	London Borough of Hammersmith & Fulham **AUDIT, PENSIONS AND STANDARDS COMMITTEE** **15 September 2015**
Internal Audit Quarterly report for the period 1 April to 30 June 2015	
Open Report	
For Information **Key Decision: No**	
Wards Affected: None	
Accountable Director: Moyra McGarvey, Director for Audit, Fraud, Risk and Insurance	
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1.   EXECUTIVE SUMMARY

1.1.   This report summarises internal audit activity in respect of audit reports issued during the period 1 April to 30 June 2015 as well as reporting on the performance of the Internal Audit service.

2.   RECOMMENDATIONS

2.1.   To note the contents of this report

3.   REASONS FOR DECISION

3.1.   Not applicable. No decision required.

4. INTRODUCTION AND BACKGROUND

4.1. This report summarises internal audit activity in respect of audit reports issued during the period 1 April to 30 June 2015.

5. PROPOSAL AND ISSUES

5.1. **Internal Audit Coverage**

5.1.1. The primary objective of each audit is to arrive at an assurance opinion regarding the robustness of the internal controls within the financial or operational system under review. Where weaknesses are found internal audit will propose solutions to management to improve controls, thus reducing opportunities for error or fraud. In this respect, an audit is only effective if management agree audit recommendations and implement changes in a timely manner

5.1.2. A total of 27 audit reports were finalised in the first quarter of 2015/2016 from 1 April 2015 to 30 June 2015. This includes 8 shared services audits. In addition, 3 management letters one of which, Disclosure and Barring Service – Employee Checks, was only recently issued but due to its considered priority it has been decided to report on this immediately. There were also 2 follow up reports issued.

5.1.3. A summary of each of the limited assurance reports is provided at Appendix C. Four limited assurance audit reports were issued in this period: Residential Placements; Managed Services Programme (MSP) Data Migration MSP Interfaces and Acceptance Testing and Passenger Transport: Post Procurement Contract Management.

5.1.3.1. The review of Residential Placements identified 3 high, 5 medium and 1 low priority recommendation. Only one of these is due for implementation at the time of writing.

5.1.3.2. The review of MSP Data Migration identified 3 high priority recommendations. No recommendations have yet been reported as implemented.

5.1.3.3. The review of MSP Interfaces and Acceptance Testing identified 1 high and 6 medium priority recommendations. No recommendations have yet been reported as implemented.

5.1.3.4. The review of Passenger Transport: Post Procurement Contract Management identified 4 high and seven medium priority recommendations. No recommendations have yet been reported as implemented and one is not

yet due at the time of writing.

5.1.3.5. In addition the management letter in relation to Disclosure and Barring Service – Employee Checks is being treated as a 'Nil Assurance' report. The management letter contains three high priority recommendations, as this has only just been issued there is no management update on the progress in implementing the recommendations.

5.1.4. In order to report promptly, the MSP Interfaces and Acceptance Testing audit was also reported to the previous Audit Pensions and Standards Committee. As the final report was in fact issued during the period this report covers it has been included again for completeness. For all the limited assurance reports a brief summary of the reports are provided at Appendix C for information.

5.1.5. Two school follow-ups were undertaken in the period. 29 of the 31 recommendations followed up were found to be implemented with 2 recommendations found to be partly implemented. The results of our follow up can be found in Appendix A.

5.1.6. The Internal Audit department works with key departmental contacts to monitor the number of outstanding draft reports and the implementation of agreed recommendations.

5.1.7. Departments are given 10 working days for management agreement to be given to each report and for the responsible Director to sign it off so that it can then be finalised.

5.1.8. There are now 39 audit recommendations where the target date for the implementation of the recommendation has passed and they have either not been fully implemented or the auditee has not provided any information on their progress in implementing the recommendation. This compares to 22 outstanding as reported at the end of the previous quarter and represents a deterioration in position. We continue to work with departments and HFBP to reduce the number of outstanding issues.

5.1.9. The breakdown of the 39 outstanding recommendations between departments are as follows:
- Adult Social Care - 1
- Children's Services (Non Schools) - 3
- Children's Services (Schools) - 23
- Corporate Services – 9
- Environment Leisure and Residents Services – 1
- Transport and Technical Services - 2

5.1.10. 11 of the recommendations listed are over 6 months past the target date for implementation as at the date of the Committee meeting. Internal Audit are continuing to focus on clearing the

longest outstanding recommendations and to that end will be arranging meetings with the relevant departmental managers responsible for all recommendations overdue by more than 3 months as and when this occurs.

5.1.11. The table below shows the number of audit recommendations raised each year that have been reported as implemented. This helps to demonstrate the role of Internal Audit as an agent of change for the council.

Year	Number of recommendations made	*Number of recommendations implemented*
2012/13	271	260
2013/14	293	291
2014/15	247	218

5.2. **Internal Audit Service**

5.2.1. Part of the CIA's function is to monitor the quality of Mazars' work. Formal monthly meetings are held with the Mazars Contract Manager and one of the agenda items is an update on progress and a review of performance against key performance indicators. The performance figures are provided for quarter 1 of the 2015/16 financial year.

