

AGENDA ITEM: 8

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Meeting	Audit Committee
Date	16 June 2011
Subject	Internal Audit Progress Report – Quarter 4
Report of	Assistant Director of Finance - Audit and Risk Management
Summary	Members are asked to note the Progress Report and Appendices.

Officer Contributors	Maryellen Salter, Assistant Director of Finance - Audit and Risk Management
Status (public or exempt)	Public
Wards affected	None
Enclosures	Appendix A - Internal Audit Progress Report
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Maryellen Salter, Assistant Director of Finance - Audit and Risk Management 020 8359 3167

1. RECOMMENDATIONS

- 1.1 That the Committee note the contents of the Report and the actions being taken to address the deficiencies.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 At the Audit Committee meeting on 11 March 2010 Members accepted that there would be progress reports to all future meetings of the Committee and, that for all “limited” or “no assurance” audits, there should be a brief explanation of the issues identified. It was also resolved at the meeting of the 21st September 2010 that where an audit had limited assurance that greater detail be provided than previously.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 All internal audit planned activity is aligned with the Council's objectives, particularly the “Better Services with Less Money” priority, and, thus, supports the delivery of those objectives by giving an auditor judgement on the effectiveness of the management of the risks associated with delivery of the service.

4. RISK MANAGEMENT ISSUES

- 4.1 All Internal Audit activity is directed toward giving assurance about risk management within the areas examined. By so doing the aim is to help maximise the achievement of the Council's objectives. Internal Audit does this by identifying areas for improvement and agreeing actions to address the weaknesses.
- 4.2 Internal Audit work contributes to increasing awareness and understanding of risk and controls amongst managers and thus, leads to improving management processes for securing more effective risk management.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Effective systems of audit, internal control and corporate governance provide assurance on the effective allocation of resources and quality of service provision for the benefit of the entire community. Individual audits assess as appropriate the differential aspects on different groups of individuals.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 As the Internal Audit plan is risk based this provides more appropriate assurance on those high priority areas within the Council. When risk, and assurances that those risks are being well managed, is analysed alongside finance and performance information it can provide management with the ability to measure value for money.

7. LEGAL ISSUES

- 7.1 No legal issues in the context of this report.

8. CONSTITUTIONAL POWERS

- 8.1 The Constitution Part 2 Paragraph 3.3 recognises that the annual audit opinion plays an essential part in advising the Council that risk management procedures and processes are in place and operating effectively.

9 BACKGROUND INFORMATION

- 9.1 This report provides details of the audits carried out during February to May 2011 and also gives the assurance level for each audit. This is the last quarter of the financial year and as such these reports have been finalised and included within the Annual Governance Statement. These have also been included within the overall assurance opinion for the year.
- 9.2 The recommendations not implemented carried forward from last quarter are included within this report and also those high priority 1 recommendations that were due for implementation up to May 2011.

10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Legal: MAM
Finance: JH/MC

Appendix

London Borough of Barnet Internal Audit & Risk Management Progress Report 2010-11– Quarter 4

Maryellen Salter, Assistant Director of Finance - Audit and Risk Management

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Appendices:

- A: 2010/11 Work during quarter including assurance levels
- B: Work in progress
- C: Internal Audit Effectiveness Indicators

1. Introduction

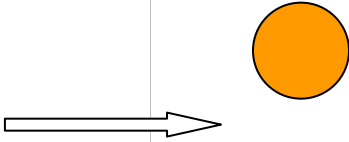
The Internal Audit Plan was agreed by the Audit Committee on the 11th March 2010. This report follows the principles previously accepted by the Committee, in that all audit reports with limited or no assurance will be summarised into key messages with some detail. Information is also presented regarding the corporate risks.

2. Final Reports Issued

This report covers the period from 1st February to 31st April 2011. The Internal Audit service has over this period issued 29 reports in accordance with the 2010-11 Internal Audit Plan. The full list of completed audits during this period is included within Appendix A. Of the 29, only 7 were graded at satisfactory or substantial assurance and the details of which are included within section 3 of this report.


There were only 3 systems based audits where the results were not finalised in time for this progress report, these reports will be finalised for the Committee to review in September. All reports fed into the Annual Audit Opinion separately reported to the Committee.

3. Key Findings from Internal Audit Work

Title	Business Continuity (Corporate Governance)			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel Last reviewed 2007/08 				
Date final report issued	12 th May 2011			
Background	Business Continuity (business continuity) should seek to ensure that in the event of disruption (and following the defusing of the situation by the Emergency Services, if applicable) temporary arrangements to support critical services (as identified in a Business Impact Analysis (BIA)) and to ensure ongoing service delivery are established within agreed timeframes.			


Summary of Findings	<p>The following positive findings, supporting the objectives, were noted:</p> <ul style="list-style-type: none"> • The existence of, and accessibility to, a Business Continuity Strategy (Strategy) for the Council • Effective arrangements, structures, support and available guidance to support the development of Business Continuity Plans in Services • The existence of a Council Business Impact Analysis (BIA) identifying all Corporate (Council) critical activities i.e. activities which, following disruption, need to be resumed within 1-14 days • Effective arrangements for ensuring that the Council BIA critical activities were accurate (current) and that each critical activity linked to a business continuity Plan. <p>The following issues were noted:</p> <ul style="list-style-type: none"> • The Business Continuity Strategy had not been reviewed since 2008 and re-assessed for priorities; • There were no Corporate support Business Continuity Plans for IT provision and Accommodation (facilities) as required by the Strategy; • Formal testing of Business Continuity Plans for the Corporate BIA critical activities had not been undertaken as required by the Strategy; • There was scope for further embedding business continuity arrangements across the Council be driving the development of business continuity plans for activities other than those related to the Corporate BIA critical activities; • The Risk Forum highlighted Service risks arising from the lack of confidence around business continuity arrangements • Although there are business continuity leads with accessible business continuity plans responsible for co-ordinating the implementation of business continuity arrangements in their Service, in the absence of the Head of Insurance, there is no nominated, back-up officer to undertake the operational, central co-ordination of business continuity arrangements and to provide support to Service business continuity leads in the event of disruption • The feedback from all Service business continuity Leads, in response to information requested from Corporate business continuity, for confirmation of accuracy of BIA critical activities and the link to / existence of business continuity plans was outstanding at March 2011 and did not require confirmation of all business impact analysis critical task information necessary to ensure the appropriate Corporate support in the event of disruption.
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<p>Priority 1 recommendations</p> <p>Management Responses and agreed action dates</p>	<p>There were two priority one recommendations as a result of this audit:</p> <p>The Head of Insurance should co-ordinate the preparation and finalisation of Corporate Support IT and Accommodation business continuity Plans.</p> <p>The Head of Insurance should co-ordinate and undertake testing of business continuity Plans for critical activities and report testing outcomes (for lessons learned purposes) to the relevant Service business continuity Leads</p> <p>Management has agreed the following action in relation to above recommendations:</p> <p>Agreed to be implemented by September 2011.</p> <p>Agreed to be implemented over a phased period with final completion by January 2012.</p>
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Title	Debit and Credit cards (Deputy Chief Executive – Finance)			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel No audit in past 5 years				
Date final report issued	March 2011			
Background	<p>The London Borough of Barnet decided in 1999 that it would accept payments from customers using visa credit, visa debit, switch, solo, and master card in order to provide its customers and clients with alternative payment methods. However, the council does not accept payments from customers using American Express or electron cards</p> <p>To facilitate these payment methods, various sites and groups were provided with credit card machines commonly called PDQs. Additionally, systems for accepting card payments by telephone and over the internet were also introduced in 2001, and Parking Process use a system called Cobalt and Xenco for their card payments. Planning have also opened a link on the LBB home page to the Planning Portal so that customers can pay for their planning applications online.</p> <p>The total value of income received by the Council via the Debit/Credit Cards Method of Payment for the financial year 2009/10 (1st April 2009 to 31st March 2010) amounted to approximately £26m. 76% (£19.8m) of income from Debit/Credit Cards payments were processed Online, Touchtone and Paye.Net; these payments systems are hosted by Capita. 19% (£4.8m) of income from Debit/Credit Cards payments were from Parking income management provider Verrus, with the remaining 5% (£1.4m) processed via PDQ machines (hosted by Elavon). PDQ machines are in various locations across the Council, with the majority in Library centres.</p>			

<p>Summary of Findings</p>	<p>Significant areas for development identified during this audit were:</p> <ul style="list-style-type: none"> • It is Council's policy that debit/credit personal and confidential information are safe from misuse. However, the policy needs to distinguish between control environment for staff handling debit/credit card transactions where cardholder is present, as well as, where cardholder is not present; and • Contracts/Agreements between the Council and debit/credit card services and equipment providers such as Capita, Verrus, and Elavon could not be found. Therefore, Audit was unable to ascertain if service provided Capita, Verrus, and Elavon is in accordance to contractual agreement. <p>Other areas for development identified during this audit were:</p> <ul style="list-style-type: none"> • There was no evidence of monitoring of PDQ machines in operation to identify redundant PDQ machines. For example, as at the time of our review, 4 out of the 27 PDQ machines in operation were found not to have taken any payments in that period but, the Council incurred usage/rental fees; • The policy statement for the usage of credit and debit cards has not been reviewed recently; and <p>Allocated roles and responsibilities of staff/departments responsible for the management and administration of credit and debit card income are not up to date and do not reflect working practice.</p>
<p>Priority 1 recommendations</p>	<p>There were 2 priority 1 recommendations:</p> <ol style="list-style-type: none"> 1) Management should clearly define the control environment that should be in place for staff operating the debit/credit card systems where cardholder is present, as well as, cardholder information that should be retained where cardholder is not present. 2) Management should ensure that there are written contractual agreements which sets out terms and conditions, responsibilities of both parties, service specification etc. Contractual agreements should be readily available for review in the event of a query


Management Responses and agreed action dates	<p>The following responses were received in respect of the recommendations raised:</p> <ol style="list-style-type: none"> 1) Agreed to be implemented by 30 June 2011 - guidance will be clarified so that it is clear, robust and defines the control environment that should be in place for staff operating the debit/credit card systems both for where cardholder is present and where cardholder is not present. These will be issued to all services that operate the PDQ machines, it will then be their responsibility to ensure that their staff operate within the guidance. 2) Agreed to be implemented by June 2011 – a copy of the contract to be received from the supplier
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Title	Learning Disabilities Reviews (Adults Social Services)			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel No review in the past 5 years				
Date final report issued	19 th April 2011			
Background	<p>The Council has a statutory duty, under the National Assistance Act 1948, to undertake assessment of need for social care services and to provide appropriate and adequate support to people who meet the local eligibility criteria. Councils therefore have a responsibility to routinely and regularly review service users' needs and circumstances as required by policy guidance documents such as "Caring for People", "Better Care, Higher Standards"; and "Fair Access to Care Services".</p> <p>The Service in responding to both the developing agenda for increasing choice and independence for service users and the unsustainable pressure to meet current and expected demand for services within existing budgets.</p> <p>The objective of the review process is to maximise VFM outcomes for Learning Disabilities service users and the Council, by maintaining the appropriate service provision in line with the service user needs, promoting independence and current commissioning strategy.</p> <p>There are currently 800 service users of which 54% are in residential care and 46% living independently.</p>			

<p>Summary of Findings</p>	<p>The following issues were identified during this audit:</p> <ul style="list-style-type: none"> • The Care Funding Calculator (CFC) is not being used consistently to: <ul style="list-style-type: none"> - capture the changing needs of service users and improve their outcomes / promote independent living; - obtain value for money in procurement of residential (and supported living) services from the assessment of a fair price, determined by the application of the CFC. • Where CFCs had been completed, there is a limited process for these to be followed up for negotiating with providers; • Quality assurance processes are not robust to ensure that annual reviews are undertaken in a timely manner; • The processing and recording of annual reviews in SWIFT and WISDOM is not consistent with service guidelines and local procedures; • Supervision of case files is not robust to ensure that annual reviews are undertaken in accordance with departmental policies and procedures. <p>We noted the following areas of good practice during the audit:</p> <ul style="list-style-type: none"> • The 'Move on Project' is a two-year project which has secured move-on from residential care for 19 Learning Disabilities and 18 Mental Health clients, providing in year savings of approximately £372,000; • The Service is working closely with MyCareCosts in order to better understand the cost breakdown of placements and to apply a cost calculator for high cost placements to ensure the services maximising the value for money being achieved through residential placements. This partnership working has achieved £84K in year savings; • A CFC project has been set up to systematically apply the CFC in reviews. Some negotiation with providers is taking place involving senior managers. The process needs to be strengthened to ensure that negotiation following changes takes place. • Information is compiled on a monthly basis by the Performance and Information team, for review and evaluation by the Senior Leadership Management team; and • Guidance notes for recording reviews in Swift and saving documentation in WISDOM have been made available to all staff.
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Title	Special Education Needs Placements (Children's Service)			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel No review in past 5 years				
Date final report issued	21 st March 2011			
Background	<p>The Local Authority (LA) has a responsibility to promote high standards for all pupils, including those who have special educational needs (SEN). A key feature of this provision is a commitment to the principles of inclusive education by giving more children with SEN the opportunity to participate in educational experiences in mainstream schools.</p> <p>The Special Educational Needs and Disability Act (2001), which amended the Disability Discrimination Act (1995) to make it unlawful for education providers to discriminate against disabled pupils, students and adult learners. As a result, education providers must make reasonable adjustments to ensure that disabled people in education do not suffer a substantial disadvantage in comparison to their peers who are not disabled. Part 1 of the Act strengthens the rights of children and young people with special educational needs to be educated in mainstream settings. The Act also requires schools and LAs to plan strategically to increase access to education.</p> <p>The revised SEN Code of Practice (effective from January 2002), which takes account of the Special Educational Needs and Disability Act (2001) and "provides practical advice to Local Authorities, maintained schools, early education settings and others on carrying out their statutory duties to identify, assess and make provision for pupil's special educational needs</p> <p>There are over 1600 children with Special Educational Needs that the LA supports.</p>			


