BARNET
LONDON BOROUGH

Internal Audit

Progress Report 2015-16 – Quarter 4

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Contents

1. Introduction

The Internal Audit Plan was approved by the Audit Committee on the 30th April 2015. As previously requested by the Committee, this report covers audit reports with limited or no assurance which are summarised into key messages with some detail.

2. Final Reports Issued

This report covers the period from 1st January 2016 to 31st March 2016 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 as final in accordance with the 2015-16 Internal Audit Plan. In summary, the assurance ratings provided were as follows:

Substantial ✓✓✓	1
Satisfactory	21
Limited	5
No	0
N/A	6
Total	**33**

Table 1: 2015-16 work completed during quarter 4 including assurance levels	
Systems Audits	**Assurance**
1 Treasury Management	Substantial
2 Foster Carer & Adoption Payments	Satisfactory
3 Contract Management - Young Carers	Satisfactory
4 CSG Invoicing and Monitoring Arrangements	Satisfactory
5 Highways Managed Budgets	Satisfactory
6 Budget Monitoring	Satisfactory
7 Cash & Bank	Satisfactory
8 Fixed Assets	Satisfactory
9 Non-schools Payroll	Satisfactory
10 Pensions Administration	Satisfactory
11 Projects & Programmes: Transformation Q4 – Customer Transformation; Smarter Working	Satisfactory
12 Regeneration Programme: Dollis Valley and Grahame Park	Satisfactory

13	Risk Management	Satisfactory
14	Performance Management Framework	Satisfactory
15	CCTV	Satisfactory
16	Contract Management - Registrars Inter-Authority Agreement	Limited
17	Information Technology Disaster Recovery	Limited
18	Teachers Pensions	Limited
	Advisory Reviews / Management Letters	**Assurance**
19	Information Communications Technology Strategy	N/A
20	CSG Assurance Framework	N/A
21	Data Quality - FS/C5 - Percentage of assessments completed within 45 working days	N/A
22	Data Quality PH/S4 - Rate of hospital admissions related to alcohol	N/A
23	Special Education Needs Follow-Up - Education Healthcare Plans (EHC)	N/A
	Grants / Payments by Results	**Assurance**
24	Troubled Families Payments by Results	N/A
	School Audits	**Assurance**
25	Annunciation Junior	Satisfactory
26	Sunnyfields	Satisfactory
27	Foulds	Satisfactory
28	Osidge	Satisfactory
29	St Pauls (NW7)	Satisfactory
30	Akiva	Satisfactory
31	St Joseph's	Satisfactory
32	Hasmonean Primary	Limited
33	Menorah Foundation	Limited

The summary detail of those reports issued as Limited or No assurance is included within section 3. The summary detail of management letters resulting in high priority recommendations is included within section 4.

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

Title	Information Technology Disaster Recovery
Audit Opinion	**Limited Assurance**
Date of report:	March 2016
Background & Context	An ITDR programme is the IT component of the wider Business Continuity Management (BCM) programme, which fulfils part of the Council's obligations to the public and Civil Contingencies Act in the event of a major incident. The purpose of the programme is to recover IT services that underpin Council activities, within an agreed time and to a point in time prior to the outage, to prevent an unacceptable business impact. ITDR in a modern IT environment has also to consider other supporting IT services, which whilst not directly important to the business, are essential to those that are. At Barnet, the technical component of the ITDR programme has been outsourced to Capita as part of the Customer Support Group (CSG) contract. As part of the contract with Capita, IT services have, with the exception of the Council's internal telephone system, been migrated to a new data centre. As part of the migration, IT services were either replaced or re-platformed so they would be easier to maintain and be more resilient. With respect to ITDR, Capita were to implement a new capability at a secondary data centre that would meet the Council's recovery requirements. Prior to implementation, Capita were to maintain an interim ITDR solution which, whilst not capable of recovering services fully in line with requirements, would provide a fallback position.

Title	Information Technology Disaster Recovery
Summary of Findings	This audit has identified four priority 1 recommendations. We identified the following issues as part of the audit: - **Governance -** There is a quarterly Business Continuity Management ("BCM") team meeting which governs BCM activities. It was noted that whilst Capita representatives do attend, those with the specific responsibility for ITDR have not been identified by Capita and consequently are not invited. We also noted that the meeting primarily deals with the BCM programme and ITDR is not routinely discussed. Finally, whilst Capita do provide a service report which includes high level ITDR status, it is primarily to demonstrate meeting KPI's and PI's and there is no detail with respect to ITDR capability, either planned or interim. We reviewed the format of the service report and noted that the report does not reflect the true ITDR risk exposure of the Council. The risk is that without including ITDR in BCM governance and having an accurate view of its status, management will not be able to address any shortfall in capability. **(Priority 1)** - **Alignment of BCM requirements with ITDR capability** - The Council's ITDR recovery requirements are described in the contract with Capita. It was noted that the requirements detailed in the contract are not those that are being delivered by the ITDR project. In particular, the Council applications are rated as platinum, gold, silver or bronze based on an assessment of the business impact. Applications rated as Silver and Bronze, are supposed to be recovered within 48 hours with a maximum of an hour of data loss. The current project is not delivering ITDR for Bronze applications and the current provision is to restore Silver rated applications within 96 hours with up to a day's worth of data loss. There are similar inconsistencies at Platinum and Gold level. **(Priority 1)** - **ITDR technical recovery capability** - Following on from the issue above, the technical provision will not cover the contractual requirements for ITDR. Additionally the technical approach has not considered interdependencies between IT applications. This means that there is a risk that an application may not function when other applications that it is dependent on are also not recovered. Finally, the recovery capability which would be provided through this arrangement would restore an infrastructure which may not be able to support the number of users the Council requires. **(Priority 1)** - **Interim ITDR capability -** Prior to the new ITDR capability being implemented at the secondary data centre, we

Title	Information Technology Disaster Recovery
	confirmed that an Interim ITDR capability was in place. This was initially a ship to site "data-centre" that contained infrastructure for the Council's legacy systems. These services were procured from an external supplier by Capita but the contract for these services lapsed in early 2015 and was not renewed. Capita are currently replicating data to the secondary site and taking backups in preparation for the new full ITDR capability, now due in Q1 2016. However, these back- ups cannot be used to restore capability as they have not been tested and there are no documented ITDR plans in place. It was noted that there is currently no alternative interim capability. **(Priority 1)**

Priority 1 recommendations, management responses and agreed action dates

1. ITDR Governance

Recommendation	Management Response	Responsible Officer	Deadline
a) Governance of BCM should formally include Capita staff who are responsible for ITDR. These individuals should be identified by Capita and then invited on a standing basis (Governance)	Capita will nominate those people responsible for ITDR and the Council will invite them to the relevant BCM meetings. The governance documentation will be updated to reflect any changes.	a) IS Security Manager (CSG)	30 April 2016
b) The BCM quarterly meeting should include formal ITDR discussion we with respect to a) business alignment b) capability c) status d) issues e) residual risk	Capita will engage with the Council and internal audit and make sure the reporting gives the Council sufficient oversight of the delivery of the ITDR plan.	b) Emergency Planning and Business Continuity Manager (LBB)	30 April 2016
c) Capita should immediately engage the Council management and agree the level of reporting information required with respect to the ITDR capability. This should include as		c) Operations Manager (CSG)	30 April 2016

Title	Information Technology Disaster Recovery			
a minimum a) ITDR capability in terms of IT services in scope, Recovery Time Objective (RTO), Recovery Point Objective (RPO) and capacity, b) residual risk, c) planned tests, d) the test results and remedial actions and d) ITDR capability changes. (Governance)				
d) Management should update governance policies, terms of references and processes to reflect the above. (Governance)			d) Emergency Planning and Business Continuity Manager (LBB)	30 April 2016
2. **Alignment of BCM recovery requirements with ITDR capability**				

