Internal Audit

Year End Progress Report 2012/13

London Borough of Brent

June 2013

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Executive Summary

Introduction	This report sets out a summary of the work completed to date against the 2012/13 Internal Audit Plan, including the assurance opinions awarded and any high priority recommendations raised.
	Those audits reported on at previous meetings have been removed, but reference can be made to the full list of assurance opinions in the cover report.

Summary of Work Undertaken	A range of audits have been undertaken since the last meeting, comprising both financial and non-financial systems, some One Council Projects and work across the schools.
	The Final Reports issued since the last meeting relate to the following areas, with further details of these provided in the remainder of this report:
	• Appointment of Consultant and Non Comensura Temporary/Interim Staff
	• Oyster Card
	• Council Tax
	• National Non-Domestic Rates
	• Direct Payments & Personal Budgets
	• Housing and Council Tax Benefits
	• Cash and Banking
	• Home Care
	• Capital Projects
	• Property Disposal (Sale of Council Properties)
	• Northgate SX3 Housing Benefits System
	• Wireless Network
	• Furness School
	• St Mary's CE School
	• St Joseph's Junior School
	• St Joseph's Infants School
	• St Mary Magdalen
	• College Green
	• Stonebridge School
	• St Gregory's Secondary School

	• The Village School
	• Fawood Children Centre
	• Internal Financial Control (BHP)

One Council Project	<u>One Oracle (Formerly Project Athena)</u> The Council is currently working with the other local authorities in preparation for the launch of the new Oracle system which will be operated using new operational procedures and Oracle Cloud. The go live date for this project was initially set in August 2013. However this has now been delayed to November 2013. The Audit Managers have attended the Finance Implementation Team (FIT) meeting for the first time in early December 2012 and they have requested to be invited to future meetings until the project launch. In addition, as part of this, the Audit Managers will work with the FIT in respect of Governance Risk Compliance. <u>Cash Management in new Civic Centre</u> The Audit Managers have met with the Head of Financial Service Centre (FSC) and the Accounting to Reporting Team Leader to discuss the proposed cash management arrangements in new Civic Centre. They will continue to liaise with the Head of FSC during the year and an audit will be scheduled in for later this year.

Summary of Assurance Opinions and Direction of Travel	A summary of the assurance opinions and direction of travel assessments is as follows, as compared to the previous two financial years.

Assurance Opinions

	Full 🟢🟢	Substantial 🟢	Limited 🟠	None 🔴
2010/11	-	71% (29)	29% (12)	-
2011/12	-	42% (22)	50% (26)	8% (4)
2012/13	4% (2)	67% (32)	27% (13)	2% (1)

|	Improved ⟹	Unchanged ⟺	Deteriorated ⟸
2010/11	5	4	-
2011/12	5	4	2
2012/13	3	4	3

For the Committee's reference, the definitions of the assurance opinions and direction of travel assessment are included at Appendix A.

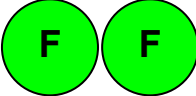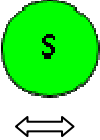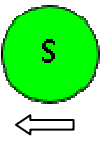|	
Follow-Up of Previously Raised Recommendations	As part of our rolling programme, all recommendations are being followed-up with management, as and when the deadlines for implementation pass. This work is of high importance given that the Council's risk exposure remains unchanged if management fail to implement the recommendations raised in respect of areas of control weakness. A key element of the Audit Committee's role is to monitor the extent to which recommendations are implemented as agreed and within a reasonable timescale, with particular focus applied to any priority 1 recommendations. The current level of implementation is as per the chart on the following page. Of the recommendations followed-up, 90% had either been fully or partly implemented, or are no longer applicable due to changes in the scope of operations. Of the priority 1 recommendations, 96% had either been fully or partly implemented. Implementation of Recommendations ■ Implemented ■ Partly Implemented ■ Not Implemented ■ No Longer Applicable
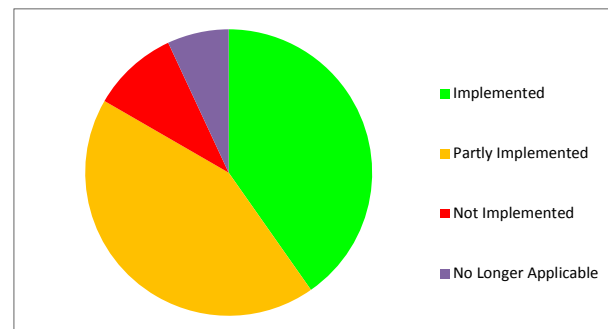
Detailed summary of work undertaken

