

Internal Audit – London Borough of Barnet

Appendix 1



Internal Audit Q1 Progress Report 1 April – 30 June 2018



Cross Council Assurance Service

1.0 Summary

1.1 Purpose of this report

1.1.1 We are committed to keeping the Audit Committee up to date with Internal Audit progress and activity throughout the year. This summary has been prepared to update you on our activity since the last meeting of the Audit Committee and to bring to your attention any other matters that are relevant to your responsibilities.

1.2 Progress against the 2018/19 internal audit plan

1.2.1 We have completed 14 reviews and delivered 41% of our 2018/19 internal audit programme for the year, which is slightly below our target of 43% for Q1. This is because there was a high number of audits approaching completion during Q1, including any audits from 2017/18 that were still to be completed.

Please see Appendix A for further narrative on our performance indicators (PIs).

1.2.2 In line with our reporting protocol with the Audit Committee we present any no assurance or limited assurance reports for discussion. For this Audit Committee, we present the following final reports, see section 2 for detail:

- **Non-Schools Payroll** – Limited Assurance
- **Onboarding** – Limited Assurance
- **Facilities Management** – Limited Assurance

1.3 Findings of our Follow Up Work

1.3.1 We have undertaken follow up work on all high priority actions with an implementation date of 30th June 2018 or sooner. We have discussed with management the progress made in implementing actions falling due in this period and have sought evidence to support their response.

- A total of 35 high priority actions have been followed up this quarter. 18 actions have been implemented (51%) and 17 have been partially implemented (49%). This is below the target of 90% being implemented.
- At time of writing this report, we had not yet concluded our follow-up work on Facilities Management. We will give a verbal update to the Audit Committee as to progress in this area.

Progress is summarised in Section 5.

1.4 Other Matters

1.4.1 Family Services audits

As part of the 2018/19 audit plan agreed by the Audit Committee in April 2018, we proposed to continue the 'embedded assurance' approach adopted in 2017/18 after the Ofsted inspection in May 2017.

During Q1 we have:

- Attended the Children's Services Operational Improvement Group and provided feedback on those meetings.
- Liaised with the Inspection and Improvement Lead on how best to support her work.
- Within our cross-cutting audit of Onboarding, included a review of the evidence to support performance against the Improvement Plan action 2c (iii), 'Improve recruitment system to be more effective and efficient enabling'.
- Agreed to undertake a review of the evidence supporting the 'Bureaucracy busting' workstream, action 2 c (v), 'Review of bureaucracy across the Council and the Service to ensure that systems are efficient and effective to support the social work task.

We will continue to report back to the Audit Committee against this on a quarterly basis.

1.5 Recommendations

- That the Audit Committee notes the progress made against our 2018/19 Internal Audit Programme.

2.0 No and Limited Assurance reports issued since the previous meeting

2.1 Non-Schools Payroll

March 2018

Number of findings by risk rating

Critical	0
High	1 (Finding 1)
Medium	8 (Findings 2-9)
Low	2
Advisory	0

Summary

Department	Overall Opinion 2017/18	Overall Opinion 2016/17		Direction of Travel	Number of controls tested	Controls where operating exceptions were found		Control design exceptions found		Comments
						2017/18	2016/17	2017/18	2016/17	
Non-schools' payroll	Limited	Reasonable	●		11	8	3	4*	2	*The two control design issues noted in the previous period have not yet been fully resolved.

The high and medium risk findings are summarised below.

Control Ref	Control Tested	Exceptions	Exception details
P5	<p>Standing data form</p> <p>Modifications to standing data are reviewed for completeness, accuracy and authorisation by an appropriate level of management.</p>	<p>1</p> <p>4%</p>	<p><u>Control Operating Effectiveness – High Risk</u></p> <p>A sample of 25 changes to standing data processed between 1 February 2017 and 31 December 2017 were tested. This sample included ten mover's forms, nine changes to bank details and six salary/hours changes. We identified the following exception:</p> <ul style="list-style-type: none"> 1/25 (4%) of bank details changes were not supported by documentation. An amendment to bank details was made so that a severance payment with a value of £6,630 would be made to a relative of the employee, however this amendment was requested by the relative rather than the employee. There was no evidence that the employee had confirmed this request, or that there

				<p>was Power of Attorney in place which would allow the relative to make this request on their behalf.</p> <p>Agreed Actions:</p> <p>Written guidance around changes to standing data will be developed (see finding P13), which will highlight that no changes can be made to bank or address details without the explicit, written agreement of the individual concerned, or their legal proxy. The process of drafting the guidance will include consideration of whether the existing controls are sufficiently robust. If control weaknesses are noted, additional controls will be put in place to strengthen the process.</p> <p>Responsible Officer:</p> <p>Payroll Team Manager</p> <p>Target Date:</p> <p>31/08/2018</p>
P1	<p>Payroll reconciliation between payroll and GL (control performed by the Finance team)</p> <p>Reconciliations are performed on a monthly basis. They are performed by an appropriate member of the finance team and reviewed by a senior member of the finance team.</p>	<p>②</p> <p>100%</p>	<p><u>Control Operating Effectiveness – Medium Risk</u></p> <p>We requested a sample of two reconciliations performed between 1 February 2017 and 31 December 2017 (the reconciliations for August and December 2017). We were informed that due to staffing pressures, this did not take place on a monthly basis during 2017/18. A reconciliation between payroll and the general ledger is carried out as part of year end finance processes.</p> <p>Management Response and Agreed Action:</p> <p>Management will reinstitute a monthly process for 2018/19 to ensure that the payroll system and general ledger are reconciled and any discrepancies are investigated in a timely manner.</p> <p>Responsible Officer:</p> <p>Payroll Team Manager</p> <p>Target date:</p> <p>31/07/2018</p>	

	P3	<p>Starter form</p> <p>Starter forms with relevant information are fully completed and authorised by an appropriate member of staff (as per the scheme of delegation) who is different to the preparer.</p>	<p>3</p> <p>12%</p>	<p><u>Control Design and Operating Effectiveness – Medium Risk</u></p> <p><u>Control Design</u></p> <p>On occasion, the addition of new individuals to payroll is expedited to meet payroll deadlines for the month without a new starter form having been received. A form should still be created for all new starters and all new starter forms should be returned to the HR Admin inbox. As this process is usually used to trigger the addition of a new staff member to payroll, if a staff member has already been added to payroll there is no mechanism to identify non-completion of the new starter form.</p> <p>Agreed Action:</p> <p>Management will enforce the requirement that no new starters are added to payroll unless a new starter form has been received. This will apply to last minute additions to payroll where exceptions have historically been made and no exceptions will be tolerated in future.</p> <p>Responsible Officer:</p> <p>Payroll Team Manager</p> <p>Target Date:</p> <p>31/07/2018</p> <p><u>Operating Effectiveness</u></p> <p>A sample of 25 starter forms processed between 1 February 2017 and 31 December 2017 were tested. We identified the following exceptions:</p> <ul style="list-style-type: none"> • 2/25 (8%) starters had starter forms which were prepared and authorised by the same person. As a result, there was no segregation of duties in place around these starter requests. In both cases, the authoriser was the relevant budget holder. • 1/25 (4%) starters had no starter form relating to the period of employment under review. The individual had previously been employed by Barnet and had re-joined in the same post, however there was a five-month period in between where they had not been a Council
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				<p>employee. A starter form should exist for each discrete period of employment. The HR business partner for the service area provided email evidence that a form had been requested, however as the form was to be returned to the HR Admin inbox rather to the HR business partner, there was no mechanism in place for non-completion to be identified or followed up on. See control design finding in section 4 below.</p> <p>Agreed Actions:</p> <ol style="list-style-type: none"> 1. The new starter form will be amended to explicitly require two different signatories to demonstrate segregation of duties around preparation and approval of new starter requests and ensure that no forms can be processed without evidence of this. 2. A starter form will be retrospectively created relating to the individual in our sample who did not have a new starter form. <p>Responsible Officer: Payroll Team Manager</p> <p>Target Date: 31/08/2018</p>
P4		<p>Leaver form</p> <p>Leaver forms have adequate backing information and are checked and authorised by the HR manager before being received by payroll and processed in the payroll.</p>	<p>4</p> <p>16%</p>	<p><u>Control Operating Effectiveness – Medium Risk</u></p> <p>A sample of 25 leavers between 1 February 2017 and 31 December 2017 were tested. We identified the following exceptions:</p> <ul style="list-style-type: none"> • 3/25 (12%) leaver forms were completed and authorised after the leaving date. No overpayments to these leavers were noted. • 1/25 (4%) leaver form was undated. As such, it cannot be confirmed whether the request and authorisation occurred before or after the individual's leaving date. <p>These exceptions are because managers in the Council have not followed procedure. The exceptions are thus outside of the</p>

