

# **Appendix 1**

# Internal Audit Progress Report 2014-15 – Quarter 2

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#### 1. Introduction

The Internal Audit Plan was accepted by the Audit Committee on the 29th April 2014. 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 1<sup>st</sup> July 2014 to 30<sup>th</sup> September 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 13 reports in accordance with the 2014-15 Internal Audit Plan. The full list of completed audits during this period is included within Appendix B. For those reports with an assurance rating, 3 reports were given 'Limited' and 6 reports given 'Satisfactory'. The summary detail of those reports issued as Limited assurance is included within section 3.

# 3. Key Findings from Internal Audit Work with Limited assurance

Title	Your Choice Barnet Co	Your Choice Barnet Contract Review (Joint Internal Audit & CAFT review)			
Assurances	No	Limited	Satisfactory	Substantial	
Audit Opinion					
Date of report:	July 2014	l	L		
Background	Council transferred its L services; x1 independer Resources Service to T parent company to Barr company that provides commissioning role in the The Your Choice Barne extend for an additional Council of £263,000 by basis for the first year or provided to individual services.	ce Barnet contract runs for three years (2012-2015) with the potential to additional two years, to 2017. The contract aimed to deliver savings to the 3,000 by 2014/15 and £493,000 by 2015/16. The contract ran on a block st year of the LATC and then moved to payment based on the specific care ividual service users, as set out in the business case. The 2013/14 Adults & otal spend (staffing and care packages) on learning disabilities and physical			
Summary of Findings		Team review - Right to sees found that some staff	<b>Work</b> had inadequate document	ation regarding	

their Right to Work evidenced within their HR files. A small number of cases are currently subject to on-going further enquiries by CAFT (**Priority 1**).

#### **Internal Audit review - Contract Management**

There are one priority one, one priority two and one priority three recommendations.

- Risk & Issue Management We identified areas where the Your Choice Barnet's (YCB) risk and issue management controls should be improved. We found that the contract did not contain a risk and issue management process, which set out how the Council and the supplier intended to manage and escalate risks and issues. We identified risks in relation to the contract, which were not formally documented in a risk register or the Council's risk management system (JCAD). In addition to this, we found that the Council did not have controls in place to manage issues in relation to the contract (Priority 1).
- Change Control We found that the Council had not applied the contracts change control process when introducing changes to the contracts payment mechanisms and performance framework (Priority 2).
- Governance Minutes of Meetings Not all meetings held with Your Choice Barnet were
  minuted to document the discussions held and any actions agreed or decisions taken (Priority 3).

# Priority 1 recommendations, management responses and agreed action dates

#### 1. Day Centre Staff – Right to Work (CAFT review)

Recommendation	Management Response	Responsible Officer	Deadline
a) In all instances YCB should ensure that Right to Work	a), b) and c)		
checks along with all pre- employment checks are	YCB has always ensured appropriate pre-employment checks are obtained prior to a new recruit starting work	Director of Care and Support, Your	31 July 2014

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	kept in one central location that is accessible to all appropriate staff.	and will continue to do so. The staff files where paperwork was incomplete at the time of transfer have been updated as part of the DBS renewal process.  There are a small number where this is outstanding and	Choice Barnet	
b)	YCB should confirm that pre-employment checks including Right to Work are contractually agreed with each employment agency and that the signed final copy of each individual	this has now been bought forward for those individuals; there is no reason to believe that there are any employees working for YCB that do not have a right to do so.  All staff records will be stored in a central location.		
	contract is kept centrally on file at YCB. The contract should detail that relevant checks will be undertaken prior to agency staff commencing work at YCB.	YCB has contractual agreements with all agencies that it uses and is confident that all pre-employment checks are in place as part of those agreements, as a means of providing assurance YCB will periodically sample employment records of agency workers. Signed agreements will be stored in a central location.		
c)	Regular sample checks of agency staff employed in high-risk roles with direct access to vulnerable adults should be selected and evidence obtained to confirm that the appropriate pre-employment checks have been obtained prior to commencing work.	d) The contract with YCB will be updated to include a clause in relation to requiring all employees / agency staff to have their Right to Work status confirmed.	Category Manager  – Adults and Communities	31 August 2014
d)	The LBB contract with YCB should be updated to			

include a clause requiring all employees / agency staff to have their Right to Work status confirmed.			
	isk & Issue Management (Audit review)		
Recommendation	Management Response	Responsible Officer	Deadline
a) A risk and issue management strategy should be introduced to ensure that risks and issues are consistently and effectively recorded, monitored, escalated and resolved in a timely manner.	Management is confident that risks and issues in relation to the contract with YCB are being effectively managed through a partnership approach and a series for informal meetings and formal contract meetings. Risks in relation to managing relationships with providers in general are included on the Delivery Unit's risk register but these do not specifically identify YCB. Management accepts that formal recording and documenting of this process can and should be improved. Alongside the contract management of YCB	Assistant Director Community and Wellbeing	1 September 2014
b) Management should include Your Choice Barnet risks within the Council's risk management system. This information should then be regularly monitored and updated.	all service users are open to a social work team who provide a care management service working with service users and their families to ensure that their needs are being met, outcomes achieved in relation to the services they receive and the management of risk in relation to individuals.  The Delivery Unit follows the Councils approach to risk		
c) Management should create a formal issues	management and identified risk are regularly reviewed by the Leadership Team and recorded on JCAD.		

