

Appendix A

London Borough of Barnet
Internal Audit & Risk Management
Progress Report 2013-14 – Quarter 4

Caroline Glitre, Head of Internal Audit


1. Introduction

The Internal Audit Plan was accepted by the Audit Committee on the 8th April 2013. This report follows the principles previously requested by the Committee, in that all audit reports with limited or no assurance will be summarised into key messages with some detail.

2. Final Reports Issued

This report covers the period from 1st January 2014 to 31st March 2014 and represents an up to date picture of the work in progress to that date. The Internal Audit service has over this period issued 25 reports in accordance with the 2013-14 Internal Audit Plan. The full list of completed audits during this period is included within Appendix B. The majority of reports issued in the current period were given Satisfactory assurance, with 2 reports given No assurance and 6 reports given Limited assurance. The summary detail of those reports issued as No or Limited assurance is included within section 3.

3. Key Findings from Internal Audit Work with Limited or No assurance

Title	IT Access Controls			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion				
Date of report:	February 2014			
Previous reviews (context)	2012/13 – SAP Access Controls – management letter identified issues around users having excessive access to the system.			
	2011/12 – Integrated Children’s System – Limited Assurance. High priority issues identified around password security and User Access procedures.			
Background	<p>This review focussed on the ownership and accountabilities of the Identity and Access Management processes in operation across both the in-house Business application support team(s) within delivery units and the Third Party IT provider – Capita. Four areas were chosen for testing IT Access: ICS (Children’s social care database); Integris (Schools management information database); shared drives; and shared mailboxes.</p>			
Summary of	<p>We noted three high priority recommendations, summarised as follows:</p> <ul style="list-style-type: none"> Policies and Procedures - there is a lack of documented Council-wide policies relating to IT user access management. Within the four areas examined, only ICS had any form of specific documented access policy, the other three areas rely entirely on ad hoc processes. 			

Recommendation 2 – Ownership & Accountabilities

- a) A formal agreement should be developed between Barnet and Capita detailing the responsibility for user management across the Council.
- b) An up to date listing of all Council applications should be developed and maintained and include details concerning responsibility for administration and managerial roles between Capita and Barnet.
- c) For every application within Barnet, there should be a named individual who is responsible for user management. This listing should be maintained centrally and updated when appropriate.

Management Comment 2:

- a) The IT User Access Policy (described in Comment 1 above) will include a definition of the split of responsibilities between the council, Capita and any other third parties for managing user access.
(ICT Director (CSG) and Head of Information Management (LBB) – as above)
- b) and c) The Application Register will document the detailed responsibilities for each application.
(IT Transformation Team Leader (CSG) – as above)

Recommendation 3 – Access to Council Systems and Data:

- a) A Council wide formal process to remove all users from all systems should be developed and agreed between the Council and Capita. Barnet should seek assurance that Capita remove staff access in a timely basis.
- b) Regular user reviews should be undertaken across all systems with follow up actions where relevant to remove users, evidence of these reviews should be retained.
- c) An exercise to review all users with access granted prior to 2010 should be undertaken and the appropriateness of their access confirmed.
- d) Management should obtain ongoing assurance that policies and processes introduced are being followed in practice, including the retention of authorisation provided for IT access.

Management Comment 3:

- a) A new 'Starter – Mover – Leaver' process is currently being developed and implemented by the HR Service, which includes notification to the IS Service at each stage. Note that this does not include contractors.

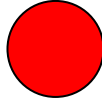
(IT Transformation Team Leader (CSG), 30/6/14)

Capita and Barnet will work together to determine the most effective way of controlling contractor access to systems, which will then be implemented alongside the employee controls.

**(ICT Director (CSG) and Head of Information Management (LBB) - Agree by 30/6/14;
Implement by 30/9/14)**

- b) – d) The IS Service is implementing internal procedures in line with ISO20000-1 best practice, which include a review and continuous service improvement element to each process. This will be used to validate the success of the new procedures. The outcome of these reviews will be reported to the IM&T Working Group after 6 months and annually thereafter.