			<p>payroll team's control, as the payroll team cannot action leavers until they are notified.</p> <p>Agreed Actions:</p> <ol style="list-style-type: none"> 1. Management will remind staff of the importance of submitting leaver forms prior to the leaving date. 2. As agreed in the Non-Schools Payroll audit in June 2017, CSG Management will report on the instances of late Leaver Form submissions and the financial impact of these late submissions to Council management. 3. Management will consider the introduction of sanctions for managers who are unable to demonstrate that there was a valid reason not to send a form in prior to the leaving date (e.g. the employee left without giving notice). This could be linked to managers' corporate objectives around managing budgets. <p>Responsible Officer: Payroll Team Manager and HR Strategic Lead (action 3)</p> <p>Target Date: 31/08/2018</p>
P6		<p>System access</p> <p>Payroll system access is reviewed on a regular basis and access is only granted to appropriate members of staff.</p>	<p>Not tested – control design issue identified</p> <p><u>Control Design – Medium Risk</u></p> <p>The control design issue identified during 2016/17 has not been remedied and we were not able to test the operation of this control.</p> <p>We requested evidence to demonstrate that a quarterly user access report is sent to each team involved with payroll processing for review and amendment. Management were unable to provide us with evidence that this had happened for the periods requested (covering August and December 2017) and as such we were not able to confirm the operation of this control. Management confirmed that the reviews had happened, however they stated that the relevant emails had been archived before the date of audit. They were able to show us emails relating to a user access review which took place in February 2018. This demonstrated that the action agreed in 2016/17</p>

				<p>around retaining an audit trail of user reviews has not been consistently implemented.</p> <p>Management did not provide evidence of the monthly user reports covering starters and leavers which were agreed as an action in 2016/17.</p> <p>Agreed Actions:</p> <p>Payroll system access reports, showing all employees who have access to Core, will be run on a periodic basis and reviewed by the service to ensure that access is only granted to appropriate members of staff and where necessary access to the system has been removed. An audit trail of this review will be retained.</p> <p>A new Monthly User Report will be produced that confirms every new starter and leaver in the month on the Barnet Contract and that access rights to Core have been appropriately updated.</p> <p>Revised Implementation date: 31/08/2018</p> <p>Responsible Officer: Payroll Team Manager</p>
	<p>P9</p>	<p>Overtime payments</p> <p>Overtime payments are at the correct rate, within agreed limits and authorised in line with the scheme of delegation prior to payment. Evidence is retained to demonstrate authorisation.</p>	<p>Not tested – control design issue identified</p>	<p><u>Control Design – Medium Risk</u></p> <p>The control design issue identified during 2016/17 has not been remedied and we were not able to test the operation of this control.</p> <p>We requested evidence to demonstrate that the issues identified at audit in 2016/17 had been remedied. Management confirmed that it is now possible to approve overtime within Core, however system users confirmed that there is an issue within the process which means that overtime which is not approved within a short window of time disappears from the system and has to be re-entered into Core. This overtime can then end up being recognised in the incorrect period. Due to this issue, Core is not currently being used to process overtime payments by all service areas. As such, the first recommendation is deemed not to have been fully implemented.</p>

				<p>The total value of overtime payments in 2017/18 amounted to £1,061,687.</p> <p>Monthly exception reports (P7) are carried out which will identify variances of over £100, including overtime payments, for investigation. This is deemed to be an adequate control in this area and the second recommendation is deemed to have been implemented.</p> <p>Agreed Actions:</p> <ul style="list-style-type: none"> a) A workshop will be carried out with service areas which are not currently processing overtime through Core to ensure that barriers to use of the system are understood and that mitigating actions can be identified. b) A subsequent plan will be discussed and agreed with the Council to mandate a standardised control process across the Council for overtime. <p>Revised Implementation date: 30/09/2018</p> <p>Responsible Officer: Payroll Team Manager</p>
	<p>P10</p>	<p>Sick Pay</p> <p>Sick pay adjustment is made in line with sick pay policy when CSG receive an appropriately approved 'Notification of sick leave' form. Sick pay is ended when CSG receive an appropriately approved 'Notification of return to work' form.</p>	<p>Not tested – control design issue identified</p>	<p><u>Control Design – Medium Risk</u></p> <p>A control design issue has been identified relating to this control.</p> <p>Sick leave should be authorised by managers within Core. Evidence should be retained to demonstrate authorisation. There is no consistent mechanism for retention of sickness certification documentation across departments. Payroll are not consistently able to access underlying sickness certification documentation signed off by managers, and as a result they are not able to verify the accuracy of sick leave dates within Core.</p> <p>CSG Payroll management confirmed that at the moment there is no facility for Managers to upload evidence directly to Core. Managers are responsible for the record keeping in relation to absence and as such may therefore keep records at a local</p>

				<p>level. Some choose to send documents to HR, but this is not required.</p> <p>Agreed Action:</p> <p>Management will require all sick leave documentation to be sent to HR to ensure that supporting evidence for sick leave is retained centrally and an audit trail can be maintained.</p> <p>Responsible Officer:</p> <p>Strategic HR Lead</p> <p>Implementation date: 30 September 2018</p>
	P12	<p>Overpayments</p> <p>Overpayments are invoiced in the case of leavers and recovery action is performed or adjusted for in the following month's pay in the case of employees.</p>	<p>3</p> <p>60%</p>	<p><u>Control Operating Effectiveness – Medium Risk</u></p> <p>We requested a sample of five overpayments between 1 February 2017 and 31 December 2017, with a value of £13,635. The total value of known overpayments in the period was £98,103. We identified the following exceptions:</p> <ul style="list-style-type: none"> • 1/5 (20%) of overpayments were not chased within three months of the notification date of the overpayment and had not yet been repaid at the date of audit. This overpayment had a value of £3,371. • 1/5 (20%) of overpayment chaser letters requested a repayment amount that did not agree to the amount owed (there was a difference of £388 between the two figures). The full amount was received and as a result there was no monetary impact. <p>We were also provided with evidence that one overpayment which did not form part of our sample with a value of £1,854 was absorbed by the budget holder as it was due to an error on the part of HR/payroll and they did not feel that it was fair to require repayment from the former member of staff. No evidence was provided to demonstrate that payroll staff verified that this was a legitimate and approved write-off or that the budget holder had the authority to make this decision before closing the chasing process for this debt. In addition, no evidence was provided that the Council's HR Lead had been</p>

			<p>alerted that an error had been made by HR/payroll that had a financial impact on the Council.</p> <p>Agreed Actions:</p> <ol style="list-style-type: none"> 1. LBB will agree a clear documented approach for chasing debt and follow this in all cases. 2. Debt chasing letters will be completed using blank templates, rather than by rolling forward earlier letters, to avoid errors in the amount of repayment being sought. 3. Where overpayments are not recoverable and this is due to HR/payroll errors, a clear agreement will be reached on where the cost of any losses should be borne. 4. Council management will establish, in conjunction with the Council's S151, its position for recovery of overpayments and write-offs. CSG will include reporting of any overpayments and the recovery progress in monthly performance reporting. <p>Responsible Officer: Payroll Team Manager and Strategic HR Lead</p> <p>Target Date: 30/09/18</p>
P13	<p>Policies and procedures</p> <p>Policies and procedures are reviewed regularly to ensure they are accurate, complete and kept up to date. Policies and procedures are clearly documented and communicated to staff.</p>	<p>⑦</p> <p>58%</p>	<p><u>Control Operating Effectiveness – Medium Risk</u></p> <p>Management provided us with the following policy and procedure documentation:</p> <ul style="list-style-type: none"> • Monthly payroll processing runsheet • Unified Reward Policy • Absence Management Policy

			<p>All of these had been updated within the last two years.</p> <p>These documents covered or referred to 5/12 (42%) controls tested:</p> <ul style="list-style-type: none"> • P2 – BACS reconciliation • P7 – exception reporting • P8 – control totals • P9 – overtime payments • P10 – sick pay <p>7/12 (58%) of the controls reviewed at audit were not covered by the policies and process documents provided:</p> <ul style="list-style-type: none"> • P1 - reconciliation between payroll and general ledger • P3 – starters • P4 – leavers • P5 – changes to standing data • P6 – systems access to Core • P11 – holiday pay • P12 - overpayments <p>Agreed Actions:</p> <p>Existing policies and process documents relating to Payroll will be reviewed by the Council and updated to reflect the current legislative context and practice at the Council. Where areas are identified which are not covered by current policies and procedures, management will create process notes to ensure that the Council's approach to payroll can be clearly communicated to staff and continuity of practice can be maintained in the event of staff turnover. All policies will be reviewed on an annual basis and updated if necessary.</p> <p>Responsible Officer:</p> <p>Payroll Team Manager</p> <p>Target Date:</p> <p>31/08/2018</p>
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2.2 Onboarding

June 2018

Number of findings by risk rating

Critical	0
High	1 (Finding 1)
Medium	3 (Findings 2-4)
Low	0
Advisory	1

Summary

Onboarding is the process by which the most suitable new starters are recruited and integrated into the established culture and operations of the Council to optimise the achievement of the Council's objectives.