Performance Indicators 2015/16

Ref	Performance Indicator	Target	Pro rata target	At 30 June 2015	Variance	Comments
1	% of deliverables completed	95%	24%	19%	-6%	17 deliverables issued out of a total plan of 92
2	% of planned audit days delivered	95%	24%	26%	+1%	274 days delivered out of a total plan of 1054 days
3	% of audit briefs issued no less than 10 working days before the start of the audit	95%	95%	89%	-6%	8 out of 9 briefs issued more than ten working days before the start of the audit.
4	% of Draft reports issued within 10 working days of exit meeting	95%	95%	100%	+5%	6 out of 6 draft reports issued within 10 working days of exit meeting.
5	% of Final reports issued within 5 working days of the management responses	95%	95%	100%	+5%	3 out of 3 final reports issued within 5 working days.

5.3. **Audit Planning**

5.3.1. No amendments have been made to the 2015/16 year Internal Audit plan agreed by the Committee.

LOCAL GOVERNMENT ACT 2000-
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Full audit reports from October 2004 to date	Geoff Drake Ext. 2529	Corporate Services, Internal Audit Town Hall King Street Hammersmith W6 9JU

LIST OF APPENDICES:

Appendix A   Audit reports issued 1 April to 30 June 2015
Appendix B   Summary of Outstanding Audit Reports
Appendix C   Summary of Limited Assurance Reports
Appendix D   Outstanding Recommendations

Audit reports Issued 1 April to 30 June 2015

We have finalised a total of 27 audit reports for the period to 1 April to 30 June 2015. This includes 8 Shared Services audits. In addition, we have issued a further 2 management letters and 2 follow ups were completed in the period.

Audit Reports

We categorise our opinions according to our assessment of the controls in place and the level of compliance with these controls.

Audit Reports finalised in the period:

No.	Audit Plan	Audit Title	Executive Director	Audit Assurance
1	2015/16	Council Tax	Hitesh Jolapara	Satisfactory
2	2015/16	St Mary's RC Primary School	Andrew Christie	Satisfactory
3	2015/16	Wood Lane High School	Andrew Christie	Satisfactory
4	2014/15	Holy Cross Primary School	Andrew Christie	Satisfactory
5	2014/15	Election Expenses	Hitesh Jolapara	Satisfactory
6	2014/15	Children's Services Risk Management	Andrew Christie	Satisfactory
7	2014/15	Academy Application	Hitesh Jolapara	Satisfactory
8	2014/15	New Roads and Street Works Act	Nigel Pallace	Satisfactory
9	2014/15	Employee Led Mutual Project Management	Andrew Christie	Satisfactory
10	2014/15	Frameworki Application (Children's)	Andrew Christie	Satisfactory
11	2014/15	Vehicle Removal and Car Pound Procurement	Nigel Pallace	Satisfactory
12	2014/15	Business Continuity Planning	Lyn Carpenter	Satisfactory
13	2014/15	Rechargeable Street Works	Nigel Pallace	Satisfactory
14	2014/15	School Admissions	Andrew Christie	Satisfactory
15	2014/15	Corporate Governance	Hitesh Jolapara	Satisfactory
16	2014/15	Personalisation	Liz Bruce	Satisfactory
17	2014/15	Council Tax	Hitesh Jolapara	Satisfactory
18	2014/15	Managed Services - Interfaces and Acceptance Testing	Charlie Parker	Limited
19	2014/15	Managed Services – Data Migration	Charlie Parker	Limited
20	2014/15	Residential Placements *	Liz Bruce	Limited
21	2014/15	Local Government Transparency Code *	Nigel Pallace	Satisfactory
22	2014/15	Children's Services Strategic Commissioning and Procurement *	Andrew Christie	Satisfactory
23	2014/15	Children's Services Financial Management *	Andrew Christie	Satisfactory
24	2014/15	Carer's Support *	Liz Bruce	Satisfactory
25	2014/15	Day Care (All Services) *	Liz Brice	Satisfactory
26	2014/15	Two Year Old Programme *	Andrew Christie	Satisfactory
27	2014/15	Passenger Transport: Post Procurement Contract Management *	Andrew Christie	Limited

* Undertaken by the in house internal audit team at RBKC/WCC

Substantial Assurance   There is a sound system of control designed to achieve the objectives. Compliance with the control process is considered to be substantial and few

	material errors or weaknesses were found.
Satisfactory Assurance	While there is a basically sound system, there are weaknesses and/or omissions which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited Assurance	Weaknesses and / or omissions in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
No Assurance	Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.

Other Reports

Management Letters

No.	Audit Plan	Audit Title	Director
28	2014/15	Microsoft License Procurement	Hitesh Jolapara
29	2014/15	Retention of IT Contract Documentation	Hitesh Jolapara
30	2015/16	Disclosure and Barring Service – Employee Checks	Debbie Morris

Follow ups

No.	Audit Plan	Audit Title	Total	Implemented	Partly Implemented	Not Implemented
31	2014/15	St Thomas of Canterbury School	19	19	0	0
32	2014/15	Jack Tizard School	12	10	2	0

Internal Audit reports in issue more than two weeks as at 31 July 2015

No audit reports were outstanding as at 31 July 2015.