Title	Information Technology Disaster Recovery		
Recommendation	**Management Response**	**Responsible Officer**	Deadline:
a) The programme teams should confirm who is responsible for reviewing the scope of the IT services included within ITDR. The responsible party should review the scope and the current ratings and engage Capita with respect to any required changes which should be provisioned as part of the ITDR project. (Business requirements)	The current ITDR solution in operation is correct but the capacity document is incorrect and has been updated since the testing date. The last update was made on14/12/2015 but was not provided to audit.	a) Emergency Planning and Business Continuity Manager (LBB)	With immediate effect
b) Capita should immediately engage the Council to ensure that the recovery bandings, i.e. platinum, gold, silver and bronze, are being delivered as per the contractual agreement. Where not, Capita should provision as part of the project. (Contract Specification)	The method statement includes no implementation statement. This will be incorporated into the next version of the document. The Council and Capita will also engage to assess the appropriateness of the banding of each of the systems and applications in the method statement.	b) Operations Manager (CSG) Programme Director and Acting ICT Director (CSG)	With immediate effect
c) In line with the governance finding (Recommendation 1) above, the BCM programme should engage with those in Capita responsible for ITDR on a defined and regular basis to ensure changes in recovery requirements are provisioned for. (Business requirements)		c) Emergency Planning and Business Continuity Manager (LBB)	30 April 2016
3. ITDR planned technical recovery capability			

Title	Information Technology Disaster Recovery		
Recommendation	**Management Response**	**Responsible Officer**	**Deadline**
a) In line with the recovery requirements recommendation above (Recommendation 2), Capita should immediately engage with the Council to ensure the required infrastructure is provided to meet recovery requirements and expected user numbers. (Contract specification)	There is now infrastructure in place to support silver and bronze applications, although this has not been validated by the Council at the reporting date. It should be noted that the capability of the recovery arrangements to support 2500 users is the contractual requirement.	a) Operations Manager (CSG) Programme Director and Acting ICT Director (CSG)	With immediate effect
b) The ITDR project should identify end to end IT service dependencies that should be taken into account in provisioning and planning. This may mean that IT services that are not currently in scope have to be provisioned to support ones that are in scope and have a critical dependency. It may also mean that IT services have to be promoted in terms of tiering to ensure successful recovery. (Proposed ITDR solution)	An interdependency grid of platinum and gold systems has also been developed since the testing date. The responsibility for maintaining this as part of 'Business as Usual' will fall to the Applications team.	b) Applications team, CSG	30 May 2016

4. Interim IT Disaster Recovery

Recommendation	**Management Response**	**Responsible Officer**	**Deadline**
a) Capita should immediately engage the Council and propose the most effective way of mitigating the risk in the interim period	Agreed. It would be welcomed for audit to witness the preparation for the testing and the testing itself as part of their follow-up audit.	ICT Director (CSG) Head of Information Management (LBB	With immediate effect

Title	Information Technology Disaster Recovery		
prior to ITDR being fully deployed by the project. (Contract specification)			

Title	Contract Management - Registrars Inter-Authority Agreement
Audit Opinion	**Limited**
Date of report:	March 2016
Background & Context	In November 2014 the Council introduced a corporate approach to managing contracts, which included the production of a contract management toolkit and templates, supported by contract management training sessions for key staff members. The purpose of this audit was to review controls in place to mitigate key risks, in the areas of governance and reporting and risk and issue management, for the Registrars contracts. The Registration and Nationality Service is responsible for the registration of births, deaths and still-births, the formalities for marriage and civil partnerships and for citizenship ceremonies and is a shared service that is delivered across the London Boroughs of Brent and Barnet by Brent Council. The Inter-Authority Agreement between the Council and Brent has been managed by the Commissioning Group since being transferred from Adults and Communities in April 2015. Since taking responsibility for Registrars the Commissioning Group have sought to formalise governance arrangements using the contract management toolkit and to introduce performance monitoring, which we were unable to confirm were in place at the time of handover. It is

Title	Contract Management - Registrars Inter-Authority Agreement
	recognised that this is work in progress.

This contract was selected from the list of auditable units across the Council that are provided via a contract and represent examples of a Strategic (Registrars) contract as per the SCOT (Strategic, Critical, Operational and Transactional) framework used by the Council to analyse its contracts. |
| **Summary of Findings** | This audit has identified two priority 1 recommendations.

We identified the following issues as part of the audit:

- **Contract Management and Governance, Operating Effectiveness** - we identified areas where the Registrars contract management and governance should be improved. For example the contract management toolkit had not been fully utilised and contract monitoring meetings did not occur in line with the requirements of the Inter-Authority Agreement. **(Priority 1).**

- **Risk and Issue Management, Control** Design - we identified areas where the Registrars contract risk and issue management controls should be improved. We found that the risk and issue management process set out in the Inter-Authority Agreement had not been complied with in practice. In addition, risks and issues in relation to the agreement were not formally documented in registers, as required by the Council's Contract Management Manual, or within the Council's risk management system **(Priority 1).** |

Priority 1 recommendations, management responses and agreed action dates

1. **Contract Management and Governance, Operating Effectiveness**

Recommendation	Management Response	Responsible Officer	Deadline
a) The Council should introduce the contract management toolkit and utilise it to manage, monitor and drive	The performance of this contract was reported to the PCM Committee for the first time in February 2016. It is accepted that this is a contract where	Partnership Relationship Manager	31 May 2016

performance of the Registrars contract; b) Management should ensure that the governance arrangements set out within the Inter-Authority Agreement are complied with in practice and that SMB meetings are minuted in order to note the discussions held and monitor any actions required.	the toolkit still needs to be fully implemented.		

2. Risk and Issue Management, Control Design

Recommendation	Management Response	Partnership Relationship Manager	31st May 2016
a) The Council should ensure that the risk management process set out within the Inter-Authority Agreement is complied with in practice; b) Management should utilise the risk and issues register templates within the Contract Toolkit and ensure that Registrars risks and issues are recorded, assessed, mitigated and managed. This information should then be regularly monitored and updated; and c) SMB meetings should be minuted so	Accepted		

Title	Contract Management - Registrars Inter-Authority Agreement		
that discussions held and actions required in order to manage risks and issues are recorded and can therefore be monitored.			

Title	Key Financial Systems - Teachers' Pensions		
Audit Opinion	**Limited**		
Date of report:	March 2016		
Summary of Findings	This audit has identified one priority 1 recommendation. We identified the following issues as part of the audit: • **Teachers Pensions** - There is no sign off by the CSG team of the returns from schools and there is no reconciliation to the Teacher's pension amount. **(Priority 1).**		
Priority 1 recommendations, management responses and agreed action dates			
1. **Monthly reconciliation of payroll records to payment made to Teachers' Pension** 2.			
Recommendation	**Management Response**	**Responsible Officer**	**Deadline**
a) There should be monthly payroll reconciliations demonstrating that	A new process was implemented in March 2016 whereby the Controls and processing team now	Operations Director, CSG HR Solutions	Implemented

Title	Key Financial Systems - Teachers' Pensions		
payment made to the TP can be reconciled to total contributions and deductions reported by all payrolls as per payroll record. b) Amounts recorded on the schools returns should be formally logged and included in the monthly reconciliation. c) Supporting documentation on the monthly reconciliation should be retained. d) Any reconciling items should be investigated and resolved.	obtain the total deductions from the Payroll System in month for the Teachers' pension. These figures are provided to Payroll team who reconcile with the Teachers Contributions. Any differences are investigated and corrected to ensure completeness. Once reconciled, the deductions are paid over by Controls and processing team to the Payroll team who complete the Pensions Returns. All documentation to complete this exercise is independently kept each month by both teams.		

Title	Hasmonean Primary School
Audit Opinion	Limited Assurance
Date of report:	March 2016
Background &	Hasmonean Primary School is a Voluntary aided school with places for 240 pupils aged between 3 and 11 years of age.

