



**Internal Audit  
4<sup>th</sup> Progress Report 2014/15  
London Borough of Brent  
March 2015**

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
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## Executive Summary

<b>Introduction</b>	<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>
<b>Summary of Work Undertaken</b>	<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"><li>• Council Tax</li><li>• NNDR</li><li>• Public Realm Contract</li><li>• Local Welfare Assistance Scheme</li><li>• Capital Project – Stonebridge School Expansion and Redevelopment of Surrounding Area</li><li>• Capital Project – Crest Academies</li><li>• Information Governance</li><li>• Mental Health – Assessment, Approval &amp; Review</li><li>• Licensing (Alcohol and Entertainment)</li><li>• JFS</li><li>• Election Expenses</li><li>• Echo Application</li><li>• Lift Maintenance (BHP)</li></ul>

## Detailed summary of work undertaken

### FULL / SUBSTANTIAL ASSURANCE REPORTS: 2014 /15

Audit	Assurance Opinion and Direction of Travel
<b>General and Computer Audits</b>	
Council Tax	
NNDR	
Public Realm Contract	
Local Welfare Assistance	
Mental Health – Assessment, Approval & Review	
Capital Project - Stonebridge School Expansion and Redevelopment of Surrounding Areas	
Capital Project – Crest Academies	

Audit	Assurance Opinion and Direction of Travel
Election Expenses	
Information Governance	
Lift Maintenance BHP	

## 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.

### Licensing (Alcohol & Entertainment Licences)

The Council is the licensing authority under the Licensing Act 2003 (“the Act”) and is responsible for granting premises licences, club premises certificates, temporary event notices and personal licences in the London Borough of Brent. The Act provides a clear focus on the four statutory objectives, which the Council must seek to promote when determining an application. The statutory objectives are as follows:

- The Prevention of Crime and Disorder;
- Public Safety;
- Prevention of Public Nuisance; and
- Protection of Children from Harm.

In accordance with the Act, the Council has published a “Statement of Licensing Policy” setting out the policies that the Council will generally apply to meet the licensing objectives when determining applications.

In addition to the licences that fall under the Act and dealt with by the Licensing team, the Council also issues other types of licences including Animal Licences (regulated by the Animal Boarding Establishments Act 1963), street trading licences (controlled by the London Local Authorities Act 1990) and other shops and trading licences, building and planning licences, marriage, partnership and worship licences, and licences relating to roads and highways.

For the purpose of this audit work, we focused on licences that are administered by the Licence Team.

Following the restructure in 2013/14, the administrative function of licensing is now delivered by the Brent Integrated Business Support (BIBS), along with a Licensing Applications Officer and three Licensing Inspectors. Under the new structure, BIBS are now responsible for processing licence applications, raising invoice requests, dealing with refunds on failed applications. The Central Sundry Debt Recovery team are responsible for following up the licence debtors.

The Licensing Applications Officer and Licensing Inspectors report to the Senior Regulatory Service Manager who oversees three areas of services including Public Health, Licensing, and Public Safety.

Key areas of were as follows: Reconciliation of license applications and the application fees collected; reconciliation of license annual fees due and the invoices raised; management of debtors; tracking of applications and annual fees;



management information; Inspections; and overarching Policies and Procedures.