log for the Your Choice Barnet contract. As a minimum this should include:	Recommendation a: The Delivery Unit will review its approach to risk and issue management and ensure that this is clearer in relation to managing risk and issues with providers and that these are consistently and effectively recorded.		
<ul> <li>Description of the issue;</li> <li>Agreed actions;</li> <li>Owners of agreed actions; and</li> <li>Target dates for resolution.</li> </ul>	Recommendation b: Risks in relation to YCB will continue to be reviewed within the contract monitoring process and these will be clear recorded and updated within the minutes of meetings and as appropriate on JCAD.	Category Manager Adults and Communities	1 October 2014
This information should then be regularly monitored and updated.	Recommendation c: A formal issues log will be developed, covering the areas identified and used across all Providers.	Head of Care Quality	1 October 2014

Title	Passenger Transport C	Passenger Transport Contracts (Joint Internal Audit & CAFT review)			
Assurances	No	Limited	Satisfactory	Substantial	
Audit Opinion					
Date of report:	September 2014				
Background	<ul> <li>Street Scene delivers passenger transport for other delivery units (DUs) within the Council as follows:         <ul> <li>Older People transport on behalf of Adults and Communities (Adults); and</li> <li>Special Educational Needs (SEN) transport on behalf of Children - Education and Skills (Children's).</li> </ul> </li> <li>A framework contract with a 4 year term drawing on 16 potential providers was established on 1 April 2013. At July 2014 external contractors delivered 270 of the 340 routes. The remaining routes were delivered in-house by the Street Scene Passenger Transport Service (PTS) which is out of scope for this review.</li> </ul>				
Summary of Findings	There are two priority 1 and three priority 2 recommendations.  We identified the following areas of good practice:  • The use of a fit for purpose contract specification driving the tender process for the framework				
	contract establish Disclosure and E licencing of driv	ed 1 April 2013. It defin Barring Service (DBS) overs and the training	ed the Council's requirement hecks, previously Crimina of drivers, against whi	ents of the contractor regarding al Records Bureau (CRB), the ch bidder submissions were I for record retention and audit	

access to contractor records to facilitate the on-going monitoring of driver vetting and safeguarding arrangements.

We identified the following significant issues as part of the audit:

- PTS and Children's and Adults and Communities engagement Engagement, communication and information flows between the PTS and Adults/Children's delivery units were not robust; there is a lack of clear governance arrangements to facilitate the on-going scrutiny and challenge of passenger transport service delivery. Responsibility for oversight/scrutiny and challenge of passenger transport service delivery in Adults/Children for their respective service users was unclear. For Children's, a Service Level Agreement (SLA) governing service delivery had been drafted but had not been signed and implemented. Development of an up to date SLA in Children's was planned for December 2014. There are no such arrangements in place for Adults. (Priority 1)
- Retention of records supporting contractor vetting As part of the CAFT review, we noted that two contractors who were not secured as part of the Street Scene PTS framework contract were used by Children's DU for transporting children. Each contractor transported one child. Records of how the contractors were validated when secured and how they were validated subsequently on an on-going basis were not available for inspection. (Priority 1)

We noted the following other issues:

• Contract management - As part of contract management, planned annual reviews had not been completed for all contractors used by PTS; of eight contractors used under the framework agreement, two reviews were still outstanding. For PTS checks that had been undertaken of transport contractor service delivery as part of annual reviews using the standard annual review template, DBS/CRB records and findings and details of the licencing tests for specific drivers had not been recorded within the template. Physical spot checks of vehicles and drivers actually delivering service users at schools and day centres were undertaken but not, in our view, at

sufficiently regular intervals to ensure that the expected and appropriately vetted drivers were being used. (**Priority 2**)

- Potential overpayment of invoice Potential overpayments totalling £1,400 in 2010 and 2012 were identified by CAFT for the two contractors who were not secured as part of the Street Scene PTS framework and at the date of the report the Children's DU were in the process of resolving these. (Priority 2)
- Contract administration: Retrospective Purchase orders and invoice certification We reviewed the controls to ensure the valid and accurate payment of transport contractor invoices after the establishment of the framework agreement in April 2013. We noted one instance out of nine invoices tested where the purchase order was raised retrospectively after the invoice was received, contrary to the Council's Financial Regulations. There was no evidence of formal management certification of the transport contractor invoice prior to the release of the invoice for payment. (Priority 2)

