



**Internal Audit  
2<sup>nd</sup> Progress Report 2013/14  
London Borough of Brent  
January 2014**

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## Executive Summary

<b>Introduction</b>	This report sets out a summary of the work completed against the 2013/14 Internal Audit Plan, including the assurance opinions awarded and any high priority recommendations raised.
<b>Summary of Work Undertaken</b>	<p>Eleven final reports have been issued since the last committee meeting relating to the following areas, with further details of these provided in the remainder of this report:</p> <ul style="list-style-type: none"><li>• Framework I Phase 1 Purchasing</li><li>• Framework I Phase 2 Payments</li><li>• Carers Hub</li><li>• Soft Box</li><li>• Migration of Appointeeship and Deputyship</li><li>• Our Lady of Lourdes Primary School</li><li>• Our Lady of Grace Junior School</li><li>• Mount Stewart Junior</li><li>• Woodfield Primary</li><li>• View 360</li><li>• Housing Rents (BHP)</li></ul>




**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 
<b>2011/12</b>	-	42% (22)	50% (26)	8% (4)
<b>2012/13</b>	4% (2)	61% (33)	31% (17)	4% (2)
<b>2013/14</b>	(0)	50% (7)	50% (7)	(0)

Direction of Travel

	Improved 	Unchanged 	Deteriorated 
<b>2011/12</b>	5	4	2
<b>2012/13</b>	3	4	3
<b>2013/14</b>	2	2	1

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

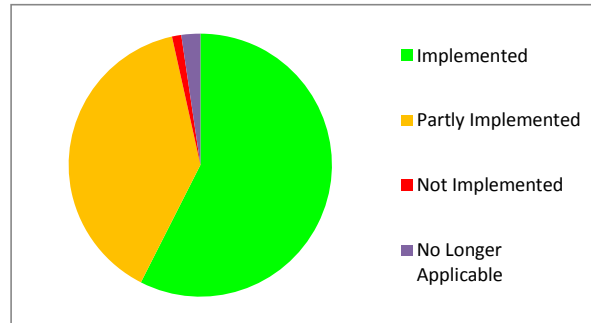
**Follow-Up of Previously Raised Recommendations**

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, 97% 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, 100% had either been fully or

partly implemented.






### Implementation of Recommendations



## 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
<b>General and Computer Audits</b>	
View 360	
<b>SCHOOLS</b>	
Our Lady of Lourdes Primary School	
Our Lady of Grace Junior School	
Mount Stewart Infant	
<b>BHP</b>	
Housing Rents	

## 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, for which the details are reported separately to the BHP Audit & Finance Sub-Committee.

### Framework-I Phase 1 Purchasing (Fostering and Residential Placements for Children)

London Borough of Brent manages a budget of over £17m annually for delivering Children Social Care services. Children Social Care (CSC) currently use Framework-i to record Social Care Cases with un-costed care packages and maintain different systems/excel sheets to record the cost of care packages and to process payments. A programme was launched to migrate the costing information of the CSC services onto Framework-i (FWi) Financials and to re-design the financial administration process to bring in line with and to facilitate the functionality of FWi Financials. The programme covered the following service streams:

- Payments for Fostering (SoftBox)
- Payments for Residential Placements (CRT and Excel Download file)
- Payments for Post & Other LAC (CRT and SoftBox)

The focus of this audit work was to assess the systems of controls designed for the purchasing process on Framework-I.

Overall, the key issues identified relate to the segregation of duties currently built into the system; the process by which delegated financial authority is given to financial authorisers on the system; user access rights; the ability to disaggregate the costs of care packages; and the possibility of continuous payments for superseded care provisions due to an end date being a non-mandatory field.

The Direction of Travel provides a comparison with any prior audit visit. In this case a prior audit has not been undertaken and therefore no comparison has been given.

