

Internal Audit – London Borough of Barnet

Appendix 1



Internal Audit Q2 Progress Report 1 July – 30 September 2019



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 2019/20 internal audit plan

1.2.1 We have completed 13 reviews in the quarter and delivered 42% of our 2019/20 internal audit programme for the year, which is below the 51% target for Q2. This is due to the restructure within the Internal Audit team and having two vacant posts, one of which was filled in August and the other in September. Embedding new staff and allowing for training and induction has impacted upon delivery of the plan.

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:

- **Highways Programme** - No Assurance
- **Accounts Payable** – Limited Assurance
- **St Michaels Catholic Grammar School**– Limited Assurance

Regarding the Highways Programme ‘No Assurance’ report, we have followed up during the quarter to provide an updated status to the Audit Committee. At time of writing the status is as follows; a further verbal update will be given at the Committee.

The audit raised six high priority findings, which we have also followed up during Q2. The current status is:

Implemented	3
In Progress – Substantial progress made - verbal update to be given to Audit Committee	3

See section 2 for further detail on the audit findings and the actions being taken.

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 September 2019 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 40 high priority actions have been followed up this quarter:

31 actions have been confirmed as implemented (78%); and

9 have been partially implemented (22%).

Follow up Actions Summary	Total	Completed	Substantial progress	Reasonable progress	Limited progress
Total Number of Actions	40	31	4	4	1
Percentage of Actions		78%	10%	10%	2%

Overall, this performance is below the target of 90% being implemented but it is an improvement on the performance in Q1, when 73% of actions were confirmed as implemented.

During 2018/19 the target of 90% was not met in any quarter during the year. In Q4 the performance did improve, with 82% of actions being implemented. However, until we can be sure the improvement in the implementation of audit actions is sustainable we will maintain the risk rating as 16 against the following risk within the Assurance Group risk register:

AG020 - If audit actions are not implemented this could lead to a deterioration in the council's control environment and result in the Head of Internal Audit providing a Limited Assurance Annual Opinion.

Progress is summarised in Section 4.

1.4 Other Matters

1.4.1 Grant Thornton Review of the Financial Management Relating to Compulsory Purchase Order (CPO) Fraud

During Q2, we have continued to monitor progress against the remaining 'GT actions'.

In the 2019/20 plan we committed to completing our work on these as part of the following reviews. A summary of the status is below:

GT ref	GT finding	Audit	Status
GT4	Managing access and authorisation rights on IT systems	Follow-Up of Integra Access & Program Change Management audit HR Processes (post insourcing)	In Progress Limited progress has been made. This is linked to the follow-up action from the Integra Access and Program Change Management audit. See summary in section 4, item 4.
GT15	BACS process for new suppliers	Accounts Payable	Implemented
GT21	Capital Budgets (BDM)	Capital Budget Monitoring	Implemented
GT16	Duplicate banking details	Accounts Payable	Implemented
GT20	Capital Budget Review	Capital Budget Monitoring	In Progress Limited progress has been made. The budgets in Capital Monitors and Integra, the finance system, now align. However, not all capital budget managers have yet received training on capital budget monitoring principles and Integra BDM operation. Our testing found some exceptions to expected processes confirming that this training is needed. In addition, Finance Business Partners did not always provide capital budget monitors to budget managers for completion within 2 days as required (7/39 exceptions noted).

We will continue to report progress against the two outstanding actions, GT4 and GT20, to future meetings of the Audit Committee.

1.5 Recommendations

- That the Audit Committee notes the progress made against our 2019/20 Internal Audit Programme.

2.0 No and Limited Assurance reports issued since the previous meeting

2.1 Highways Programme – No Assurance

August 2019

Number of findings by risk rating

Critical	0
High	6
Medium	0
Low	0
Advisory	1

Background

A review of the Highways Programme was commenced in January 2018 covering the following scope areas:

- Payment process (Conways Aecom) - focusing on Re management of Conways Aecom
- Highways Programme Expenditure (including SPIRs) – focussing on Council management of SPIRS; and
- Implementation of previous audit recommendations – focussing on Re management of Conway Aecom.

It was mutually agreed with Re to delay the fieldwork on this review. This was due to the capacity needed within Re and the internal audit team to undertake work in response to the Grant Thornton review of Financial Management relating to CPO Fraud.

Summary of Findings

The audit identified 6 high risk findings.

We identified the following issues as part of the audit:

Payment process (focusing on Re management of Conway Aecom)

- **Invoice validation (finding one, high):** We tested a sample of 25 invoices for evidence of related quality checks and inspections of works and the appropriate certification of invoices. Evidence such as invoices, e-mail trails of certification for payment, site inspection sheets, photographs of works, task completion sheets and bills of quantities was made available to us in shared folders for review. Where we were unable to match documentation to the relevant works, we recorded it as an exception. In relation to validation of invoices for payment we found as follows:
 - Certification: 14/25 (56%): The invoices were not certified for payment by the appropriate budget manager. Of these:
 - 12/14: Invoices were certified by 2 officers; however, they were not the relevant budget managers for the applicable cost centre.
 - 2/14: There was insufficient evidence in Integra and provided to us for review of appropriate certification of the invoice for payment.
 - Invoice calculations: 16/25 (64%): We were not able to reconcile the invoice amounts to supporting calculations, normally the related bill of quantities

- Quality checks: 20/25 (80%): Complete evidence of quality checks and checks for completion of works were not available for inspection. Of these:
 - For 6/20 (30%), there was no evidence of site inspections / quality checks of works provided to us for inspection
 - For 14/20 (70%), varying evidence of inspection and quality checks were available, so for example some had site inspection sheets and task completion certificates without photographs while some had photographs without site inspection and task completion certificates.

Highways Programme Expenditure (including SPIRs) – focussing on Council management of SPIRs

- **Initiation of Special Projects (finding two, high)** – We noted the following issues:
 - Schedule 15 of the Joint Venture Contract: Schedule 15 of the Regional Enterprise joint venture contract (Special Projects Approval Procedure) describes the process to be followed by the Council (the Authority) and Re (the Service Provider) in commencing a special project. Management confirmed that Highways Special Projects are not initiated as per Section 15 in its entirety. We considered that the process for approving Highways SPIRs should be reviewed and documented.
 - Completion of *Confirmation and Progress of Special Project Acceptance* checklist: We found a ‘SPIR template’ is completed through negotiation between LBB and Re which is then signed off by the Council. The document includes a section headed ‘*Confirmation and Progress of Special Project Acceptance*’ to document that the proposal has been sent to Re and their response received, as well as dates of Senior Responsible Officer (SRO), Commercial, Finance and Performance Management Team sign off. The final step is for the Strategic Director to sign and date the document. We selected six completed SPIRs templates – three from 2017/18 and three from 2018/19 and noted for:
 - 3/6 (50%) SPIR documents contained empty fields which should have been completed by the Commercial Team to record their approval for the draft document to be sent to Re for consideration;
 - 6/6 (100%) documents had blank fields to confirm that Re had considered the request, given feedback and there was a decision by the Commissioning lead to approve the SPIR upon Re’s response;
 - 5/6 (83%) documents contained blank fields which should have been completed to confirm sign off by the SRO, Commercial, Finance and Performance Management Teams;
 - 1/6 (17%) document the field for finance approval was blank. In addition, it had a date when the SRO, Commercial, and Performance Management Teams signed off the SPIR; however, we considered the name of the approver within these teams should also be inserted into the form.
 - 5/6 (83%) documents contained a picture of the Strategic Director’s signature to act as sign off. We considered that, given the amount of funding involved, £1.6m across the 5 SPIRs, a ‘wet signature’ should be added to the document; and
 - 1/6 (17%) requests had sign off by the Strategic Director for Environment but there was no date

of approval within the document.