(IT Transformation Team Leader (CSG), 30/9/14)

Title	SWIFT and Wisdom			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion				
Date of report	March 2014			
Previous reviews (context)	2011/12 – Integrated Children’s System – Limited Assurance. High priority issues identified around password security and User Access procedures.			
Background	<p>This review looked at Swift and Wisdom within the Adults and Communities delivery unit. They are IT applications used to manage both client information (Swift) and client documentation (Wisdom) in order to deliver services appropriately to meet the needs of service users. The applications have been used since 2007 and are due to be replaced within the next 12 – 18 months.</p> <p>Upon being replaced it is envisaged that the use of IT within the directorate to deliver services will be revised, however, there is recognition by management that there are risks relevant to both the current applications, hence why this audit was commissioned.</p>			
Summary of Findings	<p>We have noted four high priority findings during our review, summarised as follows:</p> <ul style="list-style-type: none"> • Governance: No documentation exists for the administration of either application and the responsibility for oversight of the applications is unclear. There are currently significant operational issues with the system in that it ‘freezes’ limiting its use for operational staff. This has been reported however calls to the helpdesk regarding issues with Swift have remained unresolved and senior management within the delivery unit have not escalated the matter to ensure its resolution. During 			

the audit it was apparent that the working relationship between Adults and IT needs to be more collaborative.

- **Back-ups:** Management have no oversight of the backup process for Swift and there is overarching uncertainty over whether the bespoke elements of the system are backed up at all. Backups for Wisdom have never been tested. Northgate, the provider of Swift, have stated that they will be unable to restore Swift in the event of a system collapse; this could result in all client information in Swift being lost.
- **User Administration:** The Swift system records only a very limited audit log and does not record when users have accessed a file, therefore it is not possible to identify which users are accessing and editing client records. We also noted inconsistencies in password parameters between SWIFT servers, a lack of definition of access levels and system user audits not being complete and documented.
- **Information Governance:** Data is currently held outside of Swift due to system limitations caused by frequent 'freezing' of the system that result in operational staff removing data from the Swift application to allow them to perform their day to day roles. Management have no oversight of this including whether this information is stored securely. Furthermore, we noted that there are no formal data classification levels defined or used across the Council, it was therefore not possible to determine whether or not SWIFT and Wisdom are configured to align with data protection requirements. Classification levels are not used within these systems and once access to Wisdom is granted all users are able to access all information, regardless of whether it is specific to their role.

**Priority 1
recommendations,
management
responses and
agreed action date**

Recommendation 1 – Governance and Oversight:

- a) Documentation surrounding application administration, including detailed roles and responsibilities for staff members, should be developed and agreed across the business.
- b) The escalation process for issues with Swift and Wisdom should be clearly documented. Additionally, a reporting framework between the helpdesk and the business unit managers should be devised to enable management to identify recurring issues.
- c) The process for systems procurement, including upgrades to existing systems, should be formalised and communicated to all relevant stakeholders.
- d) Barnet/Capita should review where application ownership lies under the outsourced IT arrangement and ensure they reach agreement on responsibilities.

Management Comment 1:

- a) Agreed, existing documentation to be updated to address recommendation.

(Programme Manager, Adults & Communities, 30/06/2014)

- b) The escalation process is informal at present; the process will therefore be clearly documented, and the reporting framework developed and confirmed.

(ICT Director (CSG) and Head of Information Management (LBB), 30/6/14)

- c) The process will be formalised and communicated

(Head of Information Management and Programme Manager, Adults & Communities, 30/6/14)

- d) These discussions are already in progress, and will be confirmed and communicated

(ICT Director (CSG) and Head of Information Management (LBB), 30/6/14)

Recommendation 2 – Back-ups:

- a) Management should ensure that back-up providers are performing back-ups to cover the entire data set supported by SWIFT and should get assurance of the success of these on an on-going basis.
- b) Backups for Wisdom should be tested.
- c) Roles and responsibilities for data restoration should be defined and documented. This should be communicated to all stakeholders.

Management Comment 2:

- a) Upgrade of SWIFT to new infrastructure and latest software level approved and due by end of June 2014.

(Programme Manager, Adults & Communities and ICT Director (CSG), 30/6/14)

- b) Agree. A project to refresh the WISDOM infrastructure and move to a new data centre will include testing on restore and implement a periodic test. This is due to go live by October 2014

(IT Transformation Team Leader (CSG), 1/11/14)

- c) As part of the Data Centre Move, responsibilities for restoring WISDOM to an agreed Disaster Recovery plan will be implemented formally.

(IT Transformation Team Leader (CSG), 1/11/14)

Recommendation 3 – User Administration

- a) Logical access controls should be consistent between policy and application settings.
- b) Swift should be updated to enable audit trails of file access and changes to data.
- c) Access levels and groups for Swift and Wisdom should be formally defined and documented dependant on job role, so that at the point of requesting access staff are easily able to articulate and request the levels required in line with job roles.

- d) System audits should cover all users of the systems and be fully documented with agreement for ownership between Barnet and Capita.

Management Comment 3

- a) Northgate have confirmed that the existing Password policy is in place and we have tested against it. We were unable to recreate the issue identified by Internal Audit. It will be included as a regular test in the IT controls policy.