Summary of Findings	<p>The following issues were identified during this audit:</p> <ul style="list-style-type: none"> - Non-compliance to the following Data Protection Act principle : Secure - Personal data held in hard copy. - Current business processes are not robust to ensure that annual reviews are undertaken in a timely manner and that reports received are recorded correctly onto the Tribal database. - There are gaps with regards to the completeness and accuracy of the information held in service users' files and with data recorded on the Tribal database. - SEN information is currently being kept both in paper format and electronically.
Priority 1 recommendations	<p>One priority 1 recommendation has been made:</p> <p>Governance Arrangements – Compliance with Data Protection Requirements –</p> <p>Management should take immediate action to review current documents held within the office and storage area to ensure that these are kept 'secure' as required under the DP Act 1988.</p> <p>Action is required to develop and implement an action plan to improve current business processes by:</p> <ul style="list-style-type: none"> • clearly setting out actions to implement the recommendations and mitigate the risks reported; • ensuring that the adequate resources and effective systems are in place to meet and deliver the service objectives; • taking into account that the service is able to keep pace with any policy / legislatives changes and the increasing demand for the service. • Ensuring there are auditable business processes.
Management Responses and agreed action dates	<p>The following response was received for this audit:</p> <p>A needs analysis has started with policy and planning officers to review the required human and storage resources to enable secure placement of files and observation over files which are out of drawers or cupboards during the day, acquire resources and implement sweep and tidy process over four weeks starting 01.02.11</p> <p>Strengthen AMO management prior to implementation through additional temporary post.</p> <p>Action to be implemented by June 2011.</p>

Title	Grants - Finance (Deputy Chief Executive)			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel This area has not been audited for the past 5 years				
Date final report issued	29 th March 2011			

Background	<p>The Council claims large sums of public money in grants from central government and other organisations (grant-paying bodies). As a result, the Council is required to complete returns providing financial information to Government departments.</p> <p>The Council is responsible for ensuring that its grant claims and returns are:</p> <ul style="list-style-type: none"> • completed accurately and in accordance with the scheme terms and conditions; • supported by systems of internal control, including systems of internal financial control and internal audit, which are both adequate and effective in practice (including proper arrangements to prevent and detect fraud); • completed in a timely fashion so that deadlines are met; • supported by adequate working papers; and • subject to proper supervision and review prior to completion of the authority's certificate. <p>The 'Grants Co-ordinator' role has been established as a dedicated role assigned to oversee the grants management process. The role is currently performed by a Senior Management Accountant based in the Finance Directorate who has been in the role since March 2010. Service area Grant Compilers have been assigned to each grant. Each Grant Compiler also has a Finance contact, who they liaise with for financial assistance when compiling supporting documentation for the claim.</p> <p>Irrespective of who may complete grant claims and returns for the Authority, grant-paying bodies require the authority's certificate to be given by an appropriate senior officer. This is typically the Chief Finance Officer or an officer authorised by written delegated powers. The Council requires that a S151 Chief Finance Officer Signature Request Form is completed and signed for all grant claims/ returns that require Chief Finance Officer certification.</p> <p>We identified that the Council submitted 11 grant claims and returns from government departments and other bodies requiring external audit certification in relation to the 2009/10 audit year (issued in 2010/11 year end).</p> <p>External audit completed their review of the 2009/10 grants process and reported their findings to the Audit Committee on the 17th February 2011. To avoid duplication of recommendations we have not included those recommendations that have been previously reported by External Audit, however the results of this audit was taken into consideration for the assurance given.</p>
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Summary of Findings	<p>One significant issue was highlighted during the audit:</p> <ul style="list-style-type: none"> • The grants database/register has not been kept complete, accurate and up to date (for example, the Local Area Assessment grant was not recorded in the grants register). Furthermore, the grant conditions have not always been recorded and updated in the grants register. <p>The following other issues were identified during this audit:</p> <ul style="list-style-type: none"> • Some performance information had been collected and reported regarding the success or otherwise of the grants process, however this could be further developed and cascaded to services/directorates to gain more ownership by grant compilers; • There is evidence to suggest that responsibilities are not well understood by the grant compilers within directorates. <p>Some areas were identified that could be enhanced for the purposes of establishing a good audit trail:</p> <ul style="list-style-type: none"> • The grants procedure note was reviewed in June 2010; however, there was no evidence of this review on the document; and • Independent review of grant could not be evidenced in accordance with the procedures in place. <p>We noted the following areas of good practice during the audit:</p> <ul style="list-style-type: none"> • A Grants Procedure note has been developed and has been made available to relevant officers; • Grants training is conducted annually for grants compilers, inexperienced grant compilers who do not attend training are given one to one sessions as a follow-up procedure; • A formalised grants register has been developed to record sources of grant income received by the Authority; • A 'Grants Co-ordinator' role has been established as a dedicated role for managing the grants claims process; • Service areas engage in grant schemes which are in line with the Directorate and Corporate objectives; • Finance is consulted to ensure that proper financial management arrangements are in place to enable accounting records to be maintained; • Working Papers have been generated to support grant claims; • Incorrect/ incomplete grant claims are queried directly with the Grant Compilers; • Certification arrangements have been explicitly set out in the procedure note and protocols have been agreed with the External Auditors; and • External Audit certification has been given to grant claims in line with Audit Commission guidelines.
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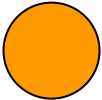
Priority 1 recommendations	<p>There were two priority 1 (high) recommendation from this audit:</p> <p>(1) The roll out and implementation of the purchased Grant Finder tool should be actioned and a process devised by which services use the facility.</p> <p>This process would also require services to monitor the grants included within the register which would allow for the detection of any errors with the grant itself/ or the grants management and administration process.</p>
Management Responses and agreed action dates	<p>The following responses were received for this audit:</p> <p>(1) Agreed to be implemented by April 2011 – a process will be devised that will enable services to use the Grant Finder Tool and to use this to update the grants register. This should also clarify the process for administering and managing the grants.</p>

Title	Budgetary Control – Children's Service			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel No review in the last five years				
Date final report issued	29 th March 2011			
Background	<p>Within Children Services priorities, objectives and activities, five initiatives have been selected as top improvement initiatives within the corporate plan. Progress on each of these five improvement initiatives is monitored throughout the year and reported to Cabinet as part of the quarterly performance monitor. The key initiatives are:</p> <ul style="list-style-type: none"> • Launch new foster carer recruitment campaign to increase opportunities for stable, local placements • Strengthen multi-disciplinary support for vulnerable families • Use video technology to empower families to effectively participate in child protection planning • Ensure sufficient primary school places are available in the right places <p>Children Services is responsible for helping those children most at risk of social exclusion to have the best opportunities and chances in life as well as planning and coordinating work to improve standards in education to meet the needs of all learners.</p> <p>It is therefore important that Children Services budget reflects accurately and adequately its requirements and forecasted levels of provision as well as the Council and Service specific priorities having regard to resources available and taxation consequences of spending decisions at the beginning and throughout the year.</p>			

<p>Summary of Findings</p>	<p>The following significant issues were identified during this audit:</p> <ul style="list-style-type: none"> • Appropriate budget estimates were not produced in all areas. The budget estimates in social care did not sufficiently take account of changes in trends and spending patterns. • The production of a monthly budget service summary was implemented in month 8; prior to this a service summary position was only produced for the Senior Leadership Team on a quarterly basis in line with corporate procedure. In view of the overspend, the Children's Service and corporate finance agreed a process to collate a service wide position each month for reporting to the Senior Leadership Team and this is now in place. • The Children Service has developed a new draft Scheme of Delegation but this is not yet in place • Responsibilities are not well understood by some budget holders within the service, as budget monitoring reports are not always completed as required, and when they are completed there are gaps and inaccuracies in the information reported. • Variances have not always been identified promptly. • A recovery plan was drafted in December 2010. However, it was unclear in the plan how the Children's Service intended to resolve the overspend. <p>There were some other issues that should be considered by management:</p> <ul style="list-style-type: none"> • Procedure notes do not exist for <i>some</i> key budgetary control processes • Finance training (which included budgetary control training) was not well attended by budget holders and this may have impacted their ability to manage their budget and report the budget monitoring information to Finance in a timely manner as required. <p>We noted the following areas of good practice during the audit:</p> <ul style="list-style-type: none"> • Service-based procedure notes for <i>some</i> of the key budgetary control processes exist • Profit/ cost centres have been assigned to the correct budget holders within Children's Service. • The cost centre hierarchy is appropriate and only relevant general ledger codes have been assigned to the correct profit centres. • Service area budgets within Children's Services are linked to the strategic objectives of the Council and Service Area; • There is a clear timetable for budget setting in place, although as noted some issues with compliance against this timetable. • Revisions/ virements are approved in line with the scheme of virements. • Budget amendments are accurately and promptly updated in SAP. • Corrective journals are processed by an appropriate officer and for valid reasons. • Overspends have been reported to the Chief Finance Officer, Cabinet Resources Committee, and monitored through the Statutory Officer Group on a monthly basis.
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<p>Priority recommendations</p> <p>1</p>	<p>The following priority 1 recommendations were made:</p> <p>(1) There should be a robust process in Children Service's to ensure that appropriate, reliable, accurate and timely budget estimates are constructed in line with the Council and Service strategies /policies/ priorities. Budget setting should be based on reasonable and reliable data and assumptions. Furthermore, growth, contingencies, reserves, provisions and efficiency savings options should be reliably costed and reported.</p> <p>The budgets set should be reported to senior management, and any significant issues should be brought to their attention, to ensure that effective and timely management decisions can be made.</p> <p>(2) Children's Service should develop a Scheme of Delegation, to formally document financially delegated powers within the Directorate. The Scheme should be developed in line with the Council's Financial Regulations. The Scheme should also indicate which officers will be delegated the financial delegated powers in the absence of key officers. The Scheme should be approved and reviewed periodically.</p> <p>Furthermore, relevant staff within Children Services should have access to and an awareness of the Scheme of Delegation.</p> <p>(3) Variances should be identified accurately and promptly by both budget holders and the Finance Accountancy team. There should be increased coordination and communication between the Finance Accountancy team and budget holders, to ensure that variances are promptly detected and reported.</p> <p>The Children's Service should determine a way in which responsibility for budget monitoring is effectively assigned and acknowledged by the budget holders, so that budget monitoring is completed accurately and there is a greater rate of return of the budget monitoring reports.</p> <p>(4) The recovery plan should be developed further to outline clearly how it is intended that the overspend will be resolved, and going forward how forecast variances will be addressed. The plan should contain the value of savings as well as the remedial action that will be taken.</p> <p>Furthermore, the plan should be monitored and progress against each action in the plan should be recorded and updated as necessary.</p>
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Management Responses and agreed action dates	<p>(1) We will re-base all of the social care budget for 2011/12 to allocate the available funds within the areas of pressure. New budget estimates for many of the other Children's Service significant budget areas (Youth and Connexions, schools and learning and early intervention and prevention have been re-set as part of the budget setting process for 2011/12 as they have experienced significant reductions in their budgets. A priority for the service in 2011/12 is to conduct a similar exercise for Special Educational Need funding.</p> <p>(2) A draft scheme of delegation has been prepared and this is now being put in place. Advice will be sought from legal service about the steps necessary to confirm the scheme in place in order to have the scheme in place and available to all staff.</p> <p>(3) For 2011/12 we are reviewing the appropriate level of budget delegation within our social care service. SLT will continue to be advised of all budget holders who fail to complete the monthly budget projection.</p> <p>(4) For 2011/12, SLT will receive monthly collated service position from month 1 and will identify a portfolio of measures ready to be taken should budgetary pressures again begin to emerge in 2011/12.</p> <p>These actions will take place by April 2011.</p>
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Title	Capital Funding – Finance and Commercial Services (Deputy Chief Executive)			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel				
Date final report issued	10 th May 2011			
Background	<p>The Capital Programme includes the programme of work, and the plan of Capital Expenditure, of the Council. The Programme normally covers a number of years and is produced in line with the capital strategy, and with adherence to the Prudential Code.</p> <p>Capital Programmes need to be regularly monitored in terms of cost and physical work against an approved Programme to help ensure objectives of the Council in respect of Capital Expenditure and value for money are achieved.</p>			