# Priority 1 recommendations, management responses and agreed action dates

### 1. PTS and Children's and Adults and Communities engagement

Recommendation	Management Response	Responsible Officer	Deadline
Children's Service – Education and Skills  The draft SLA should be signed off and monitored by the Children's Service, especially in relation to:  • monitoring the quality of	Children's Service - Education and Skills  The draft SLA is being revised as part of the work of the consultant engaged to carry out a thorough review of home to school transport. The Project Initiation Document (PID) for this was signed off by the Director of Education and Skills in August and work commenced on 1st September.	Transformation Projects Consultant – SEN on behalf of Education & Skills Director	31 December 2014 (SLA completion and approval), Implemented (Review

service,			meetings)
<ul> <li>regular review meetings between PTS and the Children's Service representative,</li> <li>reporting SLA KPIs as part of performance and quality monitoring</li> </ul>	Regular Liaison and Review meetings between Education and Skills and Street Scene Passenger Transport Service have been established and the first took place on 18 <sup>th</sup> September. These will monitor performance against the present SLA pending the completion of the revised agreement.		
clauses in the SLA.	Adults and Communities (A&C)		
Monitoring should take place more routinely in the interim prior to the development, and approval of the final SLA and the introduction of more robust communication arrangements between SEN and Children established by the Project.	An SLA between A&C and Street Scene Passenger Transport Service (PTS) will be developed and approved.  The Terms of Reference and liaison meetings for monitoring the SLA between A&C and PTS will be established by the 30th September 2014.	Interim Head of Care Quality, A&C	31 December 2014 (SLA completion and approval) 30 September 2014 (monthly liaison
Note: The quality of service clause of the draft SLA covered CRB checking and checks as to whether drivers held valid licences.	A&C commissions care for service users from Your Choice Barnet (YCB) under a 5-year contract. PTS is used to transport service users to / from YCB establishments. The YCB contract is managed through regular contract monitoring meetings with a named	Head of Joint Commissioning, A&C	meetings)  Commencing October 2014 contract
Adults and Communities  Responsibility for oversight of service delivery and communication between the PTS and Adults and Communities should be	relationship manager and dedicated contract manager. This forum will be used to monitor any issues relating to the transport of YCB service users, linking into the aforementioned liaison meeting which oversees the Transport SLA between A&C and PTS plus also linking directly to YCB and A&C operational management as		monitoring meeting

clarified and communicated to ensure that the service is delivered to expectations and that opportunities for improvement are identified and communicated. Transport plans should be developed to formally communicate requirements to PTS. Monitoring should be undertaken in terms of an up to date and signed SLA.	appropriate in order to pro-actively manage or resolve issues particularly where these have safeguarding implications.  Street Scene Passenger Transport Service  The 2014 / 15 Passenger Transport Service SLA to be reviewed by Children Services and Passenger Transport management based on the TAS (specialist public transport consultancy) review of commissioning through to delivery of PTS commencing 1st October 2014.	Environment Servi ce Manager – Transport	31 December 2014 (SLA completion and approval)
	The first Liaison and Review meeting between Children Services and Passenger Transport management took place on 18 <sup>th</sup> September.	Environment Servi ce Manager – Transport	Implemented
	At the meeting PTS presented the Street scene KPI report generated monthly by the PTS management. Transformation Projects Consultant - SEN, to provide Environment Service Manager – Transport with comments on items to be included /excluded.	Transformation Projects Consultant – SEN	31 Oct 2014
	The first Liaison and Review meeting between Adults & Communities and Passenger Transport management to take place on 30th September.	Environment Servi ce Manager – Transport	30 September 2014

Recommendation	Management Response	Responsible Officer	Deadline
The Children's DU should immediately confirm whether it still uses the two contractors and if so consider next steps as follows:  - contact them to obtain assurance over their vetting procedures;  - if this information is not made available consider ceasing using them.  The Children's DU should confirm if it uses other transport contractors outside the Street Scene PTS Passenger Transport framework contract. If so, confirm that they were validated prior to use.  Records showing how transport contractors, which have not been secured as part	Children's Service - Education and Skills  The only occasions that the SEN Team arrange transport outside the PTS contract is for Looked After Children who have been placed outside the borough, and for whom PTS cannot provide the service. The two cases involved were in Peterborough and Brighton. The Brighton service is no longer required. In the Peterborough case, it has come to our attention that the contractor was prosecuted on 17/8/2010 for operating a Private Hire Vehicle using an unlicensed driver. This led to Peterborough Council cancelling their contract with the provider. However, in September 2012, they became an approved operator with Peterborough again with a new owner/manager (the previous owner had died). In January 2013, they then wanted to sell the company that managed school contracts to another party: under Peterborough's closed framework conditions this was prohibited and they made the decision to sell the company and terminated their routes. Peterborough has suggested that they will be able to apply to join a new framework if and when they have one.	Transformation Projects Consultant – SEN on behalf of Education & Skills Director	30 Septembe 2014 (mostly implemented already)
of the Council's PTS	Nevertheless, we have determined that our policy in		

framework contract, were vetted, for example, in terms of CRB / DBS status, driver accreditation and driver training and capability, should be retained for review, where necessary, in line with the Council's Records Retention & Disposal Guidelines.

The PTS framework contract should be used whenever possible. If there are

The PTS framework contract should be used whenever possible. If there are necessary exceptions to this, delivery units should request advice and guidance from the Street Scene Passenger Transport Service prior to any decision to procure the services of a transport provider outside the prevailing framework contract. The necessary vetting procedures should be followed at all times.

making such rare provision in the future will be to contact the Local Authority in whose area the service is to be provided and seek to use a contractor who has passed their vetting processes (provided that they match the standards to which Barnet PTS adhere). We have replaced the Peterborough contractor in this way.