- Timeliness of SPIR approvals: We selected six SPIRs approved since October 2017 and sought evidence to confirm that work has not commenced before the SPIR was approved by the Strategic Director. We noted the following issues:
 - One SPIR related to work approved at Area Committees in February and March 2017. The SPIR was approved in October 2017, before payments had been made, but we found instances where work within the SPIR had already been completed and reported as such within Area Committee papers before the date the SPIR was approved;
 - One SPIR related to Moving Traffic Contraventions (MTC) Phase 3 installation. As there was no date within the document to show Strategic Director sign off, we were unable to ascertain whether the SPIR was signed off before a payment of £9,728 on 23 May 2018;
 - One SPIR related to Watling Car Park Improvements to support the Colindale office. The SPIR contained a capped budget of £20,000 for both Phase 1 and 2. We asked LBB Finance if any invoices had been paid against this SPIR who stated that this information was not readily at hand and would 'take a lot of time for someone to confirm'. We considered there should be a clear record of SPIRs raised, the amount of funding approved and a breakdown of payments made by the Council against the SPIR to ensure agreed limits are not breached.
 - One SPIR related to Network Recovery Plan (NRP) for 2018/19. Whilst payments had not been made against this SPIR at the time of our fieldwork, we did note that page 10 of the document stated that milestone payments will be made quarterly including in June and September 2018; however, the SPIR was not signed off until December 2018;
 - One SPIR related to works approved at Local Area Committees in October, November and December 2017. We found the SPIR was not approved until 28 August 2018. We selected three schemes within the SPIR and noted:
 - Village Way (approved at Finchley and Golders Green Area Committee) - in February 2018 it was reported back to the committee that £1,579 had been spent against this scheme, before the SPIR was approved. No other payments had been made.
 - Traffic management at Ellesmere Avenue (approved at Hendon Area Committee) in June 2018, it was reported back to the Area Committee that the work had been completed. The work was completed before the SPIR was signed off. We could not find evidence that payment had been made to Re regarding this work as there was no clear audit trail relating to payments made against individual SPIRs.

- Speed survey at Rusdene Avenue/Church Hill Road (approved at Chipping Barnet Area Committee in October 2017) the results of the survey were reported back to the committee in 19 February 2018, before the SPIR was formally approved
- Highways 'at risk' monies: During our 2017/18 Community Infrastructure Levy and S106 (Phase II: Income) Audit we identified a pool of monies collected because of S106 agreements which had not been spent and was at risk of 'claw back' by developers. This was calculated to be £689K relating to Highways monies. At the time management confirmed that the highways funds would be spent as a matter of priority through a series of highways SPIRs; however, in this review we noted that the related SPIRs were not formally approved until 12 June 2019. We considered that given the monies were 'at risk' the documentation should have been formally approved sooner, indicating an issue regarding timeliness of SPIRs.
- **Quality of SPIRs documents (finding three, high)** – We selected six SPIRs documents to support initiation of Special Projects and inspected them for transparency of costs as well as their quality. We noted the following issues:
 - One SPIR related to the Local Infrastructure Plan 2018/19. We noted the SPIR document made reference to appendices which were not included within the document. Three SPIRs documents (Work approved at Area Committees in February and March 2017, Watling Car Park Improvements and Moving Traffic Contraventions (MTC) Phase 3 installation) contained a resource plan which did not break down the amount of hours' work required at each rate to show how the estimated fee cost, £84K across the three SPIRs, was arrived at.
 - One SPIR related to Moving Traffic Contraventions (MTC) Phase 3 installation but made reference to Area Committee schemes approved in February and March 2017 which did not appear relevant to the SPIR in question. Additionally, it referenced a total budget of £54K as opposed to the cost of the SPIR (£20K).
 - One SPIR related to Network Recovery Plan (NRP) for 2018/19 and stated that a KPI would be included and within the KPI definition there would be an element of service deductions. This would be applicable to underperformance against the Work Plan. We could not find evidence as to the nature of this KPI nor that it was operating as per the SPIR template. Additionally, the SPIR contained a resource plan for £577K but the value of the SPIR was £543K. We found that the reduction was a commercial agreement between LBB/Re but considered this should have been included within the SPIR template to show transparency of costs.
 - One SPIR related to works approved at Local Area Committees in October, November and December 2017 and listed work totalling £82,850. On recalculating the costs as listed in appendices the total costs were £64,850, not £82,850 as per the SPIR document.

- **Timesheet data (finding four, high)** - Re Officers and Managers book hours to timesheets which is later used to support hours worked on Special Projects and demonstrate to the Council costs incurred by Re. We found these were provided to the Council in the form of an excel spreadsheet; however, we noted there was no agreement between LBB or Re to understand the data quality arrangements in place. We considered that Re and LBB should work together for the Council to be granted suitable assurance that the timesheets submitted are accurate and complete.

- **SPIR Invoice Approvals (finding five, high)**
 - We noted that there was no clear agreed process regarding Purchase Orders (POs) and payment of invoices relating to SPIRs and a lack of clarity regarding who is responsible for approving invoices, in particular the role of LBB Finance in approving invoices.

 - We asked the LBB Finance Team to provide us with a list of invoices which had been raised against one SPIR. We were informed that they do not hold a list of invoices made against each SPIR as individual invoices can cover many SPIRs and there may be more than one PO per SPIR. Through our discussion we were also informed that Council records do not always reconcile with those held by Re.

 - Management confirmed that there should be oversight and/or approval by the following teams before the work is goods receipted in Integra and payment released:
 - Senior Responsible Officer; and
 - LBB Finance Team

We noted that there was a lack of clarity regarding the involvement and role of the Commercial/Programmes Team in oversight of invoices prior to payment.

We selected eight invoices relating to SPIRS and asked for evidence that they had been authorised by the Senior Responsible Officer. We found that for:

- For 2/8 (25%) there was no evidence on file at all to confirm the invoice was authorised for payment; and
- For 1/8 (13%) invoices there was no evidence to confirm the Senior Responsible Officer had formally approved the invoice to be paid. We were provided with email evidence that the budget holder had made the finance team aware of the invoice but we considered there should be formal approval on file.

Implementation of previous audit recommendations – focussing on Re management of Conway Aecom

- **Implementation of recommendations (finding six, high):** In relation to the follow-up component of the audit, were we sought to confirm that actions resulting from our Highways Managed Budgets review in March 2016

and Highways Programme audit in March 2017 have been appropriately actioned by management, we found that only 10/16 (62%) of actions had been fully implemented.

Appropriate actions were agreed, with due dates of 16th September 2019. We have followed-up to confirm implementation of the findings - see current status in Section 4. In summary, the status at the time of this report is as follows. A further verbal update will be given to the Audit Committee.

Agreed Actions, Due Date and status at 30 September 2019

1. Payment Process – Invoice Validation

- a. Purchase orders for all Highways works will be approved by the appropriate budget manager in line with the prevailing Financial Scheme of Delegation (SoFD). Evidence linking invoices to works approved by Members or related variations will be retained for inspection.
- b. Works, including variations to works, will be appropriately approved before their commencement in line with available budget.
- c. Evidence will be retained to confirm that all works that have been invoiced by Conway Aecom have been completed to the appropriate standard. The type of evidence required to be retained will be documented and communicated to all teams across Re Highways service.
- d. Documentation supporting invoice values/amounts will be retained for referral, for example, signed Bill of Quantities or costing schedules related to the works.
- e. Invoices will be certified for payment by the appropriate budget manager in terms of the SoFD. The certified invoice will be uploaded to Integra. Audit trails evidencing certification of invoice, for example, e-mail trails confirming completion of works and instructing goods receipt, will be retained in the Service by the budget manager.
- f. Evidence will be provided to confirm that the credit note relating to invoice number 220949 dated 17 October 2018 was processed, as applicable. This is being investigated by Re Management.

Target date: 16 September 2019 – IMPLEMENTED

2. Initiation of Special Projects

- a. LBB and Capita will agree written protocols which clarify and explain the Special Project Approval Procedure for Highways. – **IMPLEMENTED.**
- b. The Highways SPIR template will be updated to show the requirements of the Special Project Approval Procedure for Highways and ensure that full officer names and dates of approval are included within the documentation. Additionally, roles and responsibilities of team when approving the document will be defined. - **IMPLEMENTED.**
- c. LBB and Re will agree thresholds at which Highways work will not commence until the Special Project has been formally approved by the Council. – **IMPLEMENTED.**

The Council will update the log currently held by the Commercial team to ensure it includes a breakdown of payments made against each Highways SPIR. **IN PROGRESS (we considered that substantial progress had been made).**

Target date: 16 September 2019 – IN PROGRESS. We considered that actions (a), (b) and (c) are implemented and substantial progress has been made against action (d). Revised deadline of 31 December 2019.