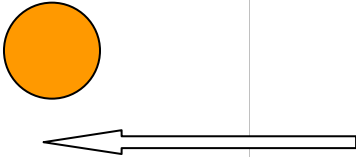
<p>Summary of Findings</p>	<p>The following positive findings, supporting the objectives, were noted:</p> <ul style="list-style-type: none"> • The Capital, Assets and Property Strategy and Medium Term Financial Strategy emphasise the need for Capital projects/programmes to support corporate priorities, effective project governance, maximising the use of external funding and to borrow prudently to optimise the revenue position. • There are clear and allocated roles and responsibilities for co-ordinating the preparation of the annual Capital Programme and validating and evaluating proposed capital funding streams applied to capital schemes included in the Capital Programme. • Management information of capital funding streams to validate and challenge inclusions in the Capital Programme is available to Strategic Finance. • There is scrutiny of the Capital Programme at Senior Management and Member level (at various stages of its development and following variations to the Programme). • There are clear roles and responsibilities for evaluating the revenue impact of additional borrowing requirements stemming from the Capital Programme to ensure that capital financing costs are contained within acceptable, budgeted limits i.e. to ensure that the Council could afford to service the debt without government support. • There are clear roles and responsibilities and effective arrangements for capturing, quality reviewing and approving variations to the Capital Programme during the year. • There is evidence of documentation of risks associated with various capital funding streams, and a logical and consistent approach to substituting capital funding streams where necessary in order to maximise the use of external funding and minimise external borrowing in line with the Strategy. • There is evidence of capital funding substitutions to prevent the loss of time limited grant and minimise the use of external borrowing. • There are year-end reconciliation processes to confirm receipt of capital funding streams included in the Capital Programme. <p>The following areas were noted for improvement:</p> <ul style="list-style-type: none"> • The Capital, Assets and Property Strategy had not been updated to reflect new structures for capital monitoring. • The Investment Appraisal Board (IAB), responsible for the scrutiny of capital scheme budgets, assessing how schemes support corporate priorities and assessing project governance arrangements, had not operated since late 2010. • There were no documented procedures for referral for quality review of variations to the Capital Programme. • There was scope for improving support to Services through the identification of grant funding streams. Pathfinder training was recently undertaken by officers in Strategic Finance and it was understood that this would be applied for identifying sources of grant funding. • An operational risk was identified which had not been recorded in the Strategic Finance JCAD risk register.
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<p>Priority 1 recommendations</p> <p>Management Responses and agreed action dates</p>	<p>There was one 'High' priority recommendations that are summarised as follows:</p> <p>(1) A decision on the ongoing operation of the IAB should be taken and implemented so that future / new and approved capital schemes are subject to the appropriate scrutiny</p> <p>Management has agreed the following responses in relation to above recommendations:</p> <p>(1) All schemes are subject to the relevant scrutiny. Some capital schemes will be scrutinised by the One Barnet and Regeneration Programme Boards with the residue schemes being scrutinised by the Investment Appraisal Board (IAB). IAB reviews will continue as before.</p> <p>To be implemented by July 2011</p>
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Title	Data Quality – Adults Social Service			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel No audits in the past 5 years to compare to				
Date final report issued	20 th May 2011			
Background	<p>Public Services need reliable, accurate and timely information with which to manage services, inform users and account for performance. Good quality data is the essential ingredient for reliable performance, if the council is to meet the varied needs of its communities, to plan and invest for the future and to account for the use of resources to all its stakeholders. Strategic decision making by the council and its partners must be based on robust and reliable performance and financial information. The data used to report on performance must be fit for purpose and present an organisation's activity in an accurate and timely manner. High quality data also enables informed judgements made by both internal and external assessors (extract from the Data Quality Policy).</p> <p>The Council reports on Performance Indicators and key initiatives relating to Community Safety. It is important that the information is accurate and can be relied on both in terms of performance management and public perception.</p>			

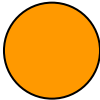
<p>Summary of Findings</p>	<p>The following key findings were reported:</p> <p>Policy and Procedures:</p> <ul style="list-style-type: none"> • There are no internal operational data quality guides, which provide an overview e.g. which document and evidences the data behind the calculations and checks that have been taken place to meet the requirements for both indicators. • Despite Quality Assurance procedures in place for managers to review cases files our review found a lack of local controls over the input of data to ensure that data is correctly entered at source and to detect any errors incurred during the input process. • Local procedures for recording Personal Budgets in SWIFT / and saving relevant documentation in WISDOM are not being followed. • Although there are a range of safeguarding policies and procedures, there are no formal procedures in place for the collection, recording and dissemination of information. <p>Systems and processes:</p> <ul style="list-style-type: none"> • There are significant gaps with regards to the completeness and accuracy of information for NI 130 held in key systems. This made it difficult to follow the sequence of the personal budget process, resulting in an inadequate audit trail to support the numbers counted in the indicator from our selected sample. • We found no issues with regards to working practices, but some weaknesses in validation procedures for the safeguarding indicator have been identified where management checks are not in place to identify possible errors in data submissions. Responsibility has not been assigned to independently confirm the accuracy of the information received from services teams. As a result, our review found omission of five LBB cases from the count and one case incorrectly being included and the omission of 1 Mental Health Trust (MHT) case. <p>People and Skills</p> <ul style="list-style-type: none"> • Although training was provided to staff with a 'Quick Reference Guide and complemented by briefings / coaching to individual teams with regards to the roll out of personal budgets, there is still work to be done to create an awareness of the importance of accurate data recording by staff to support the data quality arrangements for NI 130. <p>Data Use</p> <ul style="list-style-type: none"> • Data output is not checked by the Information Team prior to upward reporting to Senior Management Team (SMT) and to the Corporate Information Team (CPT) to ensure that the reported information reflects actual performance. The Information Team undertakes "dip sampling" of data and related PI and because of the large number and volume of the national data set relating to Adult Social Care, quality sampling is done on a rolling basis i.e. cover approximately 70 indicators over a period of 2 years.
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<p>Priority recommendations</p> <p>1</p> <p>Management Responses and agreed action dates</p>	<p>There was one 'High' priority recommendations that is summarised as follows:</p> <p>(1) Management should ensure that all relevant information is recorded and documentation saved in key systems. This should ensure that there is a complete documentary management trail to support the personal budget / safeguarding processes and provide evidence to support the calculations and checks that have been taken place to meet the requirements for both indicators.</p> <p>Management has agreed the following responses in relation to above recommendations:</p> <p>(1) Care Services Delivery (CSD) Service Managers will ensure through their Team Managers that a proper audit trail is maintained for all such cases. The Directorate will also implement any relevant actions arising from the pan London agreement</p> <p>This recommendation will be implemented immediately.</p>
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Title	Recruitment, HR and Payroll – Human Resources (Deputy Chief Executive's Service)			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel				
Last audit 2007/08				
Date final	8 th March 2011			
report issued				
Background	<p>HR Service Delivery is responsible for the provision of human resources to the Council, and in order to assist the Council in achievement of its aims and objectives.</p> <p>The Payroll function is responsible for making payments to staff promptly and accurately.</p> <p>Recruitment, HR and Payroll are key services within the Council, and the internal audit will inform the overall annual Head of Internal Audit Opinion; for inclusion in the Annual Governance Statement (which reports on the effectiveness of the Council's governance framework).</p>			

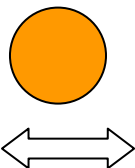
<p>Summary of Findings</p>	<p>We noted the following areas of good practice during the audit:</p> <ul style="list-style-type: none"> • The clear allocation of roles and responsibilities to staff with the experience and knowledge to undertake processing for HR, payroll and payroll run processes. • The independent checking of input of HR and pay information to ensure accuracy of HR and payroll processing. • The attendance by officers of Data Protection Act training to ensure awareness of data security for the significant confidential data processed in the area. • Prompt and accurate processing of related HR and Payroll data. <p>We noted the following issues:</p> <ul style="list-style-type: none"> • Instances where procedures had not been updated to include new processes. • A failure to retain certain key documentation in line with procedures. • Instances of a lack of evidence of independent checks on starter information input. • Ineffective processes to ensure that P45 certificates for leavers are sent to the Inland Revenue. • A lack of a formal process to confirm that officers in Services authorising HR/Payroll actions had the required authority. • The lack of independent checks on certain HR/Payroll input. • The need to review SAP access to ensure that officers only had access in line with their role requirements. • Ineffective processes to prevent unauthorised access to HR data through ongoing enforcement of a clear desk policy, and a policy to keep cabinets with related information locked. <p>It is to be noted that fraud training requirements were being considered during the audit by management. No formal recommendation has been raised, however management are reminded to make sure that assessment of requirements is performed promptly, and as appropriate for need.</p>
<p>Priority recommendations</p>	<p>1</p> <p>There was one 'High' priority recommendations that is summarised as follows:</p> <p>(1) SAP access should be reviewed to ensure that officers only have access to the tasks required for their role.</p> <p>Where this is not possible, exception reporting should be introduced, on a risk basis, to detect and challenge related processing actions or inappropriate access.</p>

Management Responses and agreed action dates	<p>Management has agreed the following responses in relation to above recommendations:</p> <p>(1) Agreed. This area is already under review as part of the engagement with the SAP Optimisation project which would include a focus on SAP access, user roles and responsibilities. Head of HR Service Delivery will engage with SAP Optimisation Team and SAP Support Team to prioritise this action.</p> <p>A bank changes report had recently been developed which would be subject to a 10% check.</p> <p>This recommendation will be implemented by June 2011.</p>
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Title	Sustainability (Carbon Emission Reduction) – Planning Housing & Regeneration and Environment & Operations			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel No audits in the last 5 years				
Date final report issued	8 th February 2011			
Background	<p>The Sustainability area is governed by environmental legislation and protocols and key to achieving the goal is to embed and provide the means to embed good practices in workplaces/homes with employee/residents/communities across the borough following processes to contribute to outcomes.</p> <p>Activities/initiatives in Housing, Planning, Environment and Asset Management seek to address carbon emission reduction and to introduce arrangements to facilitate minimising the impact of service delivery on the environment. Related operation will be informed by various strategies for example, Housing Strategy, Planning frameworks and Asset Management (Estate) strategies. The area is governed by legislation/protocols such as the Climate Change Act 2008, the Environment and Protection Act and the Kyoto Protocol.</p>			

<p>Summary of Findings</p>	<p>The following positive findings, supporting the objectives, were noted:</p> <ol style="list-style-type: none"> 1. Significant activity undertaken in the Council Services to address carbon emission reduction delivered by various teams in Planning, Environment, Housing and Asset Management, for example: <ul style="list-style-type: none"> • activity supporting more energy efficient new and existing property stock, • activity supporting more energy efficient Council buildings, • activity stemming from the London Borough of Barnet Carbon Emissions Reduction Action Plan (the Plan) developed by Environment and Operations and Asset Management in consultation with the Energy Saving Trust). 2. A Corporate focus through identification of the financial risk associated with the Carbon Reduction Commitment Energy Efficient Scheme in Corporate and Service Risk registers and the implementation of mitigating actions 3. A Corporate focus through the review of related delivery for the carbon emission reduction agenda as part of FirstStat Corporate Performance arrangements in 2010. <p>The following issues were noted as areas for improvement:</p> <ol style="list-style-type: none"> 1. A lack of agreement as to future approach and the lack of overall co-ordination of the various activities undertaken in the Council to maximise impact; 2. A lack of formal comprehensive risk management specifically related to carbon emission reduction operational delivery and engagement with Strategic Partners to address energy consumption issues (referred to in the Corporate Plan), essential to ensure that tasks are completed and to mitigate against any significant financial outcome not being realised and 3. A lack of robust performance management arrangements and performance measures for the various activities to monitor progress and effectiveness of carbon emission reduction delivery.
<p>Priority recommendations</p>	<p>1 There was one ‘High’ priority recommendations that is summarised as follows:</p> <p>(1) Arrangements should be implemented for ensuring that identified lead officers, responsible for sustainability and carbon emission reduction initiatives in respective Service areas, have identified and addressed risks (linked to activity) which may compromise carbon emission reduction objectives/ delivery outcomes.</p>


Management Responses and agreed action dates	<p>Management has agreed the following responses in relation to above recommendations:</p> <p>(1) Risk management should be adopted as part of any key delivery to mitigate against related objectives not being achieved. Once strategy and delivery plans have been formalised, the use of effective risk management will be emphasised to officers responsible for delivery to facilitate embedding it in day to day operation. Its ongoing use will be assessed as part of the performance management framework agreed.</p> <p>This recommendation will be implemented by June 2011.</p>
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Title	Waste Prevention – Planning Housing & Regeneration and Environment & Operations			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel				
Last audit Waste Prevention 2006/07				
Date final report issued	18 th February 2011			

