

## **Appendix A**

### **Internal Audit**

### **Progress Report 2014-15 – Quarter 3**

**Caroline Glitre, Head of Internal Audit**

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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> October 2014 to 31<sup>st</sup> December 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 33 reports in accordance with the 2014-15 Internal Audit Plan. The full list of completed audits during this period is included within Appendix B.

In summary, the assurance ratings provided were as follows:

Substantial	1
Satisfactory	18
Limited	5
No	0
N/A	9
<b>Total</b>	<b>33</b>

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**

#### **3.1 Key Financial Systems**

##### **Background**

As part of this review we identified the key controls operating within Barnet's key financial systems and devised an overarching programme of testing across the different systems and processes to give assurance on the effectiveness of these key controls.

In the 2014/15 year we have refreshed our approach to this work by bringing a number of systems together under one test programme for which we have identified and agreed key controls to be tested. We confirmed and updated our understanding of the key controls in place through a number of planning workshops with Customer Support Group (CSG) to ensure our work is up to date and relevant.

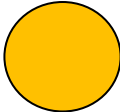
In April 2014 the SAP system was replaced with three alternative systems:

- Integra for the Council's general ledger, accounts payable, accounts receivable and fixed assets
- Core for the Council's payroll and HR
- Resource Link for Schools payroll and HR

The majority of the issues identified are believed to be a direct or indirect result of the move from SAP to these alternative systems, along with changes in personnel and staff structures as responsibilities were moved from the Council to CSG. These moves represented a significant change to the control environment and staff having competing demands on their time due to the introduction of the new system; there has been a period of bedding down of the new systems and responsibilities and establishment of the new control environment through the early part of this year.

A summary of the five key financial systems which received Limited assurance is below. Across the Key Financial Systems audits, we found that reconciliations, a key control, had not been operating as expected. We have therefore undertaken some early follow-up work in January 2015 to provide the Audit Committee with assurance that the issues identified are being addressed and

progress has been made. Where appropriate these findings have also been included in the summary below. We will follow-up these recommendations again as part of our normal quarterly process i.e. at the end of Quarter 4 to provide assurance that the recommendations have been fully implemented by year end.

<b>Title</b>	<b>Income &amp; Debt Management</b>			
<b>Assurances Audit Opinion</b>	<b>No</b>	<b>Limited</b>	<b>Satisfactory</b>	<b>Substantial</b>
				
<b>Date of report:</b>	December 2014			
<b>Summary of Findings</b>	<b>Number of key controls tested</b>	<b>Number of control design improvements identified</b>	<b>Number of controls where exceptions were found</b>	
	7	1	3	
<p><b><u>Design of controls</u></b> Invoices can be raised by members of the individual services across the Council with no limits or restrictions on amounts and are not required to be authorised.</p> <p><b><u>Operation of controls</u></b> <b>Reconciliation</b> No reconciliation has been performed from April 2014 to October 2014 between the General ledger system and its sub ledger for Accounts Receivable.</p> <p><b>Credit notes</b> 8/25 exceptions noted where no supporting information as to why the credit note was raised by the department was provided.</p>				

**Write offs**

4/25 exceptions were noted where the proposed write off documentation did not show the date on which the write off was prepared. However, other than this the write off was authorised correctly.

### Priority 1 recommendations, management responses and agreed action dates

#### 1. Invoice request forms

Detailed Finding	Risk	Recommendation	
<p>Invoice request forms are not in operation and there is currently no requirement for invoice requests to be reviewed and authorised prior to invoices being raised.</p> <p>Invoices can be raised by members of the individual services with no limits or restrictions on amounts or checks to ensure these are accurate before they are raised.</p>	<p>Invoices could be raised incorrectly through fraud or human error. This could result in incorrectly overbilling clients, resulting in a degradation of relationships and credit notes needing to be issued.</p>	<p>Invoices requests should be implemented and authorised before being issued. Due to the large amount of invoices issued, a scheme of delegation of authority could be set up so that invoices could be authorised on a hierarchal basis depending on value.</p>	
Management Response		Responsible Officer	Deadline
<p>The financial process in place within Integra is identical to the process in place within SAP, where by a 'Sales Order' request is placed on the system and then through an automated process this is turned into an invoice and sent to the customer. It should be noted that credit notes go through an approval loop and are approved by the respective budget manager/holder.</p> <p>In line with the recommendation from the Internal Auditor and in line with best</p>		<p>Assistant Director of Finance, CSG</p>	<p>March 2015</p>

practice, a system configuration change will be made to Integra to introduce a threshold for 'Sales Orders' which require approval. This threshold will be decided following a review of all debtors and credits notes raised in the period and then reviewed periodically and if necessary lowered.

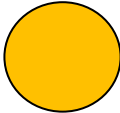
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<b>2a. Reconciliations</b>			
<b>Detailed Finding – October 2014</b>	<b>Risk</b>	<b>Recommendation</b>	
No reconciliation has been performed from April 2014 to October 2014 between the General ledger system and its sub ledger for Accounts Receivable. This is due to the implementation of the INTEGRA system which had a go live date of April 2014.	<ul style="list-style-type: none"> <li>Discrepancies could occur between the sub ledger and the general ledger due to misappropriation of funds.</li> <li>The information held in the general ledger could not be complete and up to date.</li> </ul>	Reconciliations should be performed on a regular basis and should be authorised by a senior member of the finance team on a timely basis. Both preparer and authoriser should sign and date the reconciliation and archive it appropriately.	
<b>Management Response</b>		<b>Responsible Officer</b>	<b>Deadline</b>
This is due to the implementation of the INTEGRA system which had a go live date of April 2014. A reconciliation will be performed that will cover the period from April 2014 to September 2014 in December 2014.		Assistant Director of Finance, CSG	December 2014
<b>2b. Reconciliations follow-up – January 2015</b>			
<b>Detailed finding</b>		<b>Audit Assessment January 2015</b>	
<p>At the time of testing on 8/1/2015, no formal evidence could be provided to show that the reconciliation for 1st April to 31st October 2014 had been performed or authorised. The sign-off of the reconciliation showing the date prepared and authorised was consequently performed whilst we were on site on 9/1/2014 for the April to October period.</p> <p>The reconciliation for November was also authorised after the audit had commenced and we were unable to see the evidence of the reconciliation being performed prior to this date due to staff absence at the time of testing. We have been informed by senior management that regular reviews of the reconciliations</p>		<p>Partly Implemented</p> <p>Revised Implementation date : 31 January 2015</p>	

have occurred but evidence could not be seen to support that the reconciliation is performed on a timely basis as a business as usual control.

We have seen that the reconciliation has been authorised correctly as prepared and signed off by separate and appropriate members of staff. An outstanding balance on the reconciliation of £232k has been noted that had not been thoroughly investigated or clarified as at the time of testing. As the reconciliation has been completed in January 2015 for the period ending 31/10/2014, we would expect that this balance would have been understood and resolved at the time of sign off.