As part of the Ofsted Improvement Plan the target timescale for recruitment within Family Services (FS) is 60 working days from conditional offer to employee start date.

This review assessed control processes from the decision to recruit until the induction of new Council starters.

We identified the following issues as part of the audit:

- **New Starter Induction (Finding 1, High)** – We were unable to confirm attendance at Induction training for 14/19 (74%) of our sample of new starters. Non-attendance for induction sessions is not alerted to the responsible line managers. A 'Site Welcome Pack' for new starters, prepared by the Estates Facilities Management team and covering key areas including fire emergency health and safety procedures, is not communicated to new starters.
- **Interview and Selection Process (Finding 2, Medium)** – Declaration forms are not always signed and sent to HR, as per the Recruitment and Selection Policy. Evaluation forms are not regularly completed during interviews and sent to HR for retention.
- **Evaluation: Performance Management (Finding 3, Medium)** - Key dates for various stages of the evaluation process are not always recorded by HR. Performance measurement of the timeliness of the evaluation process is currently not in place outside of Family Services.
- **Pre-employment checks (Finding 4, Medium)**- Documents retained by the Council are not always date/time stamped to confirm that originals were seen.

Actions have been agreed with management to be implemented by the end of September. We will follow up to confirm implementation of the high priority action and report back to Audit Committee as to progress in November.

2.3 Facilities Management

June 2018

Number of findings by risk rating

Critical	0
High	2 (Finding 1-2)
Medium	2 (Findings 3-4)
Low	2
Advisory	0

Background

Facilities Management is delivered at the Council through the Customer and Support Group (CSG), a contract between the Council and Capita. The Facilities Management Team provide a number of services within the CSG contract for the seven maintained sites within the Council estate (North London Business Park (Buildings 2 and 4), Barnet House, Hendon Town Hall, Oakleigh Road Depot, Friary House and Colinhurst House).

Summary of Findings

During our audit, we noted that a number of actions had been taken by CSG Estates to improve the work of the Facilities Management Team including:

- The Hornbill system went 'live' in October 2017 to support incident resolution and performance measurement;
- Regular reports of budget positions were included in Monthly CSG Estate Services Performance Reports to assist with oversight of budgetary position;
- The role of Facilities Manager had been filled with a permanent member of staff to support Facilities Management and reduce the risks associated with a single point of failure within the Team; and
- We also noted that management had identified improvements to be made regarding policies and process documents, such as the creation of welcome packs for new custodians and new officers to the Council. The Team has also recognised the need to upload policies in a central location within BarnetWork (the Council's Intranet). We found evidence that management were working towards implementing these actions.

This audit has identified two high, two medium and two low risk findings.

We identified the following issues as part of the audit:

- **Data Quality – KPI CSG 25: Incident Resolution (finding 1, 'high' risk rating)** – The Facilities Management Team report on incident resolution through KPI CSG 25 (Incident Resolution). This is the only KPI in place specifically regarding Facilities Management, which was forecast to spend £6.4m in 2017/18. We noted that outturn had historically been reported as 100%. Where the outturn is under 100% the Council is entitled to a service credit.

We noted the following issues:

- The KPI definition requires for jobs to be categorised according to resolution time; however, we found that there was no definition of reporting categories and their agreed rectification times. All requests in 2017 were reported as requiring a resolution in 48 hours.
- Management confirmed that incidents could be placed on 'hold' when there is a delay outside the control of Facilities Management but we noted there was no definition or clear expectation of reasons to place incidents on hold.
- We selected 11 jobs which were completed in October and November 2017 and found that:
 - 1/11 (9 %) incidents were reported as closed but had not been resolved in February 2018. Management confirmed that this incident requires the input of the Landlord which is outside CSG's control but this issue had been escalated with them. We found there is no agreed protocol in place for resolving issues with the Landlord;
 - 1/11 (9 %) requests related to a potential health and safety issue regarding a chair. Although this job was resolved in under an hour which suggested that jobs were being prioritised, it had not been escalated to a higher priority and was classed as a 'P4' which required resolution within 48-hours; and
 - 1/11 (9 %) requests required the procurement of materials and required two people to be present at the site. We found that the job was placed on hold for 19 days. Management confirmed that some of this delay was due to a key member of staff being on annual leave which delayed the acquisition of parts and two officers not being available to complete the job.
- **External contractors (finding 2, 'high' risk rating)** - We noted the following issues:
 - We found that there was a lack of audit trail linking incidents raised on Hornbill with Permit to Work (PtW) forms and subsequent Purchase Order (PO) numbers and invoices raised by contractors. This meant that in some instances we were unable to confirm controls were operating as expected.
 - We were informed that standard practice for resolving incidents using external contractors is to raise a purchase order for £250, which is approved by the CSG Estates Team. The contractor attends the site and subsequently raises an invoice for the correct amount, in line with a schedule of works. We considered that there was the potential for work to be agreed by CSG Estates without a detailed knowledge of the final cost to the Council;
 - We selected five jobs which required the use of an external contractor:
 - For 4/5 (80%) there was no evidence to support Facilities Management approval of invoices to confirm that goods and services has been received prior to payment; and

- For 1/5 (20%) jobs we could find evidence of two invoices which were for the same amount (£124.00) and same job completed date in addition to many similar details within narrative fields. Whilst we found Facilities Management approval to pay one of the invoices, due to the lack of audit trail between jobs raised on Hornbill and invoices we were unable to conclusively state whether payment had been made twice for the same job.
 - We were informed that payments over £250 require the authorisation of a suitable Approver but for one payment of £368.94, it was identified that no evidence to confirm the relevant Project Manager approved goods and services had been received prior to payment.
- **Budget monitoring (finding 3, 'medium' risk rating)** – During the time of our fieldwork we noted that the Facilities Management managed budget for 2017/18 was £3.87m but in December 2017 was forecast to spend £4.91m (an overspend of 27%).
 - **Roles and responsibilities:** During our review, we found there was a lack of clarity regarding the named Budget Holders and Budget Managers, whether budgets were monitored using Integra BDM and roles and responsibilities in approving works/invoices and the monthly budget monitoring process. This led to confusion when we made requests for evidence and conflicting views on the design and operating effectiveness of the controls in place, requiring additional audit resource to complete the review.
 - **Budget Monitoring Process:** We were informed by Management that the Estates budget monitoring process does not occur within the Integra BDM module, but that the following monthly budget monitoring cycle process was in place. We were informed that:
 - CSG Operations sends the Client Lead for Estates a spreadsheet containing the actuals and forecasts for financial year to date;
 - The CSG Operations Manager and the Client Lead for Estates meet to discuss the spreadsheet and its contents. Any discrepancies between forecast and actual are discussed along with the identification of savings. There is an expectation that the Head of Estates and Head of Building Services will attend the meeting quarterly; and
 - Actions arising from the meeting are compiled and circulated to the attendees.

We selected three months from the financial year of 2017/18 and sought to verify that the budget monitoring was happening in line with the expectations described to us above. We found that:

- For 1/3 (33%) months we considered that the Budget Monitoring was not completed in line with expectations described to us. Whilst we found evidence of the CSG Operations Manager and CSG Finance meeting to discuss the Annual Work Plan we were informed this impacted on the Building Services budget rather than

Facilities Management. We also saw evidence to confirm forecast versus actual being reported in the Monthly Estates Services Report. However, we could not be supplied with evidence of what was discussed at the meeting, involvement of the Council or if any actions were raised as a result of the meeting.

- **Identification and monitoring of savings:** We considered that improvements could be made to the controls in place to document and support regular monitoring of budgets and devising a systematic and coordinated approach to identifying savings and monitoring them being achieved.

- **Policies and Procedure Documents (finding 4, 'medium' risk rating)** - We noted the following issues:
 - **Policies in Place:** We selected seven areas of the output specification (Schedule 1) of the CSG contract and asked to inspect the procedure documents in place for these areas. We also reviewed other procedures referred to within these documents. We found that there were significant errors within some of the documents, for example:
 - The Facilities Management Welcome Starter Pack for New Employees for North London Business Park showed the fire evacuation point as Barnet House;
 - There was no Facilities Management Welcome Starter Pack for Oakleigh Road Depot;
 - Fire and Bomb Evacuation Procedures only covered North London Business Park and Barnet House; and
 - Dynamic Lockdown Procedures only covered Barnet House and Hendon Town Hall.