Summary of Limited Assurance Reports

Ref	Audit and Scope	Details	Assurance / Risk
1	**Shared Services – ASC Residential Placements** The Adult Social Care (ASC) business plans places emphasis on improving the outcomes for residents and tackling the significant increase in demand arising from the changing demography of the 3 boroughs by developing the following priorities: • Improving efficiency and management; • Ensuring efficiency and quality of operational services; • Giving more choice and control to service users and carers; • Shifting care closer to home; and • Integrating with health. Across the 3 Councils, the following teams are responsible for assessing care needs in respect of residential placements: • Older People; • Learning Disability; • Mental Health; and	The audit identified that: • Placement reviews were not always being completed within 6 weeks of the placement start date. Furthermore, adequate evidence was not always being retained to demonstrate that reviews had been undertaken and with the appropriate management review and approval. • The Placement Care Plan, Placement Service User Agreement and Placement Brokerage form was not always being completed in full, authorised appropriately and consistently retained on file. • Insufficient actions were being taken by LBHF to recover debt. • Evidence that placements had been approved was not always clear. Placement review forms should be approved by Care Managers; however, it was found that a small number had not been authorised. • Documented procedures covering all activities undertaken by the Brokerage team were not in place. • Whilst Financial Assessment procedures were in place for LBHF and RBKC they had not been subject to recent review. • Financial assessment forms were not consistently held on file with signed financial circumstances forms. • Exceptions were also identified where the documentation had not been signed by the service user or their next of kin. • The outcome of the financial assessments was not always notified to the service user, or their next of kin, in a timely manner. • All residential placements are initially reviewed and approved by Care Managers. The Shared Services High Needs Panel has been created to approve all residential placements within the 3 boroughs. A Terms of Reference, which states the responsibilities of the Panel, has been documented. Minutes of the Panel are taken and retained and the decisions made are recorded on Frameworki. Exceptions were noted where the approval of placements could not be evidenced. • The Brokerage Team is responsible for procuring placements. Standard processes are in place; however, these have not been documented. Monitoring is undertaken to ensure that the utilisation of block contracts is maximised. Where possible placement fees are negotiated to ensure that value for money is obtained. • The contract monitoring arrangements in place for 20 residential homes were reviewed and it was found that for 15, no formal contract monitoring had taken place (14 of these were spot purchased contracts).	Limited

Ref	Audit and Scope	Details	Assurance / Risk
	• Physical Disability.	From discussion with the Head of Procurement and Contracting ASC, the auditor was advised that the contract monitoring practices had been subject to review and that the Tri-borough ASC Contract Management Framework, the Contract Monitoring Model and the Tri-Borough ASC Contract Management Gold Standards were in the process of being implemented.	
		• Billing processes were robust and were undertaken using the Abacus system. All of the Councils have recently implemented the Agresso financial system and it is understood that there are currently some delays/issues with the invoicing module; however, these are expected to be resolved imminently.	
		• A number of instances were identified where actions taken to recover monies owed to LBHF were limited. Managers of the service were aware that the debt recovery processes requirement improvement and actions were being undertaken.	
		• Procedures were in place for writing off irrecoverable debt and these were complied with.	

Ref	Audit and Scope	Details	Assurance / Risk
2	**MSP Interfaces and Acceptance Testing (Tri-Borough)** The objectives of this review were to assess and evaluate the controls in the following areas: • Acceptance Test Strategy • Test Scripts • Test Result Reporting • Critical Path Reporting	This audit was undertaken as part of the 2014/15 audit plan to assess the adequacy of the control framework applied to the Managed Services Programme System Interface and Acceptance Test activities being conducted as part of implementing the Agresso Business World (ABW) Enterprise Resource Planning (ERP) system across the three Boroughs. This involved examination of the following areas: • A systematic and methodical approach to the identification and prioritisation of acceptance testing of system procedures and interfaces exists outlining resource requirements for systems interface tests, user acceptance tests and operational acceptance tests; • Acceptance test scripts have been developed and mapped to help evaluate system interface and functionality requirements; • Individual system interface and system functionality acceptance test results are accurately recorded and reported on, so any issues are escalated for resolutions on a timely basis; and • Appropriate and accurate monitoring reports exist that update stakeholders on the overall system interface and system functionality acceptance test result trends and resolutions to help inform the critical path status and go-live decision. One High and six medium priority recommendations were raised. The Principal recommendations were as follows: • Management should ensure that all of the 49 interfaces that are considered as "must have" for the go live have appropriate interface test scripts established, and monitored for sign off achievement prior to go live. • Documented MSP system audit trail requirements should be established for appropriate acceptance test scripts to be developed and signed off by the Internal Audit team to confirm that the currently undocumented BT 'standard settings' adequately meet the needs of the three Councils. • Management should confirm that the procedures for the treatment of rejected BACS file records and potential exception reports are adequately assessed and signed off as appropriate in acceptance testing. • Interface file processing acceptance tests and exception processing report tests should be established to confirm the adequacy and effectiveness of the documented interface file processing reconciliation controls • Management should establish a unified transparent update report to confirm the percentage of "Critical Path" acceptance criteria delivery achievements and issues in future phases of the implementation. All recommendations were accepted by management.	Limited