We will follow-up again at the end of Q3 to confirm implementation

3. Quality of SPIRs documents

- a. Management will clearly define the responsibility for ensuring that Highways SPIR documents are of high quality, are accurate contain all information required and do not contain references to other SPIRS which are not required – **IMPLEMENTED.**
- b. Highways SPIRs will contain a breakdown of how fees are calculated and whether they are fixed price or to be charged via 'Time and Materials', for example, a breakdown of estimated hours against each level of resource and the associated DRS rate where this is appropriate - **IMPLEMENTED.**
- c. Management will review any payments made against HW051 (relating to works approved at Local Area Committees in October, November and December 2017) and take appropriate action should payments have been made above agreed at the Area Committees (£64,850) – **IN PROGRESS (we considered substantial progress has been made).**

Target date: 16 September 2019 – IN PROGRESS. We considered that actions (a) and (b) are implemented and substantial progress has been made against action (c) Revised deadline of 31 October 2019.

We will follow-up again at the end of Q3 to confirm implementation.

4. Timesheet Data

- a. The Council will review its arrangements to ensure that Highways SPIRs represent best value for money, for example that there is a clear link between the evidence that will be required to support payments and the evidence to be submitted before payments are released. For example, a clear resource plan within the SPIR document. – **IMPLEMENTED.**
- b. The Council will work with Re to agree the format of timesheet reporting which will allow the Council to review timesheet data. The Council will engage with Re to understand the steps in place to drive completeness and accuracy in time recording, for example, by agreeing a Data Quality Method Statement which will be signed off by Re when they submit timesheets to the Council to support payments and ensures that the Strategic Lead Commissioner can review the timesheets. – **SUPERSEDED.**
- c. The Council will review the actions within the PWC advisory review of Highways projects - Invoicing and contract management arrangements which was completed in 2016 and ensure that the actions are implemented or are no longer relevant. - **IMPLEMENTED**

Target date: 16 September 2019 – IMPLEMENTED.

5. SPIR Invoice Approvals

- a. Management will clearly define the process for approving invoices including documenting the responsible officers for ensuring that Re Invoice 2s are approved for payment and the minimum documentation which will be on file to support the payments. - **IMPLEMENTED**
- b. Work will not be goods receipted by LBB Finance before the necessary authorisation is on file as per action (a), Management will clearly define the responsible officers for ensuring that Re Invoice 2s are approved for payment and the minimum documentation which will be on file to support the payments– **IN PROGRESS (we considered substantial progress has been made)**

Target date: 16 September 2019 – IN PROGRESS. We considered that action (a) is implemented and substantial progress has been made against action (b). Revised deadline of 31 December 2019.

We will follow-up again at the end of Q3 to confirm implementation.

6. Implementation of Recommendations

The follow-up of the implementation of actions resulting from our Highways Managed Budgets review in March 2016 and Highways Programme audit in March 2017.

Target date: 16 September 2019 – IMPLEMENTED

2.2 Accounts Payable – Limited Assurance

September 2019

Number of findings by risk rating

Critical	0
High	2
Medium	4
Low	1
Advisory	0

The Council's Accounts Payable function is run by the Customer Support Group (CSG), a Capita function based in Chichester on behalf of the Council. This review identified the key controls over payments made by the Council (outside of the Treasury team) and tested the operation of processes to give assurance on the effectiveness of those controls.

In December 2017, it came to light that potentially fraudulent transactions of ca. £2m had been made against the Council. An investigation was opened by the Council's Corporate Anti-Fraud Team (CAFT) and it was found that the transactions related to Compulsory Purchase Orders (CPOs). As a result of the alleged fraud the Chief Financial Officer (CFO) commissioned Grant Thornton (GT) UK LLP to undertake a review of the governance and financial control environment surrounding regeneration projects. In total, 32 recommendations were raised to enhance the financial control environment at the Council. As part of this audit we sought to verify that actions related to Accounts Payable from the Grant Thornton 'Review of the Financial Management Relating to CPO Fraud' have been completed and associated processes are now being complied with.

The review also incorporated the outcome of the separate 'Payments Data Analytics and Matching Exercises' completed in February 2019. This

included an assessment of whether any further fraudulent payments had been made – to date no further fraudulent payments were found.

Finally, we also followed up audit actions from previous audits in this area.

Due to the far-reaching nature of this review, incorporating the response to the GT action plan, the fieldwork has been undertaken over an extended period from September 2018 to July 2019.

1. Grant Thornton review – outstanding actions, GT15 and GT16, relevant to AP

GT15

GT Recommendation: We recommend that the BACS process be reviewed for the adequacy of controls over new suppliers where there is no purchase order (such as E-form payments).

Implemented

For GT15, segregation of duties is now embedded in non-PO payments as follows:

- API E-Form payments authorised by budget manager and independent payment checks (AP) for non-PO (purchase order) OTV (One Time Vendor) and non-PO, non-OTV payments;
- supplier creation / supplier change requests (Service), related independent checks (AP) and related creation/change (CST, IT Integra Support Team) in Integra;
- the separate authorisation of non-API non-PO payments; and
- the provision of adequate supporting documentation for all non-PO payments.

Non-PO API payments are now governed by fit for purpose documented procedures which have been implemented. An API Exemption list has also been completed defining the types of payment and documentation that are exempt from the standard PO route.

GT 16

GT Recommendation: The Masterfile supporting the BACS payment process does not automatically identify and flag payments made to different suppliers/recipients that had the same bank account number.

Implemented

For GT16, the New Supplier and Supplier Amendment Process which has been implemented will:

- mitigate the risk of fraudulent changes to bank details in the manner perpetrated in the recent fraud; and

- mitigate the risk of the creation of fraudulent suppliers with the same bank account.

The creation of new suppliers and changes to vendor bank details are now done by E-Form, the process is segregated and is subject to independent checks by AP prior to update in the system by ICT.

2. Accounts Payable audit

This audit has identified 2 high, 4 medium and 1 low risk rated finding relating to the control design and operating effectiveness of the controls in place over Accounts Payable as follows:

- **Authorisation of Purchase Orders (POs) (High)**: We found that there was no reporting and review process for dual authorisation of purchase orders above £1m as required by the “Dual Authorisation for Payments over £1million Process Note V1.0”. For 2/15 purchase orders tested, the related dual authorisation of the purchase orders above £1m was not attached in Integra as required. **(Actions agreed with LBB Finance and CSG Accounts Payable)**.
- **Manual upload process (High)**: Payments, recently to the value of £101m annually, are made through Integra using a manual upload process defined in a process document “Manual Upload BACS Payments Process V1.0”. The related process document is not clear as to the type of payments which may be made through the manual upload process and the schedule of manual payment authorisers, referred to in the document, was out of date as it referred to officers who had left the Council/Capita. **(Actions agreed with LBB Finance and CSG Accounts Payable)**.
- **Duplicate payments (Medium)**: Arrangements to identify potential duplicate payments (non-PO and PO) using software, AP Forensics, searching by payment parameters such as value and payee name were in progress, however had not been implemented despite discussions being ongoing since 2018. There was evidence of an existing process being possible identifying duplicate payments, however this had only been run once pending implementation of the new software. **(Actions agreed with LBB Finance)**.
- **Missing supplier invoice (Medium)**: In 1/10 (10%) instances of our testing of standard PO payments, the invoice was not attached in Integra when the audit test was done. The invoice was subsequently found to be attached in Integra however only on 26 June 2019, a significant period after it was cleared 5/12/2018 for payment in Integra. We would have expected AP to reject a payment without a supporting invoice. **(Actions agreed with CSG Accounts Payable)**.
- **AP training and development (Medium)**: CSG Management indicated that a programme of training and development existed for the CSG AP team. The programme involved AP officers completing a training needs assessment in which they recorded their understanding of various related procedure documents. Gaps noted in what they recorded, as compared to the content and purpose of the document, informed their training. We do not have an issue on the design of the process. However, evidence of its operation had been requested by Internal Audit but had not been provided for our review. We can therefore not provide assurance over the effective operation of the control. **(Actions agreed with CSG Accounts Payable)**.
- **AP documented procedures (Medium)**: We reviewed 14 Intranet procedures relevant to AP processing, findings as follows:
 - 10/14 documents were out of date and had not been reviewed or updated in more than two years.