FULL / SUBSTANTIAL ASSURANCE REPORTS

Only the assurance opinion and direction of travel is being reported on for those audits for which Substantial Assurance was given. The Committee's focus is directed to those audits which received a Limited Assurance opinion.

Audit	Assurance Opinion and Direction of Travel
Cash and Banking	**F** **F**
Council Tax	**S** ⟺
NNDR	**S** ⟺
Housing and Council Tax Benefits	**S** ⟸
Capital Projects	**S**
Property Disposal (Sale of Council Properties)	**S**
Wireless Network	**S**

Audit	Assurance Opinion and Direction of Travel
SCHOOLS	
Furness School	S
St Mary's CE School	S
St Joseph's Junior School	S
St Joseph's Infants School	S
St Mary Magdalen	S
College Green	S
St Gregory's Secondary School	S
The Village School	S
Fawood Children Centre	S

Audit	Assurance Opinion and Direction of Travel
BHP	
Internal Financial Control	S

LIMITED ASSURANCE REPORTS – General Audits

For all Limited Assurance reports, we have included a brief rationale, together with details of any **priority 1** recommendations raised, including the agreed actions to be taken and deadlines for implementation. These are the key audits and recommendations which the Committee should be focusing on from a risk perspective. The only exception is for any BHP reports, details of these have been reported separately to the BHP Audit & Finance Sub-Committee.

Appointment of Consultant and Non Comensura Temporary/Interim Staff

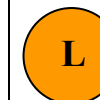|	
Overall, we have identified significant weaknesses in the system of control surrounding the appointment of consultants and non Comensura temporary/interim staff. Significant expenditure is being incurred in this area, with over £12.3m being charged in the accounts to the subjective code for Consultants (H501) and over £7.3m to Agency Staff (A601) over the period 1 April 2011 to 28 February 2013. Achieving value for money must, therefore, be a key objective. In addition, there are key compliance requirements, primarily in relation to HMRC. The weaknesses identified could impact on both these areas.	**L**
A key weakness is the lack of central co-ordination, management and oversight of the appointment of consultants and temporary/interim staff. Linked to this, policies and procedural guidance are limited.	
We acknowledge that a paper was presented to the Corporate Management Team in September 2012 which included recommendations for improving and streamlining the current management process for non-permanent staff. However, these have yet to be taken forward and our recommendations should be implemented and embedded as part of the new process being put in place.	
Whilst we have raised a number of recommendations for management to take forward, it should be noted that we are unable to provide expert technical advice concerning HMRC requirements. It is also an area in which the public sector, both central and local government, has been the subject of media attention, with various adverse publicity concerning the use of personal service companies and self employment as a means of reducing cost to the organisations concerned and the tax liability of individual contractors. Advice has been obtained from the Council's specialist tax advisors as to the liabilities concerning the use of personal service companies. We would recommend that the Council obtains additional expert advice as part of implementing the recommendations raised and making any other changes to the arrangements in place.	
Six priority 1 and three priority 2 recommendations were raised.	

Recommendation	Management Response / Responsibility / Deadline for Implementation
The Council should develop a robust policy, procedures, and guidance documentation in respect of the appointment of non permanent staff. In addition, the guidance currently posted on the Council's Intranet in	Agreed. People and Development will put in place a new robust policy and the points raised in the rationale will be addressed in the new policy.