(IT Transformation Team Leader (CSG), resolved)

- b) and d) We will discuss the standardisation of approach to Swift and Wisdom system/user administration as part of the implementation of the new A&C Adults Social Care system. In the meantime, we will agree and implement system audits for the current system.

(Programme Manager, Adults & Communities and ICT Director (CSG), 30/6/14)

- c) As part of the roll out of the SWIFT upgrade, available roles will be documented and communicated as part of the Project.

(IT Transformation Team Leader (CSG), 30/6/14)

Recommendation 4 – Information Governance

- a) Data classification definitions (such as normal, restricted, elevated) should be developed and agreed across the Council. Staff should be trained accordingly.
- b) Access to case information on Wisdom should be restricted according to business need.
- c) Appropriate SWIFT system upgrades need to be implemented to ensure that staff do not need to resort to removing data from applications to work efficiently

Management Comment 4

- a) Under the Information Management Strategy, the Council will implement a workstream to implement the Government's Security Classifications Policy (formerly the Protective Marking Scheme). This policy has been substantially changed, and came into force in April 2014. An initial assessment of the requirements of the new Government classification scheme will be undertaken by end of June 2014 with the full programme to conclude by January 2016.


(Head of Information Management, 31/01/2016)

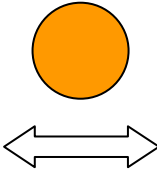
- b) As part of the Information Management Strategy, we are implementing a project to look at underlying problems with Wisdom and to evaluate its business purpose. We will look at the access controls in Wisdom at this point.

(Head of Information Management, 31/7/14)

- c) A Swift upgrade project is currently in progress which will help to alleviate the system problems that have led to this issue.

(Programme Manager, Adults & Communities and IT Transformation Team Leader (CSG), 30/6/14)

Title	Financial Management			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion				
Date of report	March 2014			
Previous reviews (context)	2013/14 - Key Financial Systems – Satisfactory Assurance 2012/13 – Budget Management – Satisfactory Assurance			
Background	<p>Financial management is a core part of successful management. It is central to the Council’s decision-making process and effective corporate governance arrangements.</p> <p>The Financial Management review covered the following areas of scope:</p> <ul style="list-style-type: none"> • Budgetary Control • Budget Management • Journals Authorisation • Roles and Responsibilities • Charges for Legal Services 			

Title	People Management			
Assurances	No	Limited	Satisfactory	Substantial
<p>Audit Opinion & Direction of Travel</p> <p>An Assurance Level of “Limited” was provided to reviews of HR Data Quality and Establishment List (2011/12) and Safer Recruitment and Criminal Records Bureau (2010/11)</p>				
<p>Date of report</p>	<p>March 2014</p>			
<p>Background</p>	<p>The People Management review covered the following areas of scope:</p> <ul style="list-style-type: none"> • Policies & Procedures • Recruitment of Agency Staff • Risk Management • Workforce Strategy & Development <p>To undertake our testing we looked at activity within a sample of delivery units and the support function of Human Resources, part of CSG.</p> <p>We noted two high, three medium and five low priority recommendations. The key issues were as follows:</p>			

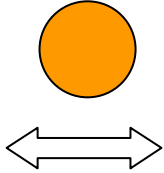
<p>Summary of Findings</p>	<ul style="list-style-type: none"> • Recruitment of agency staff – approval: There is no requirement for the order of agency staff on the Comensura system to be approved by a more senior officer. There is therefore a risk that agency staff may be appointed without appropriate approval. This may not be in-line with the Council’s scheme of delegation and lead to inappropriate use of the Council’s resources. • Recruitment of agency staff – Disclosure and Barring Service (DBS) checks: There are no checks performed by the Council to ensure that all pre-employment checks have been completed on agency staff by Comensura, in particular, the Disclosure and Barring Service (DBS) checks. There is therefore a risk that agency staff may be inappropriately employed, leading to breaches of procurement policy, potential safeguarding issues, increased fraud risk and reputational damage.
<p>Priority 1 recommendations, management responses and agreed action date</p>	<p>Recommendation 1 - Recruitment of agency staff – approval:</p> <p>Evidence of the approval for the use of agency staff should be retained to demonstrate that agency staff levels are being monitored. Approval should ensure that agency staff are used where appropriate and when a valid business need arises.</p> <p>Management Comment 1:</p> <p>We are investigating the link between the established posts held on the Council’s payroll system and introducing controls that include the use of the establishment number to cross reference all assignments to vacancies (or filled posts) to have greater control. As part of this, authorisation limits will be prescribed within policy as to the length of assignments and cost. CSG have provided an additional resource to manage the Comensura activities and implement new controls. New-style management information reports for Delivery Units will monitor agency usage and trends.</p> <p>(Human Resources Director (CSG) - June 2014 - Post implementation of new HR system)</p> <p>Recommendation 2 – Recruitment of agency staff – Disclosure and Barring Service (DBS) checks</p> <p>In all instances line managers should confirm that DBS checks have been undertaken prior to agency staff commencing work at the Council. Request access to Comensura’s internal audit reports on a periodic basis for review by management to provide assurance that pre-employment checks are being completed</p>