- 4/14 documents had been updated in the course of 2018, but contained information which was out of date around the escalation route for AP Other issues and the current supplier request process.

Other key documents such as the “New Supplier and Supplier Amendment Process V1.0 (16/8/2018)” Appendix 4: “Budget Managers and Superiors” was out of date, for example, it included officers who had left the Council. **(Actions agreed with LBB Finance).**

Actions were agreed with LBB Finance and CSG Accounts Payable as appropriate, with due dates of 31st October 2019. A further verbal update will be given to the Audit Committee by officers from the Council and CSG.

3. Follow-up of previous Audit Actions

We followed up three recommendations made in the Accounts Payable 2017-18 audit. All actions were considered implemented/completed by 31 March 2019.

4. ‘Payments Data Analytics and Matching Exercises’ (PDAME) reported in February 2019

At Audit Committee 22 November 2018 Members raised a query after the GT report was presented about the possibility of other fraudulent payments in Integra i.e. the possibility of similar financial failings occurring in other Services across the council. This prompted internal audit to undertake a data analytics and matching exercise for the LBB Payments Account which involved the identification of matches, for example payments to one vendor but to different bank accounts (such as in the recent fraud), which could relate to potentially fraudulent transactions in a financial environment where controls were weak. Where matches warranted further investigation in terms of being potentially fraudulent or where they highlighted poor data quality for vendor master data, they were referred to CAFT and AP for further review.

The PDAME identified 11 datasets. Work has been completed with no issues on 5/11 datasets, with work ongoing and approaching completion on 6/11 datasets.

The data matches identified seven bank accounts that had received fraudulent payments; these were already known to CAFT as part of an ongoing fraud investigation. No further transactions reviewed to date have been found to be fraudulent.

The Data Analytics review also raised a number of Observations to be considered. It has been agreed that the AP Finance Business Partner will review the observations as a basis for implementing changes in Integra, in current or future versions/updates based on a risk/cost/benefit analysis.

2.3 St Michaels Catholic Grammar – Limited Assurance

July 2019

Number of findings by risk rating

Critical	0
High	1
Medium	6
Low	3
Advisory	0

Background

St Michael's Catholic Grammar School is a Voluntary Aided school with 709 pupils on role aged between 11 and 18 years of age. The School budgeted expenditure for 2019/20 is £4,460,352 with employee costs of £3,598,221 (81% of budgeted expenditure).

The School was assessed as 'Outstanding' by OFSTED in March 2008.

A review of the seven recommendations reported in the previous audit report dated May 2015 found that four recommendations had been partially repeated (Governance, Financial Planning, Voluntary funds, Assets).

Summary of Findings

The audit identified 1 high risk, 6 medium risk and 3 low risk findings.

We identified the following high-risk finding as part of the audit:

- Banking– The catering assistants were given sole responsibility for banking cash received from staff and pupils for school meals. (High rated);

We identified the following medium-risk findings as part of the audit:

- Governance– The financial procedures document has not been updated since March 2015. All finance roles have changed since that date. Two credit cards are in use in school. No credit card policy was available to confirm what paperwork should be available to support use of the school credit card. The financial procedures should include purchasing procedures for catering supplies, and agreed procedures for checking and banking catering receipts. Lettings procedures should be documented and roles and responsibilities for payments through the School Journeys account. The Notice of Authorised Signatories was last updated in March 2015. There was no up to date document available at the audit to confirm authorised signatories in school. (Medium rated);
- Financial Planning– The school has a licensed deficit of £500,000. The school must continue to supply all information required to the School Finance Manager at the London Borough of Barnet to support repayment of this sum. (Medium rated);
- Purchasing– The school should approve a credit card policy. Procedures when using the school credit card should be reviewed, documented and agreed by Governors to ensure a complete audit trail, separation of duties and proof of receipt of goods. Purchases made by the Headteacher using the school credit card should be authorised by the Chair of Governors. Procedures for controlling supplies purchased

- for use in the school canteen should be agreed and documented. (Medium rated);
- Payroll–Due to changes in staff, the school could not provide evidence that monthly checks were made on payroll reports prior to September 2018. Monthly monitoring of payroll against budget should be completed and reviewed. (Medium rated);
 - Voluntary funds– The school has three voluntary funds. Due to changes in staff, monthly countersigned bank reconciliations could not be found for each account for the twelve months ended March 2019. The school could not provide evidence that audited accounts had been presented to Governors for the year ended March 2018. Terms of reference have not been agreed for these funds. (Medium rated);
 - Assets–The IT listed on the inventory did not contain sufficient information to comply with the Financial Guide for schools. The inventory had not been reconciled to records held in school prior to September 2018. Annual review was not completed. Governors had not been asked to approve disposals. (Medium rated)

Appropriate actions were agreed with due dates of immediately (high risk finding) and by the end of the Autumn term (medium risk findings). We will follow-up to confirm implementation of the high risk finding and will report back to the next Audit Committee.

3.0 Progress against plan

The table below represents a summary of the work that we have completed during the quarter or that is currently underway.

* During Q2 we have continued to test compliance with the processes introduced as a result of the Grant Thornton Review of the Financial Management Relating to CPO Fraud. Our work on this has been incorporated into the audits marked below with an asterisk. During the quarter we have prioritised confirming the status against the GT actions as opposed to the other scope areas of these reviews.

Stage	Name of review	Report classification	Total findings	Ratings				
				Critical	High	Medium	Low	Advisory
Quarter 2								
Complete	Highways Programme	No	6	-	6	-	-	-
Complete	Banking & Payment Arrangements – Accounts Payable*	Limited	7	-	2	4	1	-
Complete	St. Michael's Catholic Grammar School	Limited	10	-	1	6	3	-
Complete	Brent Cross Cricklewood – Regeneration - Financial Controls	Reasonable	5	-	-	3	2	-
Complete	St Theresa's Catholic Primary School	Reasonable	6	-	-	4	2	-
Complete	Underhill School	Reasonable	4	-	-	3	1	-
Complete	Private Treaty Agreements (PTAs) Follow-Up	Partially Implemented	-	-	-	-	-	-
Complete	Martin School	Substantial	3	-	-	1	2	-

Complete	Passenger Transport Service (PTS) Health & Safety	Substantial	1	-	-	1	-	-
Complete	Sunnyfields School	Substantial	0	-	-	-	-	-
Complete	Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance)	Claim Verified						
Complete	Local Bus Subsidy Grant	Claim Verified						
Complete	Strategic School Improvement Fund Grant (ADDED TO PLAN)	Claim Verified						
Draft Report	Public Health - compliance with grant conditions	TBC						
Draft Report	Domestic Violence	TBC						
Draft Report	Mosaic – Application Review	TBC						
Fieldwork	Banking & Payment Arrangements - Cash & Bank*	TBC						
Fieldwork	Manorside School	TBC						
Fieldwork	Pavilion PRU	TBC						
Fieldwork	Capital Budget Monitoring*	TBC						
Fieldwork	MTFS Assurance Process	TBC						
Fieldwork	Pension administration follow-up	TBC						
Fieldwork	Adults restructure - Strategic risk around Safeguarding	TBC						
Planning	Family Services Financial Management	TBC						