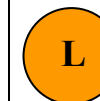| Recommendation	Management Response / Responsibility / Deadline for Implementation
respect of the exception to the requirement to seek quotes for appointments through an agency should be reviewed.	Interim Contract Manager September 2013
The need to complete the Non-Permanent Recruitment Business Case form and having this approved by the authorised officer should be formally reiterated to staff. The delegated approvers of the purchase orders relating to consultants or non-permanent appointments should confirm that the approved business case is in place for the relevant appointment before approving the purchase order. In addition, the business case form should be revised to capture the following information: • What steps have been taken to determine whether the required skills are available internally; • Where the required skills are not available, an indication of if there is a need to build and develop such skills within the Council in the long run or whether the requirement is temporary; • If the required skills are required to be developed in house, what plan is in place to achieve this, as opposed to continuously relying on the external consultants; and • Where the business case relates to an extension, details of why the appointment should continue as opposed to putting in place a permanent provision and what actions are taken to provide alternative permanent solutions. In addition, business cases relating to engagements that fall outside of the Council's corporate Agency contract should be subject to approval by People and Development.	Agreed. People and Development will take the lead in implementing this recommendation. Interim Contract Manager End June 2013
The business case should only be approved where evidence of compliance with the procurement rules is provided. The authorised officers who are responsible for approving the business cases should be reminded of this requirement. Where it is not possible to obtain three quotes for appointments costing	Agreed. The requirement to comply with the procurement rules will be emphasised in the new policy and the People and Development will put in place a mechanism to help ensure that the procurement rules are adhered to.

Recommendation	Management Response / Responsibility / Deadline for Implementation
more than £20,000, a waiver should be sought from the Director of Finance. In addition, staff should be reminded of the need to complete the business case form fully with all required information as indicated on the form. The new Non-Permanent Recruitment Business Case should be amended to capture the evidence of quotes. Where the appointment is to be extended, the business case for the extension should indicate the details of the previous appointment(s) including their duration and total spend to date. The officer submitting the business case and the senior manager approving these should ensure that the duration of the appointment and the estimated total cost of the appointment in each business case are as accurate as possible and appointment should not be split into multiple requests to bring the estimated cost of each request below £20,000. Where the appointment decision is made by a body or officer external to the Council, assurance in respect of the procurement process followed should be sought and evidence of confirmation retained.	Interim Contract Manager September 2013
Recruiting managers should be formally reminded of the need to put in place a contract for all consultants and temporary/interim staff appointments, except where the Council's approved agency is used. Where a contract is between the limited company and the Council, the Council should ensure that payments relating to the contract are paid to the limited company.	Agreed. People and Development will develop a standard contract in consultation with Legal. Interim Contract Manager September 2013
A cross Council review of payments to individuals across all subjective codes should be undertaken. As part of the review, compliance with HMRC requirements should be checked, as well as confirming that any self-employed individuals being paid through payroll for the purposes of tax and NIC have been appropriately administered so as not to give them employment rights. If management consider it not practical to check all cases, a sampling method, including the financial thresholds and any other factors should be defined by the Council's management in consultation with the	Agreed. Senior Exchequer Officer will liaise with the Head of Financial Management to flag up limited companies and self employed individuals at the point of setting up a supplier on Oracle as part of the One Oracle project. When HR have their self employed individuals register in place, this will be used to carry out sample checks. In the meantime, a sample will be selected from the payments report to carry out the