Ref	Audit and Scope	Details	Assurance / Risk
3	**MSP Data Migration (Tri-Borough)** The objectives of this review were to assess and evaluate the controls in the following areas: • Data migration standards; • The data migration process scope; • Data migration process testing; • "Go Live" Data migration is subject to full reconciliation; and • Data migration meets the agreed programme timescales	This audit was undertaken as part of the 2014/15 audit plan to assess the adequacy of the control framework applied to the Managed Services Programme Data Migration activities being conducted as part of implementing the Agresso Business World (ABW) Enterprise Resource Planning (ERP) system across the three Boroughs. This involved examination of the following areas: • Data migration standards have been formally defined and documented; • The data migration process has been adequately scoped, documented and resourced; • Data migration / conversion process test exercise has been performed and assessed; • "Go Live" Data migration is subject to full reconciliation and sign off review with the results communicated to all the relevant stakeholders; and • Data migration has been undertaken in line with the agreed programme timescales. Three High priority recommendations were raised as follows: • The resolution of all known data migration issues referred back to the Councils should be adequately and transparently tracked for completion. • The LBHF Accounts Payable (AP) / Accounts Receivable (AR) reconciliation records should be completed and provided for review at the earliest opportunity. • Appropriate data integrity monitoring reports should be established and effectively applied to migrated and transactional data. The internal audit assessment started on 1st March 2015 in preparation for the system "go live in April 2015 " with our findings being fed back as they were identified. No response was received to the draft report issued on 11 June and the report was finalised on 15 July.	Limited

Ref	Audit and Scope	Details	Assurance
	Disclosure and Barring Service – Employee Checks The intention was to review a number of key objectives in the operation of this key employee check system following the commencement of the new outsourced arrangements for Human Resources. However in the absence of any process or associated monitoring arrangements since April 2015 it was not possible to undertake the audit.	The DBS employee checking and monitoring function for the three Councils was due to be transferred to BT Managed Services from April 2015. The expectation was that BT would manage all DBS checking as part their applicant control responsibilities and provide further monitoring and management information on both historic and future DBS certification for all relevant employees. However, at the time the audit was scheduled, late June 2015, no such arrangements were in place. Due to a lack of available system derived information on new recruits it was not possible to proceed with audit testing and it was clear that high levels of risk exist in relation to the application processes for new recruits and associated DBS checking across LBHF. Human Resources had no access to management information from the Agresso system regarding new starters. There was therefore no evidence that BT were enforcing the requirement for DBS certifications to be completed prior to commencement of employment with LBHF. Retained HR officers informed Audit that checks for existing staff with expiring DBS certification have been maintained off system locally by LBHF staff, throughout the period under review. However Audit were not able to validate the completeness or accuracy of that process at the time of reviewing the position. At the point of Managed Services go-live in April 2015 it was planned that an E-Live system, supported by BT, would provide the DBS management and monitoring tool. However, HR management were informed that BT would be unable to provide such a solution within the expected timeframes. It was therefore agreed subsequently that BT would arrange a contract with Kent County Council to provide this service in lieu of a direct BT offering. However, the Kent County Council solution was also unavailable on go-live and, at the time of reporting, is still not in place. In the absence of a formal system for monitoring and reporting on DBS activity at both Councils, managers, in collaboration with BT, devised a work around which would involve a small number of Council employed officers having direct write access to manually edit employee files within Agresso. The standard access setting for Council staff is for Read Only access to employee files, however, the enhanced access rights were deemed necessary by management to combat the weaknesses in this high risk area. A number of temporary staff members were employed by the Council from April 2015. However, the access arrangements were not put in place by BT and as a result no access was provided given during April, May or June 2015. No training on the system had been provided to those staff by BT and their engagements were subsequently terminated. Further compounding the risk was the complete lack of Management Information and operational reports provided from the Agresso system. BT had not fully populating the Agresso system due to functional issues and therefore neither HR officers nor operational management, across LBHF are able to receive system derived information on	Nil

Ref	Audit and Scope	Details	Assurance
		new starters. The same issues are also affecting schools within the authority where their recruit application processes are now also managed by BT. Leavers, sickness, establishment and turnover information is also unavailable across the Council. No timescale had been formally agreed for the provision of these core reporting services. The governance around these areas within the authorities is in significant jeopardy and services are vulnerable to a high level of risk around new employees. Three high priority recommendations were raised as a result of the audit review as follows: • An immediate solution must be reached to mitigate the risks currently materialising. BT must engage with Human Resources and establish a functioning work around whilst working to provide a permanent DBS monitoring solution capturing both legacy and new employees whose post require such certification; • Managers must be informed of the current high levels of risk their services are exposed to. Where possible it should be ensured that all pre-employment checks have been completed prior to any officer discharging their duties actively. Where the commencement of employment is essential prior to confirmation of DBS status the employing manger should fully risk assess with regard to access and associated duties and where necessary such access be fully supervised; and • BT must be required to make significant efforts to produce the levels of Management Information Reporting required and the appropriate access to the system. Failure to provide accurate information on Starters, Leavers, Sickness, Establishment and Turnover significantly weakens operational Human Resource governance and exposes all Councils and their customers to unacceptable levels of risk. All recommendations were accepted by management for implementation by August 2015. At the time of reporting consideration was being given to bringing elements of the HR process including DBS back in-house until such time as demonstrable robust processes and reporting tools and reports are in place and fully operational.	