<b>Title</b>	<b>Accounts Payable</b>			
<b>Assurances Audit Opinion</b>	<b>No</b>	<b>Limited</b>	<b>Satisfactory</b>	<b>Substantial</b>
				
<b>Date of report:</b>	December 2014			
<b>Summary of Findings</b>	<b>Number of key controls tested</b>	<b>Number of control design improvements identified</b>	<b>Number of controls where exceptions were found</b>	
	5	2	3	
<p><b><u>Design of controls</u></b></p> <p><b>BACs runs</b> No control was seen to be operating where the BACs runs are reviewed and authorised before payments are made.</p> <p><b>New Suppliers</b> New supplier forms do not record if the new supplier has been validated to an external source.</p> <p><b><u>Operation of controls</u></b></p> <p><b>Reconciliations</b></p> <ul style="list-style-type: none"> <li>No reconciliation has been performed from April 2014 to October 2014 between the General ledger</li> </ul>				

system and its sub ledger for Accounts Payable.

**New Suppliers:**

- 1/25 exception was noted where a new supplier form was not evidenced for a new supplier as a signed invoice was used in its place due to non-compliance with the purchase order process.

**Supplier Amendments:**

- 1/25 exception where evidence was provided that was not deemed valid to lead to the supplier amendment.

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

**1. BACs request authorisation and reconciliation**

Detailed Finding	Risk	Recommendation
<p>No evidence was provided to show that the BACs run was reviewed and authorised before being issued for payment.</p> <p>There is currently no auditable evidence of sign off from the AP team that shows that the BACs to be paid has been reviewed and sent off prior to payment.</p> <p>The AP team currently email the Capita payment team as confirmation of the payment, but this is not archived and does not state the amounts or details of the payments.</p>	<p>Fraudulent changes to the BACs payment details could be made which could lead to financial loss to the council.</p> <p>The migration of the BACs payment could be corrupted in transfer from one system to the other, resulting in payments not being made or being made incorrectly. This could lead to the council not meeting the payment terms or overpaying suppliers.</p>	<p>The BACs run should be reviewed and authorised by the AP team to confirm that the payments to be made are accurate and valid.</p> <p>This should then be reconciled against the BACs payment made to ensure that no changes have been made in the migration of the BACs data from the AP system to the BACs system. Evidence of this process should then be archived.</p>

<p>We have been informed that the payments team reconcile the amounts per the INTEGRA system to the payment run, but no evidence was provided of the process or the segregation of duties involved.</p>			
<p><b>Management Response</b></p>	<p><b>Responsible Officer</b></p>	<p><b>Deadline</b></p>	
<p>The BACs run is proposed, reviewed and authorised by one of three members of the AP team (Senior Accounts Payable Officer or Head of Exchequer Services) and this takes place within Integra. On authorisation the system produces a file which is output into an automated process through which the file cannot be changed and uploaded to the BACs Bureau which provides a gateway to the bank.</p> <p>Within Integra the value of the BACs run updates the 'Cashbook' register which is then matched with the expenditure on the bank statement. As part of the 'Cashbook' element of the audit, it was confirmed that reconciliations of the 'Cashbook' and bank accounts were in place and therefore any discrepancy between the authorised value and the amount physically paid would be highlighted through this latter process.</p> <p>During the audit, it was not possible to provide the Auditors within the timescale the evidence that supports that a member of the AP team propose, review and authorise the payment run due to complications in extracting the data from the audit tables within the system. However Management are able to confirm this control has been in place since the 1<sup>st</sup> April 2014 when the system went live.</p> <p>The necessary reports have now been generated to support the audit work moving forward.</p>	<p>Head of Exchequer Services</p>	<p>January 2015</p>	
<p><b>2. New Suppliers</b></p>			

<b>Detailed Finding</b>	<b>Risk</b>	<b>Recommendation</b>	
<p>New supplier forms do not currently record the procedures performed to validate that the supplier is an authentic supplier. No companies house check or external check is performed and recorded on the form to show that due diligence has been performed on the creation of the new supplier.</p> <p>New supplier forms are also not stored appropriately. The forms are stored in a paper folder in an approximate date order.</p>	<p>False suppliers could be set up on the system allowing fraudulent payments to be made.</p>	<p>External validation checks should be performed and recorded on the new supplier form. Evidence of the validation as well as the new supplier form should be electronically attached to the supplier account to ensure that a supplier form has been performed for each supplier on the system.</p>	
<b>Management Response</b>		<b>Responsible Officer</b>	<b>Deadline</b>
<p>On the setting up of new supplier appropriate checks are made back to the company to ensure the validity of information received, however this follow up correspondence is not included / noted on the paperwork retained by the service. Moving forward the correspondence and / or file note will be retained, including highlighting who completed the check and when.</p> <p>In addition, we shall begin to upload and scan the change correspondence into Integra and attach this to the supplier record to ensure ease of accessing the record. We shall also consider further whether appropriate segregation of duties are in place within the team or whether the approval of supplier changes should be made by a second team.</p> <p>At the same time it should be noted that any payments to a particular supplier for over £35k are separately approved by a member of staff outside of the Accounts Payable team to validate the bank account and ensure the invoice has been entered</p>		<p>Head of Exchequer Services</p>	<p>January 2015</p>

correctly into the system.		
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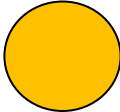
<b>3a. Reconciliations</b>			
<b>Detailed Finding</b>	<b>Risk</b>	<b>Recommendation</b>	
No reconciliation has been performed from April 2014 to October 2014 between the General ledger system and its sub ledger for Accounts Payable. This is due to the implementation of the INTEGRA system which had a go live date of April 2014.	<ul style="list-style-type: none"> <li>• Manual posting error to the general ledger.</li> <li>• Automated posting errors occur between the two interfaces.</li> </ul>	Reconciliations should be performed on a regular basis and should be authorised by a senior member of the finance team on a timely basis. Both preparer and authoriser should sign and date the reconciliation and archive it appropriately.	
<b>Management Response</b>		<b>Responsible Officer</b>	<b>Deadline</b>
This is due to the implementation of the INTEGRA system which had a go live date of April 2014. A reconciliation will be performed that will cover the period from April 2014 to September 2014 in December 2014.		Assistant Director of Finance, CSG	December 2014
<b>3b. Reconciliations follow-up – January 2015</b>			
<b>Detailed finding</b>		<b>Audit Assessment January 2015</b>	
<p>The AP reconciliations for September (covering April - September), October, November and December 2014 were evidenced as being reviewed and authorised in January 2015 after the audit had commenced. We have been informed by senior management that regular reviews of the reconciliations have occurred but evidence could not be seen to support that the reconciliation is performed on a timely basis as a business as usual control. The delay in preparation was due to the difficulties faced by LB Barnet following the transfer in accounting systems from SAP to Integra.</p> <p>To confirm these had been performed and approved appropriately we have</p>		<p>Partly implemented</p> <p>Revised Implementation date : 31 January 2015</p>	



reviewed the reconciliation from April to September and the November month reconciliation.

We have seen that the reconciliations that were authorised whilst we were on site are performed correctly and are prepared and signed off by separate and appropriate members of staff.