Background	<p>All local authorities are required to put in place appropriate measures to enable compliance with the EU Landfill Directive (1999/31/EC). The EU Landfill Directive sets targets to reduce the amount of land filled biodegradable municipal waste. Furthermore, since 2007, local authorities are also responsible for implementing the “Waste Electrical and Electronic Equipment (WEEE) Directive.”</p> <p>Waste prevention is at the top of the waste hierarchy (based on the <i>DEFRA: Waste Not Want Not 2002</i> model). The role of the council is usually limited to education, promotion and facilitation of waste minimisation initiatives although the Waste Minimisation Act 1998 enables local authorities in England to take whatever steps it may consider appropriate to facilitate waste reduction.</p> <p>Waste minimisation has been identified as a top improvement initiative within the Council's 2010-2013 Corporate Plan and the reduction of the amount of waste being sent to landfill will be measured through:</p> <ul style="list-style-type: none"> • reducing the amount of residual household waste sent for disposal per household to 625kgs (NI191) • increasing the percentage of household waste sent for re-use, recycling and composting to 40% (NI192) <p>A Waste Prevention Strategy (WPS) was approved by Cabinet on the 5th December 2005.</p> <p>The vision in the WPS is “To prevent waste by working together and sharing responsibility for a cleaner, greener Barnet”. The objectives stated in the WPS are to:</p> <ul style="list-style-type: none"> ▪ Reduce the overall amount of waste from households ▪ Increase participation in waste prevention activities. <p>Barnet Council is responsible for collecting the waste that its residents produce. The responsibility for disposing of this waste is held by the North London Waste Authority (NLWA), of which Barnet is a member, along with six other north London boroughs. The NLWA has produced a North London Joint Waste Strategy; Barnet has taken this strategy into consideration when formulating its own strategic direction.</p>
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<p>Summary of Findings</p>	<p>The following significant issues were identified during this audit:</p> <ul style="list-style-type: none"> • Duplicate content is contained in the Waste Strategy and Waste Prevention Strategy; and having both strategies does not add value to the Waste Management process. • The Waste Prevention Strategy is not fit for purpose. There is currently no process in place to ensure periodic review and update of the Strategy and to ensure that it remains current and fit for purpose. • There are a lack of clear policies and procedures in place to support the overall implementation of the Strategy, and delivery of individual component projects/initiatives. • Partnership arrangements which should include details covering the nature of the relationship and which clearly identify the responsibility and liability of each partner have not been established and documented. • Governance arrangements to scrutinise, oversee and challenge the Waste Prevention Strategy are inadequate. • Risk management procedures have not been applied to project components. <p>We noted the following areas of good practice during the audit:</p> <ul style="list-style-type: none"> • The Waste Prevention Strategy is accessible to staff within the Waste and Sustainability team. • The Strategy has been approved and developed in consultation with services and stakeholders. • The Strategy takes into account the objectives/strategies/business plans/priorities of the organisation. • Value for money is being considered and maximised. • Roles and responsibilities for preparing the Strategy have been clearly defined. • Risk management procedures are in place; Directorate and team risk registers are maintained. • Project management techniques are being used to ensure effective delivery of projects/ initiatives • Adequate resources (including staff and budget) are allocated so that projects/changes to project plans are managed effectively and efficiently. • There is a robust monitoring and performance management framework in place, and there are effective mechanisms for collecting and reporting performance data. • Timely, accurate and complete management reports are produced and reviewed.
<p>Priority 1 recommendations</p>	<p>There were two 'High' priority recommendations that is summarised as follows:</p> <p>Waste Prevention Strategy – Management should put a process into place to ensure there is periodic review of the Waste Prevention Strategy and that the Strategy is fit for purpose and remains current.</p> <p>Governance arrangements – Adequate governance arrangements should be put in place to scrutinise, oversee and challenge the Waste Prevention Strategy.</p>

Management Responses and agreed action dates	<p>Management has agreed the following responses in relation to above recommendations:</p> <p>(1) We agree with this. We will be re-writing the Waste Prevention Strategy, to pull to together both the Waste Strategy and Waste Prevention Strategy. The Strategy will be an overarching waste strategy which will cover other areas as well as Waste Prevention, and will take into account the latest population and behavioural trends. The re-writing of the Strategy is a key objective for Environment and Operations for 2011. We envisage that the Waste Strategy will have headline areas and actions under each headline. The actions will tie in with decisions on with future Waste Collection. The revised Strategy will be reviewed regularly, at a minimum it will be reviewed annually; the actions within the Strategy will be reviewed more regularly and this will be determined by the content. The deadline for scoping of the revised Strategy is March 2011.</p> <p>(2) Terms of Reference will be developed for the Waste Project Board. The Waste Project Board is set to continue going forward, but we are unsure whether it will be the Board's responsibility to oversee and scrutinise the Strategy. There is a possibility that the Environment and Operation's Senior Management Board will have overall responsibility for scrutinising the Waste Strategy. The governance arrangements going forward will be discussed with the Director of Environment and Operations, and the responsibility for scrutinising, challenging and overseeing the Waste Strategy will be defined. This will be delivered by March 2011.</p>
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Title	Risk Management – Children’s Services			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel No audit in this area for the past 5 years				
Date final report issued	22 nd March 2011			
Background	<p>Effective risk management is required to identify threats which could compromise the achievement of objectives and to ensure that the appropriate action, including the correct allocation of resources, is undertaken within agreed timeframes to mitigating the likelihood of the threat arising and/or the impact should it arise.</p> <p>The focus of the review was to assess how risk management was undertaken/embedded at a team level in the Children’s Service. While risk management at Service and Corporate level in the Council is more visible, it is essential that it is exercised at all management levels in the Service as part of day-to-day operation. The audit reviewed how risks were identified, documented, treated and monitored.</p> <p>Internal Audit reviewed the risk management processes in the following areas:</p> <ol style="list-style-type: none"> 1. Referral and Assessment Team 2. School Place Planning 3. Data Governance Group 			

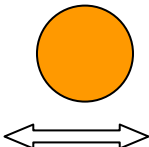
<p>Summary of Findings</p>	<p>The following positive findings, supporting the objectives, were noted:</p> <ul style="list-style-type: none"> • An understanding of the Business areas • The identification and documentation of some risks • Identified risks were significant and relevant to the Business • The identification of actions to mitigate identified risks • Evidence of implementation of actions to mitigate risks • The escalation and reporting of key risks to the Service and Corporate level and for social care cases deemed to be high risk owing to changing circumstances, their escalation to a Risk Management Panel for review, documentation and further action. • The monitoring of delivery of actions to mitigate identified risks by senior management through review of risk logs, through their involvement in implementation of mitigating actions, through communication to them of implementation of mitigating actions and the centralised monitoring (facilitated through automated reminders and reports in JCAD) of Service Risks. <p>Issues as follows were noted which demonstrate scope for improving risk management application to start embedding sound risk management practice at team level;</p> <ul style="list-style-type: none"> • The risk analysis process did not include a comprehensive identification of all risks which could compromise delivery or create negative outcomes • The mechanism for the evaluation of risks for their significance was not undertaken against standard evaluation criteria • The lack of availability of all necessary information necessary for decisions on the treatment (mitigation) of risks. • The need for risk management training to improve understanding and implementation of sound risk management practice.
<p>Priority recommendations</p>	<p>1 There was one 'High' priority recommendation that is summarised as follows:</p> <p>The comprehensive identification of all risks which could compromise service delivery should be undertaken as part of annual Business Planning and on an ongoing basis thereafter as appropriate. Ongoing reviews of the risk register should be undertaken to ensure the inclusion of all relevant risks.</p>

Management Responses and agreed action dates	<p>Management has agreed the following responses in relation to above recommendations:</p> <p>(1) The current risk register has been updated to include the missing risks identified during the audit.</p> <p>All service risks are monitored by SLT quarterly. (June, Sep, Dec & Mar) The last review was on 14/3/2011.</p> <p>Risk management briefing sessions will be organised for all managers after April 2011 when the new Children's Service management structure has been implemented (the briefing sessions will emphasize the need for Assistant Directors / managers to monitor the identification and management of risks by teams reporting to them).</p> <p>Monitoring will be undertaken to ensure such identification and management of risks.</p> <p>This is to be implemented for April 2011.</p>
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Title	Street Lighting – Environment and Operations			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel No audit in this area for the past 5 years				
Date final report issued	9 th May 2011			
Background	<p>The Council operates a street lighting PFI (Private Finance Initiative) contract for the replacement, maintenance and repair of its street lighting. The contract commenced May 2006 for a term of 25 years.</p> <p>The contractor is required to meet 8 performance standards specified in the contract. Identified failures result in adjustments (reductions) to the monthly unitary charge payable to the contractor. The contractor is responsible for reporting the level of service delivery and service failures which informs the amount to be invoiced by the contractor. The Council is responsible for monitoring the contractor to ensure effective service delivery and to ensure that service delivery assertions reported by the contractor are correct.</p> <p>Initially, the level of failures reported by the contractor resulted in adjustments which impacted negatively on the financial viability of the contract risking contractor withdrawal from contract. At the beginning of 2010 therefore, a management decision was taken to offer relief for adjustments in a controlled manner and where appropriate with a view to working with the contractor to optimise service delivery.</p> <p>The contract is approaching a critical period where the costs of withdrawal by the contractor will be significantly reduced.</p>			


Summary of Findings	<p>The following positive findings, supporting the objectives, were noted:</p> <ul style="list-style-type: none"> • Clear allocation of responsibilities for contract monitoring to officers who demonstrated an understanding of contract requirements; • Evidence of monthly provision of monitoring reports of service delivery by the contractor and monthly discussions on performance between contractor and responsible officers in the Council; • Evidence of a re-active light touch approach to contract monitoring; • Evidence of the identification of strategic risks associated with the contract and the implementation of arrangements to mitigate risks (to ensure the sustainability of the contract and optimise contract delivery); • Available management information showing the level of adjustments, the level of relief and the level of adjustment which would have been applicable without relief to assess whether the approach for providing relief results in an improvement in service delivery; and • Evidence of effective arrangements for ensuring that the invoice payments to the contractor reflected the agreed position in line with the rates and terms specified in the contract. <p>The following issues were noted:</p> <ul style="list-style-type: none"> • The lack of evidence of formal proactive arrangements to routinely monitor contractor delivery against each of the contract performance standards to assess whether the contractor representations about delivery are correct and the effectiveness of the policy of allowing adjustment relief; • There were delays (in excess of target times) between when street light service requests were received by the Council (including through the Fix-My-Street route) and when they were submitted to the contractor; • The process for reporting outstanding service requests to the Street Lighting Team had ceased owing to the service requests backlog; • The failure by the contractor to undertake a significant number of customer satisfaction surveys as required under performance standard 5 in the contract; • The analysis of responses by residents to customer satisfaction surveys (where undertaken) had ceased in April 2010; and • The lack of a formal business continuity plan in the event of the contractor unexpectedly withdrawing from the contract.
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<p>Priority recommendations</p>	<p>1</p> <p>There was one 'High' priority recommendation that is summarised as follows:</p> <p>(1) Part 1 - Monitoring arrangements should include ensuring that the contractor undertakes all customer satisfaction surveys and assessing the extent of relief in the light of ongoing non-performance by the contractor.</p> <p>Part 2 - Resident feedback should be analysed and issues addressed as necessary.</p>
<p>Management Responses and agreed action dates</p>	<p>Management has agreed the following responses in relation to above recommendations:</p> <p>(1) PS5, Target D, is already included in the Monitoring Schedule.</p> <p>There is a current challenge to the Contractual position as the Service Provider has suggested that early in the Contract term the Network Board agreed that CSS would only be carried out by request of the Authority rather than automatically – this is currently being checked for validity in the form of formal minutes of the appropriate meeting.</p> <p>On-going, the council did request the Annual CSS for this year be completed. The 500 recipients of the survey forms were agreed and the forms were delivered during April 2011. The Council has received completed forms from some of the recipients.</p> <p>The monitoring arrangements will ensure that agreed customer satisfaction surveys are undertaken.</p> <p>Part of the reason for the failure to distribute the surveys in 2010 was the council's requirement to re-draft the survey forms, twice in the last year, to take account of its own revised Diversity Monitoring Protocol. This resulted in delays at the Service Provider's printers on two occasions in the past year.</p> <p>The process for analysing returns from the customer satisfaction surveys will not feature as a priority task for the monitoring team. This role will be undertaken by E & O once the need has been identified by the Monitoring Team, subject to discussion and available resources within the Business Support Team. The Business Improvement team will be approached with the view to undertaking the analysis of customer satisfaction surveys returned and investigating the relevant issues.</p> <p>This is to be implemented by June 2011.</p>

Title	CRB checks – Human Resources (Deputy Chief Executive's Service)			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel Safer Recruitment 2010-11				
Date final report issued	21 st March 2011			
Background	<p>CRB checks are required for any person who through the course of their work (paid or voluntary) is in a position that involves regular contact with children or vulnerable adults or who are employed in one of the excepted professions/occupations listed in the Rehabilitation of Offenders Act 1974 (Exceptions) (Amendment) (England and Wales) Order 2003.</p> <p>Barnet Council is a "Registered Body" responsible for ensuring that all staff, volunteers and the staff of contractors engaged by the authority, who come into regular direct contact with vulnerable adults in care or children and young persons in schools, are all subject to CRB checks. The Lead Signatory for the Council is the Head of HR Service Delivery.</p> <p>There are two levels of CRB check available: "Standard" and "Enhanced", the primary difference being that the latter includes a check against local police records. The CRB process, from the completion of the application form to the production of the final certificate, involves three main parties: the Registered Body; the CRB and, in the case of Enhanced CRB checks, police forces.</p>			

