



**Internal Audit
Year End Progress 2013/14
London Borough of Brent
June 2014**

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Executive Summary

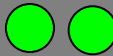



Introduction	<p>This report sets out a summary of the work completed against the 2013/14 Internal Audit Plan, including the assurance opinions awarded and any high priority recommendations raised.</p> <p>Those audits reported on at previous meetings have been removed, but reference can be made to the full list of assurance opinions in the cover report.</p>
Summary of Work Undertaken	<p>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:</p> <ul style="list-style-type: none">• NNDR• Council Tax• Housing Benefits• Gordon Brown Centre• S106• Community Infrastructure Levy (CIL)• Stop Smoking• Byron Court School• Manor School• Data Quality• Corporate Complaints• Freedom of Information• Tudor Gardens Residential Home• Network Infrastructure• Infostore• Telecoms and Mobile Devices• Remote Access• BHP Budget Management• BHP Residents Associations

- BHP Rent Arrears Management
- BHP Major Works Final Accounts CAM Estate (CW11045)
- BHP Major Works Final Accounts Lodge & Manor Court (CW12050)
- BHP Leasehold Management & Service Charges

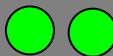



Summary of Assurance Opinions and Direction of Travel

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




Assurance Opinions (Council)

	Full 	Substantial 	Limited 	None 
2011/12	-	42% (22)	50% (26)	8% (4)
2012/13	4% (2)	61% (33)	31% (17)	4% (2)
2013/14	(0)	64% (27)	36% (15)	(0)

Assurance Opinions (Council & BHP)

	Full 	Substantial 	Limited 	None 
2013/14	2%(1)	61%(32)	37%(19)	(0)

Direction of Travel (Council)

	Improved 	Unchanged 	Deteriorated 
2011/12	5	4	2
2012/13	3	4	3
2013/14	4	10	2

Direction of Travel (Council & BHP)

	Improved	Unchanged	Deteriorated
2013/14	4	10	2

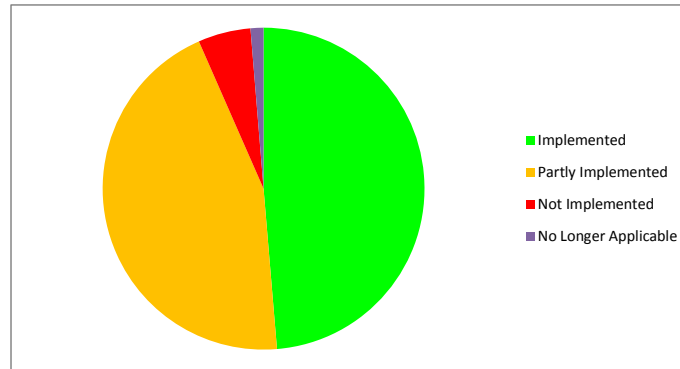
For the Committee's reference, the definitions of the assurance opinions and direction of travel assessment are included at Appendix A.

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, 95% 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, 89% had either been fully or partly implemented.







Implementation of Recommendations








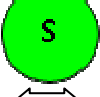






Detailed summary of work undertaken

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
General and Computer Audits	
NNDR	
Council Tax	
Housing Benefits	
Local Council Tax Support Scheme	
Gordon Brown Centre	
Stop Smoking	

Audit	Assurance Opinion and Direction of Travel
Tudor Gardens Residential Home	
Network Infrastructure	
Data Quality	
Remote Access	
Telecoms and Mobile Device	
SCHOOLS	
Manor School	
Harlesden	
BHP	
Rent Arrears Management	 
Budget Management	 

Audit	Assurance Opinion and Direction of Travel
Leasehold Management & Service Charges	

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.

S106

Section 106 agreements (s106) are legal agreements between local authorities and developers, which are usually linked to planning permissions. These are also sometimes known as planning gain, planning benefits, community benefits or planning obligations. S106 agreements are used when there is a requirement to mitigate the impact of a development and the impact itself cannot, due to legislative restrictions, be dealt with through the imposition of planning conditions on the permission. Where they are required, developers would normally be expected to complete any s106 agreement before permission can be issued.