in a timely manner. Monthly sample checks of agency staff employed in high-risk roles should be selected and evidence obtained to confirm that the appropriate DBS clearance has been obtained prior to commencing work.

Management Comment 2:

Comensura is a managing agent and not the supplying agency. However, new regulations from the Disclosure and Barring Service (DBS) allows portability of status (through the Update Status) lists that the Council should identify and ask individuals provided through agencies to bring with them to provide assurance. The HR team has a number of short term priorities that need to be covered such as Payroll switch to the new system which will prevent the above approach being implemented until June 2014. Therefore, a short term mitigating control in the highest risk areas of Children's and Adult's Services will be introduced to address the safeguarding concern that the current situation represents - at the transfer of the system to CoreHR, an audit and compliance report will be taken off the new system and verified to provide an assurance as to compliance for DBS checks and validity.

(Human Resources Director (CSG) – June 2014)

Title	Business Continuity			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel An Assurance Level of “Limited” was provided in 2012-13 for business continuity.				
Date of report	March 2014			
Background	<p>The objective of the Business Continuity process is to enhance business resilience by ensuring that the core/critical activities of the Council can continue functioning in the event of an unforeseen adverse event which would impact on the ability of the Council to maintain service delivery. This necessarily means that information and resources are available and accessible to the relevant officers to facilitate operation in response to the event.</p>			
Summary of Findings	<p>We noted four high, six medium and two low priority recommendations. The key issues were as follows:</p> <ul style="list-style-type: none"> • Overarching Council Business Continuity Strategy: There is no corporate business continuity strategy, and this is recognised as a risk on the Council's risk register. Without a current and comprehensive strategy, there is no clear Council approach for Delivery Units. This could result in Delivery Unit approaches to business continuity which do not enable efficient recovery following an incident. • Accessibility of Delivery Unit Business Plans: Delivery Unit business continuity plans are not held centrally. Business continuity for the Council as a whole may be limited as there are risks that: business continuity plans will not be accessible when needed; and that not all possible service delivery will be optimised in the event of disruption. • Testing of Business Continuity Plans: There has been no testing of business continuity plans, other than by live events. Plans may not be effective in a live incident unless they are tested by a 			

variety of hypothetical scenarios.

- **Previous Incidents:** Previous business continuity incidents are not formally recorded and there is no lessons learned log. If previous incidents and lessons learned are not captured, then improvements to the business continuity process will not be made, resulting in a less effective process.

**Priority 1
recommendations,
management
responses and
agreed action date**

Recommendation 1 – Overarching Council Business Continuity Strategy:

A business continuity strategy should be developed as soon as is practicable and approved by senior officers and Members. The strategy should be reviewed annually at a minimum, to confirm that it reflects best practice and organisational structure. The business continuity strategy should specifically address accommodation. The risks and costs of the strategy should be set out clearly for Members, so that they can decide on the Council's risk appetite with regards to business continuity.

Management Comment 1:

As part of the business continuity project we have now started, a business continuity strategy will be created, and review mechanisms put in place as part of this.

(Head of Information Management – June 2014)

Recommendation 2 – Accessibility of Delivery Unit Business Plans:

All Delivery Unit business continuity plans must be held centrally, so that they can be accessed readily during a business continuity event. Delivery Units should ensure that they supply updated business continuity plans & contact lists every six months or more frequently if needed.

Management Comment 2:

As part of the business continuity project we have now started, we will ensure that a process is put in place for holding DU business continuity plans centrally.

(Head of Information Management - June 2014 and on-going)

Delivery Unit business continuity champions agree that they will supply updated business continuity plans & contact lists every six months or more frequently if needed.

(Delivery Unit business continuity champions - June 2014 and on-going)

Recommendation 3 – Testing of Business Continuity Plans:

Business continuity plans should be peer-challenged and tested regularly by discussion, table-top and live exercises. Testing should be led by the corporate business continuity lead, and Delivery Units should send an appropriate representative to ensure that all plans would work together in the event of an incident.