A balance on the reconciliation of £145k relating to a brought forward transfer from SAP for credit notes was noted as a discrepancy between the balances in the ledgers. Per discussion with the Finance Manager, the Council are currently undertaking a project to resolve or write-off the balance before year end (31/03/2015).

<b>Title</b>	<b>General Ledger</b>			
<b>Assurances Audit Opinion</b>	<b>No</b>	<b>Limited</b>	<b>Satisfactory</b>	<b>Substantial</b>
				
<b>Date of report:</b>	December 2014			
<b>Summary of Findings</b>	<b>Number of key controls tested</b>	<b>Number of control design improvements identified</b>	<b>Number of controls where exceptions were found</b>	
	4	1	3	
<p><b><u>Design of controls</u></b></p> <p><b>Suspense accounts</b></p> <p>No evidence is recorded to show that the suspense accounts are investigated on a monthly basis. These are also not signed to demonstrate review by a senior member of the finance team.</p> <p><b><u>Operation of controls</u></b></p> <p><b>Control accounts:</b></p> <ul style="list-style-type: none"> <li>• 2/5 exceptions were found where no evidence of review of the reconciliation of the control account had been recorded.</li> <li>• 3/5 exceptions were noted where the reconciliation of the control account had not been returned to</li> </ul>				

the Management Accountant for review for the month.

**Journals:**

- 5/25 exceptions were noted where there was no evidence that the journal had been authorised and backing documentation to evidence the purpose of the journal was not provided.

**User Access:**

9/20 exceptions were noted where no evidence of a new user form and/or authorisation email could be provided.

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

**1a. Reconciliations – control accounts**

**Detailed Finding**

**Risk**

**Recommendation**

<p>Out of the 5 samples tested five exceptions were noted. These are as follows:</p> <ul style="list-style-type: none"> <li>Two exceptions were found where no evidence of review of the reconciliation of the control account had been recorded.</li> <li>Three exceptions were noted where the reconciliation of the control account had not been returned to the Management Accountant for review for the month.</li> </ul>	<p>Financial data is incorrect due to unidentified balances held within suspense and control accounts, which are not allocated promptly to GL codes. This may cause information in the main accounting system to be incomplete and inaccurate.</p>	<p>Reconciliations should be performed on a regular basis and should be authorised by a senior member of the finance team on a timely basis. Both preparer and authoriser should sign and date the reconciliation and archive it appropriately.</p>	
<p><b>Management Response</b></p>	<p><b>Responsible Officer</b></p>	<p><b>Deadline</b></p>	
<p>As part of the closure of accounts processes, all accounts held on the Council's balance sheet are reconciled with full working papers to support the balances being held, failure to do this would not provide the assurance that the accounts are accurate and reflect the true financial position of the Council. As part of this process all control accounts are cleared to zero as balances are moved to the correct place.</p> <p>All control accounts will be reconciled on a monthly and quarterly basis moving forward and appropriate management review put in place.</p>	<p>Assistant Director of Finance, CSG</p>	<p>December 2014</p>	
<p><b>3b. Reconciliations follow-up – January 2015</b></p>			
<p><b>Detailed finding</b></p>	<p><b>Audit Assessment January 2015</b></p>		

We have reviewed five control accounts from November to ensure that they have been correctly reconciled and authorised for the period. We have also tested the control summary spreadsheet to ensure that it has been completed on a timely basis and is up to date.

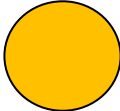
4/5 reconciliations were seen to have been performed correctly, however, one of the reconciliations had not been signed off as authorised at the date of testing.

For three reconciliations that were not completed by the Senior Management Accountant, the reconciliation, or confirmation of the reconciliation, had not been sent to the Senior Management Accountant for that month to evidence monitoring of the control accounts. As such, we cannot confirm that all individual control accounts are being centrally monitored to ensure they are completed each month.

Upon inspection of the control summary spreadsheet, we noted that the majority of this document was incomplete and details of who had prepared the reconciliation (and when) had not been included in the spreadsheet.

Partly implemented

Revised Implementation date :  
31 January 2015

<b>Title</b>	<b>Housing Benefit</b>			
<b>Assurances Audit Opinion</b>	<b>No</b>	<b>Limited</b>	<b>Satisfactory</b>	<b>Substantial</b>
				
<b>Date of report:</b>	December 2014			
<b>Summary of Findings</b>	<b>Number of key controls tested</b>	<b>Number of control design improvements identified</b>	<b>Number of controls where exceptions were found</b>	
	8	1	4	
<p><b><u>Design of controls</u></b></p> <p><b>BACs reconciliations</b></p> <p>The BACs reconciliations do not currently record evidence of review or sign off or the employee preparing the reconciliation.</p> <p><b><u>Operation of controls</u></b></p> <p><b>Intervention process</b></p> <ul style="list-style-type: none"> <li>7/25 (28%) exceptions were found where the review form was not returned within one month of the intervention letter being sent out and so the housing benefit claim should have been suspended but was not.</li> </ul>				

**Overpayments**

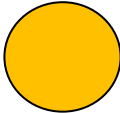
- 7/25 (28%) exceptions were found where outstanding debts have not been pursued since the final system generated letter was issued.
- 1/25 (3%) exception was found whereby no correspondence had occurred with the claimant outlining the proposed payment schedule.

**Standing data**

- 1/20 (5%) exception found where the individual's access rights were not revoked after so instruction from management.

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

There were no Priority 1 recommendations made but as issues were identified over a number of the key controls tested the system was given a Limited Assurance rating.

<b>Title</b>	<b>NNDR</b>			
<b>Assurances Audit Opinion</b>	<b>No</b>	<b>Limited</b>	<b>Satisfactory</b>	<b>Substantial</b>
				
<b>Date of report:</b>	December 2014			
<b>Summary of Findings</b>	<b>Number of key controls tested</b>	<b>Number of control design improvements identified</b>	<b>Number of controls where exceptions were found</b>	
	7	2	0	
<p><b><u>Design of controls</u></b></p> <p><b>Reconciliations</b> No reconciliation has been performed from April 2014 to October 2014 between the General ledger system and its sub ledger for NNDR.</p> <p><b>Empty Property Reviews</b> Empty property reviews are not currently being undertaken, we understand this is due to staff shortages and whilst the backlog of properties awaiting initial inspections is cleared. This was the case for the whole of the test period under review.</p>				



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

**1a. Reconciliations**

Detailed Finding	Risk	Recommendation
No reconciliation has been performed from April 2014 to October 2014 between the General ledger system and its sub ledger Council tax and NNDR. We understand this is due to the implementation of the INTEGRA system which had a go live date of April 2014.	The amounts recorded in the General ledger could be misstated. Fraudulent accounting or human errors may not be identified and rectified.	A daily reconciliation should be performed and should be authorised by a senior member of the finance team on a timely basis. Both preparer and authoriser should sign and date the reconciliation and archive it appropriately.