There are six instances where transport is commissioned through the school at which the child is placed. In four of these, transport is provided by staff employed and vehicles owned by the school. In the other two cases, transport is sub-contracted to commercial providers.

We have contacted the schools to confirm that the arrangements meet the same standards as set out in the PTS contract, and they have all confirmed this is so. Our process has been updated to include this requirement in any future instances of transport commissioned through schools.

Director approval will be required where external transport contractors are commissioned which are outside the Council's PTS framework contract.

#### Adults & Communities

Director approval will be required where external transport contractors are commissioned which are outside the Council's PTS framework contract.

Education and Skills Director

Immediately

Director Adults and Communities

**Immediately** 

Street Scene Passenger Transport Service		
PTS management will support the Education and Skills team to vet any external passenger transport providers in alignment with the Council's passenger transport framework criteria.	Environment Servi ce Manager – Transport	Immediately

Title	Permanency Routes			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion				
Date of report:	September 2014			
Background	permanence include:	to birth parents; agements, including regulation the looked after system ads care; and a, through adoption, spector as ensure that the route apt completion should of the earliest possible stay all not being looked after in table ending of a child's le hip with the child's adop	ar short-break care; n, whether in residential p ial guardianship orders (S to permanence for a cheptimise outcomes, as the ge while simultaneously residential care. gal relationship with their	lacement, unrelated foster care GO) and residence orders.  nild in care is appropriate and e child will be in a secure and reducing potential costs to the birth parents and the beginning ship order confers full parental with his/her birth parent.

# Summary of Findings

There are two priority 1 and five priority 2 recommendations.

We identified the following areas of good practice:

- Officers had access to up to date documented procedures and related guidance on the Intranet.
- Routine supervision of officers by team managers.
- The scrutiny by the Adoption Panel of the proposed adopters and the proposed match of adopters and children.
- Approval by the Agency Decision Maker at Director level of the adoption permanency route, the proposed adopters and the proposed match of adopters and children.
- Approval of the SGO support package at Head of Service level.
- The review of performance indicators related to Adoption at Senior Management level.

We identified the following significant issues as part of the audit:

- Annual reviews of SGO placements and financial allowances and adoption financial allowances were not undertaken routinely (**Priority 1**)
- Complete records evidencing key SGO and adoption processes were not available for inspection
  in the Integrated Children's System (ICS) and WISDOM, the Council's records management
  system, for a number of cases tested. Records were also not saved using a consistent naming
  convention in WISDOM, impacting on the ability to locate and retrieve them promptly (Priority 1)

We noted the following other issues:

- SGO Review documentation and templates had not been recently reviewed and updated to confirm their appropriateness (**Priority 2**)
- The calculation of adoption and SGO allowances was not in line with the suggested DfES "Standard Means Test Model for Adoption and SGO Financial Support". For SGO cases, the maximum allowances payable were generally recommended and approved. For both adoption

and SGO allowances, the approach did not formally and rigorously incorporate the flexibility to reduce allowances, for instance should financial circumstances of adopters/ guardians change. (**Priority 2**)

- On a limited number of cases Adoption statutory visits were not completed within the required timescale, however, 94% were competed in time. Of the 50 statutory visits tested, 3 had not been undertaken. (Priority 2)
- We could not confirm formal arrangements for learning lessons from SGO placements which had been disrupted. (**Priority 2**)
- Management information to report against adoption performance and the 26 week target for the start and end of care proceedings was generated from local spread sheets and not directly from ICS which would be recommended (**Priority 2**)

# Priority 1 recommendations, management responses and agreed action dates

#### 1. Annual Reviews

Recommendation	Management Response	Responsible Officer	Deadline
Annual reviews of SGO & Adoption support plans including financial allowances should be routinely planned and implemented.  For reviews of allowances, the	<ul> <li>Business case to be submitted for Business Support to manage the financial and business processes required to coordinate Annual Reviews.</li> <li>Updated information on the financial circumstances of Adopters and Special Guardians to be requested prior to the annual review. Allowances to be</li> </ul>	Service Manager - Provider Services	30 Sept 2014 31 Oct 2014
adoptive parent or special guardian should, in line with	temporarily suspended if information is not supplied.		

the guidance, be required to provide an annual statement of his/her financial circumstances.	Application of DfE Standard Means Test Model & North London Adoption Consortium agreed protocol on Adoption Allowances to be applied to all new Adoption Allowances.		1 Sept 2014
	Overall review of practice in relation to SGO's to include financial allowances.	Service Manager - Provider Services, Interim Head of Children in Care & Provider Services, Head of Assessment & Children in Need	1 Nov 2014

# 2. Permanency process and control - Records management and documentation retention

Recommendation	Management Response	Responsible Officer	Deadline
A policy for naming and saving key adoption and kinship documentation consistently should be developed, communicated, implemented and monitored during	Naming conventions for documents to be jointly reviewed with the Information Manager, revised guidance to be issued, key documents to be agreed and added to file audit template.	Service Manager - Provider Services, Data and Systems Assurance Manager	30 Sep 2014
supervision to facilitate the efficient retrieval of documentation where necessary.	Review of ICS system commencing in September 2014 to incorporate findings from this audit.	Acting Children's Social Care Assistant Director, Data and Systems	30 Sep 2014
Documentation, clearly evidencing scrutiny and		Assurance Manager	

approval/sign-off of recommendations and decisions, should be retained		
in all cases to evidence that		
key processes were undertaken and that necessary		
reports were considered when decisions were taken.		