Title	Hasmonean Primary School
Context	The School budget for 2015/16 is £1,574,868 with employee costs of £1,185,939 (75% of the delegated budget). The School was assessed as 'Good' by OFSTED in Mar 2015.
Summary of Findings	As part of the audit we were able to give 'Limited' assurance to the school, noting seven high and five medium priority issues as part of the audit (in order of priority): • **Banking** – The school bank account should not be overdrawn per the Scheme for Financing Schools. **(High Priority).** • **Payroll** – Lack of financial control due to no segregation of duties or evidence of independent review. Payments to support staff do not agree to school Pay Policy. **(High Priority).** • **Purchasing** – Purchase order forms were not completed for all relevant expenses. These costs are not recorded as a committed expense, and this procedure has not been agreed by the Governors. **(High Priority).** • **Budget Monitoring** - The school should set a well-informed and balanced budget each year, including income from Governors if appropriate to reimburse the school funds for costs incurred in the provision of Jewish studies. **(High Priority).** • **Tax** - The school should seek advice to confirm the correct treatment of VAT. **(High Priority).** • **Income** – Paperwork is incomplete for money received into the school office. Therefore a complete reconciliation between money received and money banked was not possible. **(High Priority).** • **Contracts** – Up to date contracts were not available for security services. There was no evidence of regular review of contracts. **(High Priority).** • **Governance** – The 'Notice of Authorised Signatories' and financial management policy and procedures

Title	Hasmonean Primary School

document should be revised and approved by Governors to reflect current procedures in school. **(Medium Priority).**

- **Financial Planning** – No medium term School Development Plan exists, no evidence of review of three year budget. **(Medium Priority).**

- **Lettings** – The school does not have an approved lettings policy, and a signed agreement is not held for organisations that use the premises. – The children in the nursery are allowed to stay for an extended day. Nursery fees are paid into the Governor's fund, but identifiable costs are not reimbursed to the school's delegated budget. **(Medium Priority).**

- **Assets** – the Inventory could not be found. No annual review or authorisation of disposals. **(Medium Priority).**

- **Compliance with 'Schools Financial Values Standard' (SFVS)** - following our SFVS self – assessment review it is the opinion of audit that contrary to the School's self-assessment this area has either not been met, or met 'In-Part', or information was not available to enable us to confirm the judgement. **(Medium Priority).**

Priority 1 recommendations, management responses and agreed action dates

1. Property Visits

Recommendation	Management Response	Responsible Officer	Deadline
The School should review the Financial Guide for schools and take steps to resolve cash flow problems. Refer to the Barnet Financial Guide for schools, section 5 (Banking and Funding arrangements) and the Scheme for Financing Schools sections	The Finance Committee (Governors) have approved a recovery plan which includes a fund-raising plan. When funds are available, the deficit will be repaid. For the future, we hope that better monitoring by the new School Business Manager will avoid the situation reoccurring.	Finance Committee School Business Manager	Ongoing for three years commencing April 2016 Implemented

Title	Hasmonean Primary School		
3.7 (Borrowing by Schools) for guidance.			

2. Payroll

Recommendation	Management Response	Responsible Officer	Deadline
As payroll constitutes the largest area of expenditure for the School, it is recommended that at least two officers are involved in checks over the monthly payroll reports.	a) The Head Teacher now signs off monthly payroll. Since May 2015, the Head has been required to sign off any changes to the payroll.	Head	Feb 2016
The School should refer to the 'Keeping your Balance' document, section E (Financial Controls) and section H (Payroll) for guidance with procedures. 'The Headteacher should ensure that duties related to financial administration are distributed so that at least two people are involved. The work of one should act as a check on the work of the other and all checks should be fully documented.' All school policies should be reviewed on a regular basis and approved by Governors to reflect current agreed practice in school	b) The school has reverted to the NJC scales for support staff.	Head	Feb 2016

3. Purchasing

Title	Hasmonean Primary School

Recommendation	Management Response	Responsible Officer	Deadline
The school should ensure that a purchase order is raised for all relevant goods and services and this is approved by an authorised signatory. This expenditure should then be entered as a commitment to the accounting system, prior to the order being placed. Refer to section D of the 'Keeping Your Balance' document, issued jointly by Ofsted and the Audit Commission.	a) All items are now ordered using purchase orders. This change happened in Nov 2015 prior to the Audit, although some orders, inspected by the auditor, were done by emails between May 2015 and November 2015. All emailed orders were still authorised by the Head before ordering.	School Business Manager	Nov 2015
The school should introduce a clear separation of duties to ensure that the same officer is not responsible for authorising the purchase order, invoice and cheque for the same purchase. Refer to the Barnet Financial Guide for schools, section 4 (Internal Financial Controls) for guidance	b) POs are now recorded by School Business Manager and given unique sequence numbers. A record is kept in the order file. Orders will be entered into RM from 1st April 2016	School Business Manager	Feb 2016 April 2016
	c) Delivery notes are now signed by School Business Manager or Office staff on delivery.	School Business Manager/Office staff	Feb 2016
	d) The security company is aware that we have cash flow problems and are content that we use CST refunds to pay the next security bills. The DfE reimburse schools via the CST for security guards – these payments from the DfE have always been delayed by half a term.		
	e) Separation of duties has always existed as		

Title	Hasmonean Primary School

	follows: i) Orders authorised by Head ii) Invoices authorised by Deputy Head or Head of Infants iii) Two signatures on cheques but Head only signs if invoice is authorised first.		

4. Budget Monitoring

Recommendation	Management Response	Responsible Officer	Deadline
The School should set a well-informed and balanced budget each year, including income from the Governors if appropriate to reimburse the school funds for costs incurred in the provision of Jewish studies, or additional staff costs approved by the Governors. These amounts should be quantified and authorised. Where contributions are significant the school should ensure they are received evenly across the year to avoid any negative impact on cashflow. The school needs to assure the Council that all sources of income are reliable when balancing their budget.	a) There are reimbursements from Governors' Funds to LBB for Religious Studies and Nursery b) The Finance Committee will document such calculations in future. c) Commitments to be entered into RM from April 2016. d) The Finance Governors were kept informed by email about the financial situation during 2015-2016, and they had copies of the Sept and Dec 2015 forecasts	Finance Committee/ School Business Manager	April 2016

5. Tax

Recommendation	Management Response	Responsible Officer	Deadline

Title	Hasmonean Primary School		
The school should refer to the Financial Guide for Schools section 8 (Taxation) in order to ensure compliance.	a) This money has now been repaid to LBB. The new School Business Manager has not claimed VAT on any capital invoices and will not. b) Noted	School Business Manager	Feb 2016

6. Income

Recommendation	Management Response	Responsible Officer	Deadline
Strict income controls and procedures should be in place to ensure effective financial management. Independent checks should be carried out to verify amounts banked agree to source records. These checks should be visibly evidenced. Refer to the Barnet Schools Financial Guide, section 7 (Income collection and administration) to ensure that there is a proper audit trail.	a) A more detailed recording system of noting funds due from Governors to LBB account will be kept and the chairman of Governors will be emailed for authorisation to transfer the money. Printouts of authorisations will be filed for the attention of auditors from LBB and private auditors of Governors' funds. b) Income banked into the LBB account has backing documentation which will now be signed by the Head or Deputy Head.	School Business Manager Head/Deputy Head	April 2016 April 2016

7. Contracts

Recommendation	Management Response	Responsible Officer	Deadline
It is recommended that minutes of meetings include consideration by governors of	a) A meeting to review the security contract is scheduled for April 6 2016. The proposed	School Business Manager	April 2016

Title	Hasmonean Primary School		
quotations for the renewal/procurement of any relevant contract, in order to ensure that there is clear and visible evidence of a fair and transparent selection process. 'Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning' Refer to page 10 &11 (Purchasing) of the 'Keeping Your Balance' document, issued jointly by Ofsted and the Audit Commission, and Section 6 (Value for Money and Purchasing) of the Financial Guide for Schools.	contract will be sent to the Finance Committee and the Governor responsible for security. In light of the current security situation, we are unlikely to re-tender this contract as we use a security firm approved by the CST and CST refund the cost. b) In future the School Business Manager will send contract negotiations to the Finance Committee before signing a contract.	School Business Manager	April 2016

Title	Menorah Foundation School
Audit Opinion	**Limited Assurance**
Date of report:	March 2016
Background & Context	Menorah Foundation School is a Voluntary Aided school with places for 362 pupils aged between 3 and 11 years of age. The School budget for 2015/16 is £1,671,378 with employee costs of £1,205,772 (72% of the delegated budget). The School was assessed as 'Good' by OFSTED in May 2015.