Management Response	Responsible Officer	Deadline
Agree that this has not occurred and actions are in place to rectify this and continue the reconciliations on a monthly basis. The delay has been due to resources and knowledge leaving the CSG team prior to the necessary knowledge required to undertake the reconciliations being imparted to the finance team; we have had to build up that knowledge and this has led to the delays in the monthly reconciliations being undertaken.	Assistant Director of Finance, CSG  Revenues & Benefits Operations Manager	January 2015

**1b. Reconciliations follow-up - January 2015**

Detailed Finding	Audit Assessment January 2015

The CT and NNDR reconciliations for October (covering April - October) and November were evidenced as being reviewed and authorised in January 2015 after the audit had commenced. We have been informed by senior management that regular reviews of the reconciliations have occurred, but evidence could not be seen to support that the reconciliation is performed on a timely basis as a business as usual control. The delay in the initial preparation was due to the difficulties faced by the Revenues and Benefits teams moving off site and the reconciliation transferring to Finance.

Large reconciling balances were found on all of the reconciliations tested and these have not been fully clarified and resolved as of the time of testing. We were able to see that the reconciliation was prepared and sent to be reviewed by a separate and appropriate member of staff, but the authoriser did not sign off the reconciliation as they have questioned the large outstanding balances as these will need to be explained by the Revenues and Benefit's team. As such, as of the time of testing, we could not see that the reconciliation was signed off by the authoriser as completed. As the reconciliation has been authorised in January 2015 for the period ending 31/10/2014, we would expect that this balance would have been understood and resolved at the time of sign off.

Partly implemented

Revised Implementation date :  
31 January 2015

## 4. Assurance reviews for management purposes

There were nine assurance reviews 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. If a significant issue has been identified as part of these reviews further detail is provided within this progress report below.

	<b>Assurance Reviews</b>	
1	Key Financial Systems 2014-15 Follow-Up on reconciliations	See section 3.1 Key Financial Systems above
2	Key Financial Systems 2013-14 Follow-Up	See 4.1 below
3	Data Quality – Self Directed Support	See 4.2 below
4	Schools Budget's Data Protection - memo on potential data breach	See 4.3 below
5	Troubled Families payment by results	No significant issues
6	Compliance with Ofsted Requirements	No significant issues
7	Project Management Toolkit	No significant issues
8	Children's E-Finance	No significant issues
9	Community Capacity Grant	No significant issues

### 4.1 Key Financial Systems 2013-14 Follow-Up

This work was undertaken alongside the KFS 2014-15 review.

We reviewed the 13 priority 2 recommendations raised in 2013/14 and found that 9 have now been implemented, 3 have been partially implemented and 1 has not been implemented.

The recommendation that has not yet been implemented relates to there being no evidence that HR/Payroll risks were formally recorded in a risk log for their on-going management. We will revisit this as part of our People Management audit in Q4.

## 4.2 Data Quality

<b>Title</b>	<b>Self-Directed Support</b>																		
<b>Delivery Unit:</b>	<b>Adults &amp; Communities</b>																		
<b>Date of report:</b>	November 2014																		
<b>Background</b>	<p>Data Quality is central to the Council's decision-making process, is an essential part of the overall performance management framework and is key to achieving Council objectives.</p> <p>We undertook an audit of Data Quality on the Corporate Plan Indicator (CPI) 1001, "Increase in the % of eligible adult social care customers receiving self-directed support".</p> <p><u>CPI 1001: Performance information</u></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Quarter</th> <th>Data</th> <th>Reported Outturn</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>4</td> <td>4280 / 6718</td> <td>63.7%</td> <td>75%</td> </tr> <tr> <td>2014/15</td> <td>1</td> <td>2683 / 2698</td> <td><b>99.4%</b></td> <td>75%</td> </tr> </tbody> </table> <p>As per the above, performance against the PI improved dramatically in Q1 of this year. Management indicated that the improvement in the outturn from 2013/14 to 2014/15 was attributable to a change in the definition of the performance indicator, effective 1 April 2014. The aim of our work was to confirm this explanation for the reported improvement.</p>				Year	Quarter	Data	Reported Outturn	Target	2013/14	4	4280 / 6718	63.7%	75%	2014/15	1	2683 / 2698	<b>99.4%</b>	75%
Year	Quarter	Data	Reported Outturn	Target															
2013/14	4	4280 / 6718	63.7%	75%															
2014/15	1	2683 / 2698	<b>99.4%</b>	75%															
<b>Summary of Findings</b>	<p>No audit trails had been retained to support the Q1 outturn so we reviewed the outturn as at 31 July 2014:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Period</th> <th>Data</th> <th>Reported Outturn</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>2014/15</td> <td>July 2014</td> <td>2676 / 2717</td> <td>98.5%</td> <td>75%</td> </tr> </tbody> </table> <p>Our audit opinion is therefore against this outturn as it was not possible to test the accuracy, reliability, timeliness, relevance or completeness of the reported outturn for Q4 2013/14 or Q1 2014/15.</p> <p>The Adult Social Care Outcomes Framework 2013/14 and 2014/15, Handbook of Definitions, issued by the Department of Health, indicated that reported outturn should be:</p> <p>'(1C) Proportion of people using social care who receive self-directed support and those receiving direct payments'</p> <ul style="list-style-type: none"> <li>- For 2013/14, 1C part 1 is presented as the number of adults, older people and carers receiving self-directed support in the</li> </ul>				Year	Period	Data	Reported Outturn	Target	2014/15	July 2014	2676 / 2717	98.5%	75%					
Year	Period	Data	Reported Outturn	Target															
2014/15	July 2014	2676 / 2717	98.5%	75%															

year to 31st March as a percentage of all clients receiving community based services and carers receiving carer specific services, including direct payments.

- For 2014/15, the definition applies to people who only receive long-term self-directed support, *excluding one-off or short term support such as equipment and reablement*. For 2014-15 this measure is based on a 'snapshot' rather than full-year data to better reflect the progress made on personalisation at the end of the year.

We reviewed the quality of data in line with the new definition of the performance indicator, effective 1 April 2014, and found that the data reported for July 2014 **did meet** the new definition.

**There are one priority 1, two priority 2 and one priority 3 recommendations.**

We noted the following significant issue:

- Audit trails supporting the KPI outturn for Q1 were not retained for review. We also noted one instance out of twenty cases tested for the July 2014 outturn where the source documentation supporting the self-directed support status of the case was not available for inspection. **(Priority 1)**

We noted the following other issues:

- Officers responsible for input and processing of related data were not all fully aware of the Council's Data Quality Policy. There is an expectation that all officers directly involved in the preparation of KPI outturn should be aware of the Data Quality Policy and criteria for application as part of day to day operation. (Priority 2)
- Data checks to ensure the accuracy and completeness of data were not undertaken for all reporting periods. (Priority 2)

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

**Audit Trails**

Detailed Finding	Risk	Recommendation
We planned to test data quality for April and May 2014 outturn for the KPI as stated in the terms of reference for the audit, however we were	If audit trails supporting the KPI outturn are not retained for monitoring and review, where necessary, then:	Audit trails supporting outturn for reporting periods should be retained for independent scrutiny and testing, in line with the Data Quality Policy, as a