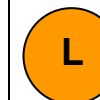
The introduction of the Planning Act 2008 and the Community Infrastructure Levy Regulations 2010, as amended, will result in significant changes to the way that developments contribute towards the provision of infrastructure required to support sustainable growth across the borough. Whilst previously contributions towards infrastructure were secured through s106 legal agreements, under a tariff, or standard, charging approach, in the future this approach will become less effective as a means of providing the necessary infrastructure due to restrictions on the pooling of contributions due to be introduced in April 2014. Instead, in the future, the Council will seek to secure contributions towards Infrastructure through the imposition of a Community Infrastructure Levy which will provide a more appropriate and flexible way of securing contributions towards infrastructure from new developments.

Despite these changes to infrastructure funding, s106 agreements will continue to provide a valuable means of securing other site specific mitigation required in order to make developments acceptable in planning terms.

The key issues identified relate to policies and procedures for the monitoring and enforcement of obligations and enforcement activity to chase up outstanding obligations.

At the time of the fieldwork, there were 20 cases (totalling £2,612,550, without RPI) where reminder letters had not been sent out even though the income was not received after 30 days. It should be noted that since this issue was raised, the Monitoring and Compliance Officer took steps to address the overdue contributions and as at 3rd April 2014, the total balance of payments not received after the 30 day deadline has reduced to £504,850 (without RPI). Whilst acknowledging the steps taken, the team should ensure that any overdue contributions are followed up promptly and regularly.

The Direction of Travel provides a comparison between the current assurance opinion and that of any previous internal



audit for which the scope and objectives were the same. In this, the arrow indicates that the assurance opinion has remained the same since 2009/10.

Two priority 1, ten priority 2, and two priority 3 recommendations were raised.

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>Policies and procedures regarding the enforcement process for financial and non financial obligations should be put in place. This should include, but not be limited to:</p> <ul style="list-style-type: none"> • Officers responsible for undertaking enforcement activity; • Timeframes for issuing letters and subsequent follow up letters; • Frequency of monitoring action; and • Frequency of oversight from a second officer. <p>In addition, policies and procedures regarding the monitoring of non financial obligations should also be developed. This should include, but not be limited to:</p> <ul style="list-style-type: none"> • Officers responsible for monitoring obligations; • Criteria by which obligations are to be monitored against; • Evidence requirements to be provided to ensure obligations have been completed; • Frequency of monitoring; and • Frequency of oversight from a second officer. 	<p>Agreed.</p> <p>Agreed, policies and procedures will be prepared for approval by SMT or Members if necessary and flowcharts and guidance notes to cover the procedures will be published.</p> <p>Principal Project Officer August 2014</p>
<p>Enforcement action for financial obligations should be undertaken in a timely manner, and payments not received after 30 days should be followed up promptly. Enforcement actions taken by the Monitoring and Compliance Officer should be reviewed by a second officer, and the evidence of review should be recorded.</p> <p>The plan to implement a process of raising invoices on Oracle should</p>	<p>Agreed.</p> <p>The plan to use Oracle will be worked up with DRT for the current system, due to delays in the roll-out of the new system; this will require policy and procedure to be signed off by SMT and for guidance notes to be prepared. This will result in an invoice being issued with a date for payment</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>be taken forward as soon as possible. Once this process is implemented, overdue invoices will be followed up as part of the Council's corporate debt recovery process.</p> <p>All outstanding monies owed to the council should be vigorously pursued.</p>	<p>and thereafter non-compliance will be enforced using the established DRT processes. In the meantime, the request letter has been revised to clearly set out the payment date. The S106 MCO is continuing to pursue outstanding sums.</p> <p>Principal Project Officer Upon implementation of One Oracle.</p>

Community Infrastructure Levy

From July 2013, the financial obligations within S106 agreements are being managed through the Community Infrastructure Levy. S106 obligations are dealt with as non-financial obligations. It should be noted that approximately £3m in obligations remain under the s106 financial obligations arising from planning applications granted before the Community Infrastructure Levy was implemented in summer 2013. These financial obligations will only become due to the Council if the plans goes ahead and the obligation is triggered.

The key issues identified relate to the need for formal procedures and documented procedures to be put in place for the CIL process (administration of application, monitoring and enforcement of income, and allocation of CIL income), a lack of checks on calculations completed by case officers and letters and notices sent out to developers, a lack of mechanism to proactively monitor non triggered CIL charges, and the timeliness of enforcement action on overdue income.

Whilst raising a limited assurance opinion, it should be noted that CIL process is new and the officers responded positively to our recommendations and are now in the process of taking actions to address the issues identified during the audit.

Three priority 1 and five priority 2 recommendations were raised.



Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>Formal policies and procedures should be adopted by the Area Planning team covering all key areas of the CIL process including the administration of applications, monitoring and enforcement of CIL. This should include, but not be limited to:</p> <ul style="list-style-type: none"> • Officers responsible for undertaking action; • Timeframes and frequency of undertaking action; • Timeframes and requirements of any follow up action where applicable; • The need of an independent review to confirm the completeness and validity of actions undertaken; and • Reference to key procedural and legislative requirements. <p>Policies and procedures should be approved by management and reviewed on an annual basis.</p>	<p>Agreed.</p> <p>Policy and procedure framework set out in Regulations and Guidance will be used as a basis and Brent specific elements (e.g. key responsibilities) will be agreed by SMT. Flowcharts and guidance notes to cover the procedures will be published.</p> <p>Principal Project Officer August 2014</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>A formal process should be put in place for the allocation, utilisation and monitoring of Brent CIL income. This should include, but not be limited to:</p> <ul style="list-style-type: none"> • Officers responsible for allocating income; • Allocation methods and prioritization, including bidding process; • The documentation required to be completed to show what income is to be spent on; • The documentation required as proof that income has been spent in line with the Area Planning team's requirements; • The need of confirmation that income has been transferred correctly; and • Monitoring of unallocated CIL income. <p>The income codes for Admin Fees (YG04) and Neighbourhood Fund Income (YG05) should be set up as soon as possible.</p>	<p>Agreed.</p> <p>A proposal for the policy and procedure for allocating and utilising will be put to the new administration as soon as possible (estimated August) and thereafter the administrative architecture of flowcharts and guidance notes will be prepared; this second part is a lower priority than some recommendations as current CIL receipts are insignificant.</p> <p>Principal Project Officer Policy and procedure: August 2014 Flowcharts: Oct 2014</p>
<p>Interest should be charged in line with the demand notice for all cases where payment is received after the payment deadline.</p> <p>Where the commencement dates are not recorded in the commencement of development notice, the developer should be contacted to confirm the correct commencement date.</p>	<p>Agreed.</p> <p>Where the Council is not notified of the commencement date it is necessary to deem a commencement date based on the evidence available. This date can be appealed by the Owner. Interest is charged from the date payment is due and this will vary depending on whether the Developer has followed the CIL procedure. A guidance note will be agreed by SMT to set our approach for deeming commencement and it will be investigated whether the Acolaid software can be used to calculate the interest or if the Debt Recovery Team can calculate when the invoicing plan is instigated.</p> <p>Principal Project Officer</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
	August 2014

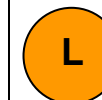
Corporate Complaints

The Council's Corporate Complaints Policy was revised in April 2012 and the process was reduced from a 3 stage to a 2 stage process as follows.

- Stage 1 – Local Resolution Stage where the complaint is investigated by the department concerned;
- Stage 2 – The Final Review Stage where further investigation is undertaken by the Complaints Service Team on behalf of the Chief Executive.

The key issues identified were as follows: responses to both corporate and statutory complaints are not always sent within the prescribed timeframes; no evidence of plans of action recommended by the Chief Executive being implemented or followed up; responses not always signed off by the Head of Service or a senior officer; complaints not promptly assigned for investigation; complainants not always contacted as part of the process of investigation; Complaint Investigation Plan not always completed and approved by Head of Service; action not taken to address poor performance; no procedures for escalating overdue responses; and not all documentation pertaining to complaints could be found on iCasework.

10 Priority 1 and 5 Priority 2 recommendations were raised.



Recommendation	Management Response / Responsibility / Deadline for Implementation
Local Resolution (Stage 1) responses should be sent within 20 working days of receipt of the complaint. Final Review (Stage 2) response should be sent within 30 working days of receipt of the request for a review. Where there are likely to be delays in responding to complaints, the complainant should be notified and updated on the progress of their complaint and provided with reasons for the delay in responding. Individual departments should be required to review their quarterly performance monitoring information and investigate the complaints for which target dates were not met.	All Agreed. From February 2014, weekly reports from iCasework are now sent to individual departments highlighting complaints that are overdue and nearly overdue. Advance reminders are also sent to responsible officers for complaints that are nearly overdue. Complaints Service Manager December 2014