Title	Menorah Foundation School
Summary of Findings	As part of the audit we were able to give **'Limited'** assurance to the school, noting three Priority 1 and four Priority 2 issues as part of the audit (in order of priority): • **Banking** – Payments are made by one individual using HSBC online banking. This does not comply with the authorised signatories list. Petty cash procedures should allow for separation of duties. **(Priority 1).** • **Purchasing** – Purchase order forms are not recorded as a committed expense, and accurate budget monitoring is not possible. Lack of separation of duties. **(Priority 1).** • **Voluntary funds** – The previous audit report refers to an Amenities and lunch account. No accounting records for these accounts could be found at the time of the audit visit. **(Priority 1).** • **Governance** – The 'Notice of Authorised Signatories' and financial management policy and procedures document should be revised and approved by Governors to reflect current procedures in school. **(Priority 2)**. • **Budget Monitoring** - The school should set a well-informed and balanced budget each year, including income from Governors if appropriate to reimburse the school funds for costs incurred in the provision of Jewish studies. **(Priority 2)**. • **Assets** – The Inventory is incomplete. No documented annual review or authorisation of disposals. **(Priority 2)**. • **Compliance with 'Schools Financial Values Standard' (SFVS)** - following our SFVS self – assessment review it is the opinion of audit that contrary to the School's self-assessment this area has either not been met, or met 'In-Part', or information was not available to enable us to confirm the judgement. **(Priority 2)**.

Priority 1 recommendations, management responses and agreed action dates

1. Banking

Recommendation	Management Response	Responsible Officer	Deadline

Title	Menorah Foundation School		
The School should review and update (as required) its Financial Management Policy and Procedures document ensuring that its contents are up to date incorporating detailed procedures for all areas of financial management in the School, including those outlined within the London Borough of Barnet Scheme of Financing Schools, Finance Guide, Contract Standing Orders and 'Keeping Your Balance' documents. The most up to date 'Notice of Authorised Signatories' should be completed, approved by Governors and submitted to the Chief Finance Officer.	Petty Cash – Procedure changed, finance assistant distributes petty cash and SBM reconciles. Financial procedure updated The changes needed to Notice of Authorised Signatories and HSBC online access will be agreed by new Head Teacher who starts on 4 April	School Business Manager	8 April 2016
2. Budget Monitoring			
Recommendation The School should set a well-informed and balanced budget each year, including income from the Governors if appropriate to reimburse the school funds for costs incurred in the provision of Jewish studies, or additional staff costs approved by the Governors. These amounts should be quantified and authorised.	**Management Response** Governors to discuss at next meeting on 5 April 2016	**Responsible Officer** Chair of Governors	**Deadline** 5 April 2016

Title	Menorah Foundation School		
Where contributions are significant the school should ensure they are received evenly across the year to avoid any negative impact on cashflow. The school needs to assure the Council that all sources of income are reliable when balancing their budget.			

3. Purchasing

Recommendation	Management Response	Responsible Officer	Deadline
The school should ensure that: a. A purchase order is raised for all relevant goods and services and this is approved by an authorised signatory. This expenditure should then be entered as a commitment to the accounting system, prior to the order being placed. Refer to section D of the 'Keeping Your Balance' document, issued jointly by Ofsted and the Audit Commission.	All purchase orders will be entered onto RM. Financial procedures will be updated with regard to segregation of duties.	School Business Manager	8 April 2016
b. The school should ensure that a clear separation of duties is introduced to ensure that the same officer is not responsible for authorising the purchase order, invoice and cheque/payment for		School Business Manager/Office staff	8 April 2016

Title	Menorah Foundation School		
the same purchase. Refer to the Barnet Financial Guide for schools, section 4 (Internal Financial Controls) for guidance.			

4. Advisory reviews for management purposes

There were five advisory reviews or management letters undertaken by internal audit that do not give an assurance rating but nonetheless aid management in assessing the design and effectiveness of their control environment. If a significant issue has been identified or a Priority 1 recommendation made as part of these reviews further detail is provided within this progress report below. Priority 1 recommendations are followed up in line with Internal Audit's standard follow-up process and reported to Audit Committee accordingly.

	Advisory Reviews	
1	Information Communications Technology (ICT) Strategy	See 4.1 below
2	CSG Assurance Framework	See 4.2 below

4.1 Information Communications Technology (ICT) Strategy

Background & Context	In May 2015, the Council commissioned CSG (Capita) to formulate a new five-year ICT strategy identifying the infrastructure, systems and applications required to help support the delivery of the Corporate Plan, business priorities and initiatives. The ICT strategy was developed following extensive consultation with key stakeholders and was approved by the Strategic Commissioning Board (SCB) in November 2015. The Council is now in the process of setting up an IT Partnership Board (ITPB), the ITPB will be responsible for overseeing the delivery of the technology roadmap and approving specific programmes and projects. The objective of this audit was to confirm that the new ICT strategy is designed to support corporate priorities and that the governance arrangements being put in place are appropriate.
Summary of Findings	Management should review the required actions and incorporate them into their current plans to ensure that controls are fully fit for purpose. The operating effectiveness of IT governance controls will be the focus of a further review during the first quarter of 2016/17 and may include an assessment of the controls when applied to specific projects within the programme.

Priority 1 findings, management responses and agreed action dates

1. **Detailed controls analysis**

Recommendation	Management Response	Responsible Officer	Deadline
1.i. The Council and CSG management should establish a shared timetable detailing when the ICT Strategy requires a review to ensure it is still supporting the Corporate Plan. The timetable should ensure that the review of the ICT Strategy accommodates changes made	1.i. Through the IT Partnership Board a regular business planning cycle will be agreed to ensure alignment with the Barnet Corporate Plan. This process is going to be iterative with IT providing input into the Corporate Plan at appropriate times during the year to	Enterprise Architect, CSG Head of ICT and Information Management	31 March 2016

	during review of the Corporate Plan.		ensure a two way flow between IT and the business.		
1.ii.	CSG should develop a detailed ICT technology roadmap for Council approval. The roadmap should provide details and timelines for delivering projects and programmes (key milestones, and dependencies) which are in line with timelines for delivering business priorities.	1.ii.	IT roadmap in place detailing when key projects will be implemented. Detailed resource estimates have been created to support this. A revised detailed technology roadmap is in development to produce an IT transformation investment plan for the next five years. This will be delivered through development of the SPIRs and component project cost/resource estimates, the governance process and through customer board membership and input.	Enterprise Architect, CSG Head of ICT and Information Management	April 2016