Management Comment 3:

As part of the business continuity project we have now started, we would put in place a process for challenging and testing BC plans.

(Head of Information Management - Process – June 2014; Testing – first tests by December 2014)

Delivery Unit business continuity champions agree to send an appropriate representative for challenging and testing BC plans.

(Delivery Unit business continuity Champions – Ongoing)


Recommendation 4 – Previous Incidents:

There should be a record of previous incidents so that lessons can be captured and used to inform the Council's business continuity arrangements.

Management Comment 4:

As part of the business continuity project we have now started, we will ensure that a record is kept of previous incidents and their lessons learned.

(Head of Information Management – June 2014)

Title	Parking Contract Review			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel N/A There has been no previous review in this area.				
Date of report	March 2014			
Background	<p>NSL were awarded the contract to manage and operate the parking enforcement, appeals and representations service for the Council from 1st May 2012. The £14m contract will run for a five year period with potential for a two year extension.</p> <p>This review looked at elements that underpin Contract Management Excellence, namely Benefits Realisation, Performance and Reporting, Payments and Risk & Issue management.</p>			
Summary of Findings	<p>We noted two high and four medium priority recommendations. The key issues were as follows:</p> <p>Benefits Realisation - We identified areas where the Parking contract's ongoing benefits realisation processes should be improved. The Parking Project's business case listed 13 financial and non- financial benefits to be delivered to the Council throughout the five year contract period, which included income generation, service quality and savings targets. We found that controls were not in place to ensure that the future realisation of these planned benefits was monitored and managed, for example roles and responsibilities for benefit management and planned timelines for benefit reporting. The Benefits Realisation Plan produced at the end of the project had not been reviewed since the project handed over to the Clienting team in May 2012.</p> <p>Issue Management - An issue management strategy was not in place for the contract and as a result we were unable to identify how the Clienting team intended to manage and escalate issues with the</p>			

<p>Priority 1 recommendations, management responses and agreed action date</p>	<p>contractor. In particular we were unable to identify what constituted an issue that NSL would be required to raise with the Council; defined roles and responsibilities for those involved in issue management; and documented thresholds or escalation routes for issues.</p> <p>We identified several significant issues that the Clienting team were currently managing, for example the Council's dispute with NSL over their current performance level and the associated performance payments. The Parking contract however did not have an issues log in place to capture and monitor issues and the minutes of meetings held did not include sufficient information to effectively manage issues.</p> <p>Recommendation 1 – Ongoing Benefits Realisation – control design</p> <p>Management should ensure that processes are put in place to effectively monitor and regularly review the realisation of financial and non-financial benefits. This should include:</p> <ul style="list-style-type: none"> • A review of the current targets for planned benefits to re-assess their validity; • Identifying baselines (where possible) for existing levels to demonstrate delivery of benefits; • Agreeing where the realisation of planned benefits will be monitored and issues escalated; • Defining the roles and responsibilities of those involved; and <p>Refreshing the information contained within the Benefits Realisation Plan to monitor and report on the realisation of planned benefits.</p> <p>Management Comment 1</p> <p>Street Scene will review each of the 13 benefits and make appropriate changes to ensure that these are meaningful, measurable and deliverable. Once a revised Benefits Realisation Plan is in place, resource requirements can be assessed and resources put in place and allocated appropriate responsibility for on-going monitoring and reporting.</p> <p>(Infrastructure and Parking Manager, June 2014)</p>
---	---


Recommendation 2 – Issue Management – control design

- a) An issue management strategy should be introduced to ensure that issues which occur are consistently and effectively recorded, monitored, escalated and resolved in a timely manner; and
- b) Management should create a formal issues log for the Parking contract. As a minimum this should include:
 - Description of the issue;
 - Potential impact of the issue;
 - Agreed actions;
 - Owners of agreed actions;
 - Target dates for resolution.
- c) This information should then be regularly monitored and updated.

Management Comment 2

Street Scene accept that this is an important aspect of good contract management and the recommendation is accurate and confirms our view of what actions need to be implemented to improve the management of the contract and as such this will be implemented as recommended.

(Infrastructure and Parking Manager, April 2014)

Title	Beis Yaakov School			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel N/A Previously schools were not given comparable assurance ratings.				
Date of report	February 2014			
Background	Beis Yaakov Primary School is a voluntary aided school with places for 525 pupils aged between 3 and 11 years of age. The School budget for 2013/14 is £2,056,016 with employee costs of £1,688,551 (82% of the delegated budget). The School was assessed as 'Outstanding' by OFSTED in June 2011.			
Summary of Findings	<p>We noted four high and seven medium priority issues as part of the audit. The high priority areas of concern were:</p> <ul style="list-style-type: none"> • Contracts • Banking • Budget Monitoring • Payroll 			

**Priority 1
recommendations,
management
responses and
agreed action date**

Recommendation 1 - Contracts:

The School should ensure compliance with the LBB Contact Standing Orders document when procuring or renewing contracts for goods and services and ensure 'Best Value ' principles are adhered to.