Recommendation	Management Response / Responsibility / Deadline for Implementation
Exchequer Service. In addition, the Exchequer Service should follow up the incorrect assessment which had not been reported to HMRC and take appropriate corrective actions.	check. This will also assist in identifying numbers of cases and analysing the trend to identify which service areas regularly appoint self employed individuals. When we have targeted the right employees we can ask them to complete the e-learning module which would ensure their understanding of status requirements to be focused on, as well as directing them to the guidance on the Exchequer site on both the Intranet and Extranet. Whilst it would not be possible for us to check every Employment Status Questionnaire in the Council, if employees are trained correctly, and know where to obtain the latest Questionnaire and guidance, then this should improve our compliance. In addition to the above, the Senior Exchequer Officer will draft a one page Newsletter to address status issues such as paying non-registered companies, i.e. payee titles not ending with Limited, LLP or Plc, and the completion of Employment Status Questionnaires. We will also need to highlight the potential issue about gaining of Employee Rights in cases of individuals being put through the Payroll. The plan will be to also address issues of Financial Regulation, e.g. highlighting that invoices should have a clear service description on them (or if this could at least be entered on Oracle in the comments column if it is not clear on the invoice). We will try again with Communications for this to be circulated to relevant employees (e.g. PO Authorisers). The detail of the exception has been provided by the Internal Audit and this will be followed up as appropriate. Senior Exchequer Officer June 2013
A central register of non permanent appointments should be developed and maintained. In addition, the information needs of management should be defined in respect of consultants and off payroll temporary/interim staff. Once these have been defined, management information should be produced and reviewed centrally on a periodic basis.	Agreed. A central register will be implemented and the management information needs will be determined by the Interim Contract Manager. Interim Contract Manager

Recommendation	Management Response / Responsibility / Deadline for Implementation
As part of the review, compliance in respect of the completion and approval of business cases, and compliance with the Council's requirements and statutory rules and regulations should be assessed.	September 2013

Oyster Card

The key issues identified relate to communication of the Council-wide Oyster Card policy to all Council staff; completion of the certification of usage documents; full completion of the correct usage logs for Individual and Team Oyster Cards; registration of Oyster Cards with Transport for London; completion of full reconciliations between journeys logged in the usage log and those logged on the Oyster Cards; and Consistency and completeness of management information. Six priority 1 and six priority 2 recommendations were raised.	**L**

Recommendation	Management Response / Responsibility / Deadline for Implementation
Staff should be made aware of the procedure document so that all staff understand their respective responsibilities when using and administering the cards. In addition to this, the procedure document should be reviewed regularly.	Agreed. With the move to the Civic Centre, Business Support is due to take over the central administration of Oyster Cards. The Head of Financial Management, in consultation with the Senior Exchequer Officer, is in discussions with the Head of Integrated Business Support to determine how Oyster cards administration can be centralised in Civic Centre and how the process will work for those based in the Civic Centre, as well as those that are stationed outside the Civic Centre.
Staff should complete the Certification of Usage documents prior to using any of the corporate Oyster cards to confirm acknowledgement of their responsibilities when using the cards. These forms should be completed by staff for both the Individual and Team Oyster cards.	
All staff with an individual Oyster card assigned to them should complete an Individual Oyster card usage log. All Individual Oyster card usage logs should include the following information: • Date; • Reason; • Destination; • Mode of Transport; • Cost; and • Balance. In addition, all team Oyster card usage logs should include the following information: • Date; • User; • Reason; • Destination;	It should also be noted that Oracle upgrade is planned which will include all the expenses including GPC cards which is one of the methods used to top up Oyster cards. We take the view that present process and procedures will have to be taken in to account and built in to Oracle application. We will have a better understanding of how the process will shape up and review the whole process taking recommendations you have outlined once a consultation meeting is held between the Senior Exchequer Officer, Head of Financial

Recommendation	Management Response / Responsibility / Deadline for Implementation
• Transport method; • Signed out by; • Authorisation; • Signed in by; • Date of sign in; and • Balance on the card. The information recorded should contain sufficient level of details to facilitate effective monitoring of usage by the card administrators.	Management, and the Head of Integrated Business Support. Your recommendations deal with enforcing the process and procedures which have been posted on the intranet, we will also be including a process for consultants. Exact actions to be taken against each recommendation arising from the Internal Audit work will be agreed and an action plan will be put in place following the consultation meeting.
All corporate Oyster cards should be registered with TFL. In addition, the journey history function on the TFL website should be utilised on a regular basis for all corporate Oyster cards by the card Administrators to monitor the journeys made.	Senior Exchequer Officer Head of Financial Management Head of Integrated Business Support
In line with the Procedures document, a full reconciliation should be carried out between the journeys recorded on the card as per the TFL website and those recorded on the log book when a top up takes place. The reconciliations should be fully documented and signed off by the administrator as evidence of completion. The reconciliation should be reviewed and signed off by a manager. Where management determines that the above process is not practical or efficient, management should review the Procedures document and refine the reconciliation process. One option may be to set parameters such as the amount spent in a given period which trigger the requirement to complete a full reconciliation.	Action Plan to be put in place by August 2013
Oyster Card Administrators should code top-up payments, refundable deposits and year-end balances as per the procedure document. In addition to this, the current arrangements in respect of recording of corporate Oyster card transactions should be reviewed to determine whether they continue to meet the information needs of the Council. As part of the review, a decision should be made on whether the expense claims relating to personal (non corporate) Oyster cards should continue to be coded to the E306 subjective code or a separate code should be set up to distinguish the two.	