<p>Summary Findings</p>	<p>of Corporate Arrangements</p> <ul style="list-style-type: none"> • There is no common process at a corporate level to confirm compliance to the CRB requirements across services areas. <p>HR</p> <ul style="list-style-type: none"> • There are some CRB procedural processes that have not been fully compiled with. • There is no up to date Lead & Countersignatories list. • Formal agreements are not in place where the Council undertakes CRB checks on behalf of other organisations to ensure these organisations are fully compliant with all the necessary CRB requirements and those of the Council. • There is no Council protocol for undertaking CRB for members'. • There is no local performance indicator to reduce the number of incomplete applications returned from CRB, which is currently at a rejection rate of 13.95%. • Four teaching posts for three School advertised in November 2010 did not clearly state that applicants will be required to undergo a CRB check prior to the post being offered. <p>Supply Management – Adults Social Services</p> <ul style="list-style-type: none"> • Only limited site inspections are being carried out to confirm CRB arrangements. A service policy is required setting out how confirmation of CRB arrangements will be obtained from those contractors not visited. • There are no local procedures in place for assessing contractors CRB arrangements. • There is no process for training relevant staff to assist with the types of checks to be undertaken when reviewing CRB arrangements and checking documentation. • Category Managers were not aware of the Human Resources CRB Protocols on the Intranet. <p>Children's Social Care</p> <ul style="list-style-type: none"> • There are some CRB procedural processes that have not been fully compiled with. • Disclosure notices are being retained for more than 6 months as recommended by CRB and this is in contravention with the Data Protection Act - Principle 5 - Retaining Personal Data. • There is no local performance indicator to reduce the number of incomplete applications returned from CRB, which is currently at a rejection rate of 13.95%. • Although CRB arrangements are checked during contract monitoring visits, there is no service policy setting out how confirmation of CRB arrangements will be obtained from those providers not visited. <p>Temp Desk</p> <ul style="list-style-type: none"> • There is no completion of a risk assessment as required by the Council's HR Protocol for Criminal Record Bureau Checks, where agency staff start employment before their CRB clearance is received.
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<p>Priority recommendations</p> <p>1</p> <p>Management Responses and agreed action dates</p>	<p>There were no 'High' priority recommendations as a part of this review, the limited assurance was given due to 16 priority 2 recommendations.</p> <p>As above.</p>
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Title	Local Area Agreement (LAA) Grant (Chief Executive's Service)			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel				
Date final report issued	23 rd March 2011			
Background	<p>The 'Local government and involvement in public health Act' (2007) provides a statutory basis for Local Area Agreements (LAA). The first LAA covered a 3 year period from 2007 to 2010. It is an agreement between Central Government and the Council to deliver a set of agreed outcomes and targets over a three year period. The priorities in Barnet's LAA reflect those in the Council's Sustainable Community Strategy. A series of 20 stretch targets (see Appendix C) were agreed and each target was eligible for a financial reward grant, totalling £9,737,940. The Performance Reward Grant (PRG) is 2.5% of the authority's net budget requirement and is paid on achievement of 60% of the stretched target.</p> <p>The Barnet LAA has been developed in collaboration with all the key statutory and voluntary organisations represented on Barnet's Local Strategic Partnership (LSP). The decision making body of the LSP, the Executive, which is comprised of the police, local authority, Barnet College, the PCT, Middlesex University and the Barnet Voluntary Service Council, has been responsible for overseeing the process.</p>			
Summary Findings	of	<p>Following our discussions with key officers and review of supporting documentation pertaining to the reward targets we found that of the 20 reward indicators, 15 achieved the target without reward and 11 achieved the target with reward.</p> <p>Following the change in government, there was an announcement made in May 2010 that Local Authorities would only be awarded half the original agreement amount, i.e. for LBB this amount would be £4,868,970.</p> <p>Where indicators were tested, we found to be significant issues in respect of the following:</p> <ul style="list-style-type: none"> ➤ Data sharing protocols not being put in place to ensure that all data collected, especially through partners, is of good quality as well as being accurate, complete and in line with the reward definitions document. ➤ Action plans not being put in place to monitor the targets throughout the three year period, and therefore financial opportunities have been lost. 		

Title	Parking Service (Environment and Operations)			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel				
Date final report issued	23 rd March 2011			
Background	<p>Parking in the Borough is limited and in high demand. The parking service enforces parking rules to ensure there is a balance of parking provision for all motorists who want to park in the Borough. To help maintain this balance the service utilises a combination of permitting and enforcement to ensure parking rules are followed. Local Authorities are governed by the following legislations:</p> <p>a) The Road Traffic Act 1991 is the primary legislation for Decriminalised Parking Enforcement (DPE) and,</p> <p>b) The Traffic Management Act 2004 is the primary legislation for Civil Parking Enforcement (CPE).</p> <p>More recently parking income has dramatically decreased which has prompted review internally.</p>			

<p>Summary Findings</p>	<p>of Strategy (Priority High)</p> <p>Overall the Parking Service has had limited success in implementing its overall strategy. The current strategy, which is considered to be the Parking and Enforcement Plan (P&EP) contained within the Local Improvement Plan (LIP) (2005/06 – 2010/11) has not been effectively implemented due to a lack reliable and up-to-date information to enable monitoring of local targets. The absence of robust monitoring against the strategy has had the overall impact of an inability to understand and readily assess whether the parking service provides good value for money or achieves its objectives.</p> <p>The delivery of the P&EP has been further hampered by communications problems between the Parking Team and the Design Team within the Highways Service. The Parking team is responsible for operational matters only, and the enforcement of parking, whereas the Design team within Highways is responsible for consulting with stakeholders and addressing parking and congestion needs. The planning between these two teams for the delivery of the strategy is not well communicated, leading to inefficiencies, and though positive efforts have been initiated, there is still some progress required.</p> <p>There has been however recognition by senior management and the Cabinet member for Environment and Operations that the parking service requires transformation. On the 29th November 2010 Cabinet agreed to initiate procurement for an alternative service delivery model to overcome the number of high level challenges that the service faces.</p> <p>Financial Planning (Priority High)</p> <p>Our review of the service's financial planning arrangements identified significant issues resulting from the lack of strategic forward planning, and robust recovery plans to resolve the current shortfalls in income levels.</p> <p>There is some evidence to suggest that the service was not sufficiently engaged with the budget planning process for 2010/11, with a disparity by £2.3M noted between the Council's Medium Term Financial Budget (MTFB) and the expected contribution to the General Fund from the Specialist Parking Account recorded in the service plan. As at the end of Quarter Two for 2010/11, the service was anticipating a shortfall of £1.3M from the Specialist Parking Account. Notably the service's initial estimate of the shortfall, was much higher, at £1.6M, which was rejected after due challenge by members and Senior Management.</p> <p>A series of measures aimed at containing the shortfall to the level of £1.3M, have been initiated by the service, though, there is still some progress required to accomplish the target as details of financial impact, milestones and timescales are still being worked out. There is concern whether the actions will gain sufficient impetus during the last quarter of 2010/11 when the full impact will be felt.</p>
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Historically, the service has not demonstrated the ability to manage its resources effectively and therefore contain shortfalls in income. Over the three year period from 2007/08 to 2009/10, operational expenditure increased by just under 20% (£5.64M to £6.75M), whilst during the same period there was a 13% in income levels (from £10.9M to £9.5M). This has resulted in an overall decline in the contribution from the Specialist Parking Account to the General Fund of 40%, from £4.7M to £2.7M, over the same period. There has also been a trend of diminishing returns per £1 spent which has not been addressed.

Work is required to ensure that the establishment costs are aligned with the budget. In the past, there have been a number of restructures which have failed to realise the efficiencies noted within approved committee papers. Generally, there is lack of monitoring and documentation to ensure that unfunded posts can be adequately resourced from the current budget.

Arrangements with outsourced providers historically lack evidence of effective controls, due to a lack of formal contracts and effective monitoring to attain value for money and service standards with some providers. If an outsourced model becomes the future delivery method of this service it will need to ensure that it improves its contract monitoring and performance management framework.

The service has started to capture information on the key drivers that impact significantly on the service's budgets and operations by identifying some of its information requirements, but there is still some work to be achieved to embed a process that is focussed on outcomes and delivering value for money. For example, understanding the relationship between overtime to front line staff and increase in parking income has not been well understood over the longer term. This includes routinely benchmarking itself against other authorities and the private sector.

Asset Management (Priority Medium)

The service has not developed an asset management strategy that supports the delivery of the objectives of the service effectively and efficiently. Significantly, the service does not hold current information on the condition and location of its Pay and Display machines and other stocks. In addition, the functionality within the Council's main accounting system SAP where a recording system for works order management for monitoring the location and condition of stock is not fit for purpose and as such spreadsheets exist outside of SAP for managing resources. There is some information in SAP, however this does not reconcile with physical assets.

Internal control and risk management (Priority High)

Although management are aware of the corporate risk management arrangements, and key risks are routinely captured within the service plan and the JCAD risk register for monitoring purposes, the process of risk management is only partly effective. Evidence that relevant actions have been implemented effectively to address key risks could not be satisfactorily confirmed. For example, Management have agreed to implement a recovery plan to mitigate the risk of poor performance against the budgeted income target; however, the plan was still in development and lacked key dates, outcomes and financial impact. Without implementing necessary mitigating actions, the risk management arrangements are rendered ineffective for managing and monitoring high risks.


Senior Management has not evidenced action against previous internal audit reports to address control issues. This has meant that there has not been a positive culture of improvement, and inefficiencies have continued to take place.

A lack of fraud awareness has been identified by Management and addressed by providing training to staff members; however, the processes in place for addressing staff concerns are still not well embedded. In addition, staff have not received satisfactory confirmation that any reporting of suspicions of fraud has been addressed and therefore lack confidence in the system.


Good governance (Priority Medium)

The service lacks a common reference point for the diverse sources of policy decisions that have directed the service's strategy and operations. Parking practices have historically evolved through a continual process of development and dialogue that take place between officers and elected members. Though there is some evidence of necessary engagement with members, on consulting and setting the strategic direction for the service, but not all have been set out consistently or published routinely. We could not confirm satisfactorily whether officers had been thorough in documenting their communications with members.. Without clear recording of discussions, the service will be unable to confirm the basis for undertaking policy decisions, and changes, and how these decisions will be implemented.

<p>Priority recommendations</p> <p>1</p> <p>Management Responses and agreed action dates</p>	<p>Workforce development (Priority Medium)</p> <p>The service currently does not have a productive workforce, there is a high level of sickness absence at an average of 17 days sick per annum (against the Directorate average of 12 working days pa, and public sector average of 8.5 days pa) which has a financial impact equivalent to over £600,000 a year. The service follows the Corporate performance management framework. However, a comprehensive training and development strategy to support the delivery of its objectives has not been identified for all members of staff.</p> <p>There were a number of ‘High’ priority recommendations as a part of this review:</p> <ul style="list-style-type: none"> (1) A robust performance management and monitoring framework should be identified and incorporated within the strategy to ensure effective implementation. Team plans for relevant services should be aligned to achieving the objectives of the strategy. (2) Improve the overall arrangements to support financial planning. To achieve this, the service should obtain an understanding of the key drivers that impact significantly on the service’s budgets and operations. Monitoring should be undertaken to evaluate the service’s success on achieving outcomes and delivering value for money. (3) A robust action plan of measures to contain the shortfall on the contribution from the SPA budget within the projected £1.3M should be produced and arrangements should be implemented to monitor the achievement of actions. <p>The service should show clear documentation on how the income targets can be achieved and risks mitigated.</p> <ul style="list-style-type: none"> (4) To ensure risk management is embedded effectively, the service should ensure that an appropriate outcomes based plan for the mitigation of risks is identified in order to achieve financial stability and mitigate against known risks. <p>The following responses were received management:</p> <ul style="list-style-type: none"> (1) We will identify and implement an updated Income Recovery Plan which will include robust monitoring targets. Routine monitoring will be undertaken, and reported to the Director to ensure the Parking Service continues to provide good value for money and achieves its objectives. Team plans for 2011-12 will be aligned to achieving the targets identified. (End of June) (2) As per recommendation 1. (3) As per recommendation 1. Additionally, Risk registers relating to Parking service operations have been established to mitigate local risk and minimise impact on the Income Recovery Project. Risk Registers associated with each work stream within the Income Recovery Project have also been initiated. (4) The risk register will be updated on the Council’s JCAD system, and consideration of risks will be undertaken routinely at regular management meetings.
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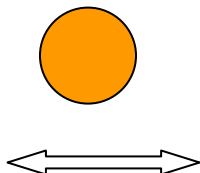
Title	Information Systems Business Continuity – Commercial Services			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel				
Date final report issued	14 th February 2011			
Background	Information Communications and Technology (ICT) and Information Management are vital in supporting the efficient and effective delivery of Council services. It is therefore important that the Council has a resilient infrastructure and has plans and processes in place to recover its systems in the event of an incident or disaster.			
Summary of Findings	<ul style="list-style-type: none"> Although service level business continuity and disaster recovery plans have been prepared for IT teams, there is currently no overarching Information Services (IS) level plan in place. Furthermore, in most cases, the service level business continuity /disaster recovery plans are incomplete or out-of-date. There are at least three single points of failure located within the network that, if realised, may have a severe impact on the continued availability of the network. Although the Council has identified 51 key business activities across the Council, the requirements for IT support for these activities have not yet been formally identified and documented. There is no formal process defined for the regular testing of the IS business continuity / disaster recovery arrangements. Furthermore, the IS service area business continuity / disaster recovery plans have not been tested. 			