### 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 with the exception of one indicator being rated Amber:

1) 26% of the annual plan has been delivered, which is below the target for quarter 2 of 32%. This is due to a combination of factors, including some audits taking longer than anticipated, and the number of follow-up audits being higher than usual in quarter 1. There are several reviews at the fieldwork stage and we are confident that we can get performance back on schedule within quarter 3.

Implementation of internal audit recommendations – the progress of the 9 recommendations due for implementation in quarter 2 is included in Appendix D where 67% recommendations are implemented. In quarter 1 91% of recommendations had been implemented within the required timeframe. As such there has been a reduction in the completion of audit recommendations in the timescales originally agreed.

#### 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, Internal Audit officers work 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 2014 in respect of timing and additional audits requested by Delivery Units.

Туре	Audit Title	Reasons
Deferred	People Management	Deferred to Q4 to improve phasing - so that audit takes place a year after previous review
Deferred	Residential Care Homes (Joint review with CAFT)	Deferred to Q3 due to CAFT reactive work taking priority
Deferred	Internal Governance Q2	Deferred to Q3 due to needing output from Commissioning for Outcomes review before selecting Board to review
Combined	Financial Management	Combined with Street Scene Budget Monitoring and MTFS Transformation programme governance review

### 7. Reports and assurance projects for management purposes

There were four assurance projects undertaken by internal audit that are not considered audit 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.

In Q2 2014/15 there were no significant issues noted in the following reviews:

- Troubled Families Payment By Results
- Bus Subsidy Grant

Both submissions / claims were signed off with no significant exceptions noted.

# **Commissioning for Outcomes**

We reviewed the approach to Commissioning for Outcomes using the following methods:

- Online survey sent to 27 recipients across Internal Delivery Units (IDUs), External Delivery Units (EDUs), the Commissioning Group and strategic partners
- Interviews with key officers to further analyse survey responses
- Review of evidence to support interview responses
- Interviews with Members both Leaders and two Chairmen of selected theme Committees
- Review of documented policies and procedures
- Review of performance and budget information

The output of this review was a letter to management in which 5 recommendations were raised around the following areas:

- The Commissioning Cycle
- Performance Management
- Roles & Responsibilities
- Member Induction
- Engagement between Lead Commissioners and Members

SCB accepted the recommendations and agreed to implement them by April 2015.

# **Data Quality**

As part of the 2014/15 Internal Audit Plan, agreed by the Audit Committee in April 2014, we have undertaken an audit of Data Quality on the Re KPI 2.2 Category 1 defects Rectification Timescales completed in time for quarter 4, 2013-14 and quarter 1, 2014-15.

The Commercial Services team commissioned this audit report. The Corporate Indicator ("Make Safe within 48 hours all intervention level potholes reported by members of the public") linked to this KPI was reported accurately. However, they were aware that improvements to the interim KPI 2.2 reporting systems could be made.

The Key Performance Indicator (KPI) NM 2.2 definition is "Measure compliance with taking appropriate action to ensure that those faults identified as Category 1 defects are responded to within agreed timescales (i.e. within 48 hours) as defined in the Highway Inspection Manual".

#### **Background & Context**

The Re contract includes a complex KPI regime (the contract defines over 70 KPIs) and many of these KPIs had not been formally measured and reported prior to contract commencement. There were also known weaknesses in the interim systems carried over into the new contract which are currently being used to extract and report KPI performance (e.g. Highways Exor system).

As a result there is currently significant reliance on manual data extraction and entry in compiling and reporting performance. Re is implementing new and/or improved systems as part of its contractual transformation programme, which will achieve enhanced and improved reporting processes. The Authority has been working with Re to improve interim KPI reporting processes. This includes a robust governance structure with weekly and monthly reviews to discuss KPI performance in detail, and reviewing evidence of this performance.

We reviewed the KPI outturn for guarter 4, 2013-14 and guarter 1, 2014-15.

Quarter 4: 2013-14: 545/622 87.6% (target: 90%)
Quarter 1: 2014-15: 307/321 95.6% (target: 100%)

In May 2014 the Authority began discussions with Re to change reporting of KPI NM 2.2 to reflect the wider scope of all Category 1 defects (and not only pothole repairs) as intended in its contractual definition.

## **Key Findings (informing Audit opinion)**

We reviewed the KPI outturn against the six characteristics collectively constituting the Council's definition of data quality:

- Accuracy data is without errors, and adheres precisely to any applicable definition
- Reliability data reflects stable and consistent collection and capture processes across collection points and over time. These processes should

minimise manual intervention and maximise the automation of data collection and manipulation.