**Seven Priority 1 and eight priority 2 recommendations were raised as a result of this audit.**

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p><b><u>Policies and Procedures and compliance with Licensing Act 2003</u></b></p> <p>Policies and procedures should be put in place outlining the key process to follow for each type of license application. This should include, but not be limited to:</p> <ul style="list-style-type: none"><li>• The statutory timeframes for uploading applications onto the system, and other statutory/Council timeframes for key stages of the application process;</li><li>• The consultation and hearing periods;</li><li>• The relevant authorities to contact during the consultation period;</li><li>• The relevant inspections required and the timeframes for completion;</li><li>• The appeal process and the officers responsible for dealing with appeals;</li><li>• The roles and responsibilities of all officers involved in processing applications;</li><li>• The documentation required to be retained for each application; and</li><li>• The officers responsible for undertaking quality checks to check license applications for accuracy prior to licenses being issued and the extent of checks required.</li></ul> <p>In addition, all applications should be uploaded onto the system on either the day, or the following day</p>	<p>Policies: A comprehensive review of the Licensing Statement (encompassing alcohol and entertainment), Gambling Policy and Enforcement Policy are all underway.</p> <p>Procedures: Procedures and / or visual processing flow charts are agreed and will encompass as a minimum all issues raised during this audit.</p> <p><b>Head of Regulatory Services to take proposals for revised Gambling, Enforcement and Licensing Policies to Cabinet in 2015.</b></p> <p><b>Senior Regulatory Service Manager will lead on producing procedures, and these will be in place by 31 July 2015.</b></p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
from receipt of the application.	
<p><b><u>Licence application fees</u></b></p> <p>All license application fees (for all types of licenses) and annual fees (for premises licenses) should be charged consistently and in line with the Licensing Act 2003. For premises and major variances to premises license applications, evidence of the rateable value at the time payment is requested should be retained so the Council can confirm that the correct fee was applied in the event of being challenged. Any cases where the rateable value is unknown, or the premises is under construction at the time the application or annual fee is due should be charged appropriately and closely monitored so that any additional fees required can be invoiced when the rateable value is eventually known. The date the rateable value becomes known should be clearly recorded and evidence retained of the rateable value of the premises on that date. Furthermore, the number of applications received, licenses issued and income received should be reconciled and monitored at least monthly. The exceptions identified in our testing should be followed up immediately.</p>	<p>Evidence of rateable value retention: Agreed, although implementation will necessitate a time-consuming additional process of screen shot attachment.</p> <p>Reconciliation: Agreed, although the licensing computer system does not have the capability to do this, and the One Oracle system is not configured to facilitate this.</p> <p>Test case exceptions: Agreed.</p> <p><b>Integrated Business Support Team Leader to implement rateable value evidence retention by 30 April 2015.</b></p> <p><b>Reconciliation: Senior Regulatory Service Manager will include this in the specification for a replacement licensing computer system by 30 June 2015. A budget to fund a new system and implementation costs is yet to be found. Stephen Ward will configure 1Oracle and separate cashiers system to provide a breakdown of licensing income by type by 30 June 2015.</b></p> <p><b>Test case exceptions: Already completed.</b></p>
<p><b><u>DBS Certificate</u></b></p> <p>DBS certificates obtained, as part of the personal licence application process should be kept for no longer than required. DBS certificates should be disposed of when the Council have confirmed that the applicant has no prior convictions. Where convictions are identified, a copy of the DBS certificate should be retained securely until the issue</p>	<p>Agreed.</p> <p><b>Senior Regulatory Service Manager will ensure that digital DBS records are deleted at the point of licence granting from 1 April 2015, and incorporate requirement in operating procedures by 31 July 2015.</b></p>



Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>is resolved, when it should then be destroyed, and appropriate disposal methods should be implemented to ensure proper disposal.</p>	
<p><b><u>Inspections</u></b></p> <p>Inspections should be undertaken in a timely manner and the results of the inspections clearly recorded on ICasework. The Council should ensure that an appropriate mechanism is put in place to determine areas or individuals, which are deemed “high risk”, and each application undertakes a risk assessment prior to deciding on the required inspection frequency. Furthermore, appropriate management oversight of inspections should be adopted to ensure inspections are being undertaken completely and in a timely manner.</p>	<p>Agreed.</p> <p><b>Senior Regulatory Service Manager will ensure that inspections are recorded within 3 working days of completion from 1 April 2015, and that a risk-based and inspection programme is established within 3 months of installation of a licensing computer system capable of managing this.</b></p>
<p><b><u>Invoicing</u></b></p> <p>Reports showing all accounts, which require an annual invoice, should be produced on a monthly basis and reconciled against invoice request totals sent to FSC from BIBS. This, in turn, should be reconciled against the total invoices issued. Evidence of the reconciliation should be retained and any discrepancies followed up immediately.</p>	<p>Agreed, although a replacement licensing computer system is a prerequisite to full implementation. In the mean time, it will be possible to reconcile invoices requested by BIBS against those issued by FSC.</p> <p><b>Senior Regulatory Service Manager will include this in the specification for a replacement licensing computer system and Head of Regulatory Services will identify funding options to purchase a new system. Integrated Business Support Team Leader will implement reconciliation of invoices processed by 30 April 2015.</b></p>
<p><b><u>Debt Recovery</u></b></p> <p>Debt recovery action should be undertaken in a timely and complete manner and in line with the Council requirements. The current debtors reporting process between FSC and Regulatory Services should be reviewed and appropriate procedures should be put in place to allow for effective reporting</p>	<p>Agreed. We will review system to use unlicensed trading powers rather than civil debt recovery; we will also review bad debt arrangements too. We will also investigate payment terminals for inspectors. Any changes will be implemented and documented in operating procedures by 30 Sept 2015.</p> <p><b>The Team Leader of Debt Recovery and Income Collection and the Senior Regulatory Service Manager will implement changes by 30 June</b></p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>and monitoring of debtors. Interim measure should be put in place to cross check the Old debtor balances, receipts on the new system, and new debtor balances to obtain accurate picture of the debtor balances until the system issues are resolved on One Oracle and the debt management reports area produced.</p>	<p><b>2015 and the Senior Regulatory Service Manager will document new arrangements in operating procedures by 31 July 2015.</b></p>
<p><b><u>System Tracking</u></b></p> <p>The Council should ensure that systems allow for appropriate tracking of applications and invoices, as well as the production of reports to assist with management reporting and performance monitoring. It is understood that the Senior Regulatory Service Manager is currently exploring alternative systems to help streamline the application process. As part of this, the Council should consider the system's functionality including the tracking capability, automated workflows, and management information.</p>	<p>Agreed, although a replacement licensing computer system is a pre-requisite to implementation.</p> <p><b>The Senior Regulatory Service Manager will include this in the specification for a replacement licensing computer system and the Head of Regulatory Services will identify funding options to purchase a new system. The Senior Regulatory Service Manager will implement and documented changes within 3 months of system replacement.</b></p>