Home Care

The Council's annual budget for home support provision is approximately £10m which provides for approximately 1,200 clients.	**L**
The Council entered into a four year framework agreement for the provision of home support services in September 2010. The framework agreement was established following the collaborative procurement exercise run through the West London Alliance Joint Procurement Unit and lead by the London Borough of Hammersmith and Fulham. There are 24 providers within the framework and the Council is served by seven of those providers. In addition to these providers, the Council also use seven other providers who are outside of the framework where the needs cannot be met through the framework.	

With the initial framework agreement expiring in 2014, the Council has been appointed to lead on the new framework and the initial preparation work is currently on going. The purpose of this work was to identify control weaknesses in the current arrangement so that management can address these as part of the new framework arrangement.

The key weaknesses identified were in relation to Access Agreements between the Council and both WLA & non-WLA Framework contractors (ensuring all WLA Framework contractors have a signed Access Agreement held within the Legal department, and engaging in signed Terms of Service with all non-WLA contractors). Furthermore, the appointment of non-WLA contractors had not been completed in line with the Financial Regulations.

Additionally, we identified weaknesses in the monitoring arrangements in place with regards to contractor performance. From the Council perspective, we observed that spot checks completed by the Integrated Commissioning team identified that checks were only completed at the main offices of each contractor and did not include visits to client sites.

We identified several weaknesses with regards to the guidance provided in the WLA Framework which we have highlighted in this report, for the Council to consider when they become the Lead Borough of the WLA in 2014.

Three priority 1, three priority 2, and two priority 3 recommendations were raised.

Recommendation	Management Response / Responsibility / Deadline for Implementation
The Council should ensure they are engaged in signed Access Agreements with all WLA Providers providing services to Clients.	Agreed. We have arranged for an updated / new Access Agreement with London Care to be completed. S Forbes - Head of Service Integrated Commissioning End of June 2013

Recommendation	Management Response / Responsibility / Deadline for Implementation
Formal Terms of Service should be drawn up and agreed between the Council and all non-WLA Framework contractors. Terms of Service should include obligations of both parties during their on-going service delivery arrangements. All appointments of non-WLA contractors should be completed in line with the requirements of the Financial Regulations. Formal waivers should be sought from the Director of Finance in instances where the Regulations cannot be adhered to.	Agreed. We are drafting 'spot purchase' agreements for a range of services including home care, day care etc. where purchasing is on a 'case by case' / individual basis. It is our understanding that an exemption from the Contracting Standing Orders was provided for Adult Social Care some time in the past to enable us to undertake spot purchasing / case by case purchasing where no commitment exists beyond the individual Purchase Order for the individual care package / number of hours purchased. We will liaise with Finance and Legal colleagues on this matter to ascertain whether this exemption exists. S Forbes - Head of Service Integrated Commissioning End of July 2013
All WLA members should follow the same criteria when completing their monitoring spot checks of service providers. In the completion of spot checks, Authorities should ensure that checks are inclusive of all WLA member Councils. Spot checks should include visits to clients to assess performance of the provider, in addition to the current office based checks that are completed. Regularised performance monitoring arrangements should be detailed within the WLA Framework Agreement. **N.B.** We have raised this in the knowledge that Brent will be the next Lead Borough of the WLA, therefore will be in a position to enforce this change.	Agreed. Although within the WLA a protocol was agreed for the monitoring and management of the collective group of providers under the existing Framework, officers in Brent have limited scope to require officers from other authorities to adhere to the original protocol. Over the term of the existing Framework WLA boroughs have by default moved to focus their monitoring activities on those providers which they purchase services from. Brent is currently leading on the procurement of the new Home Support Framework which will go live in February 2014. The lessons relating to the approach to managing the collective market place will be incorporated into the new Framework and we would seek to agree with other WLA Boroughs as the lead procuring authority a more robust protocol and commitment to a monitoring process. S Forbes - Head of Service Integrated Commissioning March 2014