Five priority 1, one priority 2 and two priority 3 recommendations were raised



Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>Full segregation of duties should be system enforced within the Framework-I Financial system.</p> <p>If this cannot be enforced then management should put controls in place in order to review instances where work flowed tasks have been completed by the same officer and taking action where this is deemed to be inappropriate.</p>	<p>Agreed.</p> <p>Historically, CRT (Commissioning resource team) duty manager also worked on the duty desk and dealt with child placement finding and matching. However, in light of audit recommendations and discussion with the CRT Head of Services. the following solution was investigated and tested by the Project Manager and the Framework-i Application Support Team:</p> <ul style="list-style-type: none"> <li>- Remove “work with care package provision” function and give “work with care package” function to worker roles who are set to authorise care packages on Framework-i.</li> </ul> <p>After due consideration and agreement this is now implemented on Framework-i Live system. Now, Care Package financial authorisers will not be able to create a new care package while having system access rights to authorise the care package, this will enable a clear segregation of duties for all financial authorisers on Framework-i.</p> <p>Application Support Team/ Completed</p>
<p>All officers set as financial authorisers within Framework-i should have their delegated responsibility authorised in line with the process for setting up new approvers on the Oracle financial system.</p>	<p>Agreed.</p> <p>Framework-i Financial authorisation for Level 1 was discussed and agreed by the previous Framework-i Finance Project Board. This recommendation was discussed in detail with the Head of Services Commissioning, and it was agreed that only those managers who are setup on Oracle Financials as authorisers will be set up on the Framework-i Financial System. After the Head of Service Commissioning’s decision to remove CRT Duty Team manager as Financial Authoriser, a request to remove CRT Duty Manager access to Authorise Care Package was sent to Framework-i Application Support Team. This request is now actioned, and only those workers who are setup on Framework-i as Financial Authorisers who are also setup as Approver on Oracle Financials.</p> <p>Head of Childrens Commissioning &amp; Framework-i Application Support Team/ Completed</p>



Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>The cost of the whole care package episode should be approved in line with the scheme of delegated authority as opposed to individual service group elements within the care package.</p>	<p>Agreed.</p> <p>This is a system (Framework-i) functionality issue with impact on the overall system usage. Framework-i Financial authorisations rules work at two levels i.e. service group and element type level. Across the London Borough of Brent, financial authorisations are setup at Service Group level. To minimise the impact Children Services already have the smallest possible service group.</p> <p>To ensure that care packages are authorised as a care package level and not individual service group levels, a Corelogic Support request (JIRA 37794) has been raised to identify a solution so that the financial authorisation is done for the whole of the care package instead of at service group level.</p> <p>Application Support Team Leader/ 30<sup>th</sup> September 2013</p>
<p>The user access rights of staff on Framework-i should be reviewed to only allow officers to be set as having a 'leading role' who require it.</p>	<p>Agreed.</p> <p>Historically a majority of worker roles in Framework-i are setup with a "leading role". The reason behind setting up worker roles as a leading role is that, most teams are setup with "virtual duty teams" and the only way Framework-i allows a worker to access the team folder is to have the worker role setup as a leading worker role.</p> <p>A worker without a leading worker role can access any record on the system unless it's restricted. A leading worker role will only allow access to team folders, and CRT workers have virtual sub teams setup which every CRT duty worker needs to access to carry out day to day job. Having the leading worker role will not give them additional access right to see a record which they can't see otherwise, however having this access right along with "Can Act for" access right does allow users to carry out financial authorisations which they cannot do otherwise.</p> <p>Within CRT some of the workers were setup to act for other workers. All of "Can Act For" access rights within CRT have been reviewed and removed for everyone with Financial Authorisation access rights. In future, if CRT need to grant "Can Act for" access rights this needs to go through formal ITU support process.</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>Management should put in place controls in order to identify multiple payments that have been made as a result of end dates not being added for existing care packages where additions or amendments are made.</p> <p>One method would be to create a report to identify all purchase orders open for each placement within a certain time period to determine whether the payments made were required.</p> <p>This report should be reviewed on a regular basis by a dedicated officer to determine the appropriateness of the payments made.</p> <p><b>N.B.</b></p> <p>Whilst acknowledging that the project has not yet progressed onto the payment phase, a recommendation has been raised so that the point can be taken into consideration in the phase 2 of the project.</p>	<p>Application Support Team &amp; Project Manager/ Completed</p> <p>Agreed.</p> <p>Currently Children services are not using Framework-i Finance for payments, however a process needs to be in place to minimise the risk of over payments. To ensure this, a process has been discussed and agreed between CRT and the Children Finance Team. That is, CRT Contracts Officers will run B13b (Framework-i system report) report on a regular basis (monthly), after checking and verification, it will be submitted and signed of by the Head of Services CRT and the Senior Financial Analyst.</p> <p>The above process has been agreed by the Head of Services Commissioning and the Senior Finance Analyst, however this will be in practice once Framework-i Finance has gone live.</p> <p>CRT &amp; Children Finance/ October 2013</p>