Ref	Audit and Scope	Details	Assurance
ChS2	**Passenger Transport - Contract Management** The objectives of this review were to assess and evaluate the controls in the following areas: • Service Objectives; • Performance Monitoring; • VOSA and Statutory Requirements; • Data Integrity; • Community Engagement; • Service Planning; • Call Off Process; • LAC Assessment; and • Management Report and Information.	This audit was undertaken as part of the agreed Tri-borough Audit Plan. The audit was concluded in the Autumn of 2014 and therefore captures events in the period following the initial mobilisation and roll out of the new service, at a time when the role of the Transport Commissioning Team was substantially different to that originally envisaged. Prior to April 2014 the provision of passenger transport in Children's and Adults Services for RBKC was provided by external contractors; Crystals and HCT. These had been ongoing contract arrangements that were originally due to expire in December 2013. In addition WCC had contracts for comparable services that were due expire in August 2013. LBHF had been considering the potential advantages of a fully contracted out service for their own in-house passenger transport arrangements. A new framework contract was procured by Westminster City Council for the Tri-borough which commenced in April 2014 and covered mini bus and taxi services for both Children Services and Adult Social Care. The new arrangements involve moving approximately 1200 vulnerable children and adults every day to over 100 destinations. The tri-borough Transport Commissioning Team (TCT) was established to process new requests for transport, provide the main point of contact, maintain relevant data and monitor requirement standards. It is the responsibility of the TCT to hold up to date, accurate and detailed data in respect of both children and adult users of the Passenger Transport Service. It was clear that mobilisation and delivery issues were encountered from the start of service go-live. This led to a significant volume of initial service dissatisfaction, expressed by parents, carers and other stakeholders both directly to the service and several Members. The scope and structure for TCT operations has been subject to significant modification following initial mobilisation issues and saw its priorities focused on a more reactive format. This change in emphasis and additional service pressure has resulted, during the initial period, in a number of operational and financial consequences. Currently a significant proportion of posts, including key management positions are being covered on an interim basis by interim and agency staff. Initial savings expectations were estimated at the procurement stage based on the development of the service on a Tri-borough model. Originally the savings were modeled pre-procurement to achieve £2.74 million, with a savings target set at £2.23 million. Due to an increase in the number and individual needs of service users a reconfiguration of routes has been undertaken based on the more accurate data on service users' needs and services required. The original target has therefore become less realistic, although overall unit price savings have been confirmed.	Limited

Ref	Audit and Scope	Details	Assurance
		During February 2015 a follow up was conducted to assess progress made since the conclusion of the audit in October 2014. A strong direction of travel has been observed since October and significant progress has been made to rectify the weaknesses previously identified. The operating model and service direction for the TCT has been improved; further consultancy was procured from People Too to enhance service planning and provide additional operational and strategic assessment for the future. However, several key posts, including the Head of TCT have still not been recruited to on a permanent basis. However, in order to ensure current business continuity and ensure ongoing service improvements with the delivery of the contracts, the interim management arrangements of the TCT have been extended until October 2015. This will ensure that there is a 2-3 month transition period to a new TCT manager. Service Performance reporting demonstrates that suppliers operate successfully, on time, in over 95% of all journeys. General performance management activities conducted by the TCT have been further developed and formalised to ensure due scrutiny is being provided and that any issues are dealt with swiftly; penalties are issued where appropriate. Unit costs remain lower than prior to procurement and, as anticipated in the October report. As the TCT has focused more on contract management, more favourable call offs have been made and savings increased as a result. Furthermore, revisions to taxi service call off arrangements have yielded more competitive pricings. Financial monitoring of all suppliers has continued, with discrepancies challenged where appropriate. General forecasting activities have remained fairly consistent, with actual figures usually closely reconciling to the planned figures with minor variance in the majority of cases. As the TCT moves forward data control remains a persistent risk, currently plans are being made to provide a bespoke IT platform to enable more efficient transport commissioning and client data management. Three High and eight Medium priority recommendations were raised, the principal ones are detailed below: • A formal Business As Usual (BAU) document should be created for the TCT which clearly defines its operational direction and functionality moving forward; • Changes to BAU should be planned for in advance of 2015/16 to prevent any inefficiencies; • Ongoing financial monitoring exercises and liaison with suppliers should continue to act as an early warning should any issues be identified. Formalised contingency planning documentation should be created detailing actions to be taken in the event of a contractor failing or becoming insolvent; • Liaisons with and performance management of suppliers should continue to ensure they are providing adequate customer service and client engagement. Complaints should continue to be directed to the appropriate venue and processed accordingly, involving the relevant individuals or suppliers where necessary. Continual communications between all parties should be entrenched within a robust communications strategy detailing the expectations of all parties involved; • A formal structural planning exercise should be completed resulting in a clear organisational structure with adequate post and job descriptions created for the manager posts;	

Ref	Audit and Scope	Details	Assurance
		• A succession plan should be created by the current manager to ensure a robust handover of both duties and knowledge is in place. An overlap time should be catered for if it is deemed necessary to ensure adequate time is allowed for knowledge, awareness and duties transfer; • A financial analysis should be performed clearly demonstrating where savings have been under and over delivered. This should contain the rationale and whether or not it is subject to change in the future. Future financial planning should contain total costs including TCT management overheads in the bottom line for both children and adults. • A financial 'lessons learned' document should be completed highlighting the rationale between expected and actual savings. This should reflect the issues reported with planned commissioning and related costs compared to actual and the relating financial impacts. Management responses were recently received on 06/03/2015 and demonstrated a commitment to achieving the actions required.	