2. Governance

Recommendation		Management Response		Responsible Officer	Deadline
2.i.	The IT Partnership Board should have a clear scope, function, diversified composition and clear operating principles which include, but are not limited to: • Defined roles and responsibilities • A defined structure • Policies and procedures covering implementation and	2.i.	A draft governance structure has been produced, showing the terms of reference for the IT Partnership Board to be put in place to support the delivery of the ICT strategy. This is currently under review.	Enterprise Architect, CSG Head of ICT and Information Management	31 March 2016

	prioritisation of IT business cases and project		
2.ii.	The Council, through CSG should develop a detailed resource plan, which includes a list of roles and responsibilities required for the duration of the ICT strategy to identify the required capacity and capability and ensure they are funded. The review process should also include using appropriate return on investment metrics to prioritise and realign underlying projects and resources.	2.ii. A full resource plan has been built for the ICT strategy presented and approved at SCB. SPIRs are being developed to provide each of the component projects with a cost and resource projection. Each SPIR will detail the exact roles and responsibilities for delivery of the solution and will be combined into a programme delivery plan. The first batch of SPIRS will be created during March 2016 for key IT strategy deliverables (Electronic Document Records Management System, Collaboration, Mobile Device Management and Public Sector Network) with more to follow throughout the year.	Enterprise Architect, CSG Head of ICT and Information Management	31 March 2016

4.2 Customer Support Group (CSG) – Assurance Framework

Summary of Findings	As part of our testing within the planned audit of CSG Invoicing and Monitoring Arrangements we identified an issue which was outside the scope of that specific review. We have reported this in an Appendix to the CSG Invoicing and Monitoring Arrangements audit report for management consideration. The issue is summarised below: **Contract monitoring - assurance activities** In line with good contract management practice, the Council has a Contract Management toolkit in place to support contract managers in managing the activity on the Council's contracts. Alongside this toolkit there should be a formal assurance framework in place to monitor the performance of Capita in the delivery of contractual obligations due to the size and nature of the strategic contracts in place with them. The Council's Commercial team have prepared an assurance mapping document which outlines the 'Three Lines of Defence' (see below) in place to provide the Council with assurance over Capita's activity. This was produced by the Commercial team to summarise the core contract and performance management arrangements in place. Although this is not a formal document, there is no other published assurance framework document. In line with good practice, the **First Line of Defence** relates to the business operations i.e. ensuring there is an established risk and control environment in place within each of the core processes operated by Capita. **The Second Line of Defence** is the oversight functions i.e. strategic management, performance management and functional oversight. The **Third Line of Defence** is independent assurance i.e. Internal Audit, External Audit, and other sources of assurance who provide independent challenge. We acknowledge that the CSG contract is managed by the Council using a 'thin client' model where Capita are monitored on their performance against outcomes rather than how procedures are operated to mitigate the key

risks to the Council.

However, we noted the following issues for senior management consideration:

- There is a lack of formal documentation held by the Council of the first line defence activities operating at Capita. For example, this may include access to procedure manuals to assess whether the control framework in place mitigates the Council's key risks. This was highlighted as a finding in relation to the Accounts Payable process where there was no up to date procedure document in place (see Accounts Payable audit findings, January 2016).

- We understand through review of the Commercial team's Assurance Map and discussion with management, that currently Internal and External Audit activities provide the only evaluation of the design and operation of the controls in place within Capita processes to mitigate the Council's key risks. These form part of the third line of defence in the assurance framework. This testing approach is generally retrospective and would only identify issues after they have occurred, possibly a significant period of time following the initial non-compliance. We did not see evidence of real time monitoring of the operation of Capita controls.

- Although some second line management oversight activities were found to be operating effectively, there are some second line activities which are currently recorded as the 'first line' of activities within the Commercial team's analysis. These should be moved within the updated version of the assurance map. These include the following:

  - CSG Strategic Partnership Board

  - Monthly performance reports

  - Performance meetings with the Senior Responsible Officers

Priority 1 findings, management responses and agreed action dates
1. Contract monitoring – assurance activities

Recommendation	Management Response	Responsible Officer	Deadline
a) Management should undertake an exercise to understand the key controls in place within each of CSG's core processes. This could be achieved through review of the appropriate policy and procedure documents. b) Management should assess and document whether the controls in place are sufficient to mitigate the Council's key operational risks. c) Any control gaps identified in the first line of defence should be raised with Capita and where appropriate processes should be amended accordingly. d) Management should review and update the assurance framework document to ensure inclusion of the identified first line of defence activities. All key Second and Third line activities should also be recorded, including detailing the officers with the core roles and responsibilities in relation to them. e) Management should review the activities on the assurance map to ensure there is sufficient flow of information between the	Agreed.	Director of Commercial Director of Resources	Q2 of 2016/17

first, second and third lines of defence to allow the Council to promptly identify issues with any of the key delivery risks. f) Management should then consider whether the information available through the three lines of defence is sufficient to provide senior management with assurance that the key strategic risks are mitigated. g) Once reviewed, the three lines of defence map should be signed off by senior stakeholders including all SROs, the Director of Resources, the relevant Contract Managers, the Commercial Director and the Chief Operating Officer.			

5. Work in progress

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

Table 2: Work in progress		
	Systems Audits	**Status**
1	IT Change Management	Draft report
2	Schemes of Delegation	Draft report
3	Parking Permit Administration	Draft report
4	People Management – Establishment List	Draft report
5	Re Invoicing	Planning

6. Implementation of Internal Audit recommendations

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

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
1. **Grant Income** June 2015 **Grant Identification** Roles/arrangements for proactively identifying grant opportunities should be implemented. a) We suggest that roles for pro-	September 2015 Directors for: - Adults and Health; - Children & Young People; - Growth and Development-Environment Commercial and	Previously we followed up and reported: • Q3, 2015/16 – The recommendation was considered Partly Implemented as the following remained outstanding: *A document has been designed which is completed by the*	**Partly Implemented** Evidence of implementation of the agreed process for the routine pro-active scanning for income grants by Delivery Units was not evident at the date of the follow-up. Since implementation of the new process for identifying grants only one form had been received by CSG from the Street Scene Delivery Unit for their review and scrutiny. Management Agreements for 2016-17 were still in the process of being drafted. We were informed that the

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
actively identifying grants could be undertaken as part of existing structures as follows: (i) Delivery Units together with their Commissioning Directors should consider the options available, including the possibility of a dedicated team/officer for pro-actively identifying grants depending on resources / the significance of grants available in that area. (ii) Service area leads pro-actively identify grants in their area. Local business improvement / performance teams challenge for proactive identification, undertake proactive reviews themselves and co-ordinate related reporting of horizon scanning outcomes as part of their local performance management arrangements. (iii) CSG service areas: Senior Responsible Officers (SROs) client-side at the Council pro-actively identify grants in their CSG responsibility areas or	Customer Services Director Supported by Finance (Commissioning Group) Resources Director	*service which will record if the decision is being taken forward or not. This will be signed off by SMT and then sent to CSG for the Head of Finance to challenge.* *A process has been designed where the services will have to document if they are taking a grant application forward. This will then be reviewed by the Head of Finance as a critical friend.*	responsibility for identifying grants would be included in the Management Agreements. Wording for inclusion in the Management Agreements defining the responsibility for horizon scanning had been agreed at 31 March 2016. When we are able to evidence the routine pro-active scanning for income grants across Delivery Units in line with Management Agreements and the completion of the relevant templates in the required format, we will be able to move the status to implemented.