## Appointeeship & Deputyship

### Appointeeship

Appointeeship is granted when an individual is unable to manage their state benefits either because of mental incapacity or severe physical disability and have insufficient other assets to qualify for Deputyship under the Court of Protection and no other person or organisation has been identified as being suitable to undertake this role.

An Appointee is responsible for:

- Claiming state benefits and signing forms for the individual;
- Collecting/receiving state benefits for the individual;
- Making appropriate payments on behalf of the individual including charges for care;
- Ensuring that the individual, if in residential care, receives their Personal Expenses Allowance; and
- Reporting any changes in circumstances to the DWP.

An Appointee has no authority to manage other aspects of an individual's financial affairs such as assets held on deposit in bank or building society accounts or superannuation payments from a former employer, except in certain circumstances. The powers invested in an Appointeeship are overridden when a Deputy is appointed and if the service user has made enduring power of attorney arrangements whilst he/she was mentally capable.

### Deputyship

The Mental Capacity Act 2005 provides a legal framework to protect vulnerable adults who are unable to manage some or all of their finances and property where they lack the mental capacity to do so. The Act provides the Court of Protection with the power to appoint Deputies to act in the best interests of individuals who lack the capacity to manage their finances.

Where an individual has assets, which are substantially over the level of state benefits, an Appointee, must instigate an application to the Court of Protection (COP) for the appointment of a Deputy. The Deputy acts as a statutory agent whose powers are limited and specified in the Court Order that appointed the agent. A Deputy has power to do all things in relation to the property and financial affairs of the individual that the Court of Protection orders or authorises. In general, the Deputy is responsible for receiving the person's income from all sources. This must then be used to pay the individual's living costs and to settle any debts. Any surplus must be used for the individual's benefit, which would also include prudent reinvestment of income to reflect their short and long-term requirements. The Council can charge a fee for undertaking this role, with fees being set by the Court of Protection.

From 2013, the Council no longer accepts any new Appointeeship clients (unless there are exceptional circumstances).



The decision was previously made, primarily, due to cost pressure and the inability to collect any fees from the Appointeeship clients to recover the administration costs. This is expected to result in an increase in the number of Deputyship clients managed by the Council. However, the Council are now planning to charge for appointee and the Council may start accepting new Appointeeship clients once the plan is finalised.

Key areas of were as follows: • Documentation for Appointeeship & Deputyship clients not always retained on Framework 1 to support applications, income received and expenditures paid; exceptions identified by Softbox are not resolved within a timely manner; Softbox Exceptions reports not flagging all exceptions; and reconciliations not being carried out on a monthly basis.