<p>unable to do so as the supporting SWIFT Business objects reports with the cases supporting the numerator and denominator figures for those months had not been retained for review.</p> <p>We therefore tested the outturn at 31 July 2014 for which the SWIFT objects reports were available at the date of the audit.</p> <p>We tested a sample of twenty cases to source documentation for compliance with the KPI definition. For one out of the twenty cases tested, we could not locate the source documentation in WISDOM, for example the Support Plan, evidencing the application of self-directed support. The related documentation was subsequently located on an H-Drive however it was considered insufficient to fully support the application of self-directed support.</p>	<ul style="list-style-type: none"> <li>- effective scrutiny, testing and challenge of outturn will not be possible and data quality issues may not be identified and addressed in a timely fashion and</li> <li>- the relevant officers may not have sufficient confidence in the reported outturn to take the necessary decisions/actions.</li> </ul>	<p>minimum to support corporately reported outturn and any other key reporting, for example, for statutory returns</p> <p>The Information Team should undertake periodic spot checks to ensure that reported outturn is supported by sufficient audit trails / source documentation.</p> <p>Officers should be reminded, for example at supervision, to save the relevant documentation correctly in WISDOM.</p>
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<b>Management Response</b>	<b>Responsible Officer</b>	<b>Deadline</b>
<p>This will be implemented for Q3 corporate reporting</p>	<p>Performance and Information Manager</p> <p>Adults and Communities - Information Team</p>	<p>01/01/2015 (for quarter 3 reporting)</p>

### 4.3 Schools Budgets Data Protection - memo on potential data breach

<b>Date of report:</b>	December 2014	
<b>Background</b>	Whilst reviewing the schools budget setting information for 2014/15 on the website we noted a potential Data breach. As this was not specifically part of the scope of the Schools Budgets audit review, we issued a separate memo and notified the Information Management team.	
<b>Summary of Findings</b>	<p>The schools budget information published on the website included details of the factors used to determine the budget allocation for each school as well as the detailed calculations of the final amounts. We identified that there were a number of tabs in the published document which had been hidden in the spreadsheet.</p> <p>The data disclosed in the hidden tabs could allow those accessing the information to directly identify individual pupils. In one case the name of a pupil was included in the spreadsheet.</p>	
<b>Priority 1 recommendations, management responses and agreed action dates</b>		
<b>Website publication of the schools funding</b>		
<b>Detailed Finding</b>	<b>Risk</b>	<b>Recommendation</b>
<p>Funding information for all schools in the borough is published online on the Council's website. This includes details of the factors used to determine the budget allocation for each school as well as the detailed calculations of the final amounts. The purpose of publishing the information is to ensure there is full transparency for schools and key stakeholders in the way funding is allocated.</p> <p>The information is published in a spreadsheet containing the raw data which feeds into the overall funding allocation. Each tab of the spreadsheet relates to a different school in the borough. The data is required to be sanitised to</p>	<p>Access to confidential or sensitive pupil information may not be appropriately restricted resulting in a reputational damage to the Council or financial penalties if they are found to be non-compliant with data protection legislation.</p>	<p>a) The breach should be reported and dealt with in line with the Council's Data Protection policy.</p> <p>b) All schools finance information on the website at present should be reviewed immediately and removed where sensitive information is identified.</p> <p>c) Management should implement a control whereby all information published in relation to schools budgets is reviewed prior to it being published on the website to ensure the Council are compliant with data protection requirements.</p> <p>d) All schools budget information published on the</p>

<p>ensure compliance with data protection regulations.</p> <p>We examined the spreadsheet published for the 2014/15 school year.</p> <p>We identified that there were a number of tabs which had been hidden in the spreadsheet. The data in these tabs contained specific pupil reference numbers (not names), the date of birth of the pupils and any specific educational needs.</p> <p>The data disclosed in the hidden tabs could potentially allow those accessing the information to directly identify individual pupils, for example if you know a pupil's date of birth you could determine whether or not they had a special educational need. In one case the name of a pupil was included in the spreadsheet.</p> <p>We confirmed with management that in line with data protection regulations, the hidden tabs should have been removed from the spreadsheet before the information had been published.</p>		<p>Council's website should be published in pdf format only to prevent information in 'hidden tabs' being made available in error.</p>	
<p><b>Management Response</b></p>	<p><b>Responsible Officer</b></p>	<p><b>Deadline</b></p>	
<p>Agreed and to be addressed immediately.</p>	<p>Education &amp; Skills Director</p> <p>Assistant Director of Finance, CSG</p>	<p>January 2015</p>	



## **5. 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 two indicators 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.
- 2) Implementation of internal audit recommendations – the progress of the 16 high priority recommendations due for implementation in quarter 3 is included in Appendix D. 73% of *all* the priority 1 recommendations due by the end of quarter 3 have been implemented.

## 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.

Type	Audit Title	Reasons
Additional	Schools Budgets	Added at the request of SCB
Additional	Schools Budgets – data protection	Memo issued in response to potential data breach identified
Additional	Trade Waste Invoicing	Added at the request of management to assess improved controls introduced over invoices and credit notes
Additional	Schools Assurance Mapping	Exercise undertaken to determine sources of assurance over schools. This exercise will inform any changes to the schools audit programme in 2015/16 therefore it needed to be undertaken in 2014/15
Additional	Children’s E-Finance	At the request of management, assurance provided over the design of the controls in Controcc before it went live on 1 December
Additional	Community Capacity Grant	Retrospectively asked to provide assurance that the grant had been spent or allocated in line with the grant conditions
Combined	Children & Families Act	Combined with SEN review
Combined	Performance Management Framework	Covered as part of the Commissioning for Outcomes review
Combined	Benefits Realisation Framework	Combined with the Contract Management Framework audit
Combined	Conflicts of Interest	Combined with Re Joint Venture Arrangements review
Deferred	Risk Management Framework	Deferred to Q4 to enable a review of risk management arrangements throughout the year to support the Head of Internal Audit opinion
Deferred	Transformation Q3	Deferred to Q4 so that assessment of projects occurs after assessment of the Project Management Toolkit (completed in Q3)

Deferred	Residential Care Homes (Joint review with CAFT)	Deferred to 2015/16 due to CAFT reactive work taking priority
Deferred	School Improvement	Deferred to 2015/16 due to resources having been needed on the additional audits identified above
Deferred	Public Health follow-up	Deferred to 2015/16 to allow full year since completion of previous audit of Public Health
Deferred	Revenues & Benefits	Review of client-side arrangements around Revs & Bens deferred to 2015/16 i.e. after Key Financial System reviews completed

## 7. 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.

## 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.

The final performance report for Quarter 2 can be found via the link below and includes the Quarter 2 corporate risk register. Quarter 3 performance will be published at the end of January.