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>All departments should be reminded that where actions have been recommended by the Chief Executive following the completion of Stage 2 complaints, the action plans should be completed by the relevant department and a signed copy returned to the Corporate Complaints Team together with any relevant evidence. Follow-up action should be taken by the Corporate Complaints Team where departments fail to complete and return action plans issued by the Chief Executive</p>	<p>Agreed. Actions recommended by the Chief Executive will now be sent to relevant departments via iCasework. Follow-up action will be taken via iCasework and monitored via iCasework. Memo from the Chief Executive detailing the action plan will also be sent to relevant departments in paper form.</p> <p>Complaints Service Manager December 2014</p>
<p>All complaint responses should be reviewed and signed off either the Head of Service or a senior officer prior to their being sent out. All relevant staff should be reminded that copies of responses sent to complainants should be uploaded on iCasework.</p>	<p>Agreed. Reminders will be sent to departments for responses to be reviewed and signed off by either the Head of Service or a senior officer. Reminders will be sent to relevant officers to upload responses onto iCasework.</p> <p>Complaints Service Manager December 2014</p>
<p>All relevant staff should be formally reminded that acknowledgement letters/e-mails should be uploaded onto iCasework and that acknowledgement or refusal letters for Stage 2 complaints should be sent out within 5 working days of receipt.</p>	<p>Agreed. iCasework has the functionality to send acknowledgement letters. Relevant officers will be trained to use iCasework to send acknowledgement letters.</p> <p>Complaints Service Manager</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
	December 2014
<p>The Complaints Service Manager should send a reminder to all departments about the importance of Local Resolution (i.e. Stage1) complaints being promptly assigned for investigation. The timeframe within which complaints should be assigned to relevant officers should be clearly defined and adhered to. Plans to introduce a complaints clearing house system as identified as a priority in the 2012/13 annual report on complaints should be implemented without delay.</p>	<p>Agreed.</p> <p>Complaints Service Manager December 2014</p>
<p>Investigating officers should be reminded that it is best practice to contact the complainant as part of the process of investigating their complaints.</p>	<p>Agreed.</p> <p>Investigating officers will be reminded to contact the complainant as part of the process of investigating a compliant.</p> <p>Complaints Service Manager December 2014</p>
<p>A Complaint Investigation Plan (CIP) should be completed in accordance with complaints procedures.</p> <p>The Complaint Investigation Plan should be approved by the relevant Head of Service.</p>	<p>Agreed.</p> <p>CIPs' have been in place for 2 years. Reminders will be issued to departments that a CIP should be completed for all complaints and that they should be approved by relevant Head of Service as indicated in procedures.</p> <p>Complaints Service Manager December 2014</p>
<p>Where performance targets for complaints are not being achieved, management should be required to provide an explanation and indicate the actions to be taken to address poor performance.</p>	<p>Agreed.</p> <p>Complaints Service Manager</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
Regular performance monitoring reports (bi-annual or quarterly) should be produced and presented to the Corporate Management Team for review and action	December 2014
<p>Operational Directors should be reminded of the need to regularly monitor the status of complaints in the weekly reports sent by the Corporate Complaints Team so that potentially overdue and overdue complaints are promptly actioned.</p> <p>The Corporate Complaints Team should implement procedures for escalating potentially overdue or overdue responses to the relevant Head of Service; operational director or department director for action.</p> <p>All departments should be reminded to take appropriate action to address the delays in responding to complaints within the prescribed timeframes</p>	<p>Agreed.</p> <p>The Corporate Complaints Team will now require individual departments to provide a response where complaints are not being responded to within the prescribed timescales.</p> <p>Complaints Service Manager December 2014</p>
BHP should use the Council's Complaints system (iCasework) for the administration and management of complaints.	<p>Agreed.</p> <p>Complaints Service Manager December 2014</p>

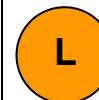
Freedom of Information

The Freedom of Information (FOI) Act 2000 gives the public a general right of access to all types of 'recorded' information held by 'public authorities' (which includes local authorities). The purpose of the Act is essentially to make public bodies more open and accountable. The Act does this in 2 ways:

- Public authorities are obliged to publish certain information about their activities;
- Members of the public are entitled to request for information from public authorities.

The key issues identified were follows: concerns about the adequacy of current case management system and resourcing issues; some FOI requests not responded to within statutory timescales; risks in respect of FOI not identified; lack of management reporting and performance monitoring; inconsistencies in the sign off of responses across departments; correspondence and information maintained "off system" resulting in poor audit trail.