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
arrange for CSG Capita leads to undertake this role, with SRO monitoring CSG identification activity. b) Existing performance management arrangements should be used to embed accountability for pro-active grant identification by relevant officers/teams, for example as part of Delivery Unit Management Agreements, through local performance indicators or through the staff objectives/performance review/appraisal process. c) Eligible grants identified should be formally documented and reported to Senior Management to ensure that grant identification processes are undertaken routinely and that senior management are involved in the decision making process. This could form part of Senior Management Team (SMT) standing agendas. d) All eligible grants for which			

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
applications will not be submitted should be reported to the Commissioning Group's Head of Finance sufficiently in advance of application deadlines, 5 working days as a minimum, to consider whether decisions not to apply were appropriate and challenge as necessary. e) Procedures should be documented governing identification arrangements in each area. The procedures should include: - Grant identification mechanisms such as the use of the Grant Finder website, Internet searches and pro-active engagement with known funding bodies. - arrangements for the escalation/communication of grant opportunities to the relevant areas for evaluation if identified centrally - arrangements for the recording and reporting of all grant opportunities, identified for			

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
follow-up/monitoring and reporting - arrangements for the timely escalation to the Commissioning Group's Head of Finance for all eligible grants for which applications will not be submitted.			
2. Procurement - Compliance with Contract Procedure Rules November 2015 **Contracts Register** a) The processes undertaken annually in 1 March 2016 developing Delivery Unit Procurement Forward Plans should also be used to ensure that all contractual relationships above £5k are included in the Delivery Unit Contract Registers, for example in a £5k-£10 column. b) CSG Procurement training and development should remind	1 March 2016 Business Support Officer, Street Scene Head of Care Quality, Adults and Communities	Not applicable – this is our first assessment of progress.	**Partly implemented** The vendor spend analysis report with spend above £5k had been provided by CSG Procurement to the Delivery Unit Procurement lead officer for reconciliation to and update of the Delivery Unit contract register to include all procurement vendor spend above £5k. The reconciliation was in progress at 31 March and with a view to completion by 22 April 2016, the date of the next publication of the Delivery Unit contract registers by Information Management. This recommendation was considered implemented for actions where the responsible officers were: • Head of Procurement, CSG • Head Of Service Commissioning - Family Services • Senior Business Resource and Contracts Officer, SEN Referral and Assessment Team - Education and Skills • Business Support

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
trainees of their role in keeping Contract Registers accurate and up to date, for example contract registers should also include suppliers procured through external framework contracts where competitive tendering has not been undertaken by the Council itself. We would suggest that: - periodic reconciliations between vendor spend analysis reports and contract registers are undertaken by officers responsible for contract registers to ensure that they are complete Accuracy checks be undertaken to ensure that contractual data is correct for example: - vendor name - contract value/purchase order value if below £10k, - contract term - end date, - expiry date - last DPR/Committee Report reference, and - DPR/Committee Report date if	1 March 2016 Commercial Manager - Property and Infrastructure, Re	Not applicable – this is our first assessment of progress.	Officer - Street Scene **Partly implemented** The vendor analysis report had been provided to the Delivery Unit procurement lead by CSG Procurement. At 30 March we had not received a response as to progress with updating the contract register in line with the vendor spend analysis report provided to them by CSG.

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
above £10k			
3. **Procurement - Compliance with Contract Procedure Rules** November 2015 **Conflicts of interest**	1 March 2016 Commercial Manager - Property and Infrastructure, Re	Not applicable – this is our first assessment of progress.	**Partly implemented** A Re governance process was provided which requires conflicts of interest related to procurements to be considered at the start of the procurement exercise. The process does not require the completion of the Council's Procurement Declaration of Interest form (DoI) to formally confirm that a conflict of interest does not exist as required

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
At the start of each procurement exercise all involved staff, including within CSG or other relevant contractors, should complete a new procurement declaration of interest form documenting the existence or non-existence of any pecuniary or other interests which compromise the objectivity of vendor selection. The completed form should be retained for referral and evidenced as being signed off by the relevant Head of Service. The resultant decision should be documented on the form Procurement guidance and training should be updated to record the Council requirements for the declarations of interest for procurement exercises and a standard form for this process should be agreed and made available on the intranet and as an appendix to the Officer Code of Conduct for ease of access.			by the recommendation. Where CSG Procurement are involved with contracts procured by Re on behalf of Barnet Council using Council monies then DoI forms are sent to the relevant Re officers involved in the procurement for completion. These forms will however not be sent for all such procurements where CSG are not involved. Once the Re procurement governance process has been updated to reflect the requirement that Council declaration forms must be completed tor all procurements done by Re on behalf of the Council to formally record that a conflict does not exist and there is evidence that this process is being followed, the recommendation will be regarded as implemented. This recommendation was considered implemented for actions where the responsible officers were: • Head of Procurement, CSG • Senior Business Resource and Contracts Officer, SEN Referral and Assessment Team, Education and Skills • Head Of Service Commissioning, Family Services • Business Support Officer, Street Scene • Head of Care Quality, Adults and Communities

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
4. Procurement - Compliance with Contract Procedure Rules November 2015 **Vendor creation and approval** Accounts Payable should be instructed to refer new vendor creation forms which have not been signed by central CSG Procurement Business Partners back to CSG Procurement for sign-off and challenge, where necessary. CSG Procurement should also be notified, for review and challenge where necessary, of the following vendors when they are created in Integra: - Social care placement vendors and	1 March 2016 Head Of Service Commissioning - Family Services	Not applicable – this is our first assessment of progress.	**Partly implemented** We tested 5 vendors created after 1 January 2016 to the New vendor Request Form for authorisation of vendor creation by CSG Procurement. Of the 5 tested , 1 vendor was created without an approved New Vendor Request Form. We understand that the one instance of process not being followed is due to a new member of staff not being fully aware of processes. Family Services will now build this into DU induction to ensure that processes are fully embedded for all staff. This recommendation was considered implemented for actions where the responsible officers were: • Head of Exchequer, CSG • Senior Business and Contracts Officer, SEN referral and assessment team, Education and Skills • Business Support Officer, StreetScene • Commercial Manager – Property and Infrastructure, Re

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
- any "historic" procurement vendor which had not been migrated from SAP to Integra but is now required in Integra. DUs should complete new vendor forms or include/"cc" the relevant CSG Procurement Business Partner in the DU e-mail requests to create such vendors Note: We understand from the Head of Exchequer Services that an Integra e-form will be developed shortly for the creation/amendment of all vendors - procurement and non-procurement - which will route by workflow to all relevant parties, originator, manager, CSG procurement and Accounts Payable. Delivery Units should be reminded, for example through procurement training, of the correct process for requesting the creation of approved vendors in Integra. Procedures defining any acceptable exceptions and process	1 March 2016 Head of Care Quality Adults and Communities	Not applicable – this is our first assessment of progress.	**Partly implemented** We tested 11 vendors created after 1 January 2016 to the New vendor Request Form for authorisation of vendor creation by CSG Procurement. Of the 11 tested, 9 vendors were created without an approved New Vendor Request Form.

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
requirements for creating vendors, including any agreements reached between CSG Procurement and Accounts Payable, should be formally documented and communicated.			
5. Client Affairs December 2015 **Property Visits** a) The Council should update the template form that must be filled out at every initial property visit, regardless of whether any items are	31 January 2016 Financial Assessment Manager, Financial Assessment Team	Not applicable – this is our first assessment of progress.	**Partly implemented** We selected two visits to confirm implementation of the recommendation and for both clients the case notes showed that two officers visited and collected some of the client's materials. We were supplied with completed Property Searches Inventory forms which named the officers that attended the property but there was no evidence that both of them

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
removed from the property. This form should detail the date of visit, inventory of all items removed including bills and require the signature of both officers in attendance. This should then be kept in the case file along with any other relevant documentation.			had signed the form. **Further action for full implementation:** • When items are removed from the property, both officers in attendance should sign the Asset Register and Property Searches Inventory forms.
6. Street Scene Operations Review (Joint Internal Audit & CAFT review) November 2015 **Risk of Illicit Payments - Vehicle CCTV monitoring / Route rotation** a) A process should be introduced and documented to review camera recordings pro-actively on a sample basis to ensure that cameras are operating correctly at all times and to identify noncompliant behaviour, such as accepting amounts for private collections from businesses with whom the Council does not	March 2016 Street Scene Director	Not applicable – this is our first assessment of progress.	**Partly implemented** A process for pro-actively monitoring camera recordings has not been introduced. Instead, supervisors check refuse vehicles daily on a random basis while vehicles are doing their rounds and complete and sign-off a check sheet as evidence of such check. In addition, tracker reports produced by the tracker system on each refuse vehicle are reviewed on a sample basis - 5 vehicles each day and 2 on a Saturday - by the supervisor on tracker duty that week. Should these checks raise an issue, for example the tracker shows that a vehicle has deviated off route for a significant time then this may prompt a review of the camera recordings. The review of camera recordings is therefore still undertaken re-actively in line with the current "Data Protection Council Vehicle Mounted CCTV, Vehicle Tracking and Electronic Data