<p>Priority 1 recommendations</p>	<p>There were two High (priority 1) recommendations made as part of this review:</p> <ul style="list-style-type: none"> (1) Management should ensure that the critical systems and their dependencies are formally identified, prioritised, documented and agreed in consultation with representatives from the critical business activities. Furthermore, management should ensure that the Recovery Time Objective (RTO) and Recovery Point Objective (RPO) are defined and agreed for each IT system. The prioritised list of critical services, systems and their dependencies (including their RTO and RPO) should be included in the IS level Business Continuity / Disaster Recovery Plan. (2) Management should consider improving network availability through identifying any single points of failure within the Councils network and implementing appropriate resilience features to reduce the impact of the loss of the primary IT equipment.
<p>Management Responses and agreed action dates</p>	<ul style="list-style-type: none"> (1) Agreed - IS will liaise with business continuity leads for the 51 critical day one services as identified by the corporate business continuity process. An output of the above consultation will be an agreed recovery time objective and recovery point objective for each key business critical system. To be implemented by June 2011. (2) IS will identify single points of failure through a formal risk assessment, monitored via the corporate risk management tool. Vubis has a facility for clients to go offline and cache updates, supporting key library functions such as loan, renewals and returns. This has been proven during upgrades during which the application and database servers have been taken offline for up to 2 days. This partially mitigates the lack of resilience for this system. However, IS will conduct a cost/risk analysis for full resilience to determine whether there is a case for implementing a fully resilient service. Netloan is not resilient and its loss would remove the ability for customers to book PCs and print from them. Netloan resilience will be included in the cost/risk analysis for Vubis. To be implemented by June 2011.

Title	Member Allowances – Corporate Governance			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel				
Date final report issued	23 rd May 2011			
Background	<p>The Members' Allowance scheme is made by the Council under the Local Authorities (Members' Allowance) (England) Regulations 2003 (as amended) and the Local Government Pensions Scheme and Discretionary Compensation (Local Authority (Members in England) Regulations 2003 ("the Regulations"). The Council is permitted, by law, to set the level of allowances that are paid to Councillors to cover the expenses they incur in being a local councillor.</p> <p>The Council is required under the Local Authorities (Members' Allowances) (England) Regulations 2003 to make a Members' Allowance Scheme before the beginning of each year providing for the payment of a basic allowance to each Member. The scheme may also provide for the payment of a Special Responsibility Allowance, Childcare and Dependant Allowance, Travel and Subsistence Allowance and Co-optees Allowance. Barnet's current scheme is contained within the Council's Constitution.</p> <p>Local Authorities have the choice of adopting either their own local scheme for Members' Allowances or a scheme recommended by the London Council. Barnet has always taken the first option in adopting a local scheme. The Council scheme is effect for the period 1 August 2010 to 31 March 2014.</p> <p>Before making or amending a Scheme, the Council must have regard to the recommendation made by the London Councils Independent Panel on the Remuneration of Councillors (LCIP).</p>			

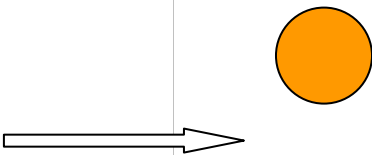
<p>Summary of Findings</p>	<p>The following issues were identified during this audit:</p> <ul style="list-style-type: none"> Established processes are not in place to confirm some low risk requirements of the Scheme. The scheme provides no guidance to members on current Statutory Deductions and Benefits or claims forms to complete for Childcare and Dependent Carers' expenses. There are no documented procedures to support the process to confirm compliance to Scheme requirements. There is no in year check to ensure payment of allowances are fully compliant with all the necessary allowance requirements. Although Members 'Role Descriptions' (as required by members at the Council meeting on 13th July 2010) are in draft, these await approval by the General Functions Committee. There is no dictated central file for staff to save documentation pertaining to members allowances and changes to their committee responsibilities. <p>We noted the following areas of good practice during the audit:</p> <ul style="list-style-type: none"> Full Council approved the Allowance Scheme on 13th July 2010 for the period 1 August 2010 to 21st March 2014, following recommendations of the London Council's Independent Panel (LCIP). The Council Constitution incorporates the current scheme. Members Allowances are paid in accordance with those approved by Full Council and through the Council's payroll system on a monthly basis, with the appropriate deductions. Each year the Council publish details of its Members' Allowances Scheme as required by the Local Authorities (Members' Allowances) Regulations 2003 and the amounts paid to each Member under the Scheme. A Notice to this effect is published in the local press as after the end of the financial year. <p>The Service has recently undergone a re-structure and is putting in place clear accountability and responsibility for improving and enhancing working practices to administer the Members' Allowance Scheme.</p>
<p>Priority 1 recommendations</p>	<p>There was one High (priority 1) recommendation made as part of this review:</p> <p>(1) Management should review current reconciliation arrangements and agree on the frequency and method of checking members allowances to</p> <ul style="list-style-type: none"> - confirm that members are receiving their correct allowances as agreed. - identify and rectify any anomalies, to limit any year end issues with regards to Members' allowances. <p>In addition, documentary evidence of the checks carried out should be retained to indicate who preformed the checks and when.</p>

Management Responses and agreed action dates	<p>Management provided the following response:</p> <p>Agreed – An ‘in-year’ reconciliation of members allowance will be undertaken and action taken will be in line with the audit recommendation. This is to be implemented by October 2011.</p>
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Title	Freedom of Information – Corporate Governance			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel Last audit in 2006/07				
Date final report issued	23 rd May 2011			
Background	<p>The Freedom of Information (FOI) Act 2000 and the Environmental Information Regulations (EIRs) 2004 give a right of access to a wide range of information held by public authorities and places obligations on public bodies to release information on request, if it is not subject to exemptions. (Although this document refers to 'FOI' and 'the Act', these are to be taken to include equivalent provisions under the EIRs.) There is information held by public bodies that is, through legislation, prohibited from disclosure, to protect the privacy of data and information about individuals. This is covered by the Data Protection Act 1998.</p> <p>The main requirements of the FOI Act are that the Authority must maintain an approved publication scheme setting out the types of information held, access by the public to that information and how it is disseminated to the public. The publication scheme should be supported by a Records Management Strategy and systems which enable the Authority to retrieve information within 20 working days of receiving a request (unless further clarification is required in order to locate the information, there is an exemption which prevents release of the information, a time extension is necessary, or the requested fee not received).</p> <p>Responsibility for FOIA compliance is devolved to the council's service areas, each of which has appointed Information Governance 'Link Officers' to discharge these functions. The Standards & Information Rights Team (S&IR Team) in Corporate Governance supports these Link Officers, leads on best practice and takes on various other co-ordinating roles, including in relation to the publication scheme.</p>			

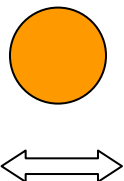
<p>Summary of Findings</p>	<p>The following issues were identified during this audit:</p> <p>Policy and Procedures</p> <ul style="list-style-type: none"> • Although there is a range of specific guidelines with regards to FOI, there is no formal, documented and agreed overarching policy in place for FOI within the Council. The FOI Staff Guidance has not been updated since November 2004. • A sample review of information made available in the publication scheme from the website (last update April 2011) found some outdated documents and links to committee reports not working. • Environmental Information Regulations 2004 (EIR) has not been made available to the public via the Council's website or details contained in the publication scheme. • A draft schedule of charges (dated May 2010) for EIR has been prepared, but not published as required by Regulation 8 – <i>“a public authority shall publish and make available to applicants a schedule of its charges and information on the circumstances in which a charge may be made or waived”</i>. • External service providers have not been informed of their responsibility with regards to the requirements of the FOI Act (including EIR) and information they hold on the Council's behalf. <p>Roles and Responsibilities</p> <ul style="list-style-type: none"> • Although there have been various communications to staff concerning FOI (for example via the intranet, through Link Officers and through the Directors Group), there is no formal mechanism in place to ensure that all council staff have been made aware of the FOI Act. <p>Information Requests</p> <ul style="list-style-type: none"> • There are weaknesses in recording the actual date of receipt, for FOI requests. Some FOI officers recorded the date they received the requests, rather than the date the requests were received by the Council. • There are some FOI requests being completed outside the 20 days statutory time period (where there have been no issues). The Link Officer for Revenues and Benefits has recorded the completion date of requests as 'Nil' and not the actual numbers of days. • Acknowledgements are not being recorded consistently onto the FOI database to evidence that applicants have been informed that their requests are being dealt with – good practice recommended by the ICO. <p>Performance Management</p> <ul style="list-style-type: none"> • A database is used to log and maintain a history of all FOI requests and reviews (including DP), generated by the current FOI request management system. However, the database is very limited in its functionality and is not sufficiently flexible to provide effective monitoring on the progress of responses and the actual time taken to respond. A business case has been completed to replace the current system and accepted in principle by the Directors Group in 2010. This forward plan has now been accepted and so the S&IR Team will move forward with the procurement. • FOI performance data is reported quarterly to Directors Group, but not to the level recommended by the Ministry of Justice..
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Priority 1 recommendations	<p>There was one High (priority 1) recommendation made as part of this review:</p> <p>(1) The S&IR Team should take steps to remind Link Officers that they must:</p> <ul style="list-style-type: none"> - comply with statutory timescales under the FOI and EIRs when responding to a request; - record the date the request is received by the Council and not the date the request is passed to them for processing. - when closing a request on the system, record the actual number of days taken to deal with the request (ie no. of working days from receipt to response); this will assist to monitor time scales met. <p>The procurement of a new FOI database should allow for more effective tracking and monitoring requests.</p>
Management Responses and agreed action dates	<p>Management provided the following response:</p> <p>(1) Recommendations Agreed. The S&IR Team will email Link Officers reminding them they must:</p> <ul style="list-style-type: none"> (i) comply with statutory timescales under the FOI and EIRs when responding to a request; (ii) record the date the request is received by the Council and not the date the request is passed to them for processing; (iii) when closing a request on the system, record the actual number of days taken to deal with the request (ie no. of working days from receipt to response); and (iv) record acknowledgments of requests onto the FOI system <p>The S&IR Team will update the 'Induction Pack' which is sent to all new Link Officers to reflect these messages and will also include them in an article in the next FOI/DP newsletter sent to Link Officers. To be implemented immediately.</p>

Title	Treasury Management – Finance (Deputy Chief Executive's Service)			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel				
Last audit in 2009/10				
Date final report issued	17 th May 2011			