<http://barnet.moderngov.co.uk/mgAi.aspx?ID=7485#mgDocuments>

## Appendix B: 2014-15 work completed during quarter 3 including assurance levels

Audit Opinions on Completed Audits during the period		
Systems Audits		Assurance
1	Children's Centres Financial Management	Satisfactory
2	Health & Safety	Satisfactory
3	Internal Governance – Delivery Board	Satisfactory
4	Schools Budgets	Satisfactory
5	Budget Monitoring – Street Scene and Commercial	Satisfactory
6	Contract Management & Benefits Realisation follow-up	Satisfactory
	<i>Key Financial Systems (KFS):</i>	
7	Accounts Payable	Limited
8	Accounts Receivable	Limited
9	General Ledger	Limited
10	Payroll	Satisfactory
11	Treasury Management	Satisfactory
12	Cash & Bank	Satisfactory
13	Pensions Administration	Substantial
14	KFS 2014-15 Follow-Up on reconciliations	N/A
15	KFS 2013-14 Follow-Up	N/A
	<i>Revenues &amp; Benefits:</i>	
16	Housing Benefit	Limited
17	NNDR	Limited
18	Council Tax	Satisfactory
Assurance Reviews		
19	Troubled Families payment by results	N/A
20	Data Quality – Self Directed Support	N/A
21	Schools Budgets Data Protection - memo on potential data breach	N/A
22	Compliance with Ofsted Requirements	N/A
23	Project Management Toolkit	N/A
24	Children's E-Finance	N/A
25	Community Capacity Grant	N/A
School Audits		Assurance
26	Moss Hall Infant	Satisfactory
27	Courtland	Satisfactory
28	Northside	Satisfactory
29	Menorah Primary	Satisfactory
30	All Saints N20	Satisfactory
31	Deansbrook Infant	Satisfactory
32	Garden Suburb Infant	Satisfactory
33	Beit Shvidler	Satisfactory

## Appendix C: Work in progress

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

Work in progress	
<b>Systems Audits</b>	
	<b>Status</b>
Mental Capacity Act	Draft Report
Decommissioning of SAP	Draft Report
SEN and Children & Families Act	End of Fieldwork
Information Management Strategy	Fieldwork
Transformation Q4	Fieldwork
The Care Act	Fieldwork
SPA PCN deletions follow-up	Planning
Regeneration	Planning
<b>Assurance Reviews</b>	
	<b>Status</b>
Trade Waste Invoicing	Draft Report
Re Joint Venture arrangements	Draft Report
Schools Assurance Mapping	Fieldwork
Data Quality Q3 - Adults CPI 1005	Fieldwork
Troubled Families Q4	Planning
Transforming Care Grant	Planning
<b>School Audits</b>	
	<b>Status</b>
Our Lady of Lourdes Catholic	Draft Report
Pardes House	Fieldwork

## Appendix D: Internal Audit Effectiveness Indicators

Performance Indicator	Annual Target	End of Quarter 3
% of recommendations accepted	98%	100%
% of recommendations implemented	90%	73%
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	71%*	66%
% of draft reports completed within 10 days of finishing fieldwork	90%	92%
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

\* 95% of quarters 1-3 planned activity

## Appendix E - Quarter 3, 2014-15: 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.
	Not yet due	Not due in the quarter being reported.

No.	Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment January 2015
1.	<p><b>Disabled Blue Badges – July 2014</b></p> <p><b>Cancellation, Misuse and Enforcement</b></p> <p>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.</p> <p>Arrangements should be implemented:</p> <ul style="list-style-type: none"> <li>for Assisted Travel (AT) to record whether cancelled Blue Badges have been returned for on-going follow-up</li> </ul>	<p>Commercial &amp; Customer Services Director / Head of Service Delivery &amp; CSG Operations Barnet</p> <p>31/8/2014</p> <p>Infrastructure and Parking Manager -</p>	<p>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.</p>	<p><b>Implemented</b></p> <p>The OLA and Blue Badge Misuse procedure specifies roles and responsibilities for Assisted Travel, Commissioning, NSL and Corporate Anti-Fraud (CAFT).</p> <p>The misuse procedure</p>

No.	Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment January 2015
	<p>and recording on BBIS, as a minimum, as a reminder to stop future renewal</p> <ul style="list-style-type: none"> <li>• to improve communication between Assisted Travel and Parking (Enforcement) by: <ul style="list-style-type: none"> <li>○ 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 and</li> <li>○ Parking notifying the AT team of misuse identified by Parking CEOs for invoking AT misuse processes.</li> </ul> </li> </ul>	<p>Street Scene</p> <p>31/8/2014</p>		<p>defines how to deal with allegations.</p> <p>Procedures have also been devised that confirm that lost, stolen and misused blue badges, as well as deceased badge holders, will be processed by AT and notification made to parking (NSL).</p>
2.	<p>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.</p>	<p>Assurance Assistant Director, Commercial &amp; Customer Services Director, Head of Service Delivery &amp; CSG Operations Barnet and Infrastructure and Parking Manager –</p>	<p>CAFT confirms it is happy to co-ordinate an annual enforcement operation</p>	<p><b>Implemented</b></p> <p>On 20 November 2014 five Corporate Anti-Fraud Team officers and three Civil Enforcement Officers, accompanied by Hendon and Golders Green Safer Neighbourhood Teams, took part in an enforcement</p>



No.	Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment January 2015
		Street Scene  31/08/14		operation to identify Blue Badge misuse.  Management have confirmed this will occur annually.
3.	<p><b>Passenger Transport Contracts – October 2014</b></p> <p><b>PTS and Children’s and Adults &amp; Communities engagement</b></p> <p><u>Children’s Service – Education and Skills:</u>            The draft SLA should be signed off and monitored by the Children’s Service, especially in relation to:</p> <ul style="list-style-type: none"> <li>• monitoring the quality of service,</li> <li>• regular review meetings between PTS and the Children’s Service representative,</li> <li>• reporting SLA KPIs as part of performance and quality monitoring clauses in the SLA.</li> </ul> <p>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</p>	<p>Transportation Projects Consultant – SEN</p> <p>31 December 2014 (SLA completion and approval)            Implemented (Review meetings)</p> <hr/> <p>Interim Head of Care Quality, A&amp;C</p>	<p>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.</p> <p>Regular Liaison and Review meetings between Education and Skills and Street Scene Passenger Transport Service have been established and the first took place on 18th September. These will monitor performance against the present SLA pending the completion of the revised agreement.</p> <p>An SLA between A&amp;C and Street Scene Passenger Transport Service</p>	<p><b>Partially implemented</b></p> <p>A draft SLA between the Children’s Service and PTS has been produced which contains:</p> <ul style="list-style-type: none"> <li>• Performance management, including monthly reporting of finances, complaints and statistical data regarding service delivery. The reports will be sent to the Special Educational Needs and Inclusion Manager.</li> <li>• Annual and monthly review meetings between the PTS and Children’s service to monitor the SLA.</li> </ul>