Summary of Outstanding Recommendations

This is a schedule of all recommendations where the target date for implementation has passed and either the recommendation has not been fully implemented, or the auditee has failed to provide information on whether it has been implemented.

Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target Date	Responsible Officer	Status
1	2012/13	Adult Social Care	Housing Related Support Framework	Satisfactory	The Council's Supporting People Strategy should be updated.	2	31/03/2015	Commissioning Manager (Supported Housing)	A paper will be taken to the HFBB at the end of Sept. 2013 which will inform for the future strategy; the process of developing the strategy cannot be started until key decisions are made. Implementation date revised to 31/08/2014. Delay has at least in part been due to the new administration wanting to take stock of services requiring resources to be re-allocated to other work. This work is ongoing. It is now more realistic to report that the future strategy will be available within the next 6 months.

Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target Date	Responsible Officer	Status
2	2012/13	Children's Services	Kenmont Primary School	Limited	A signed declaration of business interests should be obtained for all governors and staff with financial decision making responsibilities annually.	2	30/04/2015	Head Teacher	Confirmed as not fully implemented in December 2014 follow up
3	2012/13	Children's Services	Kenmont Primary School	Limited	Clear financial authorisation limits should be established. Approved by the Governing Body and included in the Schools Scheme of Delegation and / or Financial policy. This should then be subject to review by the Governing Body on an annual basis.	2	30/04/2015	Head Teacher / Bursar	Confirmed as not fully implemented in December 2014 follow up
4	2012/13	Children's Services	Kenmont Primary School	Limited	Purchase orders should be raised on SIMS for all goods and services where the cost is known in advance, prior to orders being placed with suppliers. These orders should be subject to approval. Payments should be paid to suppliers within the invoice terms.	2	30/04/2015	Head Teacher / Bursar	Confirmed as not fully implemented in December 2014 follow up
5	2012/13	Children's Services	Kenmont Primary School	Limited	Quotes should be obtained and retained in a central location for all high value purchases as per the School's Financial Policy.	1	30/04/2015	Governing Body/Finance Committee/Head Teacher	Confirmed as not fully implemented in December 2014 follow up
6	2012/13	Children's Services	Kenmont Primary School	Limited	The School should retain evidence to support its attempts in recovering school meal arrears.	2	30/04/2015	Head Teacher	Confirmed as not fully implemented in December 2014 follow up

Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target Date	Responsible Officer	Status
7	2012/13	Children's Services	Kenmont Primary School	Limited	The School should ensure an adequate segregation between receipting income and preparing banking records. Reconciliations between income collected and cash banked should be undertaken by an officer independent of the cash collection process. Where this separation of duties is not possible due to staffing constraints, additional supervisory checks should be undertaken to confirm that income is being banked completely and in a timely manner.	1	30/04/2015	Head Teacher	Confirmed as not fully implemented in December 2014 follow up
8	2012/13	Children's Services	Kenmont Primary School	Limited	Management should seek advice and approval of the Council prior to the School entering into a leasing or financing agreement. The School should liaise with the Council to gain assurance that the current lease agreements are appropriate and represent appropriate value for money.	2	30/04/2015	Head Teacher / Bursar	Confirmed as not fully implemented in December 2014 follow up
9	2012/13	Children's Services	Thematic Report - Leasing in Schools	N/A	All schools should be reminded of the requirement to seek approval from the Governing Body and the Council prior to entering into or renewing leasing agreements. As a result of this approval process, a record should be maintained of any providers that do not appear to provide value for money. Where practical, schools expenditure records should be examined to identify if these providers are being used.	1	30/10/2013	Tri Borough Director of Finance and Resources (Children's Services)	Advised on 2/6/2014 that completion of update to Scheme for Financing Schools has slipped and will be completed by September 2014.

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10	2012/13	Children's Services	Thematic Report - Leasing in Schools	N/A	Schools should be reminded to retain copies of lease agreements in a readily accessible location.	2	30/10/2013	Tri Borough Director of Finance and Resources (Children's Services)	Advised on 2/6/2014 that completion of update to Scheme for Financing Schools has slipped and will be completed by September 2014.
11	2012/13	Children's Services	Thematic Report - Leasing in Schools	N/A	Consideration should be given to updating the School Finance Procedures Manual to require that an options appraisal is undertaken prior to entering into leasing arrangements to demonstrate that leasing offers better value for money when compared to outright purchase of goods and services.	2	30/10/2013	Tri Borough Director of Finance and Resources (Children's Services)	Advised on 2/6/2014 that completion of update to Scheme for Financing Schools has slipped and will be completed by September 2014.
12	2013/14	Children's Services	Phoenix High School	Satisfactory	The Unofficial Fund should be audited by an independent auditor and the results of the audit presented to the Governing Body.	2	01/10/2014	Head Teacher	08/05/2015 - There has been a delay with this due to the long term absence of the person who managed the fund. I have had a meeting with an independent auditor and I am in the process of looking to appoint after I have received his proposal and Governors' agreement. In terms of the audit, I plan to have this done before the end of the academic year. There has been no activity through the fund over the past 6 months whilst the member of staff has been off sick.