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
have trade waste agreements or for identifying non-attendance at work.			Management Systems Policy", which has not yet been changed to include the proactive monitoring of cameras. The process only partly mitigates the risk of illicit payments as it is reactive and illicit payments could still be taken while on scheduled routes and between supervisor inspections of the vehicles. The recommendation will be considered implemented once a sensible risk based process for the pro-active review of camera recordings is introduced. The knowledge that camera recordings are being checked proactively will act as a strong anti-fraud deterrent.
b) The 'Data Protection Council Vehicle Mounted CCTV, Vehicle Tracking and Electronic Data Management Systems Policy' should be updated, in conjunction with the Council's Data Protection team, to facilitate the use of such pro-active monitoring.	March 2016 Head of Business Improvement and Contract Management	Not applicable – this is our first assessment of progress.	**Partly implemented** The Council's Data Protection Team has been consulted and work is underway to update the policy accordingly whilst ensuring continued compliance with the requirements of the Data Protection Act. In the meantime, the review of camera recordings is still undertaken re-actively in line with the current "Data Protection Council Vehicle Mounted CCTV, Vehicle Tracking and Electronic Data Management Systems Policy" which has not yet been changed to include the proactive monitoring of cameras.
d) Waste collection operatives should be rotated between collection crews periodically to	February 2016 Waste & Recycling	Not applicable – this is our first assessment of progress.	**Partly implemented** To meet trade waste collection schedules, management

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
prevent the development of rogue relationships with businesses on routes.	Manager		considered alternative controls to the agreed routine rotation of trade waste collection crews on collection rounds as follows: - the rotation of trade waste crews on an annual basis - through the natural rotation of trade waste crews owing to sickness and annual leave, - routine reconciliation between actual trade waste weight generated by collections on the round / route against the trade waste weight expected in line with what customers are contractually paying for bins/bags collected and emptied. - unscheduled/random inspections by waste enforcement who will be required to join the collection crews uninvited to carry out an audit. The proposed action is considered to mitigate the risk sufficiently. The recommendation will be considered implemented once evidence is provided showing that the arrangements have embedded and are being undertaken routinely.
7. **Street Scene Operations Review (Joint Internal Audit & CAFT review)** November 2015 **Refuse vehicle tracker monitoring**	March 2016 Heads of Service / Supervisors	Not applicable – this is our first assessment of progress.	**Partly implemented** The pro-active review of refuse vehicle tracker reports is being undertaken. Where reviews highlight issues/suspicious activity, for example, a vehicle deviating from the expected route then this may prompt a review of the CCTV camera images recorded. The review of camera

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
b) The vehicle tracker reports and vehicle CCTV camera recordings should be used together to optimise pro-active monitoring of movements.			recordings is therefore still done re-actively. However the pro-active monitoring of vehicle CCTV cameras, for example on a sensible risk basis, has not been introduced and therefore does not reduce the risk of illicit payments sufficiently. When a sensible pro-active monitoring of CCTV camera recordings is introduced the recommendation will be considered implemented.
Street Scene Operations Review (Joint Internal Audit & CAFT review) November 2015 **Risk Management (CCTV and Mill Hill depot site security)** a) The implementation of a fit for purpose CCTV system should be investigated as part of the move to the new site, planned in December 2016.	Head of Corporate Programmes, CSG	Not applicable – this is our first assessment of progress.	**Partly implemented** The implementation of a fit for purpose CCTV system at the new site has been investigated. However, owing to the uncertainty and the delays to the new depot the timeframe for project implementation has been delayed. This recommendation will be considered implemented once the plans for the new depot have been confirmed. **Revised implementation date:** 01 August 2016**.**
d) Spot checks of people and vehicles entering and leaving the site should be introduced as should increased site patrols.	18/11/2015, 23/11/2015 Acting Facilities Manager CAPITA Customer	Not applicable – this is our first assessment of progress.	**Partly implemented** Site patrols are undertaken and records of site patrols are maintained. These were inspected and showed Mill Hill depot site patrols being undertaken during the day and night. The entry and exit of non-Mill Hill Depot staff is

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
	and Support Group		controlled and monitored by security operating at the guard house at the entrance to the Mill Hill depot site. Spot checks of vehicles entering and leaving the site to mitigate the risk of illegal substances being brought onto the site or theft from Mill Hill depot are not yet undertaken as envisaged. Once all necessary formalities have been implemented and checks have started, the recommendation will be regarded as implemented.
8. **Better Care Fund (BCF) and Section 75 (S75) agreement review** December 2015 **Section 75 agreement formalities** Section 75 Agreement Schedules - defining the pooling and governance arrangements unique/specific to the S75 initiative - should be prepared for each S75 initiative as addendums to the overarching agreement All S75 Agreements/Schedules and Variations held by the relevant	February 2016 Head of Joint Commissioning, Barnet Clinical Commissioning Group and Barnet Council (Adults).	Not applicable – this is our first assessment of progress.	**Partly implemented** The signed and dated S75 agreements and variations to the agreements where applicable were provided for Section 75 Learning Disability Commissioning and Section 75 Learning Disability Campus Reprovision. The signed and dated S75 agreement for Voluntary Services was not available for inspection. Once the signed and dated S75 Voluntary Services agreement is provided, the recommendation will be regarded as implemented. This recommendation was considered implemented for actions where the responsible officers were: • Head of Joint Commissioning Barnet CCG and LBB

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
officers should be: - up to date - dated and - signed by both partners, the Council/CCG. The revised S75 agreements should go to the appropriate Committee as advised by Governance.			(Children's) • Adults Wellbeing Strategic Lead, Commissioning Group • Director of Operations and Delivery • Commissioning Director - Children & Young People • Health and Wellbeing Commissioning Lead
	1 February 2016 Head of Joint Children's Commissioning Barnet CCG and LBB (Children)	Not applicable – this is our first assessment of progress.	**Implemented** For Children, this recommendation was considered implemented for actions where the responsible officer was Head of Joint Children's Commissioning Barnet CCG and LBB for the Children Memorandum of Understanding (MoU) and the S75 Looked After Children (LAC) , Occupational Therapy (OT) and Speech and Language Therapy (SLT) S75 agreement schedules
9. **Better Care Fund (BCF) and Section 75 (S75) agreement review** December 2015 **Pooled fund / budget**	1 February 2016 Community & Wellbeing Assistant Director	Not applicable – this is our first assessment of progress.	**Partly implemented** The new Section 75 Equipment agreement has been drafted and specifies the Pooled Fund Manager as the Care Quality Service Manager – Prevention and Wellbeing. The new S75 Equipment agreement still has to be signed and dated and once this is done the recommendation will be considered implemented.
The roles and names of the nominated pooled fund managers at the Council/CCG should be specified in all S75 Agreements. Changes should be specified in S75 contract	1 February 2016 Head of Joint Commissioning Barnet CCG and	Not applicable – this is our first assessment of progress.	**Implemented** For Children, this recommendation was considered implemented for actions where the responsible officer was Head of Joint Children's Commissioning Barnet CCG and LBB for the S75 Looked After Children (LAC) , Occupational