## Carers Services Hub

The Carers Services Hub has been set up to be the first point of contact for all unpaid carers, of all ages, seeking information and advice about the support available in the London Borough of Brent. The Service is intended to provide a pathway for carers to access the support they need and which is available to them.

The aim of the Carers Services Hub is to improve the quality of life for carers in the London Borough of Brent and enhance their capacity for independent living through the provision of a range of person centred and co-ordinated services. The provision includes dissemination information using a variety of methods, venues and facilities, as well as being a reference point for all the voluntary sector organisations providing support services to carers of all service user groups in borough.

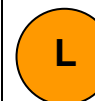
The Carers Services Hub is delivered by the Brent Carers Centre, a voluntary organisation under a contractual agreement with the Council. The total value of the contract with Brent Carers Services Hub is approximately £390k for 2013/14 and approximately £290k of this is for the delivery of seven key priorities defined by the Council.

The scope of this audit concentrated on the controls in place within the Carers Hub with regards to their ability to provide an effective service to carers within Brent. It was not within the remit of this audit to assess the extent to which this arrangement offers value for money to the Authority.

Overall, we identified major control weaknesses including performance management, data management, and marketing. It is acknowledged that some of the issues are historic and the Hub has recently gone through various changes, including the restructure, appointment of a new Chief Executive, and installation of the new referrals management system. However, the issues identified as a result of our work require immediate action by the Hub and its Board in order to ensure that reasonable assurance is provided to the Council that the funding provided to the Hub is utilised in an efficient and effective manner and in line with the defined service provisions.

The Direction of Travel provides a comparison with any prior audit visit. As this audit has not been undertaken before, no direction of travel has been given.

Five priority 1, two priority 2, and one priority 3 recommendations were raised.



Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>An action plan should be developed to address any service specifications that have not been fully met.</p> <p>The action plan should include a clear indication of the responsibility, timeframe,</p>	<p>The Council will liaise with the Brent Carers Centre to develop an action plan to address the recommendations by the end of January</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>and allocation of resource.</p> <p>With regards to the following services, the Hub should consult with the Council to agree the best way forward:</p> <ul style="list-style-type: none"> <li>• Responding in accordance with the plan in the case of any emergency; and</li> <li>• Providing direct support during an emergency.</li> </ul>	<p>2014.</p> <p>Integrated Commissioning Team 31st January 2014</p>
<p>The Hub should develop a robust performance management process.</p> <p>As a minimum, the following points should be addressed when developing the performance management process:</p> <ul style="list-style-type: none"> <li>• A performance measure is determined and mapped against each service specification and the required outcome;</li> <li>• The baseline for monitoring and target are defined;</li> <li>• The source of information for each measure is defined; and</li> <li>• Implement a robust system for recording and analysing the performance data to facilitate effective monitoring.</li> </ul>	<p>As above.</p>
<p>The Board should monitor the performance of the Hub on a regular basis. The information needs of the Board should be agreed and performance report should be produced accordingly.</p> <p>The performance information to be reported to the Board should include but not limited to:</p> <ul style="list-style-type: none"> <li>• The Key Performance Indicators (including baseline, targets, and actual performance in the period);</li> <li>• The progress against the service specification; and</li> <li>• An action plan.</li> </ul>	<p>As above.</p>
<p>The carers' data held on the Hub's system should be cleansed regularly and kept up to date.</p> <p>The Board should determine the extent of assurance they require in respect of the</p>	<p>As above.</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>data integrity and agree the level of checks and validations to be performed by the Hub.</p>	
<p>Visible signs should be displayed within or surrounding the building of Wembley Centre for Health and Care Service where the Hub is located.</p> <p>The Hub should review the leaflets, websites, and any other marketing materials and assess the effectiveness of these. As part of the review, the Hub should identify key services and determine where and how these should be promoted to maximise the take up of the services provided by the Hub.</p>	<p>As above.</p>