5 Priority 1 and 9 Priority 2 recommendations were raised.



Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>Management should consider whether it would be appropriate for the current FOI case management system to be upgraded in view of its limited functionality. Should the decision be taken to upgrade the system, consideration should be given to the possibility of integrating the management of the Internal Review process as part of any new systems upgrade.</p>	<p>All Agreed. The Corporate Management Team in February 2014 approved the finance for an upgrade to the most up to date version of iCasework for Freedom of Information administration. This should address the recommendation indicated here and in others areas of the report.</p> <p>Complaints Service Manager September 2014</p>
<p>Management should give consideration to the actions necessary to ensure that FOI requests are responded to promptly and in accordance with statutory timeframes. Where there are likely to be delays in responding to FOI requests, the relevant applicants' should</p>	<p>Agreed. Operational Directors across each department will be responsible for ensuring that FOI requests are responded</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>be notified and updated on the progress of their requests and provided with reasons for the delay in responding.</p>	<p>to within the statutory timescales effective from 1st July 2014.</p> <p>FOI Officers send now send email reminders to the relevant lead officer for FOI in each department with a list of FOIs' due in the next three days so that they can be actioned.</p> <p>Since March 2014 all departmental Strategic Directors have been sent a report indicating requests that are overdue, due and about to be overdue using a colour coding. They are required to review these reports and take appropriate action to ensure that FOI requests are promptly dealt with.</p> <p>The Corporate Management Team are also now being provided with monthly FOI performance information.</p> <p>Complaints Service Manager / All Operational Directors July 2014</p>
<p>FOI procedures on the conduct of Internal Reviews should be updated to reflect the changes agreed by the Corporate Management Team in 2010 i.e. that they should be completed within 20 days of receipt (40 days for complex cases) of an appeal or complaint. Internal Reviews should be completed within the timeframe indicated in the Council's FOI Appeals and Complaints procedures. Where there is likely to be a delay in the completion of the internal review the applicant should also be kept informed and updated on the progress of the review.</p>	<p>Agreed.</p> <p>Complaints Service Manager August 2014</p>
<p>The programme of escalations agreed by the Corporate Management Team and implemented in January 2013 should be reactivated and consideration should be given to moving to a tighter escalation</p>	<p>Agreed.</p> <p>Effective from 1st July 2014, operational directors within each department will be responsible for dealing with FOI</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
programme in future.	<p>requests. They will be responsible for ensuring that overdue requests are escalated to the appropriate officers.</p> <p>As indicated in the response to Recommendation 2 above, since March 2014 all departmental Strategic Directors have been sent a report indicating requests that are overdue, due and about to be overdue using a colour coding. They are required to review these reports and take appropriate action to ensure that FOI requests are promptly dealt with.</p> <p>In addition to the above, FOI officers now send email reminders to the lead officer responsible for FOI within each department with details of FOIs' due within the next three days so that they can be actioned.</p> <p>Complaints Service Manager / All Operational Directors July 2014</p>
The production of departmental monthly performance monitoring reports on FOI requests which were previously sent to departmental directors should be re-instated. Regular performance monitoring reports should be produced and presented to the Corporate Management Team for review and action.	<p>Implemented.</p> <p>March 2014</p>

LIMITED ASSURANCE REPORTS – Computer Audit

Infostore

The Infostore application (Infostore) is an Electronic Document Management System (EDMS), which utilises the Microsoft SharePoint 2010 platform. Infostore is the result of the SharePoint 2010 Implementation Project (the Project) and was developed internally. Infostore is an internally managed and supported system.

The objective of the Project was the replacement of the Council's shared network drives with a solution that used the SharePoint 2010 platform. The solution was to be in place as part of the Council's migration to the Civic Centre and a budget of £150,000 was funded from the One Council budget. Following a challenging pilot roll out of Infostore, a decision was taken to amend the primary objective of the Project and to deploy Infostore to run parallel with the existing shared network drives rather than replacing these.

A key weakness has been identified in relation to the compliance with organisational standards; user requirements; security; backup and recovery and business benefits realisation.

Five priority 2 recommendations were raised and these were agreed by management.



LIMITED/NIL ASSURANCE REPORTS – School

Byron Court

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



LIMITED/NIL ASSURANCE REPORTS – BHP

Residents Associations

Five priority 1 and five priority 2 recommendations were raised as a result of this audit. All of our recommendations were agreed for implementation by BHP. Details of issues will be reported to BHP Audit Committee.



Repairs & Maintenance

Four priority 1 and three priority 2 recommendations were raised as a result of this audit. All of our recommendations were agreed for implementation by BHP. Details of issues will be reported to BHP Audit Committee.