- Timeliness data is captured as quickly as possible after the event or activity, and is used in a timely fashion
- Relevance data is applicable to the issue and provides the answers needed
- Completeness data collected and captured comprises of all necessary elements
- A clear audit trail a documented process for obtaining and using the data, which is understood by all involved in producing the data, and is accessible to those who rely on the data or have an interest in it

Audit Opinion against Data Quality characteristics	Accuracy	Reliability	Timeliness	Relevance	Completeness	Clear Audit Trail
	x	x	✓	x	x	✓

There are one priority 1, two priority 2 and one priority 3 recommendations. Re have agreed to implement the recommendations made and the Council's commercial team will continue to monitor and scrutinise the KPI.

# 8. Risk Management

In 2014/15 we are reviewing the Council's risk management arrangements during the course of the year as part of audits where appropriate. At the end of the year we will bring these findings into a summary report which will come to Audit Committee and will provide an assurance rating over the Council's risk management arrangements.

# Appendix B: 2014-15 work completed during quarter 2 including assurance levels

# Audit Opinions on Completed Audits during the period

	Systems Audits	Assurance
1	Transformation Q1	Satisfactory
2	Complaints	Satisfactory
3	Permanency Routes	Limited
	Joint Internal Audit & CAFT Reviews	
4	Your Choice Barnet Contract Review	Limited
5	Passenger Transport Contracts	Limited
	Assurance Projects	
6	Troubled Families payment by results	N/A
7	Data Quality – Re KPI 2.2	N/A
8	Commissioning for Outcomes	N/A
9	Bus Subsidy Grant	N/A

	School Audits	Assurance
10	St. Agnes	Satisfactory
11	Brookland Junior	Satisfactory
12	Brookland Infant	Satisfactory
13	Tudor School	Satisfactory

# 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	Children's Centres - Financial Management	Draft Report			
	Data Quality Q2 - CPI 1001				
	<ul> <li>Increase in the % of eligible adult social care customers</li> </ul>				
2	receiving self-directed support	Draft Report			
3	Health & Safety	Draft Report			
4	OFSTED - Compliance with Requirements	Draft Report			
5	Project Management	Fieldwork			
6	Mental Capacity Act	Fieldwork			
	Key Financial Systems:				
7	Payroll	Planning			
8	<ul> <li>Pensions</li> </ul>	Planning			
9	Treasury Management	Planning			
10	Accounts Payable	Planning			
11	Accounts Receivable	Planning			
12	Cash & Bank	Planning			
13	General Ledger	Planning			
14	Housing Benefits	Planning			
15	Council Tax	Planning			
16	NNDR	Planning			
17	Decommissioning of SAP	Planning			
18	Internal Governance Q2 – Delivery Board	Planning			
19	Re Joint Venture governance arrangements	Planning			
	Street Scene - Budget Monitoring and MTFS Transformation				
20	programme governance	Planning			
21	SEN	Planning			
22	Legislative Changes (Children & Family Act)	Planning			
23	0 07				
24	Transformation Q3 Planning				
25	Data Quality Q3 Planning				
26	Troubled Families Q3	Planning			
	School Audits	Status			
27	Moss Hall Infant	Draft Report			

# **Appendix D: Internal Audit Effectiveness Indicators**

Performance Indicator	Annual Target	End of Quarter 2
% of recommendations accepted	98%	100%
% of recommendations implemented	90%	67%
External Audit evaluation of Internal Audit (previous year)	Reliance On IA	Quarter 4 assessment
Average client satisfaction score (above 3)	90%	100%
% of Plan delivered	32%*	26%
% of draft reports completed within 10 days of finishing fieldwork	90%	96%
Periodic reports on progress	Each Audit Committee	Achieved
Preparation of Annual Plan	By April	Quarter 4 assessment
Preparation of Annual Report (previous year)	Prior to A.G.S.	Quarter 1 assessment
Staff with professional qualifications	70%	75%
Staff development days	5 days	Quarter 4 assessment

<sup>\* 95%</sup> of quarters 1 and 2 activity

# Appendix E: Quarter 2, 2014-15: Priority 1 Recommendations due

Quarter 2, 2014-15: 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 October 2014
Public Health - April 2014		Governance Structure	Implemented
Public Health governance and organisational structure  a) A governance structure chart should be developed that clearly shows the expected interaction between the shared Public Health team and Barnet's commercial contract management team.  b) In practice the focus of the Public Health Governance Board	Lead Commissioner / Commercial & Customer Services Director 01/09/14	The Inter Authority Agreement (IAA) and the Terms of Reference of the Public Health Governance Board are to be reviewed and amended in order to make the PH Governance Board a more robust mechanism for performance and contract monitoring as detailed below. In preparation for this a governance chart has been drafted and once this is confirmed it will be made available to Council staff on the intranet.  It is important to recognise the scope of the indicators which are directly managed by officers within the Public Health. The Public Health Outcomes Framework contains approx. 66 indicators, which whilst monitored by the Public	a) An updated Inter Authority Agreement and JPH Governance Board Terms of Reference were provided. Representation now included Commercial Services senior management to embed responsibility for overseeing JPHS shared service delivery from Barnet Council's perspective (in line with the finding issue). The Terms of Reference provided for the provision of quarterly performance reports to the Board. A representative from Barnet's Commercial team attends a