## Soft Box

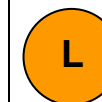
Appointeeship and Deputyship accounts have previously been administered using three systems Quicken, ResFunds, and Abacus. Over the summer 2013, the Council has carried out a migration project to launch a single system, Soft Box. The focus of our work was to assess the controls relating to the implementation of Softbox including client accounts set up and use of Softbox functionality including exceptions reports.

Our assurance opinion is based on the controls that were in place or planned to be in place, which we were able to verify at the time of the audit. At the time of our work, there are a number of outstanding actions that have yet to be addressed to fully implement Softbox and this has been reflected in the assurance opinion.

Overall, the key issues identified relate to outstanding actions relating to the migration of information from legacy systems to Softbox, follow up of exceptions found on the Softbox exception reports, and approval and review of direct debits.

The Direction of Travel provides a comparison with any prior audit visit. In this case, a prior audit has not been undertaken and therefore no comparison has been given.

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



Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>Actions should be taken to clear all outstanding items waiting to be addressed as a matter of urgency.</p> <p>A summary of key outstanding items are as shown below:</p> <ol style="list-style-type: none"> <li>1. The transfer of all outstanding balances from the old bank account to the new one;</li> <li>2. The transfer of balances onto the Softbox system including the balances taken from Quiken and the transactions on the legacy client accounts which appeared after the final balance was transferred;</li> <li>3. The creation of standing orders and direct debits onto the Softbox System;</li> <li>4. The loading of all DEF payments made onto Softbox;</li> </ol>	<p>Agreed.</p> <ol style="list-style-type: none"> <li>1) 20 client's benefits is still paid into the old bank account. – CAT to follow up with the DWP to ensure that it is paid into the new appointee bank account</li> <li>2) Actioned</li> <li>3) Actioned</li> <li>4) Actioned</li> <li>5) Agreed with the recommendation</li> <li>6) Agreed with the recommendation – Client Affairs Team (CAT) to investigate and action all exceptions</li> </ol>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>5. The investigating and actioning of all exceptions identified on the monthly exceptions report, including the direct debits identified as having been created and processed through the bank account in the July 2013 Bankline report to determine who they relate to and to confirm the validity of them; and</p> <p>6. The investigating and actioning of all exceptions identified on the benefits and pensions not received against the profiled income due on Softbox.</p>	<p>on a weekly basis.</p> <p>Raksha Pindoria –Client Affairs Team Manager Ajay Bhatt – Team Leader 31 January 2014</p>
<p>An approval form should be completed for each direct debit creation/amendments request. The form should include as minimum:</p> <ul style="list-style-type: none"> <li>• Client name;</li> <li>• Reason for direct debit;</li> <li>• Customer reference number;</li> <li>• Copy of original invoice to confirm the customer reference number; and</li> <li>• Signed approval for direct debit by delegated officer.</li> </ul> <p>These forms should be retained.</p> <p>A report from Softbox should be run on a monthly basis to identify any direct debits that have been created or amended and reconciled to the approval to identify any direct debits that have been created/amended without prior approval.</p>	<p>Agreed.</p> <p>Paragraph 1: It will be impractical to complete an approval form for each direct debit. It has been agreed that CAT will complete one direct debit approval form and will attach a template with the above bullet points for authorisation.</p> <p>Paragraph 2: Agree with the recommendation.</p> <p>Raksha Pindoria –Client Affairs Team Manager Ajay Bhatt – Team Leader 31 January 2014</p>
<p>All invoices or any other forms of payment instructions that relate to Direct Expenditure Form payments should be retained on Framework-I.</p>	<p>Agreed.</p> <p>Due to the fact that we pay multiple invoices in one occasion it will impractical to upload each invoice in fwi. However, it has been agreed by CAT to keep all invoices as a hard copy in a folder.</p> <p>Raksha Pindoria –Client Affairs Team Manager Ajay Bhatt – Team Leader 31 January 2014</p>