Major Works Final Accounts – CAM Estate (CW11045)

Three priority 1 and two priority 2 recommendations were raised as a result of this audit. All of our recommendations were agreed for implementation by BHP. Details of issues will be reported to BHP Audit Committee.



Non Assurance Work

Verification of 2012/13 Appointeeship and Deputyship Transactions	
Objective and Scope	<p>The overall objective of this work was to carry out following sample tests on transactions processed through a sample of client accounts and report on any exceptions found:</p> <ul style="list-style-type: none"> • For a sample of expenditures relating to 10 Appointeeship and 10 Deputyship clients, test whether they are supported with a valid invoice/payment instruction; • For the same sample as above, we will also seek to assess whether they were recorded accurately on the relevant system (Quicken for Deputyship and ResFunds for Appointeeship); • For a sample of income due to 10 Appointeeship and 10 Deputyship clients, test whether they have been received in line with remittance advice/official letter/payment notification; • For the same sample above, we will also seek to assess whether the income received were recorded accurately on the relevant system; and • Assess whether 2012/13 closing balances are supported and agree balances indicated on bank statements. <p>This was not a full system audit as the process for administering the client money has changed during 2013/14 and a separate work was completed on the new process during 2013/14 (Softbox Implementation). A further full system audit is planned for 2014/15.</p>
Conclusion	<p>Overall, we were able to confirm that the majority of income and expenditure transactions are supported with evidence. However, there were some weaknesses found in respect of retention of documents; and sign off of year end statements.</p> <p>Two recommendations have been raised as a result of this work.</p>
Recommendations	<p>Recommendation 1:</p> <p>Risk: Where evidence such as approved invoice, approved payment instruction, or official confirmation regarding income are not retained, there is an increased risk that the Council may be unable to demonstrate the validity of the transactions processed on the clients' accounts. In addition, the Council's stewardship of the clients' accounts may be called into question and the Council may be accused of maladministration, and there is an increased risk of damage to the Council's reputation.</p> <p>Recommendation: Staff should be reminded of the need to retain evidence of payment/income for all transactions relating to the clients' money. The cause for the missing files should be determined and</p>

addressed. Document management protocol should be developed to indicate the types of evidence required, where the evidence should be retained, and naming conventions on the file names. See Recommendation 1 in the Action Plan.

Management Response: Agreed. All documents will be saved under clients name onto our “S” drive under client finances folder. Each document will be saved with appropriate naming convention, procedures to be written and shared with staff to make them aware.

Responsibility: Client Affairs Team Leader

Deadline: 1 July 2014

Recommendation 2:

Risk: Where approved year end statements are not retained, there is an increased risk that the Council may be unable to demonstrate the validity and accuracy of the balances recorded on the accounts. Where reconciliation is not completed between the bank balance and the statement balance and the discrepancies are not resolved, there is an increased risk that anomalies may exist and these may not be corrected.

Recommendation: Year end balances should be signed off by an authorised officer and a copy of the sign off document should be retained. A reconciliation should be undertaken between the bank balance and the signed off balance and the reasons for any discrepancies should be confirmed. In addition, the discrepancies relating to the deputyship account balances between the 2011/12 signed off closing balance and the 2012/13 opening bank balance should be investigated. See Recommendation 2 in the Action Plan.

Management Response: Agreed. 1) A Year End Statements folder will be created on the “S” Drive under client finances. In addition if there are any discrepancies copies of any communication shall be kept in this folder and the head of Direct Services & Senior Finance Analyst will be notified immediately.

2) The year end balances will be signed off by CAT Team Manager/Head of Direct Services & Senior Finance Analyst

2011/12 closing balance will be signed off and 2012/13 opening bank balance will be investigated

Responsibility: Client Affairs Team Leader

Deadline: 1)1 July 2014, 2)31 August 2014

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	
Harlesden Primary School	4	1	1	4	3	0	0	0	0	8	4	1	1	A lack of evidence in respect of obtaining quotes for ICT contract. A recommendation has been re-raised.
Mora School	4	2	0	7	8	0	0	0	0	11	10	0	0	
Leopold School	4	3	0	5	3	0	0	3	0	9	9	0	0	
Torah Temimah School	5	8	3	4	3	0	0	0	0	9	11	3	0	Bank Mandate, Recording of Income, and Leadership Pay. Recommendations have been re-raised.
	17	14	4	20	17	0	0	3	0	37	34	4	1	

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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