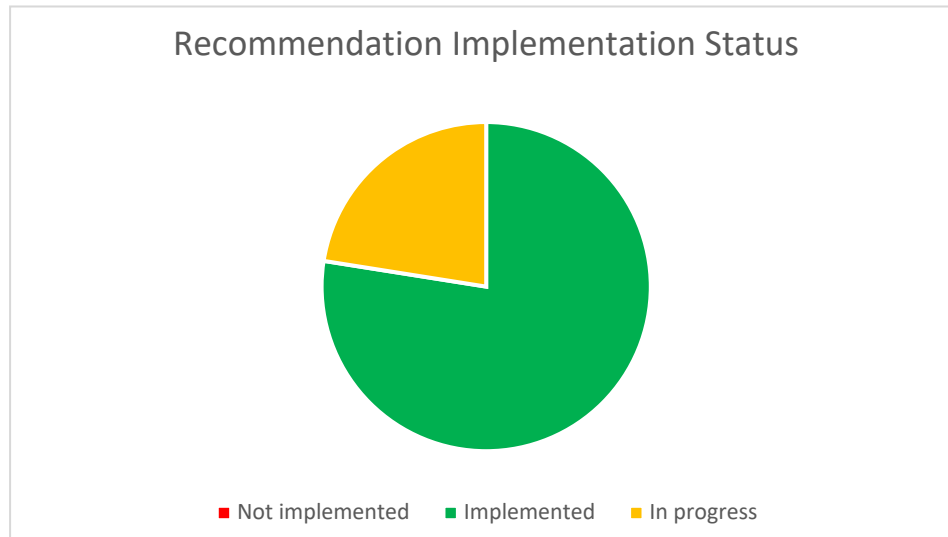
Planning	Data Management Procedures (Cyber)	TBC							
Planning	Brookhill Nursery	TBC							
Planning	The Annunciation Infant school	TBC							
Planning	Revenue Budget Setting and Monitoring	TBC							
Planning	Accounts Receivable	TBC							
Planning	Treasury Management	TBC							
Planning	Parking PCNs	TBC							
Planning	Better Care Fund	TBC							
Planning	Cambridge Education Assurance Mapping	TBC							
Planning	HR Processes (post insourcing)	TBC							
Planning	General Ledger	TBC							
Not Started	Procurement - compliance with Contract Procedure Rules (CPRs)	TBC							
Not Started	Land Charges – Data Quality	TBC							
Deferred	Geographic Information Services (GIS) Advisory review Deferred due to auditor secondment to Elections team and potential crossover with Land Charges audit	TBC							
Deferred	Theme Committee Priorities – Benefits Management Deferred to Q3 as new arrangements went live in	TBC							

Quarter 1								
Complete	Pension Fund Finance and Investment	Limited	4	-	2	1	1	-
Complete	Menorah Foundation School	Limited	10	-	2	5	3	-
Complete	Hasmoneon Primary School	Limited	8	-	1	5	2	-
Complete	Disabled Facilities Grant	Reasonable	6	-	-	5	1	-
Complete	Re Operational Review follow-up*	Partially Implemented	1	-	1	-	-	-
Complete	Council Tax	Reasonable	5	-	-	3	2	-
Complete	Housing Benefit	Reasonable	3	-	-	3	-	-
Complete	National Non-Domestic Rates (NNDR)	Reasonable	3	-	-	1	2	-
Complete	Monkfrith School	Reasonable	7	-	-	5	2	-
Complete	St. Vincent's Catholic School	Reasonable	5	-	-	2	3	-
Complete	Blessed Dominic Catholic School	Substantial	4	-	-	1	3	-
Complete	Follow-Up of CFO Financial Controls review*	Partially Implemented	-	-	-	-	-	-
Complete	Investing in IT – Lessons Learned (Portfolio and Project Management)	Management letter issued	3	-	3	-	-	-
Complete	General Data Protection Requirements (GDPR)	Management letter issued	3	-	-	3	-	-
Complete	Troubled Families – Payment By Results (June submission)	Claim verified	1	-	-	1	-	-

4.0 Follow Up

4.1 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.



4.2 Outstanding actions

5.2.1 During this period we followed up 9 high priority actions due by 30th September which were found to be outstanding. These high priority actions are summarised below.

* At the request of the Audit Committee a column has been added to show how many times the action has slipped i.e. not been implemented within the agreed timeframe. The colour key is as follows:

White = 1 (i.e. first time non-implementation being reported)

Amber = 2 (i.e. second time non-implementation being reported)

Red = 3+ (i.e. at least third time non-implementation being reported)

Name of report	Agreed Action	Status (Not Implemented / In Progress)	Owner	Due Date	Slippage*
Strategic Director: Director of Finance					
1. Pension Fund Finance and Investment July 2019	Admission agreements, bonds and cessation agreements a) We will promptly complete admission agreements, cessation agreements and renewals of admission bonds for all employers identified in the report to the Pension Fund Committee on 30 May 2019 to minimise risk to the Fund.	In Progress Reasonable progress has been made since the audit. Reporting to the Local Pension Board confirms some progress has been made on this but not in full.	Head of Treasury	Target date: 30 September 2019 Revised target date: 30 November 2019	1
Strategic Director: Deputy Chief Executive					
2. Equalities data - quality and analysis November 2018	Data quality and analysis – staff performance reviews CSG HR will ensure that analysis of future performance review outcomes is meaningful. A method statement covering the equalities process for 2018/19 performance reviews will be drafted.	In Progress As per our Q1, 2019/20 report, substantial progress has been made since the audit with the outstanding item being a method statement detailing the analysis which would be undertaken and presented to the Council Management Team. Further action for full implementation: Detail to be provided on how the	Strategic HR Lead, LBB	Target date: 28 February 2019 i.e. in advance of the 2018/19 performance reviews Revised deadline: 30 April 2019 2nd Revised	3

		analysis will be undertaken.		deadline: 31 August 2019 3rd Revised deadline: 30 November 2019	
3. Equalities data - quality and analysis November 2018	Data quality and analysis – mandatory gender pay gap reporting LBB HR will seek to amend the data on the public record to reflect the correct median gender pay gap as part of the 2019 reporting cycle.	In Progress Reasonable progress has now been made since the audit as the underlying data was provided to LBB HR by CSG Belfast on 27 th September. This will now enable LBB HR to complete the analysis as per that performed in 2018/19 using GapSquare software and the relevant checklists. This will allow LBB HR to identify whether the data held on public record will need to be updated in line with the revised calculation. A verbal update on further progress will be given to the Audit Committee. Further action for full implementation: As per the original action LBB HR will then seek to amend the data on the public record to reflect the correct median gender pay gap as part of the 2019 reporting cycle.	Strategic HR Lead, LBB	Target date: 31 March 2019 Revised target date: 15 June 2019 2nd Revised target date: 30 September 2019 3rd Revised deadline: 30 November 2019	3

<p>4. Integra Access and Program Change Management (“APCM”)</p> <p>December 2018</p>	<p>Logical access controls – joiners, movers and leavers</p> <p>The overall joiners and leavers process will be reviewed, to ensure that all necessary actions are taken upon the joining, moving or leaving the service of employees or contractors. This will be aligned with the different departments prior to roll out.</p>	<p>In progress</p> <p>Limited progress has been made since the audit.</p> <p>The Starters, Leavers and Movers (SLaM) process is underway as part of HR Transformation. However, progress to date has been constrained by a lack of resources, especially within the HR team itself.</p> <p>The Council’s deployment of Office365 provides an opportunity to use well-proven workflow and collaboration tools to create an efficient and effective SLaM process. The deployment of these tools is already scheduled as part of the IT capital programme. Therefore, at present, subject to further investigation by the Assistant Director of HR, this solution is being worked towards with an intended completion date of June 2020.</p> <p>In the meantime, compensating controls are in place whereby HR provide finance with regular list of starters, movers and leavers to enable a manual check of Integra.</p>	<p>Assistant Director of HR and OD, LBB</p>	<p>Target date: 31 January 2019</p> <p>Revised target date: 31 August 2019</p> <p>2nd Revised target date: 30 June 2020</p>	<p>2</p>
<p>5. Investing in IT Lessons Learned (Portfolio and Project Management)</p> <p>May 2019</p>	<p>Council oversight / assurance of 2019 department-led projects</p> <p>Consider the potential options in relation to corporate oversight and assurance over department-led projects. In particular, to ensure that appropriate checks and</p>	<p>In Progress</p> <p>Reasonable progress has been made since the audit.</p> <p>The corporate programmes framework is being adapted in line with the newly devolved model and how this should be working in practice. This will ensure the Council management team maintain oversight of key projects and programmes</p>	<p>Interim Director Commercial and Director of Finance</p>	<p>Target date: 30th September 2019</p> <p>Revised target date: 31 January</p>	<p>1</p>