Background	<p>The objective of the Treasury Management function is to effectively manage:</p> <ul style="list-style-type: none"> • the Authority's cash flows, • its borrowing and its deposits, • pursuing optimum performance and rates of return, and associated risks. <p>The objective of the system itself is to ensure that transactions are compliant with the Treasury Management Policy, Strategy, and Annual Investment Plan, correctly treated, and recorded in the Council's accounting statements.</p> <p>The Council has adopted the key recommendations of CIPFA's Treasury Management in the Public Services Code of Practice (the Code), as described in Section 4 of that code (Financial Regulations Part 1, Section 7).</p> <p>For the current financial year 2010-11, the Council has produced its annual Treasury Management Strategy in line with the Code and an Annual Investment Plan in line with the Department for Communities and Local Government Guidance (CLG Guidance) on Local Government Investments (Second edition – 11 March 2010) which were approved and adopted at Cabinet Resources Committee on 16 March 2010.</p> <p>The Council's amended Treasury Management Strategy and Annual Investment Plan for 2010/11 were approved at Cabinet Resources Committee on 30 November 2010. These key documents set out the timeframes and credit criteria for placing cash deposits and the parameters for undertaking any further borrowing.</p> <p>The Chief Finance Officer is responsible for creating and maintaining suitable Treasury Management Practices (TMP's). These set out the manner in which the Authority will seek to achieve the objectives of treasury management, prescribing how it will manage and control those activities.</p> <p>The Cabinet Resources Committee receives reports on its treasury management policies, practices and activities, including an annual strategy and plan in advance of the year and an annual report after the close of the financial year. These reports incorporate the prudential borrowing limits and performance indicators.</p> <p>The overall long term debt of the Council amounted to £207.5m (as at 31.12.2010) and deposits outstanding amounted to £182.3m (including £10.6m Pension Fund Cash).</p>
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<p>Summary of Findings</p>	<p><u>Significant issue identified during this audit was:</u></p> <ul style="list-style-type: none"> Unencrypted laptops: action is required to address a data security risks as a priority: <ul style="list-style-type: none"> Currently the team use two unencrypted laptops to access the banking system and Logotech database and one unencrypted memory stick to back up data. One of those laptops can also be removed from the Council's premises; The arrangement, implemented to ensure business continuity in the event of a disaster, is in contravention of the Council's policy and Information Commissioner's requirement; and Consideration should be given to accessing the banking system from a networked system, using a web based banking application. This will further ensure the availability of bank balance and details in real time for the effective operation of the Treasury function. <p><u>Other areas for development identified during this audit were:</u></p> <ul style="list-style-type: none"> Governance: to ensure compliance with the CIPFA Code, action is required to formalise arrangements in the following key areas: <ul style="list-style-type: none"> Treasury Management Strategy and Annual Investment Plan approved at full Council; In addition, CIPFA's clauses on the Treasury Management Policy adopted within the financial regulations or within any other governance document. The following areas need to be detailed and formalised in line with the CIPFA Code and Communities and Local Government guidance: <ul style="list-style-type: none"> Scrutiny arrangements for oversight of Treasury arrangements formalised within the approved Financial Regulations; Scheme of delegation updated in line with the Treasury Management Strategy; and Treasury Management Practices Statement (TMPs) formalised, and aligned more specifically with the updated Treasury Management Strategy and the CIPFA Code, and the revisions communicated to staff, and monitored, to ensure current working practices remain aligned to the TMPs. Processes should be improved and implemented to obtain an effective control environment in the following areas: <ul style="list-style-type: none"> produce timely reconciliations between the SAP financial system and Logotech; obtain a log record of data amendments made on the Logotech database; ensure reporting to Members contains information for monitoring the security and liquidity benchmarks of the investment portfolio.
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Title	Corporate Procurement – Commercial Services			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel Procurement, Contracts & Accounts Payable (Last audit 2008/09)				
Date final report issued	23 rd May 2011			
Background	<p>* This review was carried out prior to the Metpro investigation and as such findings from the Metpro investigation need to be taken into account</p> <p>Cabinet resolved in October 2009 to establish the 'Future Shape' programme as a response to a challenging strategic agenda. The way the Council procures goods/services (commissioning) has been identified as one of the five workstreams in how the Council will deliver its Future Shape agenda. Procurement has been included within the 'One Barnet' value for money stream and is a service within the 'New Support Organisation' project.</p> <p>A Corporate Procurement Team (CPT) is in place to maintain, renew and manage some corporate contracts and provide best practice advice to devolved procurement teams/officers and their service areas on all aspects of procurement. Whilst the focus of the audit was the Corporate Procurement Team, many of the controls tested are managed by the Service Lines; as part of the devolved nature of Procurement within the Council. However, the CPT does have an oversight role for procurement practices. As at the time of our review, the Council has procured £248,316,974 worth of goods and services from trade suppliers during 2010/11.</p> <p>Evidence for this review was gathered through discussion with relevant staff members and sample testing of prime source documentation pertaining contract awarded.</p>			

<p>Summary Findings</p>	<p>of</p> <p>Significant areas for development identified during this review were:</p> <ul style="list-style-type: none"> • With the exception of Adults, the role and responsibilities of devolved procurement teams/officers are unclear. In addition, there is no process in place to ascertain the performance of devolved procurement teams and if/where these teams add value to the Council's procurement objectives. • There is a lack of oversight of the devolved activities to measure compliance with the Contract Procedure Rules. In addition, the Corporate Procurement Team have not carried out a review of spend over £155,000 against an up to date contracts register, due to a lack of a centrally collated contracts register. <p>Other areas for development identified during this review were:</p> <ul style="list-style-type: none"> • The Procurement Code of Practice (PCOP) has not been reviewed since June 2009 and there is evidence of out of date information within the document. • With regard the use of single tender actions (STA), we identified one out of 10 suppliers in our sample where the rationale for not going out to competition for one of the suppliers was not in accordance to the principles of CPR. • The Corporate Procurement Team do not have a process in place to detect/identify staff who have not been put forward for training by Directors and Heads of Services. • Further guidance is needed for officers responsible for sourcing social care good/services in Children Services. • An e-procurement strategy which sets out the Council's approach to the use of new Information Technology has not been developed.
<p>Priority recommendations</p>	<p>1</p> <p>There was one High (priority 1) recommendation made as part of this review:</p> <p>(1) Management should clarify if/where devolved procurement is needed. Where devolved procurement teams are established, roles and responsibilities should be formally allocated and assigned, and the role of CPT clearly defined.</p> <p>In addition, there should be a process in place to measure, monitor and report progress of devolved teams towards meeting the Council's procurement objectives and compliance with Contract Procedure Rules.</p>

Management Responses and agreed action dates	<p>Management provided the following response:</p> <p>(1) CPT fully supports the Audit recommendation for service areas to identify procurement teams. Agreed to immediately implement a monitoring arrangement in regards to the Contract Procedure Rules.</p>
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4. Work in progress and effectiveness review

Appendix B includes a list of all of those audits at the planning, fieldwork, or draft reporting stages. We only have 4 reports that require finalisation from the draft stage in order to complete the 2010-11 financial year. These initial findings fed into the Annual Audit Opinion.

Appendix C shows how effective Internal Audit is at delivery of the two of the three aspects of value for money – efficiency and effectiveness. Economy is reported within quarterly performance reports to Directorates and CRC, as at the end of the financial year we were within tolerance levels of 1%.

The exceptions that are showing within these indicators relate to the following:

Effectiveness – the percentage of recommendations implemented, this is currently at 42% with a target of 90%. We are finding that generally there has been a decline in implemented agreed recommendations over this quarter, section 5 of this report highlights those areas that have not implemented the recommendations within the required dates. Of concern is the parking service who has not given appropriate evidence despite assurances at the March Audit Committee.

Client/Service satisfaction scores have increased from 86% to 88% with a target of 90%, this is encouraging that despite issuing a number of limited assurances management were content with the level of service they received. Problems with the contractor have been resolved following the replacement of the manager.

Efficiency – the percentage of plan completed to date should be in line with the allocation of audits between quarters. According to the schedule, we should be 95% complete of all 2010-11 audit work. We are 93% complete of 2010-11 audit with four reports awaiting finalisation. This is within acceptable limits.

There has been a decline in performance on the number of days taken to draft an audit report after field work, the target is 10 days and the service is only achieving this in 63% of cases. Individual staff have been set performance objectives for the following year to rectify this issue.

5. Recommendations followed up

Summary of Recommendations Followed up	
Due by June 2011	24
Recommendations fully implemented	10
Implementation %	42%
Recommendations partly implemented	12
	50%
Not implemented	2
	8%

During the last quarter there were 24 high priority recommendations that were due for implementation by the start of June 2011, these included the 7 recommendations carried forward from the previous Audit Committee which were unimplemented. This provided the Committee with an update of those recommendations.

1. Recommendations outstanding from the last update to the Audit Committee, current status:

Audit recommendation	Responsible Area	Response from Management	Audit assessment at March 2011	Audit Assessment @ June 2011
Remote Access Recommendation 1 Review of risks to remote access to be completed. Implementation date: End of March 2011	Information Services (Commercial Directorate)	Formal risk identification and assessment process developed and documented. Review of risks to remote access completed.	Partly implemented. Evidence not available of a comprehensive process implemented for risk identification and mitigation.	Partly implemented - position unchanged. Further follow up in June 2011.

Audit recommendation	Responsible Area	Response from Management	Audit assessment at March 2011	Audit Assessment @ June 2011
<p>Cashless Parking Recommendation 2 Formalise the arrangements for obtaining services from the provider going forward, and agree processes for ensuring that cashless parking income is correctly accounted on the council's financial system.</p> <p>Recommendation 3 Formalise the process for reconciliation of income collected by Verrus, and VAT amounts, deposited into the Council's accounts, in conjunction with all relevant parties: Verrus, Finance and Accountancy as well as Cash Book team, for gaining the confidence that collections of income are banked in full in to the Council's Bank account. Reasons for differences identified from such reconciliation should routinely be reported to the Management. A review of VAT accounting for parking income from all-off street sources should be prioritised.</p> <p>Recommendation 4 In the light of the Audit, the current reporting arrangements with the provider to identify improvements, where required, for ensuring that the council is receiving sufficient information for the purpose of monitoring the contract.</p> <p>Recommendation 5 Robust arrangements for verification of the provider's invoices will be implemented to ensure the number of transactions completed, which inform the pay amount, are confirmed directly from the reconciliation produced by Service Accountants from the Council's SAP accounting system.</p>	<p>Parking (Environment and Operations)</p>	<p>Evidence for confirming the implementation of actions could not be provided to Audit within the agreed timescale of 15 April (first batch) or 15th May (second batch).</p> <p>There is a delay in the implementation of actions agreed, which has been escalated to the Assistant Director.</p>	<p>Actions partly implemented.</p>	<p>Partly implemented – position unchanged.</p> <p>Further follow up in June 2011.</p>

Audit recommendation	Responsible Area	Response from Management	Audit assessment at March 2011	Audit Assessment @ June 2011
Recommendation 6 Routine independent checks on the accuracy of the transactions reported (parking spaces sold, and charges levied) by Verrus should be instituted.				
Cashless Parking Recommendation 7 Compile a list of cases where misuse of cards/fraudulent payments were identified and provide management with a report on actions taken and the extent of amounts recovered.	Parking (Environment and Operations)	The procedure for processing fraudulent card use and payments has been developed and implemented, and non-payments are reported.	Partly Implemented	Implemented

Areas not implemented that were due in the current quarter, these areas will continue to be reported until clearance:

Audit recommendation	Responsible Area	Response from Management	Audit Assessment
Environmental Health - Compliance Recommendation 17 Ensure compliance with the Provision of Services Regulation 2009 regarding facility to apply for licences electronically, using the prescribed web portal.	Environment al Health (Planning Housing and Regeneratio n)	The action relating to the availability of an electronic system to make and pay for licence applications through an on-line portal is still not met. There are some IT dependencies to achieve this outcome.	Not implemented in full. Deadline: June 2011.

Audit recommendation	Responsible Area	Response from Management	Audit Assessment
<p>Independent Provider Performance (SEN) Recommendation 18</p> <p>All contracts/agreements should comply with the Council's Contract Procedure Rules.</p>	<p>Inclusion (Children's Service)</p>	<p>We are in the process of preparing a DPR for exemption of Contract Procedure rules for the procurement of SEN placements. This will include the signing thresholds for the individual contracts, the plan being to have the Head of Service to sign each contract, regardless of value.</p> <p>We are reviewing the National Contract for Placement of Children & Young People to be used across all of the current and future placements.</p> <p>For all support services, which exclude placements, i.e. therapies & specialist packages the plan is to carry out a scope of work and draw up contracts where appropriate.</p> <p>This is a major piece of work and would require some time to plan and implement, however, some of this work is underway and I would propose that this be reviewed at the end of June 2011.</p>	<p>Not implemented in full.</p> <p>Deadline: June 2011</p>
<p>Equalities Recommendation 19</p> <p>The Council should review the Equality Scheme on a regular basis in light of changing needs and priorities.</p> <p>Where the Council's Equality Scheme is not reviewed on an annual basis, there is an increased risk that the equality agenda is not in line with the corporate plan and not fit for purpose.</p>	<p>Strategy - Assistant Chief Executive</p>	<p>Equalities and Human Rights Commission have confirmed in its publication "The essential guide to the public sector equality guide" that public bodies will no longer be required to publish an Equality Scheme.</p> <p>Instead public authorities must publish objectives that it reasonably thinks it should achieve to meet one or more aims of the general equality duty.</p>	<p>Partly implemented – Corporate Directors Group (CDG) agreed the implementation of Audit recommendations.</p> <p>Implementation date: various from July till April 2012</p>

Audit recommendation	Responsible Area	Response from Management	Audit Assessment
<p>Equalities Recommendation 20 A process should be in place where the Council can demonstrate that there is challenge and scrutiny of equality and diversity statements within the DPR and committee report clearance process.</p> <p>Where there is lack of challenge/scrutiny of the equality and diversity section within a DPR or other committee report, there is an increased risk that assurances on equality issues provided by service areas may not be secure resulting in incorrect management decisions being taken.</p>	<p>Strategy - Assistant Chief Executive</p>	<p>Equalities impact assessments considered as a norm in all DPRs, Approval has been obtained from Corporate Directors Group for actions to be undertaken for addressing the recommendations to standardise the process.</p>	<p>Partly Implemented Equalities Impact Assessments are reported within the DPRs, and a nominated officer provides Equalities clearance on the DPR.</p> <p>Implementation Date: July 2011</p>
<p>Safer Recruitment Recommendation 21 Further guidance and monitoring should be implemented to ensure that:</p> <ul style="list-style-type: none"> • All Job Descriptions explicitly highlight the level of check that is required for that role. 	<p>Finance - Deputy Chef Executive</p>	<p>A review has been completed with line managers to identify specific posts that require a CRB check, and SAP system updated with an indicator that confirms that the post requires a CRB.</p> <p>Following that work an additional exercise is due to complete by the end of June 2011, to review and confirm whether any individual in a CRB specified post has a valid CRB in place, and the SAP record updated accordingly.</p> <p>Posts are reviewed at the point the post holder leaves the organisation and at the start of the recruitment process the hiring manager is required to specify if the post requires a CRB</p> <p>A further audit on Safer Recruitment was conducted in March 2011.</p>	<p>Partly Implemented To review and confirm whether any individual in a CRB specified post has a valid CRB in place, and the SAP record updated accordingly.</p> <p>Implementation date: June 2011</p>