No.	Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment January 2015
	<p>SEN and Children established by the Project.</p> <p>Note: The quality of service clause of the draft SLA covered CRB checking and checks as to whether drivers held valid licences.</p> <p><u>Adults and Communities:</u> Responsibility for oversight of service delivery and communication between the PTS and Adults and Communities should be 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.</p>	<p>31 December 2014 (SLA completion and approval) 30 September 2014 (monthly liaison meetings)</p> <p>Head of Joint Commissioning, A&amp;C)</p> <p>Commencing October 2014 (contract monitoring meeting)</p>	<p>(PTS) will be developed and approved.</p> <p>The Terms of Reference and liaison meetings for monitoring the SLA between A&amp;C and PTS will be established by the 30th September 2014.</p> <p>A&amp;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 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&amp;C and PTS plus also linking directly to YCB and A&amp;C operational management as appropriate in order to proactively manage or resolve issues particularly where these have safeguarding implications.</p>	<p>A draft SLA between Adults and Communities and PTS has also been compiled and details:</p> <ul style="list-style-type: none"> <li>• Performance monitoring</li> <li>• Monthly meetings to monitor the contract.</li> </ul> <p>Both SLAs are yet to be formally signed off; hence the recommendation is only considered partially implemented, but management have confirmed that the documents will be formally issued by the end of January 2015.</p> <p>Regular meetings have been occurring between both SEN and Adults &amp; Communities with PTS.</p> <p><b>Revised implementation date:</b> 31 January 2015.</p>

No.	Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment January 2015
		Environment Service Manager – Transport  31 December 2014 (SLA completion and approval)	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 Service Manager – Transport  Implemented	The first Liaison and Review meeting between Children Services and Passenger Transport management took place on 18th September.	
		Transformation Projects Consultant – SEN  31 October 2014	At the meeting PTS presented the Street scene KPI report generated monthly by the PTS management. Transportation Projects Consultant – SEN to provide Environment Service Manager – Transport with comments on items to be included /excluded.	
		Environment Service Manager – Transport  30 September 2014	The first Liaison and Review meeting between Adults & Communities and Passenger Transport management to take place on 30th September.	
4.	<b>Passenger transport contracts – October 2014</b>			<b>Implemented</b>

No.	Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment January 2015
	<p><b>Retention of records supporting contractor vetting</b></p> <p>The Children's DU should immediately confirm whether it still uses the two contractors and if so consider next steps as follows:</p> <ul style="list-style-type: none"> <li>• contact them to obtain assurance over their vetting procedures;</li> <li>• if this information is not made available consider ceasing using them.</li> </ul> <p>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.</p> <p>Records showing how transport contractors, which have not been secured as part of the Council's PTS 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 &amp; Disposal Guidelines.</p>	<p>Transformation Projects Consultant – SEN</p> <p>30 September 2014 (mostly implemented already)</p> <p>31 December 2014 (SLA completion and approval) and implemented (Review meetings)</p>	<p>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</p>	<p>Where services were commissioned directly by schools, the Children's DU received confirmation that the services meet the standards in the PTS contract.</p> <p>The Operating Manual details transport arrangements made in other Boroughs for looked after children for whom Barnet is responsible and where PTS cannot provide a service. The process states that exemptions to the PTS framework will require director approval.</p> <p>Both the Children's and Adult's Delivery Unit have confirmed that they have not commissioned services outside the Council's PTS framework contract which required Director approval since the final audit report was published.</p>

No.	Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment January 2015
	<p>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.</p>		<p>terminated their routes. Peterborough has suggested that they will be able to apply to join a new framework if and when they have one.</p> <p>Nevertheless, we have determined that our policy in 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.</p> <p>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.</p> <p>We have contacted the schools to confirm that the arrangements meet the same standards as set out in the</p>	

No.	Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment January 2015
			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.	
		Education and Skills Director Immediately	Director approval will be required where external transport contractors are commissioned which are outside the Council's PTS framework contract.	
		Director Adults and Communities Immediately	Director approval will be required where external transport contractors are commissioned which are outside the Council's PTS framework contract.	
		Environment Service Manager – Transport Immediately	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.	
5.	<b>Permanency Routes - September 2014</b>  <b>Annual Reviews</b>  Annual reviews of SGO & Adoption support plans including financial	Service Manager - Provider Services.	Business case to be submitted for Business Support to manage the financial and business processes	<b>Partially implemented</b>  Management have appointed

No.	Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment January 2015
	<p>allowances should be routinely planned and implemented.</p> <p>For reviews of allowances, the adoptive parent or special guardian should, in line with the guidance, be required to provide an annual statement of his/her financial circumstances.</p>	<p>30 September 2014</p> <hr/> <p>Service Manager - Provider Services 31 October 2014</p> <hr/> <p>Service Manager - Provider Services 1 September 2014</p> <hr/> <p>Service Manager - Provider Services, Head of Assessment &amp; Children in Need , Interim Head of Children in Care &amp; Provider Services 1 November 2014</p>	<p>required to coordinate Annual Reviews.</p> <hr/> <p>Updated information on the financial circumstances of Adopters and Special Guardians to be requested prior to the annual review. Allowances to be temporarily suspended if information is not supplied.</p> <hr/> <p>Application of DfE Standard Means Test Model &amp; North London Adoption Consortium agreed protocol on Adoption Allowances to be applied to all new Adoption Allowances.</p> <hr/> <p>Overall review of practice in relation to SGO's to include financial allowances</p>	<p>a Temporary Business Support Officer to implement the recommendation but a programme of reviews has not yet started. A permanent post has been included in the new structure from April 2015.</p> <p>A scoping report on the overall review of SGO practice - including related financial allowances –is to be presented to the Looked After Children Project Board on 22 January 2015.</p> <p><b>Revised implementation date:</b> 31 May 2015.</p>
6.	<p><b>Permanency Routes - September 2014</b></p> <p><b>Permanency process and control -</b></p>			

No.	Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment January 2015
	<p><b>Records management and documentation retention</b></p> <p>A policy for naming and saving key adoption and kinship documentation consistently should be developed, communicated, implemented and monitored during supervision to facilitate the efficient retrieval of documentation where necessary.</p> <p>Documentation, clearly evidencing scrutiny and 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.</p>	<p>Service Manager - Provider Services, Data and Systems Assurance Manager</p> <p>30 September 2014</p> <p>Acting Children's Social Care Assistant Director, Data and Systems Assurance Manager</p> <p>30 September 2014</p>	<p>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.</p> <p>Review of ICS system commencing in September 2014 to incorporate findings from this audit.</p>	<p><b>Partially implemented</b></p> <p>Management confirmed that new ICS templates for kinship and adoption team processing have been developed which will help ensure that appropriately named documents are saved in WISDOM from now on. However, these have not yet been provided to audit.</p> <p>Management indicated that staff have been reminded to only use these templates.</p> <p>However, there was no evidence provided of any revised guidance being issued governing this, or that the file audit template had been updated to facilitate compliance checks by management.</p> <p>The review of the ICS system including the incorporation of the audit findings is in progress with the supplier</p>



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				<p>and other Local Authorities. An updated version of the system is expected in the summer depending on the work required. If this is not achievable an interim solution will need to be implemented.</p> <p><b>Revised implementation date:</b> 31 May 2015.</p>
7.	<p><b>SWIFT and WISDOM – March 2014</b></p> <p><b>Back ups</b></p> <p>Backups for Wisdom should be tested.</p>	<p>ICT Director (CSG), 1/11/2014</p>	<p>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</p>	<p><b>Partially Implemented</b></p> <p>The WISDOM Infrastructure has moved to new servers in the new data centre.</p> <p>Management confirmed that WISDOM data is backed up and that reports confirming back-up are received routinely for scrutiny by management.</p> <p>A full restore of WISDOM data using the completed / implemented Disaster</p>