Direct Payments & Personal Budgets

Personal and individual budgets are designed to provide individuals who currently receive social care and associated services with greater choice and control over their own support arrangements. A personal budget is the amount of money that a local authority allocates to meet the individual's needs. It can take the form of a cash direct payment, services commissioned by the local authority, a broker who manages the budget on behalf of the individual, or a combination of both. The budget can be spent on any product or service that achieves the outcomes specified in the care plan. It can also be spent on traditional social services (e.g. placement in a care home).

L

Direct Payments are fundamental to the achievement of the government's aim of increasing people's independence, choice, and control by providing personalised alternatives to the social care services offered by a local authority with social services responsibilities. The Health and Social Care Act 2001 made it a duty, in certain circumstances, for local authorities to make Direct Payments available to all eligible social care users. A direct payment is a method of making cash payments directly to the service user (or their representative) so that they can manage their personal or individual budget themselves by procuring their own support. Individuals must give their consent to receiving direct payments and be able to manage them. Individuals are required to account for the money they spend and certain records must be retained to enable monitoring to be undertaken.

Local authorities have a responsibility to monitor the individuals spending in order to ensure that the individual's needs are being met.

Number of service users in Receipt of Direct Payments	454
Number of service users on Prepaid cards (non-managed)	332
Number of service users on Prepaid cards (managed)	83
Number of service users using bank accounts only	50

The key areas of weakness were follows: non-compliance with procedures; documents not always uploaded onto Frameworki (e.g.: Supported Self-Assessment Questionnaires, approval of purchasing of care by Quality Assurance Meeting, Direct Payments Contract Agreements, Pre-Paid Card Agreements, Third Party Agreements for managed account); inaccuracies in the amount of payments being made to some service users / carers; and monitoring of financial returns for service users not on pre-paid cards not being regularly undertaken

Ten priority 1, six Priority 2 and one priority 3 recommendations were raised as a result of this audit.

Recommendation	Management Response / Responsibility / Deadline for Implementation
All relevant staff should be formally reminded of the need to adhere to Direct payments procedures, including the following: the logging details of all supported self-assessment questionnaires (SSAQ) onto Frameworki; for Ability to Manage forms to be signed by the social worker and scanned onto Frameworki; for referrals made to Penderels to be scanned onto Frameworki; for Direct Payments Funding Approval forms to be authorised by the Funding Panel and scanned onto Frameworki.	Agreed. Team managers will be reminded of this issues highlighted in this recommendation and will be told to ensure that all relevant staff are aware of the requirements and understand how to meet them. Charlie Macnally – Interim Head of Service Support Planning / 14th June 2013.
Evidence of the approval of purchasing of care by the Quality Assurance Meeting (QAM) should be available in all cases.	Agreed. Where cases come to QAM this will be recorded on Frameworki. However low cost packages of care do not come to QAM. Charlie Macnally – Interim Head of Service Support Planning / Immediate.
All relevant staff should be formally reminded of the following: Contract agreement between the service user and the Council should be in place for all service users/carers and scanned onto Frameworki; Contract agreements to be signed by an officer within Brent Care Management Team and scanned onto Frameworki; and Contract agreement to be signed in the appropriate section.	Agreed. Has been actioned by Client Affairs Team. Raksha Pindora - Team Manager (Client Affairs Team)/ Implemented.
Management should investigate the reasons for the errors made in the calculation of direct payments for the service users indicated in the body of the report. Where any over or under payments have been made because of errors in the calculation of Direct payments or personal budgets entitlements appropriate action should be taken to recover any overpayments or reimburse service users with any underpayments. The Direct Payments calculations should be checked for accuracy on at least a quarterly basis and especially when there is a change in the number of hours assessed for the service user/carer	Agreed. All Team Managers – Immediate.
Management should ensure that the following procedures in respect of pre-paid cards are being complied with: All Pre-paid card agreements signed by service users / carers should be scanned onto Frameworki; All Pre-paid card agreements should be signed by a Council representative; Signed instructions should be obtained from the service user/carer to	Agreed. Has been actioned by Client Affairs Team. Raksha Pindora - Team Manager (Client Affairs Team)/ Implemented