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should be on (a) whether the Inter-Authority Agreement requirements are being met and (b) whether the Public Health shared service management agreement priorities are progressing adequately.  c) The Public Health organisational structure document should be formally reviewed on a periodic basis and include a version control, detailing the document approver and the corresponding dates.  d) Both the governance and organisational structure documents should be made easily accessible by Barnet Council staff on the intranet so that roles and responsibilities are clearly communicated.	Area	Health team, are not necessarily within the direct responsibility of delivery by the Public Health team.  Clarity of responsibility for different aspects associated with the Joint Public Health Strategy (JPHS) will be jointly developed and will address:  Where the responsibility for overseeing the JPHS in respect of ensuring the shared service is working effectively is held  Revising the Terms of Reference of the Governance Board It to take account of this new contracting model between Barnet and Harrow.  Agreeing the role and contribution of Barnet's Commercial Team to provide sufficient oversight of the contract management and delivery of the IAA.  The responsibility for ensuring that the JPHS is held to account by Members in respect of how the Strategy is delivering will be the remit of the Performance and Contract Management Committee. This Committee has responsibility for:  Overseeing how the actual Public Health KPI's and CPI's are being delivered  Ensuring that the LBB Public Health priorities, as outlined within the Corporate Plan are considered within the Management Agreement priorities.	monthly performance meeting too. b) The Terms of Reference referred to the Barnet governance structure and the Commercial team involvement in monitoring shared service delivery. The Inter Authority Agreement (IIA) and the updated Terms of Reference referred to the Board's responsibility for managing the IIA and monitoring the Management Agreement performance. c) A dated version controlled PH organisational structure was provided. This had been updated 30 September 2014. d) The PH governance structure and organisational structure dated 30 September 2014 were uploaded to the Intranet.
		<ul> <li>Ensuring that the Management Agreement priorities and any associated KPI's are being</li> </ul>	

Audit Title and Responsible	Response from Management	<b>Audit Assessment October 2014</b>
Recommendation Area	·	
Public Health - April 2014  Third party contract management The Council's commissioning group should maintain greater oversight and involvement with the contractual arrangements of the contractual arrangement of the contractual arra	w.barnet.gov.uk/info/940457/public health  t service, the Public Health team negotiate age the related contracts on behalf of ouncil. However, it is recognised that this on may, at times, be limited to the service ed oversight of the wider corporate tion.  sed Governance structure outlined within .1 will provide adequate oversight of the nce of the JPHS by the Commercial	Implemented  The PH Governance structure embedded the review of public health service delivery by Commercial Services senior management as part of their membership of the Joint Public Health Governance Board which met quarterly. The Terms of Reference provided for the quarterly submission and review of performance reports with defined content to/by the Board.  Operational Performance meetings are now undertaken monthly and are attended by representatives of Commercial Services. There was evidence of review of performance in line with Joint Public Health Management

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SWIFT and WISDOM – March 2014			Agreement KPI's.
Information Governance  1. Data classification definitions (such as normal, restricted, elevated) should be developed and agreed across the Council. Staff should be trained	Head of Information Management 31/01/2016	1. Under the Information Management Strategy, the Council will implement a work stream 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.	1. Not due yet
Access to case information on Wisdom should be restricted according to business need.	Head of Information Management 31/07/2014	2. 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.	The Wisdom 'Get Well' project is underway involving Daisy, the provider of Wisdom. The first phase is due to deliver by the end of October 2014. Part of the current functionality problem of Wisdom is that you cannot restrict access according to need. Daisy will make recommendations, cost the proposed changes and then CIMB will put forward a decision on how to proceed.  System audits are carried out for both Swift and Wisdom by the Adults and Communities team on a quarterly basis which acts as a

Recommendation	Area		compensating control to ensure that general access to Wisdom (albeit not at a case level) is controlled.
			Revised implementation date: July 2015.
upgrades need to be implemented to ensure that staff do not need to resort to removing data from applications to work efficiently	Programme Manager, Adults & Communities and ICT Director (CSG)	3. A Swift upgrade project is currently in progress which will help to alleviate the system problems that have led to this issue.	3. Not due yet – revised implementation date of November 2014 reported to July Audit Committee
2014  Client-side BB OLA oversight  An Operational Monitoring Agreement (OLA) supporting the overarching Customer Services Service Level Agreement (SLA) should be	Commercial & Customer Services Director / Head of Service Delivery & CSG Derations Barnet July 2014	The Blue Badge service is monitored as part of customer services and is subject to monthly and quarterly monitoring by the Commercial team and as part of the quarterly performance management cycle. There has also been a great deal of work undertaken in response to customer complaints re the application process. Therefore the risk of suboptimal service delivery and satisfaction levels is not considered to be high.  Although the Assisted Travel (AT) team transferred to the Customer Support Group (CSG) on 1st September 2013, this service was then moved to Coventry as part of the Contact Centre moves, with the new team being effective from the 12 May.  A draft OLA has already been produced and this will be updated and finalised to include measures which provide evidence of delivery of key processes and the analysis of trends.	The final OLA was signed between Commercial and the Assisted Travel Team. The OLA included performance measures and reporting which would provide evidence of delivery of key processes and the analysis of trends. Client side monitoring of service delivery now occurs through OLA service delivery meetings which commenced in August 2014.