It is recommended that minutes of meetings include visible evidence of consideration by governors of quotations etc. for the renewal/procurement of any relevant contract/service, in order to ensure that a fair and transparent selection process by a quorate of governors exists and that there is no over reliance on any one individual.

Management Comment 1:

Agreed – The school agrees that more rigorous tendering and contracting arrangements needed to be in place in the past.

(Head Teacher, Immediate – applies to all recommendations)

Recommendation 2 - Banking:

The School should:

- a) Review and up-date its current Authorised Signatories mandate ensuring it is consistent with the School's bank mandate and Financial Management and Procedures Policy, and;
- b) Review the school signatories to ensure that there is adequate cover in school in order to sign cheques on a daily basis in the event of absence of one or more of the designated signatories;
- c) That responsibilities are adequately separated and no one individual is able to sign in all areas;
- d) Bank Reconciliations are checked to ensure that no income remains outstanding from the previous month's reconciliation and that any cheque which remains outstanding for over 6 months is investigated and dealt with appropriately.

Management Comment 2:

Agreed:

- a) A new mandate is in place and states that 2 people must sign all cheques. The mandate now matches what is stated in the policy.
- b) The Governors are happy with this arrangement as they can be in school at any time.
- c) This has now been addressed.
- d) LBB finance team has addressed this. Our policy states all cheques are to be signed by one Governor.

Recommendation 3 – Budget Monitoring:

Any expenditure paid on behalf of the Trustees through the School's budget share account should be processed as follows:

- The gross expenditure posted to E19AMN;
- Claim the VAT as normal;
- Governors to pay in to the Co-op account the net amount only. This receipt should then be credited to E19AMN, instead of a contribution/donation of income.

Management Comment 3:


Agreed – The school followed procedures agreed with the LA traded services team employed by us at the time. The school is happy to accept the recommendation.

Recommendation 4 – Payroll:

The School should ensure that only staff authorised on the School's Authorised Signatories mandate, to approve claims for additional hours sign time sheets.

Management Comment 4:

Agreed – The school is comfortable with line managers signing time sheets, but following this recommendation they are now countersigned by an authorised signatory.

Title	Hollickwood School			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel N/A Previously schools were not given comparable assurance ratings.				
Date of report	March 2014			
Background	Hollickwood Primary School is a community school with places for 245 pupils aged between 3 and 11 years of age. The School budget for 2013/14 is £1,462,896 with employee costs of £1,026,170 (70% of the delegated budget). The School was assessed as 'Good' by OFSTED in November 2012.			
Summary of Findings	<p>We noted one high and four medium priority recommendations.</p> <p>The high priority issue related to Income:</p> <ul style="list-style-type: none"> Income collected for educational visits; breakfast club and additional nursery provision by teaching staff/teaching assistants is not returned to the school office for recording and placing in the school safe on the date of receipt. This income was reported to be held in a locked draw /cupboard until transferred to the office and therefore not covered under the School's insurance in the event of theft. A final income and expenditure analysis is not prepared for all major trips. A review of budget monitoring reports for 2013/14 found a large deficit balance in relation to the 'School Journey 2013' which does not appear to have been noted/reported by/to the Head or to Governors: Income: £2090; Expenditure: £5423. Paid pupil and staff meal arrears were found to be high. The 'Cash in Hand' figure recorded on the computerised meals income accounting records was 			

<p>Priority 1 recommendations, management responses and agreed action date</p>	<p>found to be incorrect due to a software error which has not yet been rectified even though this was a finding from the previous audit.</p> <ul style="list-style-type: none"> • Uniform stock records are not maintained in order to facilitate a regular reconciliation to sales <p>Recommendation 1 - Income:</p> <p>Robust income controls and procedures should be in place to ensure effective financial management;</p> <p>a) All income not received directly into the office but through other members of staff, should be returned to the School office on a daily basis for processing and placed in the School safe until ready for banking;</p> <p>b) Regular monitoring and chase-up procedures should be introduced to ensure meals are paid for in a timely manner, i.e. staff should clear their outstanding balance on a weekly basis; pupils arrears should not exceed 10 school days;</p> <p>c) The School should contact the software provider with immediate effect with regards to the ‘Cash in Hand’ errors which continue to be encountered;</p> <p>d) An income and expenditure analysis should be prepared for all major school trips in order to determine the final surplus or deficit. Significant losses (as per the loss identified for ‘Journey 2013’) should be reported to the Head Teacher and governors, i.e. to investigate/ approve write-off etc;</p> <p>e) Uniform stock records should be maintained and a regular reconciliation carried out to sales.</p> <p>Management Comment 1:</p> <p>Agreed – To implement the recommendations.</p> <p>(Head Teacher, Immediate)</p>
---	---