transfer balances from their direct payment bank account to pre-paid card account.	
Management should formally remind all relevant officers of the following: that all supporting documentation must be scanned onto Frameworki; Details of all action taken, for example results of care reviews being communicated to CAT; action taken where it is identified that Direct Payments is not being used for the intended purpose, should be recorded on case notes. Management should implement protocols with regards to the organisation of records and information of Frameworki. This should include a file plan and classification scheme, folder management and indexing within the system.	Agreed. Raksha Pindora / Team Manager(Client Affairs Team)/ Implemented David Hardman - Project Team working on new Health and Social Care Model there will be an IT lead. / October 2015
All social workers and other relevant officers should be reminded that signed third party agreement for accounts managed by Penderels should be scanned onto Frameworki.	Agreed. Has been actioned by Client Affairs Team. Raksha Pindora / Team Manager (Client Affairs Team)/ Implemented.
Management should ensure that appropriate action is taken and support provided to service users or carers where care reviews indicate that they are having difficulty in managing their direct payment or personal budgets effectively.	Agreed. This is being monitored by the Client Affairs Team Raksha Pindora / Team Manager (Client Affairs Team)/ Implemented
For service users /carers the financial monitoring of service users currently on Pre-paid Cards should be undertaken on the basis of risk as opposed to the current arrangements of reviewing all expenditure incurred and all Pre-paid card users. For service users/carers not yet on Pre-paid Cards that their accounts should be properly monitored on a quarterly basis and be fully reconciled prior to them being transferred onto pre-paid cards. Where a service user or carer fails to submit financial returns within the specified timeframe and in particular where the service user has failed to respond to reminders, action should be taken to enforce the terms and conditions of the Direct Payment agreement	Agreed. All of the recommendations have been actioned through exception monitoring by the Client Affairs Team. Raksha Pindora – Team Manager (Client Affairs Team) / Implemented.

Management should introduce a quality assurance process whereby they carry out regular spot checks on a random sample of Direct Payment cases in order to check compliance with Direct Payment procedures. Where instances of non-compliance are identified, these should be followed-up with the appropriate officer, identifying any further training needs where relevant.	Agreed. Dave Hardman – Transformation Project Manager / 27thJuly 2013

Northgate SX3 Application

The Northgate SX3 application is an integrated system that supports amongst others, the Housing Benefits system. This system manages housing benefits payment accounts within the Borough of Brent. The system administration functions are provided by Capita via the Central Support Team (CST). Capita provides the helpdesk function for all issues and queries, the technical team is responsible for application support (faults, bugs etc.), and performs daily batch processes. Control weaknesses were identified in relation to the lack of adequate password settings; the lack of a formally documented user access management procedure; the absence of a function to block accounts with excessive security violations; the absence of a process to periodically report and review the roles and user accounts on the system; the lack of a process to report and review the business object licenses, inadequate mandatory input controls on the system; and the lack of a process to review and update the interface documentation. One priority 1, six priority 2, and one priority 3 recommendations were raised.	**L**