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
variation schedules.	LBB (Children)		Therapy (OT) and Speech and Language Therapy (SLT) S75 agreement schedules
10. Better Care Fund (BCF) and Section 75 (S75) agreement review December 2015 **Pooled fund reporting and governance structure (Financial and performance)** All S75 agreements should follow a similar format to serve as a comprehensive baseline for S75 governance and reporting, aiming to be as specific as possible about the financial and nonfinancial information to be submitted for review. Future S75 agreements should all have addendum Schedules which should set out the Terms of Reference for the Board/Group/Committee responsible for review, scrutiny and challenge of performance and financial information for that S75	1 February 2016 Head of Joint Commissioning Barnet CCG and LBB (Adults) Adults social care Assistant Director Commissioning Director - Children & Young People Community & Wellbeing Assistant Director	Not applicable – this is our first assessment of progress.	**Partly implemented** The recommendation has been considered as implemented where: • The S75 schedules were specified in paragraph 3 of the Joint Commissioning Executive Group (JCEG) Terms of Reference • The signed and dated S75 Learning Disability Commissioning variation updated the Milestones and Outcomes schedule. • The updated Section 75 Learning Disabilities (LD) Campus Re-provision agreement now included the JCEG ToR and the ToR for the Winterbourne Steering Group in line with the agreed action • The updated S75 LD Commissioning agreement. Now included the JCEG ToR • The monitoring of S75 Better Care Fund, including S75 OPIC delivery was specified in the Joint Commissioning Executive Group (JCEG) Terms of Reference We found the following aspects had not been fully implemented: • We had not been provided with evidence to show that the terms of reference for the Joint

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
agreement. Overarching S75 agreements should be updated to reflect current roles, for example, not referring to the Director of People. Agreement Schedules should aim to define specific reporting requirements where appropriate for the S75 agreement, for example for the Looked After Children agreement the reporting of invoices charged to the Council for services under the agreement. All S75 agreements should define the reporting line to the Health and Well Being Board. All S75 agreements should include up to date Business Plans with related outcomes and milestone / performance measures and targets for referral. Any changes to S75 agreements/schedules should be subject to formal variation			Commissioning Executive Group had been added to each agreement as referred to in the recommendation, except for s75 LD Campus Re-provision and S75 LD Commissioning agreements, above • Management indicated that the preparation of the S75 variation agreement for Mental Health Service provision with the updated Outcomes and Milestones schedule had started and had been escalated to Legal but was still in progress at the date of the review. • There was no evidence that the ToR of the JCEG had been added to the Section 75 Voluntary Services agreement in line with the agreed action. • The new Section 75 Equipment agreement has been drafted but still has to be signed and dated. We understand that the agreement will include the ToR of the Joint Commissioning Executive Group. • The delivery of S75 OPIC is now included as part of the S75 Better Care Fund (BCF) agreement. We inspected the S75 BCF agreement but could not evidence the inclusion of ToR for the Joint Commissioning Executive Group (JCEG) in line with the agreed action. • Children's Memorandum of Understanding: There was no evidence of the ToR of the Joint Commissioning Executive Group (JCEG) being included agreement provided to us in line with the agreed action.

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (January 2016)
agreements. A repository should retain a complete chronological history of the agreements and variations and related DPRs from inception of the S75 agreement to date.			• S75 Occupational Therapy: There was no evidence that the agreement provided to us included the JCEG ToR nor the monthly and quarterly contract review meetings described during the initial audit in line with the agreed action. • Section 75 Speech and Language Therapy (SLT): There was no evidence that the agreement provided to us included: o the JCEG ToR o the monthly and quarterly contract review meetings described during the initial audit. o targets for locally defined outcomes in line with the agreed action • S75 Looked After Children: There was no evidence that the agreement provided to us included: o the JCEG ToR o the monthly and quarterly contract review meetings described during the initial audit. o financial reporting relating to invoice charges in line with the agreed action

Implemented recommendations

The following recommendations that had previously been raised as a priority one have been reviewed and are now considered implemented.

Audit Title, Date and Recommendation
1. **SWIFT and Wisdom** - April 2014 - **Information Governance**
2. **SWIFT and Wisdom** – April 2014 – **User Access Control**
3. **Barnet Homes Contract Management Follow-up** - June 2014 - **Benefits Management**
4. **People Management – Pre-employment Checks** - June 2015 - **Safer Recruitment Training & Guidance**
5. **People Management – Pre-employment Checks** - June 2015 - **Monitoring of HCPC Registration of Social Workers**
6. **People Management – Pre-employment Checks** - June 2015 – **Accuracy and Completeness of Vetting Information**
7. **Client Affairs** – December 2015 – **Property Visits (recommendation 1, parts (b) – (f))**
8. **Street Scene Operations Review (Joint Internal Audit & CAFT review**) - November 2015 - **Recruitment - conflicts of interest**
9. **Street Scene Operations Review (Joint Internal Audit & CAFT review)** - November 2015 - **Workforce Management – Governance Arrangements**
10. **Street Scene Operations Review (Joint Internal Audit & CAFT review)** - November 2015 – **Risk of illicit payments (recommendation 2, part (c)**
11. **Street Scene Operations Review (Joint Internal Audit & CAFT review)** - November 2015 – **Refuse vehicle tracker monitoring (recommendation 4, part (a) and (c)**
12. **Street Scene Operations Review (Joint Internal Audit & CAFT review)** - November 2015 – **Mileage/fuel usage records and monitoring**
13. **Street Scene Operations Review (Joint Internal Audit & CAFT review)** - November 2015 – **Risk management (CCTV and Mill Hill depot site security) (recommendation 6, part (b) and (c))**

Audit Title, Date and Recommendation
14. Better Care Fund (BCF) and Section 75 (S75) agreement review - December 2015 - **BCF governance and decision making**
15. Better Care Fund and Section 75 (S75) agreement review - December 2015 - **Performance monitoring (implementation of S75 agreement structures)**
16. Better Care Fund (BCF) and Section 75 (S75) agreement review - December 2015 - **Schemes of Delegation**
17. Better Care Fund (BCF) and Section 75 (S75) agreement review - December 2015 – **Training and development**
18. Capital Development Pipeline – December 2015 - **Governance and Reporting**
19. Capital Development Pipeline – December 2015 - **Engaged Stakeholders**

7. Internal Audit effectiveness review

Performance Indicator	Target	End of Quarter 4
% of plan delivered	95%*	96%
Number of reviews due to commence vs. commenced in quarter	95%	100%
% of reports year to date achieving: • Substantial • Satisfactory • Limited • No Assurance • N/A	N/A	 5% 57% 16% 2% 20%
Number / % of Priority 1 recommendations: • Implemented • Partly implemented • Not implemented in quarter when due	90%	80%

* Based on 95% complete of those due in quarter.

Key:

Target met
Target not met
N/A

Implementation of internal audit recommendations – as per section 7 above, the progress of the 71 high priority recommendations due for implementation in quarter 4 is that 80% of recommendations have been fully implemented compared to a target of 90%. 20% have been partly implemented.

A summary of the status is as follows:

Status	Number	%
Implemented	57	80%
Partly Implemented	14	20%
Not Implemented	0	0%
Total	**71**	**100**

8. Changes to our plan

Since the Internal Audit Plan was agreed in April 2015 there have been changes to audits originally planned for Q4 as follows:

Type	Audit Title	Reasons
Additional	CSG Assurance Framework	Additional advisory management letter as a result of CSG invoicing audit
Deferred	Accounts Payable Q4	Deferred to 2016/17 to enable confirmation of implementation of recommendations identified in Q2 2015/16 review
Deferred	Internal Governance: Speed of Implementing Decision	Deferred to 2016/17 if still appropriate due to extra capacity needed for No Assurance audit follow-ups in 2015/16
Deferred	The Care Act compliance	Deferred to 2016/17 if still appropriate due to extra capacity needed for No Assurance audit follow-ups in 2015/16

9. Risk Management

The final performance report for Quarter 3 was presented to the Performance and Contract Monitoring Committee on 15th February 2016 and can be found via the link below:

http://barnet.moderngov.co.uk/documents/s29613/Appendix%20A%20-%20M.pdf

Appendix I to the report is the Quarter 3 corporate risk register.

Quarter 4 performance, including the corporate risk register, will go to the May meeting of the Performance and Contract Monitoring Committee.