4. Work in progress and effectiveness review

Appendix C includes a list of all of those audits at the planning, fieldwork, or draft reporting stages. Appendix D includes performance against the Internal Audit effectiveness indicators. We have met all targets within the plan.

5. 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 used by them as part of their financial accounts audit. Quarterly meetings, as a minimum, occur between external and internal audit.

Regular meetings have occurred with senior officers regarding implementing action plans in accordance with the agreed timeframe.

As part of the Internal Governance reviews of the four 'Resource Enabling Boards', Internal Audit officers have been working closely with Governance colleagues to ensure efficient and effective audits.

Officers within the Assurance Group work closely with CAPITA in line with an agreed protocol that both clarifies and puts in place practical arrangements around the relevant Audit, Fraud and Risk contract clauses. This working protocol supports the 'external assurance' quadrant of our annual plan.

6. Changes to our plan

Since the Internal Audit Plan was approved there have been some changes within the quarter made to the original audit plan agreed in April 2013 in respect of timing and additional audits requested from Directorates.

Type	Audit Title	Reasons
Additional	SAP data migration	Assurance letter issued over the controls around the data migration from SAP to Integra (finance) and Core (HR)
Deferred	Health & Safety	Deferred to 2014/15 due to addition of SAP data migration assurance review

7. Reports and assurance projects for management purposes

There were two assurance projects undertaken by internal audit that are not considered assurance reports (i.e. they do not give an assurance rating) but none the less aid management in assessing the effectiveness of their control environment. Within these reports if a significant issue has been identified as part of that review it has been included within this progress report:

- **Troubled Families – Payment By Results review**

We have completed this Assurance project requested by the Children's service. When initially asked to substantiate the July 2013 PBR claim, we were unable to do so due to the lack of evidence to support the number of families being classed as 'Troubled'. We undertook further work in September which highlighted three exceptions which required the claim to be revised down from 33 to 30 Troubled Families. The service was then able to make its submission in line with the October 2013 deadline.

We subsequently worked with the service in January and February 2014 to prepare for the February 2014 submission. We reviewed a sample of the troubled families where improvements were claimed to supporting documentation to test both eligibility and that improvements have been made, in line with the guidance set out by the DCLG. No exceptions were noted from our testing.

We have agreed with the service that internal audit assurance over the quarterly submissions in 2014/15 will be provided as part of the 2014/15 Internal Audit Plan.

- **SAP Data Migration review**

We reviewed key monitoring controls in the following areas of the data migration process from SAP to Integra (Finance) and Core (HR):

- Governance;
- Process and Plan design; and
- Testing plans.

No exceptions were noted during our audit testing and we did not identify any significant areas of weakness in monitoring controls in any of these three areas.

It should be noted that the review did not verify the validity and completeness of the data being transferred and no qualitative testing of data was undertaken as part of our review.

8. Risk Management

The risk management arrangements are reviewed annually and are considered elsewhere on the Audit Committee agenda.

The final performance report for Quarter 3 can be found via the link below and includes the Quarter 3 corporate risk register. Quarter 4 performance will be published at the end of April.

<http://barnet.moderngov.co.uk/mgAi.aspx?ID=6286#mgDocuments>

Appendix B: 2013-14 work completed during quarter 4 including assurance levels

Audit Opinions on Completed Audits during the period

	Systems Audits	Assurance
1	Information Management and Governance	Satisfactory
2	Equalities	Satisfactory
3	Data Quality	Satisfactory
4	Waste – project assurance	Satisfactory
5	Transformation Q4	Satisfactory
6	Legislative changes – Education and Skills	Satisfactory
7	Procurement Board - Internal Governance Q4	Satisfactory
8	Customer & Information Management Board - Internal Governance Q4	Satisfactory
9	Workforce Board - Internal Governance Q4	Satisfactory
10	Assets & Capital Board - Internal Governance Q4	Satisfactory
11	Performance Management Framework	Satisfactory
12	Financial Management:	
	General (budgetary control, budget management, journals authorisation, roles & responsibilities)	Satisfactory
	Charges for Legal Services	Limited
13	People Management	Limited
14	Business Continuity	Limited
15	Parking contract	Limited
16	IT Access controls	No
17	SWIFT and Wisdom	No
	Assurance Projects	
18	Troubled Families payment by results	N/A
19	SAP data migration	N/A