	<p>balances are in place and that senior Council officers are made aware of any issues in order to resolve them in a timely manner and ensure departmental projects achieve their required outcomes.</p> <p><u>Action</u></p> <p>Non-IT Projects</p> <p>The arrangements for ensuring that there is an appropriate and proportionate level of corporate oversight and assurance over department-led projects will be considered as part of the broader piece of work that is being undertaken to consider the future role of the corporate centre in ensuring effective cohesion and control across the organisation as a whole</p>	<p>across the council and receive assurance that these are being managed effectively and in accordance with the project management toolkit.</p> <p>As part of this a new project report is being designed for the Council Management Team regarding key internal priorities.</p>		2020	
<p>6. Re 2018/19 Follow up of 2016/17 Operational Review</p> <p>May 2019</p>	<p>Policies & Procedures</p> <p>b) Re will then ensure that appropriate procedure documents, with appropriate version control, are generated for these activities and retained within the BMS database.</p>	<p>In Progress</p> <p>Reasonable progress has been made since the audit.</p> <p>We found sufficient evidence that appropriate procedure documents for key activities contain appropriate version control and are retained within the BMS database.</p> <p>As a result of the Gap Analysis Undertaken the following key activities were not found on BMS:</p>	<p>Operations Director, Re</p>	<p>Target date: 31 July 2019</p> <p>Revised target date: 31 December 2019</p>	1

		<ul style="list-style-type: none"> - Traffic Management Orders - Weights and Measures - Flooding - Bridge Maintenance - Sewer Maps <p>Further action required for full implementation:</p> <p>As a result of this analysis, further work will be undertaken to confirm whether separate procedure documents are required for these key activities and if so these will be created and uploaded to BMS.</p>			
Strategic Director: Executive Director, Environment					
<p>7. Highways Programme</p> <p>August 2019</p>	<p>Initiation of Highways Special Projects</p> <p>d) The Council will update the log currently held by the Commercial team to ensure it includes a breakdown of payments made against each Highways SPIR. This will provide a clear log which details:</p> <ul style="list-style-type: none"> - Highways SPIRs in the process of being written; - Highways SPIRs which have been approved; and - A breakdown of payments made against each Highways SPIR. <p>and will be included within the papers presented to the Contract Management Meeting as a standing agenda item so that SPIR</p>	<p>In progress</p> <p>We considered that substantial progress had been made against this action.</p> <p>The Governance section of the 'Highways Special Projects (SPIRS) Protocol' states that all SPIRS will be entered onto a SPIR log which shall be reviewed for progress and payments through Contract Monitoring Meetings between LBB and Re.</p> <p>We inspected the SPIR tracker held by the commercial team and confirmed it listed:</p> <ul style="list-style-type: none"> - Highways SPIRS and whether they were considered draft, were with the service provider for approval, had been approved or were now closed; - cells to record payments made against each SPIR per month; and 	<p>Commercial Advisor, LBB</p> <p>Strategic Lead Commissioner – Transport and Highways, LBB</p> <p>Finance Manager, LBB</p>	<p>Target date: 16 September 2019</p> <p>Revised target date: 31 December 2019</p>	1

	<p>progress can be tracked and monitored.</p>	<p>- cells to record total approved value, total amounts paid to date against the SPIR and total payments still to be billed by Re. However, we did note that some of the billed payments had not been input into the document.</p> <p>Management confirmed that because of the audit they are currently undertaking a reconciliation of Highways SPIRs: ensuring they have a correct portfolio of SPIRs signed off, their value and the spends charged to date.</p> <p>We asked management to confirm that the tracker has been presented to the most recent Contract Monitoring Meeting. We noted that the meeting in October did discuss SPIRs (in particular Area Committee SPIRs and S106 at risk monies) but we could not see evidence that members had been sent a copy of the log in line with this recommendation.</p> <p>Further action for full implementation:</p> <ul style="list-style-type: none">- The reconciliation currently underway will be completed and the log updated with payments made against each Highways SPIR which is considered 'open'; and- The SPIRs log will be included within the papers presented to the Contract Management Meeting as a standing agenda item so that SPIR progress can be tracked and monitored.			
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<p>8. Highways Programme</p> <p>August 2019</p>	<p>Quality of SPIRs documents</p> <p>c) Management will review any payments made against HW051 (relating to works approved at Local Area Committees in October, November and December 2017) and take appropriate action should payments have been made above agreed at the Area Committees (£64,850)</p>	<p>In progress</p> <p>We considered that substantial progress had been made against this action.</p> <p>Management confirmed that they have investigated the issue and concluded that there was an administrative error when originally compiling the SPIR and incorrect values had been included within the document. We noted that a SPIR variation had been drafted to rectify the error which referenced the original decision in 2017.</p> <p>Further action for full implementation:</p> <ul style="list-style-type: none"> - A SPIR variation relating to HW051 will be formally issued. 	<p>Strategic Lead Commissioner – Transport and Highways, LBB</p>	<p>Target date: 16 September 2019.</p> <p>Revised target date: 31 October 2019</p>	<p>1</p>
<p>9. Highways Programme</p> <p>August 2019</p>	<p>SPIR Invoice Approvals</p> <p>b) Work will not be goods receipted by LBB Finance before the necessary authorisation is on file as per action (a), Management will clearly define the responsible officers for ensuring that Re Invoice 2s are approved for payment and the minimum documentation which will be on file to support the payments</p>	<p>In progress</p> <p>We considered that substantial progress has been made against this action.</p> <p>Whilst we considered that actions had been taken to clearly define responsibilities (see above), we noted that payments had not yet happened against SPIRs generated in line with the revised approach. We therefore could not test against this action to confirm that documentation is being held on file to support payments but will return to the service to confirm implementation status in Q3, 2019/20.</p> <p>Further action for full</p>	<p>Finance Manager, LBB</p> <p>Commercial Advisor, LBB</p> <p>Strategic Lead Commissioner – Transport and Highways, LBB</p>	<p>Target date: 16 September 2019</p> <p>Revised target date: 31 December 2019</p>	<p>1</p>

		implementation: - Work will not be good received until the necessary authorisation and back up documentation is on file.			
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4.3 Completed actions

4.3.1 During this period we followed up 31 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. Pensions Admin January 2018	Analytical review of contributions <p>We will ensure analytical reviews are undertaken over contributions received and reported to ensure movements reported are reasonable and reconciliations will be performed between amounts reported and the general ledger. We will consider if any further assurance is required over the accuracy of contributions received, considering whether sufficient assurance is provided by reviews undertaken by internal audit and external audit both at the Council and employers.</p> <p>Target date: 30th June 2018 Revised target date: 31 January 2019 2nd revised target date: 31 May 2019 3rd revised target date: 31 July 2019</p> <p>This action has been superseded. The analytical reviews are still in progress and will need to become embedded into practice. However, resources within the pensions team have been focussed on responding to the Pension Regulator's improvement notice. TPR received copies of all previous internal audit reports and these informed TPR's view. Substantial progress has been made in meeting the requirements of TPR as evidenced in the formal response submitted to TPR on 29th August and more recent confirmation from the regulator where he accepts that the majority of the requirements of the improvement notice have been met.</p>
2. Onboarding	New Starter Induction

<p>June 2018</p>	<p><u>Welcome Site Pack:</u></p> <p>LBB will agree a protocol in conjunction with CSG for ensuring that new employees are made aware of the relevant Site Welcome Pack (created and managed by CSG Estates- Facilities Management) when commencing their employment with the Council</p> <p>Target Date: 31/07/2018</p> <p>Revised date: 30 November 2018</p> <p>2nd Revised date: 31 May 2019</p> <p>3rd Revised date: 31 July 2019</p>
<p>3. Banking & Payment Arrangements – Treasury Management</p> <p>November 2018</p>	<p>Bankline – access and authorisation</p> <p>Management will review the customer user profiles to identify whether permissions across LB Barnet accounts can be simplified to ensure that segregation of duties is as clear as possible.</p> <p>Target date: 31 March 2019</p> <p>Revised target date: 31 May 2019</p> <p>2nd Revised target date: 30 September 2019</p> <p>The outstanding element of this action related to schools using Bankline. Treasury have requested all schools who bank with the Council's banker RBS to confirm their Bankline access and to notify the Treasury of any changes. Where responses have been received changes have been processed in Bankline. 76% of schools have responded and the Director of Finance is overseeing to ensure 100% of schools respond and the appropriate action is taken in response. Therefore, this is considered implemented.</p>
<p>4. Schools Payroll</p> <p>February 2019</p>	<p>I-Trent Access and permissions</p> <p>a. Access should be removed to ensure that employees only have the specific access directly relevant to their role for Barnet processing.</p> <p>b. Periodic exception reporting should be undertaken to identify, for investigation, processing activity affecting the Barnet schools payroll done by officers not normally responsible for the Barnet Schools payroll in Carlisle and Bootle and particularly to confirm that the same user has not completed a process end to end for setting up an employee.</p> <p>c. Audit trails of such exception reporting and investigation, where applicable, will be retained for referral for 10 years.</p>