We also found that some policies were not freely available to on the intranet, had not been reviewed recently or in-line with their review date and documents were not in place for each building within the Managed/Maintained Estate.

Management accepted our findings and agreed appropriate actions to be implemented by 30 June 2018 in the majority of cases. As this fell within Q1 we have followed up to confirm implementation, see section 5.0 Follow-Up.

3.0 Management Reviews

3.1 Teachers Pensions – Statutory Returns

Summary

End Of Year Certificate (EOYC) submission

This review focussed specifically on the completion of the EOYC statutory return by the 31 May 2018 deadline. The EOYC process is an annual exercise undertaken by employers to provide assurance to the Secretary of State that the contributions collected and submitted are correct.

The EOYC was provided to the CFO on 31 May 2018 who endorsed submission to TP on the same date. The statutory deadline was met, however the EOYC was not provided sufficiently in advance of the 31 May deadline to allow for any certification of figures by the CFO. The CFO also confirmed that he had not been sufficiently updated on progress towards completion of the EOYC prior to the 31 May deadline.

We understand that pension contributions for Council maintained schools who use Capita as their payroll provider were all reconciled while reconciliations of pension contributions of schools using their own payroll providers could not be reconciled at 31 May, an issue which has arisen in previous years and was one of the factors that resulted in the Teachers Pensions grant claim being qualified by external audit in 2016/17. We understand that this has arisen owing to delays in the provision and retrieval of TP information from payroll providers of schools not using Capita's payroll service. At 31 May 2018, there was an unreconciled amount of £ -1,278,318.

Control

In terms of control processes, responsibility for the completion, reconciliation and certification of TP statutory submissions and the submission dates were clearly defined in the "Payroll Guide" provided by Capita for our review. We queried the existence of documented procedures governing completion at an operational level and were informed by the responsible officer that there were more detailed internal processes covering the preparation and checking of TP reconciliations. These were requested by us but were not provided.

However, while responses were provided periodically to our requests for information we were not provided with sufficient evidence of the reconciliations between EOYC and source data and related controls to provide assurance to the CFO on the effectiveness of related processes to ensure that the reconciliations and submission were accurate and complete at 31 May 2018. At this stage, we are therefore unable to report an assurance level on the control processes planned for review in Phase 1.

We will roll this work into Phase 2 of the TP review to be undertaken in July 2018.

In the interim, we recommend that:

1. The CFO be given more detailed progress updates on the completion of TP statutory returns in advance of submission to TP in line with a mutually agreed plan of work.
2. Detailed operational procedures - possibly in the form of a process flowchart - defining the roles and responsibilities for the collection, collation and reconciliation of the TP data from schools, including those schools using their own independent provider, be provided to the CFO for referral where necessary.

Management Response

We will ensure that the CFO is informed and updated at regular intervals from 1st April each year covering the progress and stage of the End of Year Certificate preparation and any problems encountered, in line with a documented plan of work to be mutually agreed by 31 August 2018.

On a monthly basis we will also inform the CFO of any issues or delays in the provision of contribution data by third-party payroll providers. Any delays experienced by third-party schools or providers will be chased initially by Capita and then raised with the CFO if no data is returned or further delays are experienced.

The internal processes and documentation will be reviewed, and the suggested process flowchart implemented for the benefit of Capita, the CFO and Auditors. We will ensure this cover everything suggested, from roles and responsibilities through to a full timeline of the stages of collation, preparation and completion.

Responsible Officer

Payroll Manager, CSG

Deadline

31st August 2018 for full process review and process flow chart implementation.

4.0 Progress against plan

Note that where audits from the 2017/18 audit plan are not complete at the end of Q1 in 2018/19, we will continue to monitor progress against these during 2018/19 and the outcome of these reviews will inform the 2018/19 Head of Internal Audit annual opinion.

Stage	Name of review	Report classification	Total findings	Ratings				
				Critical	High	Medium	Low	Advisory
Quarter 1								
Complete	Non-Schools Payroll	Limited	11	-	1	8	2	-
Complete	Onboarding	Limited	5	-	1	3	-	1
Complete	Facilities Management	Limited	6	-	2	2	2	-
Complete	Housing Benefit	Reasonable	6	-	1	1	4	-
Complete	Review of new Depot arrangements	Reasonable	6	-	1	1	3	1
Complete	Emergency Planning	Reasonable	6	-	-	5	1	-
Complete	Pardes House School	Reasonable	8	-	-	2	6	-
Complete	St. Agnes Catholic School	Reasonable	7	-	-	2	5	-
Complete	Brookland Infant School	Reasonable	6	-	-	2	4	-
Complete	Teachers Pensions – Statutory returns	Management letter issued (see section 3.0)						
Complete	Income Generation – benchmarking report (Advisory)	Management letter issued						
Complete	Live Unlimited Charity – Financial Controls (Advisory)	Management letter issued						

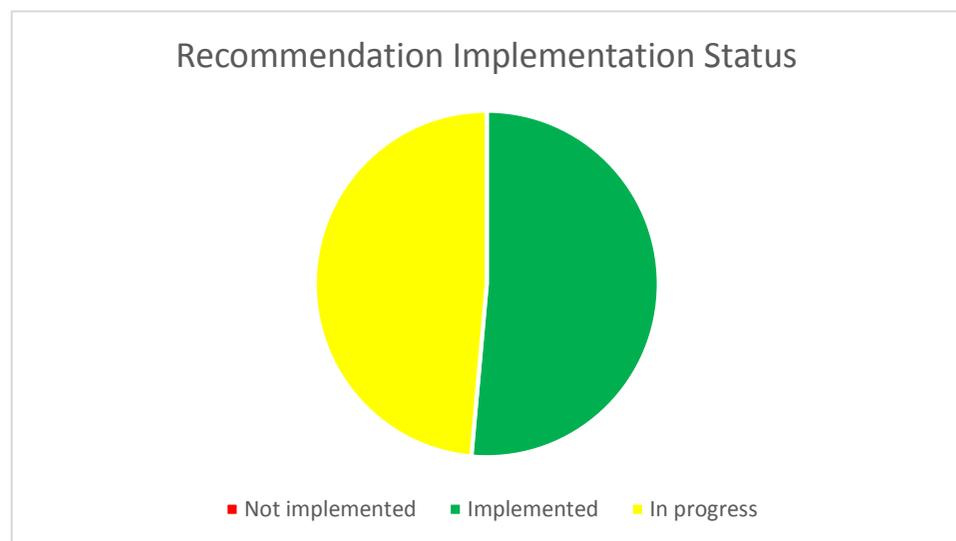
Complete	Pensions Admin follow-up (Phase 1)	Management letter issued, progress against high priority actions due was reported to Audit Committee in April						
Complete	Troubled Families - Payment by Results – June submission	Claim verified						
Draft Report	IT Governance – Strategic Decision Making	TBC	-	-	-	-	-	-
Draft Report	Contract Management - Sport & Physical Activity (SPA)	TBC	-	-	-	-	-	-
Draft Report	Freedom Passes	TBC	-	-	-	-	-	-
Draft Report	Temporary and Interim Workforce	TBC	-	-	-	-	-	-
Draft Report	Tudor School	TBC	-	-	-	-	-	-
Draft Report	St. Andrew’s School	TBC	-	-	-	-	-	-
Draft Report	Brookland Junior School	TBC	-	-	-	-	-	-
Fieldwork	Highways Programme	TBC	-	-	-	-	-	-
Fieldwork	Transformation - Customer Transformation Programme	TBC	-	-	-	-	-	-
Fieldwork	Equalities	TBC	-	-	-	-	-	-
Fieldwork	Business Continuity	TBC	-	-	-	-	-	-
Fieldwork	Health & Safety in Project Management	TBC	-	-	-	-	-	-
Fieldwork	Moss Hall Infant School	TBC	-	-	-	-	-	-
Planning	Domestic Violence	TBC	-	-	-	-	-	-
Planning	Better Care Fund	TBC	-	-	-	-	-	-
Planning	Follow-Up of CFO Financial Controls review	TBC	-	-	-	-	-	-

Planning	General Ledger	TBC	-	-	-	-	-	-
Planning	Integra controls review Note: previously titled 'Integra Issue Management' within the audit plan	TBC	-	-	-	-	-	-
Planning	Banking & Payment Arrangements Note: previously included within the audit plan as Accounts Payable and Cash & Bank	TBC	-	-	-	-	-	-
Planning	Re Operational Review follow-up	TBC	-	-	-	-	-	-
Planning	Highways DLO	TBC	-	-	-	-	-	-
Planning	Pensions Admin Follow-Up Phase 2	TBC	-	-	-	-	-	-
Planning	Elections Quality Assurance (Advisory)	TBC	-	-	-	-	-	-
Cancelled	Transformation Q1 Cancelled as the Transformation portfolio has reduced compared to previous years, therefore one review in Q3 considered sufficient. Outline Business Cases for the Priorities and Spending review will be ready at start of 2019/20, to conduct further reviews of Transformation then	N/A						

5.0 Follow Up

5.1 Summary

5.1.1 The wheel below demonstrates how many high priority actions due this period have been confirmed as being implemented, in progress or not implemented.