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13	2013/14	Children's Services	Vanessa Nursery School	Satisfactory	Reconciliations should be undertaken between school meals income collection records and cash banked. This reconciliation should be documented and certified by a second officer. The school should investigate the discrepancy identified and review the cash collection and recording procedures to identify if they can be amended to reduce the risk of error. Cash should also be banked more frequently to allow discrepancies to be identified more promptly.	1	30/04/2015	Head Teacher	
14	2014/15	Children's Services	Addison Primary School	Satisfactory	The following policies and documents should be subject to review and approval by the Governing Body on an annual basis: • Finance Policy; • Letting Policy; • Charging Policy; and • School Development Plan. Approval should be documented within meeting minutes. Where policies are approved on a three yearly cycle. Review and/or no changes should be documented in meeting minutes annually.	2	31/05/2015	Head Teacher and Governing Body	
15	2014/15	Children's Services	Addison Primary School	Satisfactory	The ISR for the Deputy Head Teacher should be amended to ensure that it is does not overlap with the Head Teacher's ISR.	2	30/04/2015	School Business Manager / Head Teacher	

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16	2014/15	Children's Services	Addison Primary School	Satisfactory	The asset register should be updated to include: • The date of acquisition; and • The cost of acquisition Furthermore, the person responsible for maintaining the register should be separate from the person responsible for undertaking the annual inventory check.	2	31/05/2015	School Business Manager / Head Teacher	
17	2014/15	Children's Services	Flora Gardens Primary School	Satisfactory	The following key documents and policies should be presented to the Governing Body or Finance Committee for review and approval on an annual basis: • Finance Policy; • Whistle Blowing Policy; • Pay Policy; • Lettings and Charging Policy; and • School Development Plan (SDP). Approval should be recorded in the minutes of the relevant meeting.	2	31/12/2014	Headteacher / Governing Body	08/01/15 - All policies except Finance Policy have been approved by GB. The FP will go to GB in Feb 2015.
18	2014/15	Children's Services	Holy Cross RC Primary School	Satisfactory	All invoices should be retained on file at the school.	2	30/04/2015	School Business Manager	
19	2014/15	Children's Services	Holy Cross RC Primary School	Satisfactory	The Governing Body (or delegated committee) should discuss the options available to the school prior to the continuation or cessation of contracts. This should be clearly documented in the meeting minutes.	2	31/05/2015	Head Teacher/ School Business Manager	

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20	2014/15	Children's Services	St John's CE Primary School	Satisfactory	A three year School Development Plan should be developed. The plan should be formally approved by the Governing Body.	2	01/01/2015	Headteacher and Chair of governors	
21	2014/15	Children's Services	St John's CE Primary School	Satisfactory	The School should periodically test the market for long standing contracts to gain assurance that they are still achieving value for money.	2	01/01/2015	SAO, Site Manager, Headteacher, Chair of Governors	
22	2014/15	Children's Services	St John's CE Primary School	Satisfactory	The School should seek advice and approval of the Council prior to the School entering into a leasing or financing agreement for the future. The School should liaise with the Council to gain assurance that leases in place are appropriate and provide value for money.	2	30/06/2015	Chair of Finance, Chair of Premises, Senior Administration Officer	
23	2014/15	Children's Services	St John's CE Primary School	Satisfactory	The unofficial fund should be subject to an independent audit. The audit report should be presented to the Governing Body or Finance Committee and documented as such in the minutes. The discrepancy in the Fund Account should be investigated.	2	01/01/2015	SAO, Chair of Finance Committee, Chair of Governors	

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24	2014/15	Children's Services	Wormholt Park Primary School	Satisfactory	A purchase order should be raised and authorised by a senior officer prior to placing the order with the supplier where the cost can be determined in advance. Invoices should be paid within 30 days of receipt of the invoice. Where payment is delayed for reasons such as late receipt of invoices or disputes with suppliers, this should be noted on the invoice.	2	30/04/2015	School Business Manager / Head Teacher	
25	2014/15	Children's Services	Wormholt Park Primary School	Satisfactory	Banking return forms should be signed by the Headteacher or the School Business Manager as an evidence of review and approval.	2	30/04/2015	School Business Manager / Head Teacher	
26	2014/15	Children's Services	Wormholt Park Primary School	Satisfactory	All overtime claims should be signed by the Headteacher as an evidence of approval.	2	30/04/2015	School Business Manager / Head Teacher	
27	2014/15	Children's Services	Wormholt Park Primary School	Satisfactory	The ISR for the Deputy Head Teacher and the Assistant Head Teachers should be agreed by the Governing Body.	2	30/04/2015	Head Teacher / Governing Body.	
28	2009/10	Corporate Services	Corporate Information Management and Security	Substantial	A central register of information asset owners should be created.	2	30/04/2015	Information Manager	An Information Asset workstream has been created as part of the Shared Services Information Strategy and covers all three partner Councils, not just H&F. The project has been scoped and is underway. The implementation will be completed in 2016-17.

