be retained to show what efforts have been made to ensure value for money is obtained through purchasing Interim Head of Service to investigate why a large amount was spent</p>	

Audit area	Scope	Status/key findings	Assurance
		<p>on a printer and ensure in future a business case is prepared and presented to justify expenditure on expensive items. Deadline: October 2016.</p> <p>The Central Record should be reviewed and updated to include only current staff employed, and should show when former staff left, and all records should be complete showing date when checks completed. Local Authority has recommended a new Single Central Record Database – HTS/Simmons House are in the process of completing. Interim Head of Service will review and the School Improvement Advisor will scrutinise on his first visit to the service. Deadline: Already implemented</p> <p>Financial reports submitted to the Management Committee should include an extract from SAP. Request the Local Authority Officer in partnership with the Interim Head of Service prepare a SAP report that reflects a true picture of the financial position of the Service. Deadline: December 2016</p> <p>Where an individual seeks to be paid for works performed on an invoice, the service should confirm that the works can be classified as self-employed through use of the HMRC Self Employment Tool. Office Manager to complete HMRC Self Employment Tool to ensure all self-employed staff are classified correctly.</p> <p>A form should be drafted which should be completed for each asset loan. The form should include:</p> <ul style="list-style-type: none"> • Full description of asset, including make, model, serial numbers; • Statement of loanee responsibility to keep the asset safe; • Signature of loanee confirming receipt of asset; • Approval of loan by Head of Service; and • Confirmation of satisfactory return of asset. <p>IT Equipment Loan Agreement to be distributed to all staff and collected once complete - Interim Head of Service to sign off and forms kept in a secured file reviewed annually Deadline: Already</p>	

Audit area	Scope	Status/key findings	Assurance
		implemented.	

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	2	2	4	0	0	0	0	0
Housing Benefits	Substantial	0	2	1	3	0	2	1	3	0	0	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	5	0	6	0	1	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	2	0	2	3	0	0	0	0
Scheme of Delegation and Contract Standing orders		0	4	0	4	0	3	0	3	0	0	1	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	1	1	2	0	0	0	0	0
Comino Document Management System	Substantial	1	2	2	5	1	2	2	5	0	0	0	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	6	7	13	0	0	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	2	0	0	0	0	0	0	0
Ad hoc Work														
Pendarren Outdoor Education Centre	Limited	6	4	1	11	6	4	1	0	0	0	0	0	0
Free School Meals		0	3	0	3	0	3	0	3	0	0	0	0	0
Total		16	60	34	110	16	49	30	95	9	2	1	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 2014/15

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
Off Site Storage Contract				
1	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 Each individual Business Unit has a responsibility to adhere to keeping their own records and managing their finances. The FM Soft Services Manager will look to produce a set of reminders communications to be published on the intranet and will investigate how Stor-A-File can produce reports for the individual Budget Holders. There are currently 100+ BU on the system.
Scheme of Delegation and Contract Standing Orders				
2	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	In progress This forms part of the finance department restructure. There is a stream of work being undertaken across the Shared Service Centre around starters & leavers that will address updating the scheme of delegation to be completed by January 2017.
Environmental Services – Enforcement				
3	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.

INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2016/17

APPENDIX A

Follow Up 2015/16

At the request of Corporate Committee we have followed up our 2015/16 audits of Housing Benefit; Special Education Needs and Disability; and Commercial Property. The results of our work are shown in the tables below

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	
Housing benefit	Limited	0	8	1	9	0	7	0	7	0	1	0	1	0
SEND	Limited	0	4	3	7	0	3	1	4	0	0	2	1	0
Commercial Property	Limited	1	8	2	11	0	6	1	7	0	1	3	0	1

Detailed Progress Report – Outstanding Recommendations 2015/16

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
Housing Benefit				
1	Notification letters should be issued to claimants informing them of the decision regarding backdated housing benefit.	2	May 2016	Not Implemented – Selected a sample of five backdated claims. 4 were not applicable for testing however in the one instance a backdated letter should have been sent it was not – (Case reference: 10070111).
SEND				
2	A consistent, central system of monitoring and recording information should be followed for the co-ordination of EHC Plans.	2	August 2016	Partially Implemented Mosaic being re-designed to includes SEND workflow. Reports have been coded so that timescales can be managed once the workflow is on Mosaic.
3	EHC Plans should be produced within the statutory 20 week deadline in line with the SEN Code of Practice. Sample checks should be undertaken to ensure this deadline is met.	2	August 2016	Partially Implemented Mosaic being re-designed and reports written when the system goes live.
Commercial property				
4	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.	2	August 2016	Not Implemented – This concerns tenant’s statutory compliance with Health & Safety requirements. A letter will be sent out in the first week of December to all tenants. It was intended to send the letter with all December quarters rent demand however this proved to be difficult to achieve so it will be sent out separately.
5	Property Commercial Estates should liaise with Financial Systems Team to ensure that the reports can be produced automatically as and when required. A schedule of dates for running the reports should be agreed.	2	June 2016	Partially Implemented – An automatic and standard report facility through SAP has not been achieved despite requests and escalation to complaints. Therefore whilst we have tried to achieve a user friendly report from SAP we have worked out a temporary solution to get around this situation and this involves writing a series of individual instructions to SAP in order to produce a spread sheet that contains the information necessary to review and manage tenancies i.e. rent

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
				<p>review and lease expiry dates.</p> <p>We have tried to create an all inclusive single report for rent reviews and lease renewals independently of SAP but have been unable to so instead we now write individual rent review and lease renewal reports which will be produced no less than quarterly. In addition to these reports arrears reports are run every month.</p>
6	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.	1	June 2016	<u>Partially Implemented</u> – As in 5 above this has proven to be problematic but our solution to the problem has mitigated the situation,
7	Commercial Estates should review the current use and options available for the Munro Works and develop an appropriate use for the site.	2	Already Implemented	<p><u>Partially Implemented</u> – This is an ongoing matter; which has included:</p> <ul style="list-style-type: none"> • Exercising our option to purchase our landlords interest; which would remove the current constraints in our lease to let the property and reduce/eradicate the ongoing losses. • Acquisition of the landlord's interest with a back to back sale to an Education provider. This was to provide a much needed local facility whilst thus eradicating ongoing losses. • Both options have been affected by Cross Rail 2 because the property has been identified as required for the project. With regards to i. above Cross Rail reduces our ability to make the purchase viable because this project will severely affect tenant demand and Education are no longer interested in the proposition because this now offers a short life potential. • We are now obtaining a fee proposal to sell our interest to our Landlords who have shown interest in the acquiring our interest. <p>We will continue to explore ways of mitigating ongoing losses.</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****November 2016**

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.