5.3 Outstanding actions

5.3.1 During this period we followed up 17 high priority actions which were found to be outstanding. These high priority actions are summarised below:

Name of report	Agreed Action	Status (Not Implemented / In Progress)	Owner	Due Date
1. Regeneration – Benefits Realisation (October 2017)	Benefits identification and definition Following training Project Managers will review and update project benefit profiles for the three schemes reviewed and ensure they contain all the required information to fully define planned benefits.	In progress In Q4 of 2017/18 we reported that this action was considered implemented for Regeneration and Strategic Planning but was 'in progress' for Brent Cross. We found evidence to support that the Project Management Office Coordinator for the Programme had attended the Benefits Realisation workshops and we noted that at that time the Project Execution Plan was being updated. In Q1, 2018/19, we found that a benefits tracker for the	Brent Cross Programme Director, Re	Original: 28 February 2018 Revised: 31 May 2018 2nd Revised: 30 September 2018

	<p>c) The Council and Re will consider whether this recommendation is applicable to other projects across the Regeneration Programme.</p>	<p>Brent Cross scheme had been initiated and had been populated with some benefits. The benefits needed further description to clearly articulate, for example, measurement methods, owners and targets</p> <p>Management confirmed that the benefits tracker would be finalised by September 2018 so that the delivery and achievement of benefits can be monitored. Reports regarding benefits will then be provided to the monthly LBB/Brent Cross Governance Boards and also at the bi-monthly public sector partners Assurance Board meetings.</p> <p>We noted that a recent review by the Infrastructure and Projects Authority raised an action on the Brent Cross programme to develop a benefits plan to ensure that benefits are tracked and monitored effectively.</p> <p>Further action for full implementation:</p> <ol style="list-style-type: none"> 1. Create and formally approve Benefits Realisation Trackers; 2. Identify dis-benefits; 3. Report Regular update on the Brent Cross Monthly Progress Report (MPR) to the client (LBB) review 4. Realise benefits and dis-benefits by the end of financial year 2018/19 		<p>Benefits Realisation: F/Y 2018/19</p>
<p>2. Regeneration – Benefits Realisation (October 2017)</p>	<p>Benefits monitoring, measurement and realisation</p> <p>Following training Project Managers will review and update project benefit profiles for the three schemes reviewed and ensure that:</p> <ul style="list-style-type: none"> • Wherever possible phase-specific benefits are identified within benefit 	<p>In Progress</p> <p>As above</p>	<p>Brent Cross Programme Director, Re</p>	<p>Original: 28 February 2018 Revised: 31 May 2018</p> <p>2nd Revised: 30 September 2018</p> <p>Benefits Realisation:</p>

	<p>profiles so that for closed phases the realisation of benefits is fully assessed at the point of closure and any failure to realise benefits can be understood and inform future phases.</p> <ul style="list-style-type: none">• Measurement criteria within benefit profiles are reassessed to ensure that they support benefits monitoring and realisation. This should logically allow progress from the baseline point towards the target to be measured and articulated.• A clear schedule for planned benefits monitoring activity and governance updates is agreed, for example the benefits tracker should be updated to include planned information on an annual basis and progress reported to the Growth and Regeneration Operations Board.• Profiles are aligned with the information contained within Annual Growth and Regeneration Programme Report to ensure that benefits are consistently and fully defined and monitored. <p>c) The Council and Re will consider whether this recommendation is applicable to other projects across the Regeneration Programme.</p>			F/Y 2018/19
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<p>3. S106 and CILS Expenditure</p> <p>January 2018</p>	<p>Roles, Responsibilities and Decision Making</p> <p>The Schemes of Delegation will then be followed when CIL and S106 funding is drawn down i.e. depending on value this will be decided by the appropriate Area Committee / Chief Officer / Summary DPR to enable funds to be spent effectively and efficiently.</p>	<p>In Progress</p> <p>Management confirmed that the revised Schemes of Delegation would be used going forward.</p> <p>As the Schemes of Delegation had not been updated until the end of June 2018, we have not been able to verify that they are operating effectively, so we will review the action's implementation status in Q2, 2018/19.</p>	<p>Assistant Director of Finance, CSG</p>	<p>Original: 30 April 2018</p> <p>Revised: 30 September 2018</p>
<p>4. S106 and CILS Expenditure – Limited Assurance</p> <p>January 2018</p>	<p>S106 and CIL expenditure and monitoring</p> <p>RE and LBB management will agree a strategy for transferring non-priority S106 agreements from excel into EXACOM. On the transfer of data from RE management will ensure that:</p> <ul style="list-style-type: none"> • all relevant S106 agreements are held on file; • all relevant fields within EXACOM are correct and match S106 agreements; and • all relevant fields with EXACOM accurately provide details of how funds have been applied. 	<p>In Progress</p> <p>We were not supplied with an agreed strategy between LBB and Re to transfer non-priority S106 agreements into EXACOM, including where S106 agreements are currently not held on file and therefore consider this action 'in progress'.</p> <p>Management confirmed that:</p> <ul style="list-style-type: none"> - All applications recorded as 'granted subject to legal agreement' had been pulled though into EXACOM - There are some S106 agreements which have not been located. Re are in contact with HBPL and Records Management to locate agreements and searching historic emails and the shared drive. - Discussions with Development Management are underway to ascertain whether S106 agreements can be published on the planning access website, which would assist with the administration of the agreements. <p>Further action required for full implementation:</p>	<p>Commissioning Lead – Planning, LBB</p> <p>Head of Strategic Planning, RE</p>	<p>Original: 30 April 2018</p> <p>Revised: 30 September 2018</p>

		<ul style="list-style-type: none"> - RE and LBB management will agree a strategy for transferring non-priority S106 agreements from Excel into EXACOM and to ensure all S106 agreements are held on file. 		
<p>5. S106 and CILS Expenditure – Limited Assurance</p> <p>January 2018</p>	<p>Specific development non-financial obligation tracking and verification</p> <p>RE Management will complete their historic reconciliation of non-financial obligations and start to take any action necessary as a result of this reconciliation.</p>	<p>In progress</p> <p>Management confirmed that in order to complete the historic reconciliation of non-financial obligations, reconciliation of financial obligations had to first be completed to account for any commuted sums. Management also confirmed that all non-financial obligations have been updated on EXACOM for the years 2010-2018. From our testing, we found that for our sample there was good agreement between obligations within S106 agreements and details held on EXACOM.</p> <p>Management confirmed that reconciliation (i.e. matching obligations made with activities carried out) has commenced and is focussing on major development sites and schemes which have commenced in the last three years. Whist progression of the reconciliation is dependent on developers providing information, developers have been issued with requests for information. Sites are also being assessed to ascertain whether additional information is required from developers.</p> <p>Management confirmed that this reconciliation will be complete by the end of October 2018.</p> <p>Further action requires for full implementation:</p>	<p>Head of Strategic Planning, RE</p> <p>Infrastructure Planning Manager, RE</p> <p>Service Director - Highways, RE</p> <p>Head of Business, Enterprise and Skills, RE</p>	<p>Original: 30 April 2018</p> <p>Revised: 31 October 2018</p>