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29	2009/10	Corporate Services	Data Storage and Backup Recovery Audit	Substantial	A formal procedure should be established to monitor the retention and destruction of data records (paper and electronic files) within the Council's departments to ensure that these are done in line with the guidelines for local authorities. Once established, responsibility for monitoring compliance should be assigned to relevant persons within the various departments.	2	01/01/2015	Information Manager	The lack of quality indexes for information/items stored in the Offsite Records Storage Service (ORSS) has been escalated to H&F Business Board and reported to Cllr. Schmid and all H&F services have 2 years to complete updated Index Improvement Plans; the EDMS retention and Disposal module is being implemented as part of a current upgrade project and will be in place by March 2016; SharePoint information architecture forms an associated part of the three Council's Office 365 programme.
30	2014/15	Corporate Services	Managed Services - Change Configuration and Release Management	Limited	Management should establish and distribute appropriate weekly and monthly client change activity reports, quantified by priority and risk, to assist the rolling review of the standing CAB agenda items.	2	30/04/2015	Managed Services Programme Director	

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31	2014/15	Corporate Services	Managed Services - Change Configuration and Release Management	Limited	Management should agree:- a) A specific MSP configuration item (CI) definition policy. (Hardware/software/ version / patch hotfix/ Interface code/ MSP training material versions/ system configuration opting settings etc.) b) An appropriate shared services change management process compliance monitoring report to assist the rolling review of the standing CAB agenda items release and configuration management. E.g. By identifying when MSP RFC records result in (CMDB) updates or not.	2	28/02/2015	Managed Services Programme Director	
32	2014/15	Corporate Services	Managed Services - System Testing	Limited	It is recommended that timescales to address IST, Service Now and any future issues are appropriately assessed ensuring that they are realistic and achievable. Consideration should also be given to producing a Critical Path Analysis where some critical activities are not delivered and the subsequent impact on Go-Live.	1	30/09/2014	Managed Services Programme Director	

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33	2014/15	Corporate Services	Mobile Device Security	Satisfactory	Management should draft, agree and communicate a specific IT security policy that covers mobile device usage for Tri-Borough work. All users using mobile devices, whether issued by the Tri-Borough or not, should be required to formally sign off their acceptance of relevant policies before being issued with a Tri-Borough issued mobile device or before having their own device configured for Tri-Borough use. The development of relevant policies should also be supported by appropriate user training.	2	30/04/2015	Information and Systems Strategist	
34	2014/15	Corporate Services	Tri borough Cloud Computing	Satisfactory	A central Tri-Borough inventory of all services and solutions provided through the cloud should be created and maintained, regardless of which borough is responsible for managing the service contract. The Tri-Borough Information Security Assurance Authority Group should be responsible for the inventory.	2	30/06/2015	Tri-Borough CIO will have oversight of this task but Tri-Borough Contract management will manage this service catalogue.	

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34	2014/15	Corporate Services	Tri borough Cloud Computing	Satisfactory	A central Tri-Borough inventory of all services and solutions provided through the cloud should be created and maintained, regardless of which borough is responsible for managing the service contract. The Tri-Borough Information Security Assurance Authority Group should be responsible for the inventory.	2	30/06/2015	Tri-Borough CIO will have oversight of this task but Tri-Borough Contract management will manage this service catalogue.	
35	2014/15	Corporate Services	Tri borough Cloud Computing	Satisfactory	Regular reporting on performance and security incidents (or any agreed schedule) should be requested from the cloud service providers for the Frameworki, Library Management System and Bravo Solutions application. Furthermore, such reporting requirements should be extended to all Tri-Borough based cloud agreements.	2	31/03/2015	Tri-Borough CIO	Response from Tri-borough Director of Libraries and Archives 14/5/2015 - With regard to performance reporting, I can confirm that SirsiDynix is able to supply uptime reports and we will be exploring further what performance information they can supply, such as response times. However this is complicated by the network and other factors bearing on responsiveness so it is not clear how the service would establish whose responsibility any poor responsiveness was.

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36	2014/15	Corporate Services	Tri borough Cloud Computing	Satisfactory	The Tri-Borough should ensure continuous compliance of their vendors and Cloud Service Providers with applicable regulations such as: PCI DSS, ISO 27001, EU Data Protection Regulations, Cloud Security Alliance Control Matrix, ISAE 3402, SSAE 16, and SAS 70 Type II.	2	31/03/2015	Tri-Borough CIO	
37	2014/15	Environment, Leisure & Residents Services	Business Continuity Planning	Satisfactory	The Council should ensure that regular business continuity tests are carried out including table top tests. As a result of the lessons learnt exercise, an action plan should be developed to make any improvements identified during the test.	2	30/06/2015	Business Continuity Manager	The Council had a Malware incident in October 2014, the outcomes of the incident included a lessons learned de-briefing in November 2014. Additional testing is proposed in the guidance and advice given to services on how to self-test. An additional test for closure of HTHX due to asbestos is currently being designed and date of exercise tbc.

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38	2014/15	Transport & Technical Services	New Roads and Street Works Act	Satisfactory	Inspections undertaken on major works in LBHF and RBKC should include checking that affected residents are informed of the Street Works prior to the start date. Inspections should be undertaken on utility companies who repeatedly fail to comply with Council instructions.	2	01/04/2015	Network Operations Team Manager / Network Compliance Team Manager / Network Co-ordination Team Leader	
39	2014/15	Transport & Technical Services	New Roads and Street Works Act	Satisfactory	Team Management Meetings should be held on a monthly basis to monitor to discuss Performance Monitoring and the Budget position.	2	01/04/2015	Network Operations Team Manager / Network Compliance Team Manager / Network Co-ordination Team Leader	