	School Audits	Assurance
1	Sacred Heart	Satisfactory
2	St. Paul's N11	Satisfactory
3	Holy Trinity	Satisfactory
4	Goldbeaters	Satisfactory
5	Beis Yaakov	Limited
6	Hollickwood	Limited

Appendix C: Work in progress

The following work is in progress at the time of writing this report:

Work in progress

	Systems Audits	Status
1	Public Health	End of Fieldwork

Appendix D: Internal Audit Effectiveness Indicators

Performance Indicator	Annual Target	End of Quarter 4
% of recommendations accepted	98%	100%
% of recommendations implemented	90%	100%
External Audit evaluation of Internal Audit (previous year)	Reliance On IA	Achieved
Average client satisfaction score (above 3)	90%	93%
% of Plan delivered	95%*	99%
% of draft reports completed within 10 days of finishing fieldwork	90%	93%
Periodic reports on progress	Each Audit Committee	Achieved
Preparation of Annual Plan	By April	Achieved
Preparation of Annual Report (previous year)	Prior to A.G.S.	Achieved
Staff with professional qualifications	70%	75%
Staff development days	5 days	Achieved

* Quarter 4 target equated as 95% of quarter 1, 2, 3 and 4 activity

Appendix E: Quarter 4, 2013-14: Priority 1 Recommendations due

Code to ratings:

Shading	Rating	Explanation
	Implemented	The recommendation that had previously been raised as a priority one has been reviewed and was considered implemented.
	Partly Implemented	Aspects of the priority one recommendation had been implemented however not considered implemented in full.
	Not Implemented	There had been no progress made in implementing this priority one recommendation.

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment March 2014
<p>Street Lighting PFI Contract</p> <p>Recommendation</p> <p>Any changes to performance metrics should be formally approved at Senior Management level and should include a consideration of whether more fit for purpose performance measures should be included.</p> <p>The Annual Service Report should be provided and should contain all relevant information in terms of the contract to allow for an effective assessment of overall service</p>	<p>Infrastructure & Parking Manager</p>	<p>No formal change has been made to the contract via the approved mechanism, the change control procedure.</p> <p>The service provider has not provided data relating to two of the LP's and has not provided the annual report at the appropriate time and as such the performance reports are not wholly complete. This has been allowed by the contract manager on following basis:</p> <ul style="list-style-type: none"> - The two PI's are not significant as the information 	<p>Implemented</p> <p>A formal fit for purpose change request process for the contract has been introduced and approved by Street Scene senior management. The process requires that changes to performance metrics are formally approved at Senior Management (Director) level.</p> <p>Contract KPI performance for the period January to December 2013 was reported and reviewed in March 2014 at Senior Management level.</p>

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment March 2014
<p>delivery for the year. The Annual Service Report should be reviewed and challenged at Senior Management level in the Delivery Unit to assess and confirm overall performance by the contractor.</p>		<p>can be viewed by accessing the data held in the Management Information system to which the Client monitoring team have access. In respect to LP2 this was only relevant within the Core Investment period (first 5 years) as at the end of this period all columns in excess of 25 years of age would have been replaced. Therefore at the end of the CIP this figure was 0%. In respect to LP8 requests for improved lighting are recorded as potential complaints and these are reported within the monthly performance reports.</p> <p>The Annual Report includes a range of different data much of which is also included in the monthly reports. The purpose of the annual report is to show the trends in combining the monthly data, however the parties had agreed that this information would be useful and as such it was not desirable to wait 12 months to review trends and therefore the parties agreed that</p>	<p>Management also indicated that the Annual Service Report, due May 2014, reporting KPI contract performance in terms of the contract would be provided to Senior Management for review.</p>

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment March 2014
		<p>such information would be provided within the monthly report, thereby increasing visibility of performance trends and allowing performance issues to be identified and addressed more quickly. This is a positive improvement.</p> <p>Management can confirm that arrangements are in place to ensure that where the Change Control process is instigated this will not be instigated without the formal approval of senior management. Therefore should the PFI Contract Manager consider in the future that a change is desirable this will be instigated through the Change Control process but only after this has been formally agreed by the Infrastructure and Parking Manager, who has overall responsibility for the Street Lighting PFI Contract.</p> <p>It is accepted that these changes have not been formally reviewed and agreed by Senior Management. It is also accepted that the inherent risk is low.</p>	