		<ul style="list-style-type: none"> - RE Management will complete their historic reconciliation of non-financial obligations and start to take any action necessary as a result of this reconciliation. 		
<p>6. S106 and CILS Expenditure – Limited Assurance</p> <p>January 2018</p>	<p>Specific development non-financial obligation tracking and verification</p> <p>A protocol will be developed (see action 1a) to clearly document the roles and responsibilities of parties in the monitoring and delivery of obligations, including where delivery is not in-line with the S106 agreement. Records of delivery will be maintained on file.</p>	<p>In progress</p> <p>We were supplied with a document entitled ‘Monitoring the delivery of Section 106 non-financial obligations – process map’. The document listed key steps to be undertaken in monitoring S106 non—financial obligations and attributed to them to either the Planning. Developer or relevant to departments in Re responsible for monitoring delivery of the obligation.</p> <p>We considered that the document was not sufficiently detailed to define roles and responsibilities in monitoring delivery of non-financial obligations. For example:</p> <ul style="list-style-type: none"> - The document did not detail different monitoring arrangements in the different departments within Re (for example, education and skills, Highways and Affordable Housing); - The document did not refer to any decision making that would take place to agree a proportionate remedy with the developer and how decisions making would be recorded. - The document did not refer to the Council’s Schemes of Delegation regarding decision making when altering S106 agreements; and - The document did not make reference to management checks or oversight of delivery obligations. <p>Further action for full implementation: Management will review the protocol and ensure it is sufficiently detailed to define</p>	<p>Head of Strategic Planning, RE</p> <p>Infrastructure Planning Manager, RE</p> <p>Service Director - Highways, RE</p> <p>Head of Business, Enterprise and Skills, RE</p>	<p>Original: 30 April 2018</p> <p>Revised: 31 October 2018</p>

		expectations as well as roles and responsibilities in the monitoring and delivery of obligations.		
7. S106 and CILS Expenditure – Limited Assurance January 2018	Specific development non-financial obligation tracking and verification Where planning obligations are found not to have been met without prior agreement, RE management will pursue an appropriate remedy with the developer.	In Progress Whilst Management confirmed that, to date, no unmet obligations have been identified this action cannot be considered as ‘fully implemented’ until the historic reconciliation of non-financial obligations had been completed.	Head of Strategic Planning, RE Infrastructure Planning Manager, RE Service Director - Highways, RE Head of Business, Enterprise and Skills, RE	Original: 30 April 2018 Revised: 31 October 2018
8. Transformation Benefits Realisation December 2017	Benefits identification and definition Project managers will review benefit profiles for current projects across the Transformation Programme to ensure they contain all the required information to fully define planned benefits.	In Progress It has been confirmed that benefit trackers are in place for the council’s key strategic projects and programmes. There has been work undertaken on ensuring benefit trackers are in place across the rest of the council’s project portfolio and this is driving the right activity across the organisation.	Commercial Director	Original: 30 June 2018 Revised: 30 September 2018
9. Transformation Benefits Realisation December 2017	Benefits measurement and monitoring Following training Project Managers will review and update project benefit profiles for projects across the Transformation programme portfolio and ensure: <ul style="list-style-type: none"> • Measurement criteria within benefit profiles support benefits monitoring and 	In Progress As above	Commercial Director	Original: 30 June 2018 Revised: 30 September 2018

	<p>realisation. These will logically allow progress from the baseline point towards the target to be measured and articulated.</p> <ul style="list-style-type: none"> • A clear schedule for planned benefits monitoring activity and governance updates is agreed, for example the benefits tracker will be updated to include planned information on an annual basis and progress reported to the relevant board/committee. 			
<p>10. Transformation Benefits Realisation</p> <p>December 2017</p>	<p>Benefits realisation</p> <p>At the point of project closure for all transformation projects, management will assess whether benefits have been realised and record and report the extent of realisation.</p>	<p>In Progress</p> <p>Management confirmed that since the audit the standard project closure document template - which is completed when a project is over – had been updated and includes an appendix which clearly documents benefits which require handover into business as usual and any ongoing monitoring needed after the point of project closure/ handover. They confirmed that this has been cascaded to project managers.</p> <p>However, at the time of our follow up review, no projects had been formally closed since the revised project closure document had been updated.</p> <p>We therefore consider this to be In Progress and will review this action again in Q2, 2018-19, by when at least one project will have been formally closed and we can confirm that the revised template has been completed.</p>	<p>Commercial Director</p>	<p>Original: 30 June 2018</p> <p>Revised: 30 September 2018</p>
<p>11. Transformation Benefits Realisation</p> <p>December 2017</p>	<p>Benefits realisation</p> <p>Any benefits which need to continue to be measured after the project close date will be formally handed over</p>	<p>In Progress</p> <p>As above</p>	<p>Commercial Director</p>	<p>Original: 30 June 2018</p> <p>Revised:</p>

	to the service area and a monitoring and reporting schedule agreed for them.			
12. Accounts Payable December 2017	BACS reconciliation We will retain evidence of the preparation of each BACS run to ensure that there is an audit trail to demonstrate appropriate segregation of duties.	In Progress Management confirmed that evidence now remains within the Integra system and that there is inbuilt segregation of duties due to the separate teams that are involved in file transmission. Additionally, once the Payment Production Report/Update has been run in Integra it cannot be amended. However, to date, we have not been provided with any evidence to confirm this therefore considered In Progress until that evidence is provided.	Head of Exchequer Services, CSG	Target Date: 30/4/2018 Revised: 30 September 2018
13. Accounts Receivable December 2017	Unallocated receipts We will remind Cashbook officers of the importance of investigating unallocated debtor amounts using account numbers in Integra, on a monthly basis.	In Progress Management confirmed that Officers had been reminded of the importance of investigating unallocated debtor amounts. We were informed this was done verbally and via email. Audit have not yet been provided with evidence (for example an email to the Cashbook team) to confirm that this action has been implemented, therefore considered In Progress until that evidence is provided.	Head of Exchequer Services, CSG	Target Date: 30/4/2018 Revised Target Date: 30 September 2018
14. Accounts Receivable December 2017	Unallocated receipts We will remind Accounts Receivable officers of the importance of supporting cashbook in investigating unallocated debtor amounts using their existing knowledge of debtors.	In Progress Management confirmed that Officers have been reminded of the importance of supporting cashbook in investigating debtor amounts using their existing knowledge of debtors. We were informed this was done verbally and via email. Audit have not yet been provided with evidence (for example an email to the Accounts Receivable team) to confirm that this action has been implemented, therefore considered In Progress until that evidence is provided.	Head of Exchequer Services, CSG	Target Date: 30/4/2018 Revised Target Date: 30 September 2018

<p>15. Accounts Receivable</p> <p>December 2017</p>	<p>Unallocated receipts</p> <p>We will discuss the possibility of introducing a monthly joint exercise between Cashbook and Accounts Receivable officers to clear off outstanding unallocated debtors in a timely manner.</p>	<p>In Progress</p> <p>Management confirmed that a monthly joint exercise had been discussed but it was decided against it as it was deemed there was sufficient contact between the Accounts Receivable and Cashbook teams.</p> <p>However, at the time of the initial audit the suspense account total value was £559k whereas the unallocated total at the end of June 2018 was £854k. Whilst £352k was dated from the last week in June, we considered there was still an opportunity to further reduce the historic unallocated receipt total as it includes, for example, amounts from 2016 totalling £71k and from 2017 totalling £219k.</p> <p>We asked for evidence of the reconciliations for the months of Feb 2018 and Apr 2018 but at time of writing this report these had not been received. Therefore, considered In Progress until that evidence is provided.</p>	<p>Head of Exchequer Services, CSG</p>	<p>Target Date: 30/4/2018</p> <p>Revised Target Date: 30 September 2018</p>
<p>16. Housing Benefit</p> <p>March 2018</p>	<p>Overpayments</p> <p>There has been a significant backlog of recovery action in relation to overpaid benefit, but a new team is now in place and cases will now be pursued (where appropriate) through to Legal action. It should be noted that it may be inappropriate where the costs of such action would more than double the customer's original debt.</p>	<p>In Progress</p> <p>Management confirmed that work is underway to address the backlog of recovery action.</p> <p>In April, a data matching exercise was undertaken with the DWP and they have provided up to date details and employment information for a significant number of the outstanding debtors. This will take some time to process but where current employment details have been provided it is possible to apply for an Earnings Attachment without having to go to court (unlike Council Tax debts) and this will generate immediate results and much improved income in respect of these debtors.</p> <p>Once this work has been completed any remaining accounts will be reviewed with and a decision made whether to move appropriate cases into the Legal process or to write them off depending on size of debt or circumstances.</p>	<p>Head of Revenues & Benefits</p>	<p>30 June 2018</p> <p>Revised Target Date: 31 March 2019</p>

17. Staff Performance Reviews March 2018	Governance - presentation of monitoring information Management will consider whether to introduce equalities monitoring earlier in the process (at the point of indicative ratings) to ensure that the moderation process can be used to address any areas of anomaly identified and provide additional assurance over the validity of staff ratings.	In Progress We were provided with a copy of the report of the outcome of the 2017/18 moderation process which had been prepared for SCB to review. However, at time of writing this report it had not yet been presented to SCB and the pay progression awards had therefore been delayed. It was not clear from the report whether the equalities monitoring had fed into the moderation process at the point of indicative ratings and further clarification is needed.	HR Director	April 2018 Revised Target Date: 31 August 2018
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5.4 Completed actions

5.4.1 During this period we followed up 18 high priority actions which are deemed to have been implemented, superseded or closed. These are listed below:

Name of report	Agreed Action and Due Date
1. Highways Programme (March 2017)	Performance Management A framework for performing validation activity on performance data reported by the contractor will be determined and implemented. This will involve periodically requesting the supporting data from the contractor on a proportionate sample basis to support reported performance. Original: 31 July 2017 1st Revised date: 31 January 2018 2nd Revised date: 30 June 2018 Implemented
2. Highways Programme (March 2017)	Performance Management The current suite of KPIs in place will be reviewed. As part of this exercise obsolete indicators will be removed and the KPIs set out in the framework agreement will be reviewed to determine what potential indicators would add value to the current performance management framework.