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Recommendation  we would suggest that the OLA include measures which provide evidence of delivery of key processes and the analysis of trends. For example, by month, the number of BB applications, number of BBs issued, number of referrals to CAFT and to and from Parking and the number and percentage of BB applications resolved outside target timeframes.	Area	Team through the Commercial and Customer Services Director.	
Disabled Blue Badges – July 2014  Cancellation, Misuse and Enforcement  Pro-active arrangements for identifying at the earliest possible stage Blue Badges of holders who are deceased should be developed and implemented by Assisted Travel.  Arrangements should be implemented:  - for Assisted Travel (AT) to record whether cancelled Blue Badges have been returned for on-going follow-up and recording on BBIS, as a minimum, as a reminder to stop future renewal	Delivery &	In recognising that this is a new team in Coventry, a protocol and new process will be written to set out the respective roles and responsibilities of the Assisted Travel Team, Parking Client team, NSL and CAFT to minimise blue badge fraud and misuse.	Process and procedures  The OLA and Blue Badge Misuse procedure specifies roles and responsibilities for Assisted Travel, Commissioning, NSL and Corporate Anti-Fraud (CAFT).  While the misuse procedure defined how to deal with allegations of misuse reported by customers, it did not specify arrangements — as stated in the recommendation - for:  1. AT identifying blue badges of deceased holders, 2. AT communicating blue badge details of deceased holders and cancelled blue badges which had not been returned to the Council

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment October 2014
- to improve communication between Assisted Travel and Parking (Enforcement) by:			to Parking (NSL) 3. AT communicating blue badges reported as lost or stolen to
AT notifying Parking of Blue Badges which have been cancelled and not returned, for example, for deceased badge holders or through the badge being reported to AT as lost or stolen, for example for reporting at CEO briefing sessions prior to street enforcement operations each day			Parking (NSL).  4. Parking (NSL) notifying AT where blue badge misuse was identified by the NSL Parking CEOs during their rounds  5. AT to record where Blue Badges have been cancelled to stop future renewal and to chase where cancelled badges have not been returned.
<ul> <li>Parking notifying the AT team of misuse identified by Parking CEOs for invoking AT misuse processes.</li> </ul>			
At least once a year the Corporate Anti-fraud (CAFT) team should co-ordinate an enforcement operation between CAFT, Parking and Assisted Travel to enforce the proper use of Blue Badges on the street.	Assurance Assistant Director Commercial & Customer Services Director Head of Service	CAFT confirms it is happy to co-ordinate an annual enforcement operation.	Partly Implemented  CAFT and the Commercial and Customer Services Group have co-ordinated this year's enforcement operation with the Met Police partner, scheduled for end-November 2014. The exact date will be determined nearer the time following the Met Police's

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Recommendation	Area Delivery & CSG Operations Barnet Infrastructure and Parking Manager - Street Scene 31/8/2014		imminent decision on their resource to allocate to the operation.
IT Access Controls – February 2014  Policies and Procedures  Council wide policies for user management should be developed, agreed and communicated.	ICT Director (CSG) and Head of Information Management (LBB)  (Approval 30/6/2014 – confirmed in Q1)  Implement by 31/8/2014	Develop and agree an IT User Access Policy for the council through working with the Security Forum and the Information Management and Technology Working Group.  Get the approval of the Customer and Information Management Board for this policy, and implement through the normal communication and training channels	Implemented  The IT User Access Policy is now in place and has been communicated to all via the Information Management Team's 'Info First' newsletter. The policy is available to all on the Information Management policies page on the intranet.
IT Access Controls – February 2014  Access to Council Systems and Data  1. Regular user reviews should	ICT Director 30/9/14	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.	Implemented  A routine process has been implemented to automatically disable network accounts in Active Directory which have not been used for three months.

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment October 2014
be undertaken across all systems with follow up actions where relevant to remove users, evidence of these reviews should be retained.	Alea		Processes have been implemented, involving interaction between the Children's Data and IT Team and Information Systems, to identify and disable the accounts of users in the Integrated Children's Service (ICS) system who no longer require access.  Similar processes have been implemented In Adults and
			Communities for removing users in SWIFT, where necessary.
2. An exercise to review all users with access granted prior to 2010 should be undertaken and the appropriateness of their access confirmed.	ICT Director (CSG) and Head of Information Management (LBB) Implement by 30/9/2014	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.	A routine process has been implemented to automatically disable network accounts in Active Directory which have not been used for three months. This will include those accounts where access was granted prior to 2010.
			Reviews of existing access in SWIFT and ICS are undertaken in Adults and Communities and Children's Service respectively and are communicated to the Information System Service for action, where necessary.
			A review of system user IT access is planned for December 2014. Similar reviews will take place annually. The outcome of these

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			reviews will be reported to the IM&T Working Group.