	<p>Target date: 15 March 2019</p> <p>Revised date: June 2019</p> <p>2nd Revised date: 31 July 2019</p>
<p>5. Investing in IT Lessons Learned (Portfolio and Project Management)</p> <p>May 2019</p>	<p><u>Project Methodologies and Council Project Management Toolkit Application</u></p> <p><u>Recommendation:</u> Review the project methodologies used by CSG to ensure they align to good practice (such as Prince2) and enable all major IT projects to be successfully delivered to the Council.</p> <p>Clarify which elements of the Council's Project Management Toolkit will be applicable to future IT projects and ensure that future projects are fully aware of this requirement.</p> <p>Review the Investing in IT lessons identified at Appendix B and consider where applicable to future Council IT projects.</p> <p><u>Action</u> To be picked up as part of the governance review for action 2</p> <p>Target Date: 30 September 2019</p>
<p>6. Investing in IT Lessons Learned (Portfolio and Project Management)</p> <p>May 2019</p>	<p>Council oversight / assurance of 2019 department-led projects</p> <p><u>Recommendation:</u> Consider the potential options in relation to corporate oversight and assurance over department-led projects. In particular, to ensure that appropriate checks and balances are in place and that senior Council officers are made aware of any issues in order to resolve them in a timely manner and ensure departmental projects achieve their required outcomes.</p> <p><u>Action</u></p> <p>IT Projects</p> <p>Governance of IT in general is being reviewed and this includes the projects and programmes function as part of this. In April 2019 a new governance structure was presented to the corporate Digital Board which specified a need to strengthen the monitoring of IT projects and programmes at a corporate level, so a specific project group and also a firmer link to the Digital board for escalation has been included within the proposed structure.</p>

	Target Date: 30 June 2019
7. Investing in IT Lessons Learned (Portfolio and Project Management) May 2019	<p>Investing in IT project benefits Realisation</p> <p><u>Recommendation:</u> Management should consider expanding the 2018 agreed outcomes and more clearly articulating the expected benefits the Council aims to receive from them. This should be in the form of a benefits log, utilising the template available within the Council's Project Management Toolkit, and will enable the project to more clearly demonstrate benefits realisation and justify the investment decisions made on this project.</p> <p><u>Action</u></p> <p>Work is currently being undertaken to review progress against the programme outcomes and agree more detailed success criteria for programme delivery. As part of this exercise, where relevant, benefits will be identified and captured. There is a quarterly meeting already in place to monitor progress against critical success factors. Later in the programme a more detailed benefits realisation plan will be developed as part of the handover of the system into business as usual.</p> <p>Target Date: 30 September 2019</p>
8. Re 2018/19 Follow up of 2016/17 Operational Review May 2019	<p>Policies & Procedures</p> <p>a) Re will map the key activities undertaken by the Joint Venture and undertake a gap analysis to identify where procedure documents are currently not in place to identify any gaps and omissions. This mapping exercise will be aligned to the Council's Schemes of Delegation for the Deputy Chief Executive and the Director for Environment (see list of key activities in Appendix 1).</p> <p>Target Date: 31 July 2019</p>
9. Re 2018/19 Follow up of 2016/17 Operational Review May 2019	<p>Policies & Procedures</p> <p>c) Re will ensure that procedures are properly communicated and that staff receive any required training on the procedures.</p> <p>Target Date: 31 July 2019</p>
10. Re 2018/19 Follow up of 2016/17 Operational Review May 2019	<p>Policies & Procedures</p> <p>d) Re will implement a systematic approach to identifying procedures that are approaching their review date and ensuring that responsible officers undertake a review in line with requirements.</p> <p>Target Date: 31 July 2019</p>
11. Hasmoneon Primary	Banking and Petty Cash

<p>School</p> <p>May 2019</p>	<p>The school will immediately complete a reconciliation of amounts paid through the Local Authority Central Banking facility to records recorded on the school accounts. Any differences will be immediately investigated. This reconciliation will be performed monthly thereafter, signed by the person completing the reconciliation and countersigned by the Headteacher.</p> <p>Target Date: Immediately</p>
<p>12. Pension Fund Finance and Investment</p> <p>July 2019</p>	<p>Monitoring receipt of contributions</p> <p>a) CSG Pensions Finance will implement the new process for collecting data from employers on the amounts paid over to the Fund to enable them to check if contributions are deducted at the correct rate and all contributions due under the Rates and Adjustments Certificate, including additional lump sum contributions, are collected.</p> <p>Target date: 31 July 2019</p> <p>This action has been superseded. Resources within the pensions team have been focussed on responding to the Pension Regulator's improvement notice. TPR received copies of all previous internal audit reports and these informed TPR's view. Substantial progress has been made in meeting the requirements of TPR as evidenced in the formal response submitted to TPR on 29th August and more recent confirmation from the regulator where he accepts that the majority of the requirements of the improvement notice have been met.</p>
<p>13. Pension Fund Finance and Investment</p> <p>July 2019</p>	<p>Monitoring receipt of contributions</p> <p>b) CSG will provide monthly reports to the Council on the collection of contributions which will include reporting on whether contributions were received on time, at the correct rate and details of any significant issues noted when reviewing contributions received, such as failure to provide starter and leavers forms for member changes or unexplained movement in contributions received.</p> <p>Target date: 31 July 2019</p> <p>This action has been superseded (see action 12 above).</p>
<p>14. Pension Fund Finance and Investment</p> <p>July 2019</p>	<p>Monitoring receipt of contributions</p> <p>c) Late or underpayment of contributions will be reported to each meeting of the Pension Fund Committee and Local Pension Board</p> <p>Target date: 30 September 2019</p> <p>This has been reported to Local Pension Board and it has been agreed they will escalate as required to the Pension Fund Committee.</p>
<p>15. Pension Fund Finance and Investment</p>	<p>Admission agreements, bonds and cessation agreements</p>

<p>July 2019</p>	<p>b) We will agree Service Level Agreements (SLAs) with CSG, our actuary and legal team to establish potential timelines for future admission agreements, cessation agreements and the renewal of admission bonds.</p> <p>Target Date: 30 September 2019</p>
<p>16. Highways Programme</p> <p>August 2019</p>	<p>Payment Process</p> <p>a. Purchase orders for all Highways works will be approved by the appropriate budget manager in line with the prevailing Financial Scheme of Delegation (SoFD). Evidence linking invoices to works approved by Members or related variations will be retained for inspection.</p> <p>Note: The SoFD for Re is available for referral on the Council's Intranet</p> <p>Target Date: 16 September 2019</p>
<p>17. Highways Programme</p> <p>August 2019</p>	<p>b. Works, including variations to works, will be appropriately approved before their commencement in line with available budget.</p> <p>Note: The Council's Financial Regulations state:</p> <ul style="list-style-type: none"> - "that only authorised officers are allowed to place purchase orders, and that purchase orders are only raised when there is sufficient budget available." - "Once the purchase has been agreed, a purchase order must be raised on the council's accounting system." <p>Target Date: 16 September 2019</p> <p>Considerable work has been undertaken by the service to improve their arrangements and we consider this action to now be substantively implemented. The service has agreed to implement the following supplementary actions immediately to enhance future performance:</p> <ol style="list-style-type: none"> 1. Site Inspection Sheets will be used for LIP schemes 2. LIP scheme invoices will be certified by the budget manager 3. New processes will record/capture the start date of the schemes 4. The date stamping of before and after photographs of schemes will be introduced
<p>18. Highways Programme</p> <p>August 2019</p>	<p>Payment Process</p> <p>c. Evidence will be retained to confirm that all works that have been invoiced by Conway Aecom have been completed to the appropriate standard. The type of evidence required to be retained will be documented and communicated to all teams across Re Highways service.</p> <p>Note: Our view is that evidence must include:</p>