	<p>These indicators will be added to those measured and reported by the contractor on a monthly basis as appropriate.</p> <p>Original: 30 June 2017</p> <p>1st Revised date: 31 October 2017</p> <p>2nd Revised date: 31 March 2018</p> <p>3rd Revised date: 31 May 2018</p> <p>Closed</p> <p>A meeting was held between Re and the Council's Commercial team on 3rd July to review and agree all the KPI Data Quality Sheets amendments proposed by Re except one which needs to be jointly reviewed. A meeting has been arranged with Re for 26th July to review this single KPI. The KPIs being reviewed include re-alignment with the LoHAC KPIs.</p> <p>As the resolution of this action involved commercial negotiation we are closing the audit action.</p>
<p>3. Highways Programme (March 2017)</p>	<p>Performance Management</p> <p>The Council and Re will discuss the alignment of performance targets between the London Highways Alliance Contract (LoHAC) and those in place to monitor Re's performance where applicable. This will be considered as part of the contract KPI review highlighted in action (a) as well as the 4-year review of the overarching Re contract which will consider the suite of KPIs that are in place to assess Re's performance.</p> <p>Original: 30 June 2017</p> <p>1st Revised date: 31 October 2017</p> <p>2nd Revised date: 31 March 2018</p> <p>3rd Revised date: 31 May 2018</p> <p>Closed – as above</p>
<p>4. Regeneration – Benefits Realisation (October 2017)</p>	<p>Benefits identification and definition</p> <p>Following training Project Managers will review and update project benefit profiles for the three schemes reviewed and ensure they contain all the required information to fully define planned benefits.</p> <p>Original: 31 January 2018</p> <p>Revised: 31 May 2018</p>
<p>5. Regeneration – Benefits Realisation (October 2017)</p>	<p>Benefits identification and definition</p> <p>The Council and Re will agree guidance to assist Regeneration Managers in the identification and reporting of dis-benefits. This will be reported to the LBB/Re Growth and Regeneration Operations Board.</p>

	<p>Original: 31 January 2018</p> <p>Revised: 31 May 2018</p>
<p>6. Regeneration – Benefits Realisation</p> <p>(October 2017)</p>	<p>Benefits monitoring, measurement and realisation</p> <p>Following training Project Managers will review and update project benefit profiles for the three schemes reviewed and ensure that:</p> <ul style="list-style-type: none"> • Wherever possible phase-specific benefits are identified within benefit profiles so that for closed phases the realisation of benefits is fully assessed at the point of closure and any failure to realise benefits can be understood and inform future phases. • Measurement criteria within benefit profiles are reassessed to ensure that they support benefits monitoring and realisation. This should logically allow progress from the baseline point towards the target to be measured and articulated. • A clear schedule for planned benefits monitoring activity and governance updates is agreed, for example the benefits tracker should be updated to include planned information on an annual basis and progress reported to the Growth and Regeneration Operations Board. • Profiles are aligned with the information contained within Annual Growth and Regeneration Programme Report to ensure that benefits are consistently and fully defined and monitored. <p>Original: 31 January 2018</p> <p>Revised: 31 May 2018</p>
<p>7. S106 and CILS Expenditure</p> <p>(January 2018)</p>	<p>Roles, Responsibilities and Decision Making</p> <p>The Council, RE and CSG Finance will agree a protocol all areas relating to the expenditure of CIL and S106 monies to ensure everyone is aware of their roles and responsibilities and accountabilities and ensure there is effective oversight between the three parties. This will be prepared by Re in its role “providing support for the end-to-end [Planning Obligation] process with support from CSG and LBB”.</p> <p>The Deputy Chief Executive will formally approve and issue the protocol document.</p> <p>One agreed and finalised, HBPL will be provided with a copy so they are aware of the agreed processes that will be followed by Re, CSG and LBB relating to the agreed expenditure of CIL and S106 monies.</p> <p>Original: 30 June 2018</p>
<p>8. S106 and CILS Expenditure</p> <p>(January 2018)</p>	<p>Roles, Responsibilities and Decision Making</p> <p>The Schemes of Delegation for the Deputy Chief Executive, the Commissioning Director for Environment and the Director of Resources will be reviewed by LBB Commissioning to ensure clarity around who has the delegated authority to draw down CIL and S106 capital and revenue funding.</p> <p>Original: 30 April 2018</p>

<p>9. S106 and CILS Expenditure (January 2018)</p>	<p>Roles, Responsibilities and Decision Making</p> <p>When providing finance clearance, CSG Finance and LBB's Head of Finance will ensure Policy & Resources Committee papers clearly indicate schemes to be funded by CIL. Any substitutions will be clearly reported through the budget update reports and Re will be informed. The process to be followed will be agreed in the protocol document.</p> <p>Original: 30 April 2018</p>
<p>10. S106 and CILS Expenditure (January 2018)</p>	<p>S106 and CIL expenditure and monitoring</p> <p>A protocol will be agreed which details the proactive engagement which will be undertaken with services across the Council to ensure effective awareness of available funds and that suitable projects are identified and progressed in a timely manner (see recommendation 1a). This will ensure that there is effective oversight of said funds and they can be effectively monitored to reduce the likelihood of reaching expiry date.</p> <p>Original: 30 April 2018</p>
<p>11. S106 and CILS Expenditure (January 2018)</p>	<p>S106 and CIL expenditure and monitoring</p> <p>RE management will ensure all priority S106 agreements are transferred from the excel spreadsheet to EXACOM. On the transfer of data from RE management will ensure that:</p> <ul style="list-style-type: none"> - all relevant S106 agreements are held on file; - all relevant fields within EXACOM are correct and match S106 agreements; and - all relevant fields with EXACOM accurately provide details of how funds have been applied. <p>Priority schemes will be those which:</p> <ul style="list-style-type: none"> - have not yet commenced; - were signed on or after 1 Jan 2015; - finance records following the reconciliation indicate there is a balance; and - EXACOM indicates the scheme has commenced but there are empty fields within the database. <p>Original: 30 April 2018</p>
<p>12. S106 and CILS Expenditure (January 2018)</p>	<p>S106 and CIL expenditure and monitoring</p> <p>In line with the protocol (see action 1a), when making approved changes to use of S106 or CIL funds within revenue budgets or Capital Programme, including substitutions, CSG Finance will continue to ensure they liaise fully with RE management to ensure full compliance with S106 and CIL legal controls (as this data is not held in finance systems). RE Management will then use this occasion to retain full and accurate records of how funds are being applied.</p> <p>Original: 30 April 2018</p>
<p>13. Staff Performance Reviews</p>	<p>Governance - presentation of monitoring information</p>

<p>(March 2018)</p>	<p>HR will re-assess the ratings distributions across different service areas and equalities monitoring characteristics. Where potentially statistically significant variances are identified, these will be investigated to understand whether they represent systemic bias or inconsistent understanding of the performance management approach. If this is the case, management will ensure that mitigating actions are taken to address any issues identified before the next round of annual performance reviews in March – May 2018.</p> <p>Original: April 2018</p> <p>Superseded – see Outstanding actions above (section 5.3), Management will consider whether to introduce equalities monitoring earlier in the process</p>
<p>14. Elections Management - Annual Canvass (January 2018)</p>	<p>Completeness of property lists sent to canvassers for a face-to-face visit Management will work with Democracy Counts to explore:</p> <ul style="list-style-type: none"> - Ensuring that the system correctly assigns a property to a canvasser where a HEF response has not been received. - Designing a process which will allow the Elections Team to quickly identify any properties which have been incorrectly excluded from the next stage during the annual canvass process. <p>Target date: 30 June 2018</p>
<p>15. Elections Management - Annual Canvass (January 2018)</p>	<p>Processing of HEFs returned by post Management will clearly document responsibilities of officers for processing HEFs accurately to ensure that all changes requested by residents are made. This document will be communicated to all relevant officers.</p> <p>Target date: 30 June 2018</p>
<p>16. Elections Management - Annual Canvass (January 2018)</p>	<p>Processing of HEFs returned by post Management will design and implement a quality assurance process to verify that HEF forms have been processed correctly. The process will cover:</p> <ul style="list-style-type: none"> - The need to carry out accuracy - checks to ensure that the information on forms has been correctly entered in the system. - The need to perform checks before HEF forms are physically destroyed. - The need to verify new team members' work to ensure that they are aware of where actions are not meeting process requirements. <p>This process will be documented and reviewed and updated on an annual basis.</p> <p>Target date: 30 June 2018</p>
<p>17. Elections Management - Annual Canvass (January 2018)</p>	<p>Documentation relating to the canvass process Management will identify the key processes within the electoral registration cycle and design and issue Barnet-specific procedure documents for these tasks which align to the relevant statutory requirements.</p>

