



**Internal Audit
2nd Progress 2014/15
London Borough of Brent
November 2014**

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Executive Summary

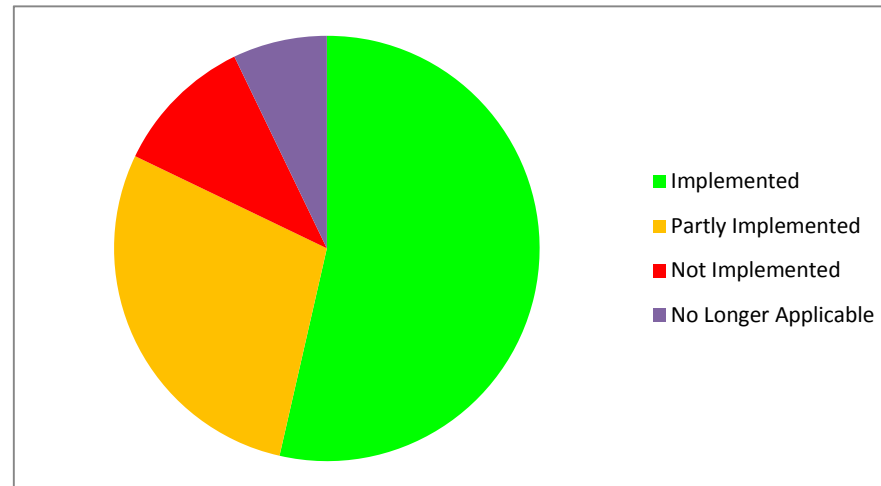
Introduction	<p>This report sets out a summary of the work completed against the 2014/15 Internal Audit Plans, including the assurance opinions awarded and any high priority recommendations raised.</p> <p>Those audits reported on at previous meetings have been removed, but reference can be made to the full list of assurance opinions in the cover report.</p>
Summary of Work Undertaken	<p>Final Reports issued in respect of the 2014/15 financial year since the last meeting are as follows:</p> <ul style="list-style-type: none">• Barham School• Kilburn Park School• St Margaret Clitherow School• Anson School• Park Lane School• Preston Park School• Authorisation of Payments to GPs and Pharmacies for Health Checks and Sexual Health• START Plus (Supporting People)• Treasury Management• Management of Street Trees• Garages (BHP)• Former Tenant Arrears (BHP)

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 Of the recommendations followed-up, 89% had either been fully or partly implemented, or are no longer applicable due to changes in the scope of operations.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, 75% had either been fully or partly implemented.


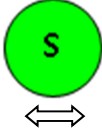


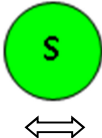
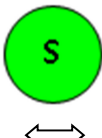
Implementation of Recommendations

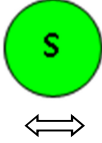
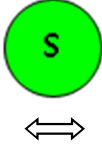
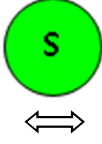


Detailed summary of work undertaken

FULL / SUBSTANTIAL ASSURANCE REPORTS: 2014 /15

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	
START Plus (Supporting People)	
Treasury Management	
Management of Street Trees	
Schools	
Barham School	
Kilburn Park School	
St Margaret Clitherow School	

Audit	Assurance Opinion and Direction of Travel
Anson School	
Park Lane School	
Preston Park School	