	<ul style="list-style-type: none"> - site inspection sheets showing regular site visit during the course of works, - complete task completion sheets and - before and after photographs which can be linked to the relevant works, for example, by street name. <p>Target Date: 16 September 2019</p>
<p>19. Highways Programme</p> <p>August 2019</p>	<p>Payment Process</p> <p>d. Documentation supporting invoice values/amounts will be retained for referral, for example, signed Bill of Quantities or costing schedules related to the works.</p> <p>Target Date: 16 September 2019</p>
<p>20. Highways Programme</p> <p>August 2019</p>	<p>Payment Process</p> <p>e. Invoices will be certified for payment by the appropriate budget manager in terms of the SoFD. The certified invoice will be uploaded to Integra. Audit trails evidencing certification of invoice, for example, e-mail trails confirming completion of works and instructing goods receipt, will be retained in the Service by the budget manager.</p> <p>Target Date: 16 September 2019</p>
<p>21. Highways Programme</p> <p>August 2019</p>	<p>Payment Process</p> <p>f. Evidence will be provided to confirm that the credit note relating to invoice number 220949 dated 17 October 2018 was processed, as applicable. This is being investigated by Re Management.</p> <p>Target Date: 16 September 2019</p>
<p>22. Highways Programme</p> <p>August 2019</p>	<p>Initiation of Special Projects</p> <p>a. LBB and Capita will agree written protocols which clarify and explain the Special Project Approval Procedure for Highways.</p> <p>Target Date: 16 September 2019</p>
<p>23. Highways Programme</p> <p>August 2019</p>	<p>Initiation of Special Projects</p> <p>b. The Highways SPIR template will be updated to show the requirements of the Special Project Approval Procedure for Highways and ensure that full officer names and dates of approval are included within the documentation. Additionally, roles and responsibilities of team when approving the document will be defined.</p> <p>Target Date: 16 September 2019</p>

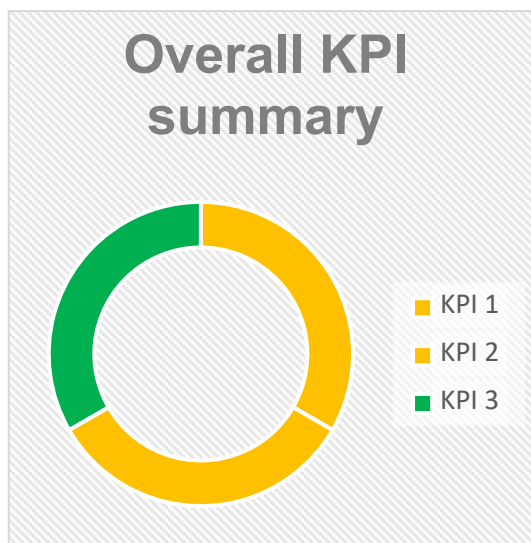
<p>24. Highways Programme</p> <p>August 2019</p>	<p>Initiation of Special Projects</p> <p>c. LBB and Re will agree thresholds at which Highways work will not commence until the Special Project has been formally approved by the Council.</p> <p>Target Date: 16 September 2019</p>
<p>25. Highways Programme</p> <p>August 2019</p>	<p>Quality of SPIRS documents</p> <p>a. Management will clearly define the responsibility for ensuring that Highways SPIR documents are of high quality, are accurate contain all information required and do not contain references to other SPIRS which are not required.</p> <p>Target Date: 16 September 2019</p>
<p>26. Highways Programme</p> <p>August 2019</p>	<p>Quality of SPIRS documents</p> <p>b. Highways SPIRs will contain a breakdown of how fees are calculated and whether they are fixed price or to be charged via 'Time and Materials', for example, a breakdown of estimated hours against each level of resource and the associated DRS rate where this is appropriate.</p> <p>Target Date: 16 September 2019</p>
<p>27. Highways Programme</p> <p>August 2019</p>	<p>Timesheet data</p> <p>a. The Council will review its arrangements to ensure that Highways SPIRs represent best value for money, for example that there is a clear link between the evidence that will be required to support payments and the evidence to be submitted before payments are released. For example, a clear resource plan within the SPIR document</p> <p>Target Date: 16 September 2019</p>
<p>28. Highways Programme</p> <p>August 2019</p>	<p>Timesheet data</p> <p>b. The Council will work with Re to agree the format of timesheet reporting which will allow the Council to review timesheet data. The Council will engage with Re to understand the steps in place to drive completeness and accuracy in time recording, for example, by agreeing a Data Quality Method Statement which will be signed off by Re when they submit timesheets to the Council to support payments and ensures that the Strategic Lead Commissioner can review the timesheets.</p> <p>Target Date: 16 September 2019</p>
<p>29. Highways Programme</p>	<p>Timesheet data</p>

<p>August 2019</p>	<p>c. The Council will review the actions within the PWC advisory review of Highways projects - Invoicing and contract management arrangements which was completed in 2016 and ensure that the actions are implemented or are no longer relevant.</p> <p>Target Date: 16 September 2019</p>
<p>30. Highways Programme</p> <p>August 2019</p>	<p>SPIR Invoice Approvals</p> <p>a. Management will clearly define the process for approving invoices including documenting the responsible officers for ensuring that Re Invoice 2s are approved for payment and the minimum documentation which will be on file to support the payments.</p> <p>Target Date: 16 September 2019</p>
<p>31. Highways Programme</p> <p>August 2019</p>	<p>Implementation of recommendations</p> <p>From 2019-20, processes will be implemented to address the further actions in Appendix 5</p> <p>Target Date: 16 September 2019</p>

Appendices



Appendix A: Key performance indicators (KPIs)



KEY:

Fully Achieved

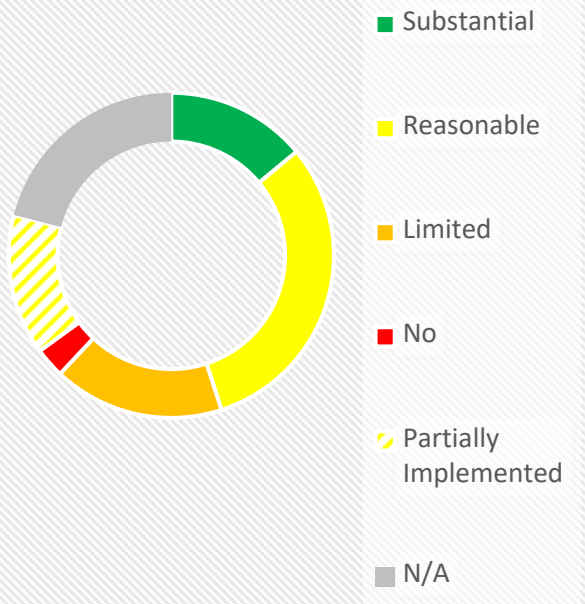
Partially Achieved

Not Achieved



KPI	Target	Results	Comment										
<p>1. % of Plan delivered</p> <p>Narrative: Restructure – Embedding new staff and allowing for training and induction</p>	51%	42%	<p>Work in progress is incorporated as follows:</p> <table border="1" style="background-color: #f2f2f2;"> <tr> <td>Not Started</td> <td style="text-align: right;">0%</td> </tr> <tr> <td>Planning</td> <td style="text-align: right;">20%</td> </tr> <tr> <td>Fieldwork</td> <td style="text-align: right;">50%</td> </tr> <tr> <td>Draft Report</td> <td style="text-align: right;">90%</td> </tr> <tr> <td>Complete</td> <td style="text-align: right;">100%</td> </tr> </table> <p>Applying these %s to work in progress shows that we have delivered 42% of our plan.</p> <p>Up to 27% = Not Achieved 28% - 50% = Partially Achieved 51% = 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%												
<p>2. Verification that at least 90% of Critical and High Risks have been mitigated by management at the time of follow up</p>	90%	78%	<p>0-49% = Not Achieved 50-89% = Partially Achieved 90% = Fully Achieved</p>										
<p>3. Average customer satisfaction score for year to meet or exceed acceptable level for at least 85% of completed surveys</p>	85%	100%	<p>0-49% = Not Achieved 50-84% = Partially Achieved 85% = Fully Achieved</p>										

Assurance Ratings



4. % of reports year to date achieving:			
•Substantial		14%	
•Reasonable	N/A	31%	
•Limited		17%	
•No Assurance		3%	
•Partially Implemented		10%	
•N/A		24%	