## LIMITED ASSURANCE REPORTS – Computer Audit

### Migration of Appointeeship and Deputyship Data

The Council is responsible for the management of approximately 192 client Appointeeship accounts and 53 client Deputyship accounts. The Appointeeship and Deputyship bank accounts were previously managed via three separate application systems - ResFunds and Abacus for Appointeeships; and Quicken for Deputyships.

The Council has now implemented a single centralised account management business application, SoftBox, to manage the Appointeeship and Deputyship bank accounts after migrating data from the ResFunds, Abacus and Quicken systems.

The migration of records from the legacy applications to SoftBox was still being completed during the audit as while no issues were encountered with the initial transfer of a pilot batch of 15 accounts the Department for Work and Pensions are inconsistently responding to the Council's requests to transfer payments to the new bank account details. E.g. In September 2013 45 (23.4%) of the 192 appointee clients still need to be transferred to Softbox due to Department for Work and Pensions (DWP) delays. As a result, some legacy application record systems are still being maintained until the migration of the client details to SoftBox is complete.

The migration process was essentially performed by an external agency resource who was pro- actively engaged by the Migration of Abacus, Refunds and Quicken Project Manager to perform an independent reconciliation of the record migrations. The reconciliation procedure, which was never formally defined, involved checking the following record datasets:

- Appointeeship: Income transactions from September/October/November 2012; and
- Deputyship: Income transactions from April/May/June 2013.

The focus of our work was to assess the management control framework established and applied to the migration of 245 bank account records from the legacy systems on to the new SoftBox system. It should be noted that this work focused on the data migration on to Soft Box and the general audit of Soft Box focused on the controls relating to the set up on the Soft Box and implementation of Soft Box functions.

We were able to confirm that a Project Initiation Document (PID) was established and project records indicate a very high level of data accuracy exists in the preSoftBox legacy systems, as only one £80.34 Appointeeship/ Deputyship Abacus to bank record reconciliation discrepancy was found by the independent reconciliation checks pro-actively applied as intended to a sample of all the bank transactions records in a three month period.





However the PID established for the project did not comply with the Corporate Project Management Standards or Templates and no project risk register was established as required by the corporate risk management guidance. As a result, although the service carried out the transfers in stages to try to mitigate risks such as delays in the transfer of benefits to the new bank account by the DWP, the project risks were not formally documented or assigned to risk owners and mitigation managers.

In addition while the independent reconciliation checks were applied as management intended for two of the three data sets they were inconsistently applied to the third where only income records were reconciled and therefore weaknesses in the system of internal control are such as to put the client's objectives at risk and that the level of non-compliance puts the client's objectives at risk. Overall, the key areas for improvement relate to:

1. Risk Management and Governance.
2. Documenting and quantifying the migration reconciliation procedure methodology and status.
3. Documenting and monitoring the achievement status of migration account balance activities.

The Direction of Travel provides a comparison with any prior audit visit. In this case, a prior audit has not been undertaken and therefore no comparison has been given.

**One priority 1 and two priority 2 recommendations were raised and the recommendations have since been implemented.**

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>The Project Manager should establish:</p> <ul style="list-style-type: none"> <li>• an expected implementation task and time plan to monitor the migration of the remaining records; and</li> <li>• an appropriate Risks Actions Issues and Decisions (RAID) log to assist the transparency of risk ownership and governance in the business as usual system.</li> <li>• Conduct an end of project report in compliance with the Council's Project Management procedures</li> </ul>	<p>Agreed – A risk log will be established in September together with an outstanding task plan that will be monitored for achievement.</p> <p>Client Affairs Team Leader/ Already Implemented</p>

## LIMITED/NIL ASSURANCE REPORTS – School

### Woodfield School

Nine priority 1; nineteen priority 2 and one priority 3 recommendations were raised as a result of this audit. All of our recommendations were agreed for implementation by the School.