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				<p>Recovery (DR) solution – which is being developed currently – will be undertaken 1 July 2015 which will provide formal assurance that back-ups are done correctly.</p> <p><b>Revised implementation date:</b> 1 July 2015.</p>
8.	Roles and responsibilities for data restoration should be defined and documented. This should be communicated to all stakeholders.	ICT Director (CSG), 1/11/2014	As part of the Data Centre Move, responsibilities for restoring WISDOM to an agreed Disaster Recovery plan will be implemented formally.	<p><b>Not implemented</b></p> <p>The formal documentation of WISDOM restoration processes and related roles and responsibilities will be defined and communicated as part of the Disaster Recovery restore solution being implemented in Quarter 1 of 2015-16.</p> <p><b>Revised implementation date:</b> 1 July 2015.</p>
	<p><b>SWIFT and WISDOM – March 2014</b></p> <p><b>Information Governance</b></p>	Head of Information	Under the Information Management	<b>Not due until 2016</b>

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	Data classification definitions (such as normal, restricted, elevated) should be developed and agreed across the Council. Staff should be trained	Management 31/01/2016	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.	
	Access to case information on Wisdom should be restricted according to business need.	Head of Information Management 31/07/2014	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	<b>Revised implementation date:</b> July 2015 as per quarter 2, 2014/15report.
9.	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.	Programme Manager, Adults & Communities and ICT Director (CSG) 30/06/2014	A Swift upgrade project is currently in progress which will help to alleviate the system problems that have led to this issue	<b>Implemented</b> The project involving the move of the Swift database from NLBP onto new hardware in Capita's data centre and the virtualisation of Swift has been completed.

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				<p>Although the project did not include the formal upgrade of SWIFT as originally envisaged, management has confirmed that it has addressed SWIFT performance (its slowness) which should ensure that one of the project benefits - to address the issues noted in the audit around the SWIFT system frequently freezing, and data being saved on network drives and local user desktops in order to keep the business operating - is achieved.</p> <p>A formal, more quantitative assessment of the level of achievement and improved SWIFT performance is planned pending the approval of guidelines developed with Information Management on acceptable levels of off-system storage. The date and methodology for this exercise will be agreed in liaison with the</p>

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				<p>CSG IT delivery unit.</p> <p>To control and prevent related poor records management practices further:</p> <ul style="list-style-type: none"> <li>- the Records Manager, Adults and Communities confirmed that a change request to prevent staff from saving client documents outside of folders on the top level of the S-Drive had been approved by the IT Change Board for implementation.</li> <li>- S-Drive guidance (Adults and Communities' Protocols on Saving Electronic Documents) was produced and was circulated to all Head of Services for comment. An updated version will be presented to the Delivery Unit's Information Management Governance Group for review, approval and a decision on wider circulation</li> </ul>

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				across Adults and Communities on 4 February 2015.
10.	<p><b>Your Choice Barnet Review – July 2014</b></p> <p><b>Day Centre Staff – Right to work</b></p> <p>In all instances YCB should ensure that Right to Work checks along with all pre-employment checks are kept in one central location that is accessible to all appropriate staff.</p>	<p>Director of Care and Support, Your Choice Barnet</p> <p>31 July 2014</p>	<p>YCB has always ensured appropriate pre-employment checks are obtained prior to a new recruit starting work 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 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.</p> <p>All staff records will be stored in a central location.</p> <p>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</p>	<p><b>Implemented</b></p> <p>A formal inspection undertaken by the Quality and Monitoring Officer in Adults &amp; Communities in November confirmed that all staff records, including Right to Work checks, were filed centrally by YCB in an electronic filing system.</p>

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			providing assurance YCB will periodically sample employment records of agency workers. Signed agreements will be stored in a central location	
11.	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 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.	Director of Care and Support, Your Choice Barnet  31 July 2014		<p><b>Partially implemented</b></p> <p>YCB have conducted checks but are waiting on some signed contracts to be returned by the agencies. This will be followed up and monitored by the Quality &amp; Monitoring Officer within the Adults &amp; Communities delivery unit.</p> <p><b>Revised implementation date:</b> 28 February 2015.</p>
12.	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.	Director of Care and Support, Your Choice Barnet)  31 July 2014		<p><b>Implemented</b></p> <p>Checks have been completed on 18 agency staff at one agency, Medstar Social Care Services Limited, to confirm that pre-employment checks had been made appropriately.</p>

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				Your Choice Barnet have confirmed that regular sampling will continue on an on-going basis with one agency being sampled each month.
13.	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.	Category Manager – Adults and Communities  31 August 2014	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.	<p><b>Partially implemented</b></p> <p>LBB have developed a clause to be included in the contract which defines the obligations of YCB with regard to verifying employees' / agency staff's Right to Work status. A draft performance framework also lists Right to Work as a Key Performance Indicator (KPI) for service providers to submit to LBB.</p> <p>A contract Variation Instruction has been sent to HB Public Law but the contract has not yet been formally updated.</p> <p><b>Revised implementation date:</b> 31 March 2015.</p>



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14.	<b>Your Choice Barnet Review – July 2014</b>			
	<b>Risk and Issue Management</b>	Assistant Director Communities and Wellbeing		
	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.	1 September 2014	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 of 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 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.	<b>Implemented</b>  There are now regular monthly contract monitoring meetings. Minutes from the contract meetings held confirm that risks related to the contract are being discussed and recorded.

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			<p>The Delivery Unit follows the Councils approach to risk management and identified risk are regularly reviewed by the Leadership Team and recorded on JCAD.</p> <p>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.</p>	
15.	Management should include Your Choice Barnet risks within the Council's risk management system. This information should then be regularly monitored and updated.	Category Manager – Adults and Communities  1 October 2014	Risks in relation to YCB will continue to be reviewed within the contract monitoring process and these will be clearly recorded and updated within the minutes of meetings and as appropriate on JCAD.	<b>Implemented</b>  Risks are regularly monitored and reviewed as part of the contract monitoring process.  Risks have been recorded on JCAD, where appropriate in line with the Council's Risk Management Strategy.
16.	Management should create a formal issues log for the Your Choice Barnet contract. As a minimum this should	Head of Care Quality  1 October 2014	A formal issues log will be developed, covering the areas identified and used across all	<b>Implemented</b>  An issues log has been

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	<p>include:</p> <ul style="list-style-type: none"> <li>• Description of the issue;</li> <li>• Agreed actions;</li> <li>• Owners of agreed actions; and</li> <li>• Target dates for resolution.</li> </ul> <p>This information should then be regularly monitored and updated.</p>		Providers.	devised which lists issues, resolution required, owners and status. Minutes from previous Contract Monitoring Meetings confirmed the log is regularly reviewed as part of the contract monitoring process.