Non Assurance Work

Authorisation of Payments to GPs and Pharmacies for Health Checks and Sexual Health	
Objective and Scope	<p>The focus of this work was to assess the concern raised by management regarding the excessive number of payment approval requests being routed to the Director of Public Health and to determine whether the process could be streamlined whilst also ensuring that robust controls are maintained.</p> <p>We have not provided an assurance opinion as our focus was as stated above and we did not assess the other elements feeding through to the overall payment process such as setting up of suppliers and claim validations.</p>
Summary and Conclusion	<p>In order to assess the operational requirements and determine possible resolutions, a meeting was held with the Finance Analysts and Trainee Accountants. In this meeting, it was explained that following the OneOracle go live, the payment approval process for non PO payments has changed and Oracle no longer sends out a payment authorisation request for payments that are uploaded via a spreadsheet. A spreadsheet of payments is now required to be supported with evidence of payment approval such as e-mail approval and Oracle Helpdesk will not process spreadsheets unless it is supported with a written approval from the relevant authoriser.</p> <p>As a result, the Director of Public Health now receives an e-mail with a list of proposed payments across multiple suppliers for each type of service such as for sexual health screening, Intrauterine Contraceptive Device (IUCD), or health checks and she is required to respond to this to either approve or reject the proposed payments. This is now expected to reduce the level of payment approval requests received by the Director of Public Health.</p> <p>It should be noted that a possibility of following the PO payment process was discussed and the officers indicated that this would not be practical for the following reasons:</p> <ul style="list-style-type: none"> • The providers do not issue invoices as they are paid on claims on the number of checks completed/service provided; and • It is not possible to accurately estimate the annual value due to the nature of the services provided by the suppliers and could result in multiple PO amendments or over commitment in order to avoid amendments. <p>Not raising purchase orders could have an impact on the Council's forecasting. However, this is compensated by monthly forecasts being completed as part of the budget monitoring process.</p>

	For a sample of two payment spreadsheets containing multiple payments (6 and 36 payments), we were able to confirm that an e-mail approval by the Director of Health was attached to each of the two spreadsheet and we also obtained a confirmation from Oracle Helpdesk that uploaded payments (via spreadsheet) no longer trigger a payment approval workflow and they are paid without any further approval on Oracle.
Recommendations	No recommendations were raised as a result of this work.

Troubled Families Grant	<p>Certification of 3 Grant Claims as follows:</p> <ul style="list-style-type: none"> • 3 Payment by Results Claim <p>This is a grant which the Head of the Audit & 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. Summary</p>
Recommendations	8 Priority 1 recommendations were raised as a result of this work. The service area are currently reviewing these and the details will be available at the next committee meeting.

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	
PC and Laptop	0	0	0	2	0	0	0	0	0	2	0	0	0	
Treasury Management	0	1	0	0	1	0	1	0	0	1	2	0	0	
Remote Working (Draft)	0	0	0	0	0	0	1	0	0	1	0	0	0	
Insurance (Draft)	2	5	2	4	0	0	1	0	0	7	5	2	1	Reinstatement valuations on existing properties* Verification Policy**
Carers (Draft)	0	1	1	4	0	0	0	0	0	4	1	1	1	Appointment of Personal Adviser***
Total	2	7	3	10	1	0	3	0	0	15	8	3	2	

*the issue has been flagged with the Head of Assets and Valuation and further management response to be provided.





** A verification process has been put in place by the Insurance team whereby any claims over £10k in damages, involve staff, have police involvement or deemed unusual or suspicious by Insurance staff are to be forwarded to the Audit and Investigation. However this has yet to be formalised and a verification policy still needs to be developed (subject to the Head of Audit and Investigation input).

*** The Council has a legal requirement to abide by the Children Leaving Care Act 2010 and to therefore appoint a Personal Advisor to care leavers. In Brent, the role of the Personal Advisor is currently fulfilled by Social Workers as opposed to an independent Personal Advisor. The Head of Care Planning stated that they are aware of the independence issue the current arrangement creates and whilst they are currently in the process of reviewing the staffing structure, they feel they do not have adequate resources to appoint Personal Advisors instead of Social Care Workers.

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

London Borough of Brent	Contact Details
Simon Lane – Head of Audit & Investigations	✉ simon.lane@brent.gov.uk
Aina Uduehi – Audit Manager	☎ 020 8937 1260
	✉ aina.uduehi@brent.gov.uk
	☎ 020 8937 1495

Mazars Public Sector Internal Audit Limited	Contact Details
Mark Towler – Director	✉ miyako.graham@brent.gov.uk
Miyako Graham – Senior Audit Manager	☎ 020 8937 1491
Shahab Hussein – Computer Audit Sector Manager	