## NON-ASSURANCE WORK

### Framework I Phase 2 Payments

As agreed with management, this work was a pre-implementation/roll out work and our focus was on the adequacy of controls from the design perspective. This work followed on from our earlier work on the Framework-i purchasing process (Phase 1) for children's placements.

Our work was based on the latest "to be" process map provided by the Project Manager and discussions held with officers involved in designing the new process.

It should be noted that the focus of this work was on the system controls over the payments process and we did not assess the process or the qualitative aspects of the decisions being made in respect of social care services provided.

We have not provided an assurance opinion on the adequacy of the payment process at this stage as the controls were still in the design phase and effectiveness of the controls could not be verified at the time of the audit.

Based on the assessment of risks and planned controls, we have raised the following action points which were agreed with management.

- Where reviews are undertaken on payment cycles that are not work flowed tasks on Framework-i, evidence of these checks should be retained. This includes the independent spot check to be undertaken by the Senior Finance Analyst. Where reviews have identified discrepancies, a log should be kept for follow-up purposes to ensure that discrepancies are fully actioned at the time they are found or, where further investigation is needed, that they are not forgotten about.
- An anti-fraud statement should be included in the remittance advice. This should include but not limited to the consequences for providing false information.
- Placement providers will be created on Framework-i and a unique supplier reference number will be assigned automatically. In order to facilitate a mapping of the Framework-i payment run and suppliers on Oracle, Framework-i supplier reference number will be used as a supplier name on Oracle. Migration of the Framework-i supplier's reference numbers and their payment details are currently in progress. It should be ensured that the migration is completed before the go live and once completed, migrated data should be checked against Framework-i.
- Where new suppliers are required to be added onto both systems, a formal process should be put in place to ensure that they have been added correctly, and independently checked for completeness, accuracy, and validity by a separate officer.

	<ul style="list-style-type: none"> <li>• Management should be aware of the changes to existing Oracle structures following the introduction of the One Oracle project, which is now scheduled to be implemented in December 2013. It should be ensured that the financial approval hierarchy set up on Framework-i mirror the new approval structure on One Oracle given that this is basis on which financial authorisation has been delegated to officers on Framework-i.</li> </ul>
<b>Troubled Families Grant Claim Certification</b>	<p>Certification of 4 Grant Claims as follows:</p> <ul style="list-style-type: none"> <li>• 2 Claims for Troubled Families</li> <li>• 2 Payment by Results Claim</li> </ul> <p>This is a grant which the Head of the Audit &amp; Investigations Team is required to certify the grant claims. This funding is for the DCLG's Troubled Families programme which is aimed at reducing the cost of problem families. The government is providing funding to cover up to 40% of the cost of interventions for these families. This will be paid primarily on a payment by results basis. The DCLG will make available up to £4,000 for each troubled family that is eligible for the payment-by-results scheme. A proportion of this is paid upfront as an "attachment fee" for the number of families that the local authority starts working with, and the rest will be paid following positive outcomes with these families.</p>

## 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	
Our Lady of Lourdes	8	1	0	9	4	1	1	0	0	18	5	1	0	
Mitchell Brook Primary	8	7	0	6	9	0	0	0	0	14	16	0	2	
Northwest London Jewish	9	9	0	9	4	0	0	0	0	18	13	0	0	
	<b>25</b>	<b>17</b>	<b>0</b>	<b>24</b>	<b>17</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>34</b>	<b>1</b>	<b>2</b>	

## 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:

	<b>Full</b>	There is a sound system of internal control designed to achieve the client's objectives. The control processes tested are being consistently applied.
	<b>Substantial</b>	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.
	<b>Limited</b>	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.
	<b>None</b>	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:

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

## Appendix B – Audit Team and Contact Details

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