	<p>The documents will stipulate key roles and responsibilities of Electoral Services Team members in the completion of their duties around electoral registration.</p> <p>Target date: 31 March 2018</p> <p>Revised date: 30 June 2018</p>
<p>18. Elections Management - Annual Canvass (January 2018)</p>	<p>Documentation relating to the canvass process</p> <p>Management will create a project plan which maps and documents all key tasks to be completed as part of the annual canvass. This will clearly define:</p> <ul style="list-style-type: none"> - Actions to be taken - Owner - Timelines (including deadlines) - Current progress - Escalation routes <p>The plan will include review of canvassers' activities and non-standard tasks outside the core HEF and canvass process. The plan will be retained on a shared drive to ensure it is accessible and will be presented to the Assurance Director for their endorsement. The plan will be reviewed and updated prior to any new canvass.</p> <p>Target date: 30 June 2018</p>

At the time of writing this report, we were in the process of confirming the status of actions from the **Facilities Management** audit. We will give a verbal update to the Audit Committee as to this progress:

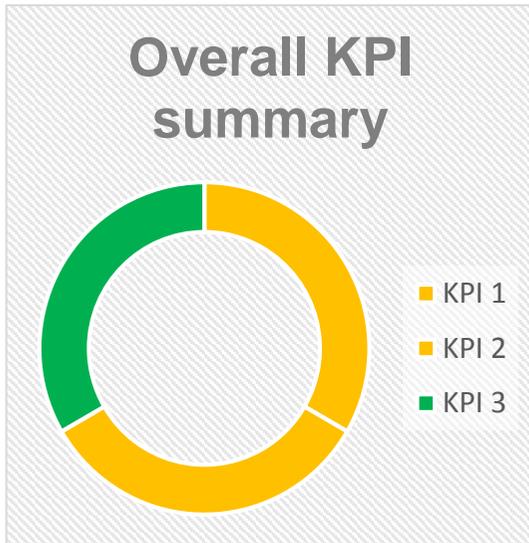
Name of report	Agreed Action and Due Date	Status
<p>1. Facilities Management (June 2018)</p>	<p>Data Quality – KPI CSG 25: Incident Resolution</p> <p>Management will draft expectations regarding KPI CSG 25 (Incident Resolution) to define:</p> <ul style="list-style-type: none"> - Expectations to ensure completeness of data; - Reporting categories and expected resolution time; - Criteria for jobs being marked as pending or 'on hold' and any approval which should be sought from LBB - When jobs should be reported as resolved and closed out on Hornbill; and 	<p>TBC – verbal update to be given to Audit Committee</p>

	<p>- Steps to be taken by management to ensure that data quality is reliable, for example verifying data within the outturn and/or reviewing the progress of jobs, including those which have been placed on hold for long periods of time.</p> <p>Target date: 22 June 2018</p>	
<p>2. Facilities Management (June 2018)</p>	<p>Data Quality – KPI CSG 25: Incident Resolution</p> <p>The draft document will be presented to and agreed by the Head of Estates.</p> <p>Target date: 29 June 2018</p>	<p>TBC – verbal update to be given to Audit Committee</p>
<p>3. Facilities Management (June 2018)</p>	<p>Data Quality – KPI CSG 25: Incident Resolution</p> <p>CSG will review and formalise their existing escalation procedures with the Landlord (COMER).</p> <p>Target date: 29 June 2018</p>	<p>TBC – verbal update to be given to Audit Committee</p>
<p>4. Facilities Management (June 2018)</p>	<p>Data Quality – KPI CSG 25: Incident Resolution</p> <p>The escalation procedures will then be enacted regarding the ongoing issue with swipe card access.</p> <p>Target date: 29 June 2018</p>	<p>TBC – verbal update to be given to Audit Committee</p>
<p>5. Facilities Management (June 2018)</p>	<p>Data Quality – KPI CSG 25: Incident Resolution</p> <p>Management will review where jobs have been delayed by factors within their control – for example a key Officer being on leave and required materials therefore not being procured – to ensure corrective actions are put in place to prevent recurrence.</p> <p>Target date: 29 June 2018</p>	<p>TBC – verbal update to be given to Audit Committee</p>
<p>6. Facilities Management (June 2018)</p>	<p>External contractors</p> <p>Contractors will not commence work before a Permit to Work Form has been completed and is held on file.</p> <p>Target date: 22 June 2018</p>	<p>TBC – verbal update to be given to Audit Committee</p>
<p>7. Facilities Management (June 2018)</p>	<p>External contractors</p> <p>The Permit to Work form will be updated to include a requirement for Custodians to insert the job reference number from Hornbill.</p> <p>Target date: Implemented</p>	<p>TBC – verbal update to be given to Audit Committee</p>

<p>8. Facilities Management (June 2018)</p>	<p>External contractors</p> <p>Management will:</p> <ul style="list-style-type: none"> - Ensure there is an effective and full audit trail from Hornbill through to purchase orders, invoices and payments made for incident responses. - Ensure there are sample checks completed on jobs under £250 by the Facilities Management Team to ensure the jobs are completed correctly and have not been paid for previously. - Ensure there is a schedule in place which states named Officers which can request work as well as approve invoices of certain values. - Ensure that there is there is oversight of work costing £250 before an invoice is raised by the contractor. The approach will be documented and held on file. <p>Target date: 22 June 2018</p>	<p>TBC – verbal update to be given to Audit Committee</p>
<p>9. Facilities Management (June 2018)</p>	<p>External contractors</p> <p>The Council and CSG Estates will agree a documented approach as described above.</p> <p>Target date: 22 June 2018</p>	<p>TBC – verbal update to be given to Audit Committee</p>
<p>10. Facilities Management (June 2018)</p>	<p>External contractors</p> <p>Management will investigate whether a duplicate payment was made for £124 and if so pursue reimbursement from the supplier.</p> <p>Target date: 22 June 2018</p>	<p>TBC – verbal update to be given to Audit Committee</p>
<p>11. Facilities Management (June 2018)</p>	<p>External contractors</p> <p>The Council and CSG will consider whether this recommendation is applicable to other budgets within CSG Estates.</p> <p>Target date: 22 June 2018</p>	<p>TBC – verbal update to be given to Audit Committee</p>

Appendices

Appendix A: Key performance indicators (KPIs)



Fully Achieved

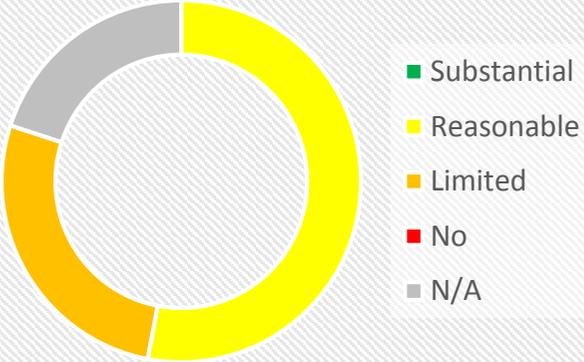
Partially Achieved

Not Achieved



KPI	Target	Results	Comment										
1. % of Plan delivered	43%	41%	<p>Work in progress is incorporated as follows:</p> <table border="1"> <tr> <td>Not Started</td> <td>0%</td> </tr> <tr> <td>Planning</td> <td>20%</td> </tr> <tr> <td>Fieldwork</td> <td>50%</td> </tr> <tr> <td>Draft Report</td> <td>90%</td> </tr> <tr> <td>Complete</td> <td>100%</td> </tr> </table> <p>Applying these %s to work in progress show that we have delivered 41% of our plan.</p> <p>0-20% = Not Achieved 21-42% = Partially Achieved 43% = Fully Achieved</p>	Not Started	0%	Planning	20%	Fieldwork	50%	Draft Report	90%	Complete	100%
Not Started	0%												
Planning	20%												
Fieldwork	50%												
Draft Report	90%												
Complete	100%												
2. Verification that at least 90% of Critical and High Risks have been mitigated by management at the time of follow up	90%	51%	<p>0-49% = Not Achieved 50-89% = Partially Achieved 90% = Fully Achieved</p>										
3. Average customer satisfaction score for year to meet or exceed acceptable level for at least 85% of completed surveys	85%	100%	<p>0-49% = Not Achieved 50-84% = Partially Achieved 85% = Fully Achieved</p>										
4. % of reports year to date achieving:	N/A												

Assurance Ratings



•Substantial	0%
•Reasonable	53%
•Limited	27%
•No Assurance	0%
•N/A	20%