Audit recommendation	Responsible Area	Response from Management	Audit Assessment
<p>Budgetary control</p> <p>Recommendation 22</p> <p>Children's Service should develop a Scheme of Delegation, to formally document financially delegated powers within the Directorate. The Scheme should be developed in line with the Council's Financial Regulations. The Scheme should also indicate which officers will be delegated the financial delegated powers in the absence of key officers. The Scheme should be approved and reviewed periodically. Furthermore, relevant staff within Children Services should have access to and an awareness of the Scheme of Delegation.</p>	<p>Children's Service</p>	<p>The scheme of delegation is being finalised. It is being checked to ensure it accords with the revised SAP approval process and is scheduled to be approved by the Senior Leadership team on the 23rd May 2011.</p>	<p>Partly Implemented</p> <p>Further action required: to publish the scheme of delegation and ensure staff have access to and an awareness of the Scheme of Delegation.</p> <p>Implementation Date: June 2011</p>
<p>CT, NNDR, HB - Pericles Replacement</p> <p>Recommendation 23</p> <p>Data conversion</p> <p>Concerns and issues with the overall quality of conversion outputs should be resolved (e.g. through confirming Civica's contractual responsibility for this activity and improved matching of OpenRevenues data requirements to Pericles data).</p> <p>The data and the level of detail of data that needs to be reconciled between Pericles and OpenRevenues and the required percentage matching that needs to be achieved as part</p>	<p>Revenues, Deputy Chief Executive's Service</p>	<p>There are still ongoing issues being addressed by the team to ensure the proper conversion of data.</p>	<p>Due: September 2011</p>

Audit recommendation	Responsible Area	Response from Management	Audit Assessment
<p>of conversion acceptance testing needs to be agreed.</p> <p>Conversion reconciliation exercises between agreed key OpenRevenues and Pericles data should be formally undertaken and signed off in line with above agreed criteria.</p>			
<p>LG Pensions Recommendation 24 There should be a robust framework for reviewing, monitoring, and reporting of performance management implemented. Regular reports should be presented to the Pensions/ Investment Committee, so that the performance of the Council as the administering authority of the pension scheme can be assessed and remedial action taken were necessary.</p>	<p>Pensions, Deputy Chief Executive's Service</p>	<p>Officers have attended Heywards Axise course to learn how to build task management workflows and reporting on October 12. This will support our implementation of task management within LBB. Although some preparatory work has commenced on this Management Action, we anticipate this Management Action will not be completed before September 2011.</p> <p>As part of our improvement and implementation of Performance Management, we have subscribed to CIPFA Benchmarking for Pensions Administration. We anticipate we will receive the benchmarking questionnaire on 13th May and results received back from CIPFA 2nd September.</p>	<p>Further action Required: complete the review of how another Local Authority has implemented task management for pension's administration.</p> <p>Implementation Dates:</p> <p>1. June 2011-</p> <p>2. Further follow up will be undertaken in September 2011</p>

The following recommendations have been implemented within the agreed timescales and therefore will no longer be reported to the Audit Committee:

Audit recommendation	Responsible Area	Response from Management
<p>Environmental Health – compliance</p> <p>Recommendation 8 A comprehensive analysis of each licence fee is undertaken to ensure the fee reflects the cost of the licensing process.</p> <p>Recommendation 9 Management carry out a fuller self assessment and identify an effective strategy to ensure compliance with the section 18 standard of HSWA.</p>	<p>Environmental Health (Planning Housing and Regeneration)</p>	<p>Report on revised fee and charges agreed by members on 14 Feb 2011 (Cabinet)</p>
<p>Safer Recruitment</p> <p>Recommendation 10 Key policies/procedures should be updated:</p> <ul style="list-style-type: none"> • The steps to be followed where actual or suspected harm or risk of harm is highlighted once an individual has started employment. • Clear overview with indicative timeframes of the key steps to be followed by hiring managers during the entire recruitment, selection, and pre-employment process. <p>We will continue to communicate the Code of Conduct policy to staff, which includes the following areas: “3 Referral to Independent Safeguarding Authority [ISA] and Professional Body 5.3.1 The Council has a duty to refer an employee to the ISA. 5.3.2 The Council will also refer the employee to their Professional / Regulatory Body, such as GTC, GSCC, in circumstances where that individual is found to have breached professional standards.”</p>	<p>Deputy Chief Executive’s Service</p>	<p>Completed at the time of the Audit.</p>

Audit recommendation	Responsible Area	Response from Management
Cash Book reconciliation Recommendation 11 Cashbook reconciliations should be performed in a timely manner, before the next period end date.	Finance Directorate	From September 2010 a timetable has been put in place detailing the deadlines for completing the reconciliations. Cashbook Officers will be required to complete reconciliations no later than 2 weeks after the period end date. The reconciliations will be monitored to ensure that they are being completed to the deadlines set. Head of Finance SAP Systems, Closing and Compliance.
LG Pensions Recommendation 12 Management should ensure that reviews of employer/ employee contribution rates for members of the scheme on LBB payroll are carried out periodically and fully evidenced. There should be periodic meetings between Pensions and Payroll to ensure that any anomalies in contribution rates identified by the Pension team through their checks undertaken), are rectified by the Pay and Data Services Manager on a timely basis	Pensions, Deputy Chief Executive's Service	Action Point 1 (Part 1) – Completed - Pay & Data Manager has now completed (April 2011) the review of Employer / Employee contribution rates Action Point 1 (Part 2) – Completed - Pay & Data Manager covered as part of above Action Point 2 – Completed – Pay & Data Manager & Pensions Managers have met and agreed action plan in May 2011.(update 11/5/2011)
Grants Recommendation 13 The roll out and implementation of the purchased Grant Finder tool should be actioned and a process devised by which services use the facility. This process would also require services to monitor the grants included within the register which would allow for the detection of any errors with the grant itself/ or the grants management and administration process.	Finance Directorate	A process will be devised that will enable services to use the Grant Finder Tool and to use this to update the grants register. This should also clarify the process for administering and managing the grants

Audit recommendation	Responsible Area	Response from Management
<p>Budgetary control Recommendation 14</p> <p>There should be a robust process in Children Service's to ensure that appropriate, reliable, accurate and timely budget estimates are constructed in line with the Council and Service strategies /policies/ priorities. Budget setting should be based on reasonable and reliable data and assumptions. Furthermore, growth, contingencies, reserves, provisions, and efficiency savings options should be reliably costed and reported.</p> <p>The budgets set should be reported to senior management, and any significant issues should be brought to their attention, to ensure that effective and timely management decisions can be made.</p>	<p>Children's Service</p>	<p>We will re-base all of the social care budget for 2011/12 to allocate the available funds within the areas of pressure. New budget estimates for many of the other Children's Service significant budget areas (Youth and Connexions, schools and learning and early intervention and prevention have been re-set as part of the budget setting process for 2011/12 as they have experienced significant reductions in their budgets. A priority for the service in 2011/12 is to conduct a similar exercise for Special Educational Need funding.</p> <p>For 2011/12 we are reviewing the appropriate level of budget delegation within our social care service. SLT will continue to be advised of all budget holders who fail to complete the monthly budget projection.</p> <p>For 2011/12, SLT will receive monthly collated service position from month 1 and will identify a portfolio of measures ready to be taken should budgetary pressures again begin to emerge in 2011/12.</p>
<p>Recommendation 15</p> <p>Variances should be identified accurately and promptly by both budget holders and the Finance Accountancy team. There should be increased coordination and communication between the Finance Accountancy team and budget holders, to ensure that variances are promptly detected and reported.</p> <p>The Children's Service should determine a way in which responsibility for budget monitoring is effectively assigned and acknowledged by the budget holders, so</p>	<p>Children's Service</p>	<p>As above.</p>

Audit recommendation	Responsible Area	Response from Management
that budget monitoring is completed accurately and there is a greater rate of return of the budget monitoring reports.		
<p>Recommendation 16</p> <p>The recovery plan should be developed further to outline clearly how it is intended that the overspend will be resolved, and going forward how forecast variances will be addressed. The plan should contain the value of savings as well as the remedial action that will be taken.</p> <p>Furthermore, the plan should be monitored and progress against each action in the plan should be recorded and updated as necessary.</p>	Children's Service	As above.

6. Liaison with Officers and External Audit

The Internal Audit Service is committed to the managed audit approach. Part of this includes regular liaison with External Audit to ensure that our work can be relied upon as part of the financial accounts audit. Our quarterly meeting falls on the 6th June 2011.

Regular meetings occur between key officers and the Assistant Director of Audit and Risk Management, and engagement remains positive and constructive to improving the internal control environment.

7. Changes to our plan

Since the Internal Audit Plan was approved the following audits have been cancelled, deferred or are additional to the original audit plan agreed in March 2011.

Type	Audit Title	Reasons
Deferred	Customer Libraries and Access	Deferred until 2011-12
Deferred	Value for money	Deferred until 2011-12
Additions	Metro Security Audit	At the request of the Chief Executive
Additions	Data Security with Information Services	At the request of the Deputy Chief Executive

8. Risk Management

Progress continues within risk management according to the detailed improvement plan. Key risk management tasks that were carried out in the quarter:

- Risks were challenged and discussed within the Risk and Fraud Forum in late March;
- The top three risks were included within the corporate performance report which was discussed and monitored within the Corporate Directors Group and fed into the Cabinet Resources Committee in late May;
- To increase transparency and accountability these risks were included on the internet and available to the public for further scrutiny and challenge <http://www.barnet.gov.uk/index/council-democracy/corporate-plan-reports/cp-annual-performance-monitors.htm> ;

- Additional scrutiny occurs at the Audit Committee who review the corporate risk register and monitor controls and actions through the delivery of the Annual Audit plan;
- A risk workshop was undertaken in May with One Barnet project managers to challenge the implementation of the new Risk Management Strategy and discuss escalation procedures in more detail;
- The risk management policy and strategy has been implemented within JCAD (risk management system) to allow for better understanding and oversight of risks within the authority

At the last Audit Committee (March) members requested that the most up to date risk register be tabled on the night of the Committee so that the Committee can understand the areas of most concern.

Appendix A: 2010/11 work completed during quarter 4 including assurance levels

Audit Opinions on Completed Audits from 1 November to 31 January 2011

Systems Audits	Assurance
1 Business Continuity	Limited
2 Debit and Credit Cards	Limited
3 Reviewing in Learning Disabilities (ASS)	Limited
4 Special Educational Needs Placements	Limited
5 Grants	Limited
6 Corporate Procurement	Limited
7 Budgetary Control – Children’s Services	Limited
8 Capital Funding	Limited
9 Freedom of Information	Limited
10 Council Tax	Satisfactory
11 Housing Benefit	Substantial
12 NNDR	Satisfactory
13 Parking	No
14 Data Quality – ASS	Limited
15 Recruitment/HR/Payroll	Limited
16 Sustainability	Limited
17 Treasury Management	Limited
18 Waste Prevention	Limited
19 Accounts Payable	Satisfactory
20 Business Continuity – Information Systems	Limited
21 Member Allowances	Limited
22 Estates Strategy	Satisfactory
23 Risk Management (Children’s)	Limited
24 Street Lighting	Limited
25 CRB	Limited
26 Parking Service	No
27 LAA grant	Limited

School Audits	Assurance
1 Woodrige	Satisfactory
2 Pardes House	Satisfactory

Appendix B: Work in progress

The following work is in progress going into quarter 4.

Work in progress

Systems Audits	Status
1 DRS Project	End of Fieldwork
2 Income and debt management	Draft report
3 Compliance with Financial Regulations	End of Fieldwork

School Audits	Status
1 St Johns	Draft report
2 Christ Church	Draft report

Appendix C: Internal Audit Effectiveness Indicators as at 31 April 2011

Performance Indicator	Annual Target	Actual Oct 10	Actual Jan 11	Actual April 11
Effectiveness				
% of recommendations accepted	98%	100%	100%	100%
% of recommendations implemented	90%	89%	85%	42%
External Audit evaluation of Internal Audit	Reliance On IA	Quarter 4 assessed	Quarter 4 assessed	Yes, but with some development areas
Average client satisfaction score	90%	100%*	86%	88%
Efficiency				
% of Plan delivered	95%	33%	62%	94%
% of draft reports completed within 10 days of finishing fieldwork	90%	90%	76%	63%
Periodic reports on progress	Each Audit Committee	Achieved	Achieved	Achieved
Preparation of Annual Plan	By March	Quarter 4	Quarter 4	Achieved
Preparation of Annual Report	Prior to A.G.S.	June 2011	June 2011	Achieved
Staff Management				
Staff with professional qualifications	70%	80%	80%	80%
Staff development days	5 days	Quarter 4	Quarter 4	6.9 days

* Only one survey had been returned from those surveyed