Recommendation	Management Response / Responsibility / Deadline for Implementation
The Northgate HB SX3 application should be configured to enforce the following password controls for the RB_USER profiles: • A minimum password length of 8 characters; • Alpha and numeric characters to enforce the use of complex passwords; and A password history to prevent passwords being recycled.	The RB user profile has been changed to ensure that the minimum length is 8 characters, it forces the use of alpha numeric characters and the password history has been set to 99 to prevent passwords being recycled. Although these settings were previously not set, the password was of a "hard" nature. In addition to the RB user account, all control staff must log into the secure environment using two factor authentication / juniper tokens. Richard Comery – CST Capita Complete

LIMITED/NIL ASSURANCE REPORTS – School

Stonebridge School

11priority 1 and eight priority 2 were raised as a result of this audit. All recommendations were agreed by the School	**L**

LIMITED/NIL ASSURANCE REPORTS – BHP

Responsive Repairs & Maintenance

Responsive Repairs & Maintenance (BHP)	**L**

Follow-Up of Previously Raised Recommendations

The table below provides a summary of the findings from the follow-up work completed since the last meeting, excluding any BHP recommendations.

Our approach is explained within the Executive Summary. Recommendations are classified as either Implemented (I); Partly Implemented (PI); Not Implemented (NI); or in some cases no longer applicable (N/A), for example if there has been a change in the systems used.

For any recommendations found to have only been partly implemented or not implemented at all, further actions have been raised with management. As such, we have included all recommendations followed-up to date, including Draft Follow-Up Reports, as well as those that have been finalised. Where the reports have been finalised, the further actions have been agreed with management, including revised deadlines and responsible officers. For those at Draft stage, we are awaiting responses from management. All agreed further actions will be added to our rolling follow-up programme as explained in the Executive Summary to this report.

The table includes a column to highlight any priority 1 recommendations which were found not to have been fully implemented. Please note that we have not replicated the full recommendation, only the general issue to which they relate.

Audit Title		Priority 1				Priority 2				Priority 3				Total					Priority 1 Recommendations not implemented
		I	PI	NI		I	PI	NI		I	PI	NI		I	PI	NI	N/A		
Housing and Council Tax Benefits		-	1	-		1	3	-		-	-	-		1	4	-	1		
Oakington Manor School		2	4	-		4	1	-		-	-	-		6	5	-	-		
Malorees Infants		6	7	1		5	9	4		-	-	-		11	16	5	-		*Retaining evidence of the right to work in the UK.
Council Tax		-	1	-		1	3	2		-	-	-		1	4	2	3		
NNDR		-	1	-		2	1	-		-	-	-		2	2	-	1		
Cash & Banking		1	-	-		7	-	-		-	-	-		8	-	-	-		
		9	**14**	**1**		**20**	**17**	**6**		**-**	**-**	**-**		**29**	**31**	**7**	**5**		

* The Head teacher had taken steps to introduce a file control sheet to ensure that all key documents including evidence of the right to work in the UK. However exceptions were still found and the recommendation was assessed as not implemented as a result of this.

Appendix A – Definitions

Audit Opinions

We have four categories by which we classify internal audit assurance over the processes we examine, and these are defined as follows:

🟢🟢	**Full**	There is a sound system of internal control designed to achieve the client's objectives. The control processes tested are being consistently applied.
🟢	**Substantial**	While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
🟠	**Limited**	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client's objectives at risk.
🔴	**None**	Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

The assurance grading provided are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full Assurance' does not imply that there are no risks to the stated objectives.

Direction of Travel

The Direction of Travel assessment provides a comparison between the current assurance opinion and that of any previous internal audit for which the scope and objectives of the work were the same.

⟹	Improved since the last audit visit. Position of the arrow indicates previous status.
⟸	Deteriorated since the last audit visit. Position of the arrow indicates previous status.
⟺	Unchanged since the last audit report.
No arrow	Not previously visited by Internal Audit.

Recommendation Priorities

In order to assist management in using our internal audit reports, we categorise our recommendations according to their level of priority as follows:

Priority 1	Major issues for the attention of senior management and the Audit Committee.
Priority 2	Important issues to be addressed by management in their areas of responsibility.
Priority 3	Minor issues resolved on site with local management.

Appendix B – Audit Team and Contact Details

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