**Four priority 1, eleven priority 2 and one priority 3 recommendations were raised as a result of this audit.**

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p><b>Policies and Procedures (Priority 1)</b></p> <p>The Client Affairs Team should either update the current Procedures Manual to incorporate the process for Appointeeship Clients or produce a separate document outlining the policies and procedures. This should be signed off by the Head of Service.</p>	<p>Agreed.</p> <p><b>Implemented.</b></p>
<p>Security of Client's Personal Property (Priority 1)</p> <p>An annual audit should be carried out on all valuable items within the safe, with the inventory sheets updated accordingly. Any discrepancies identified should be addressed immediately.</p> <p>The relevant officers within the Client Affairs Team should ensure that the log of deceased clients' properties is completed fully and accurately to track the movement of property keys.</p> <p>In addition, Decisions on the deceased client's asset</p>	<p>Agreed.</p> <p><b>Scheduled to take place on 27/03/2015 – Team Leader and Client Affairs Officer.</b></p> <p>Agreed.</p> <p><b>Immediate / Team Leader and Client Affairs Officer.</b></p> <p>Agreed.</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>should be formally reviewed and signed off by an independent senior officer. Consideration should be given to uploading the list of asset with an assessment value, indication of disposal method and sign off by a manager onto Framework I.</p>	<p><b>Immediate / Team Leader and Client Affairs Officer</b></p>
<p><b><u>SoftBox Exceptions Report (Priority 1)</u></b></p> <p>The Client Affairs Team should investigate and rectify the cause for the discrepancies not being picked up in the exceptions report and ensure that all anomalies are picked up in the exceptions report. Although the exceptions found from our sample test only related to income discrepancies, further checks should be undertaken to ensure the robustness of the exceptions report and that both income and expenditure discrepancies are fully and accurately identified in the exceptions report.</p> <p>In addition, the exceptions report should be dated and signed off to evidence the review and unresolved exceptions should be followed up as a matter of urgency.</p>	<p>Agreed.</p> <p>Functionality issue to be investigated. To liaise with IT to address this issue. To work with the developer to rectify this issue.</p> <p><b>Immediate / Team Leader</b></p>
<p><b><u>Reconciliation (Priority 1)</u></b></p> <p>Reconciliation between SoftBox and Appointee &amp; Deputy Bank Account and also between ResFunds and old bank accounts should be resumed as a matter of priority and this should be undertaken on a monthly basis. Any discrepancies should be either fully explained or followed up if they cannot be explained.</p> <p>In addition, reports should be obtained of any direct expenditure payments and prepaid card payments and these should also be reconciled against SoftBox</p>	<p>Agreed.</p> <p>Since migration to One Oracle, the Team have been unable to complete reconciliations. Solution to address this issue has only just come to light.</p> <p><b>31<sup>st</sup> March 2015 / Team Leader</b></p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
so that a complete record is maintained of the client's financial transactions.	

## Echo Application Audit

ECHO is a system used to manage the Public Realm Contract. The system is developed and supported by Twisted Fish Ltd and under the Public Realm Contract, Veolia (who has the contract with the Council) are responsible for ensuring that the system is fit for purpose and meet the Council's needs. Veolia will liaise directly with Twisted Fish Ltd to manage systems improvements. ECHO, has been installed to replace Contender.

The Council has a nine year contract (with an option to extend for a further seven years) with Veolia for the provision various street cleansing, waste and other public realm service. The annual value of the contract is approximately £15m.

Under the contract, Veolia provides the following services:

- Waste & Recycling;
- Street Cleansing;
- Burials;
- Grounds Maintenance (Sports and Parks); and
- Grounds maintenance (BHP).

As part of the contract, Waste & Recycling and Street Cleansing services commenced in April 2014 and Grounds Maintenance services commenced in September 2014.

Veolia has designed and implemented a management information system (Municipal Integrated Management System – MIMS) to provide access to Veolia users and the client team, client call centre and Authorised Officer with a live, real time system to manage the contracted services.

The MIMS development includes new components incorporating amongst others ECHO Web, ECHO Mobile, ECHO OnBoard, ECHO Plan and Business Intelligence Reporting etc. Collectively these components are to deliver a more expedient service for managing scheduled and ad-hoc collection, street cleansing, grounds maintenance activities, and a more responsive service for managing customer requests and complaints.

Key areas of weakness were as follows: Failure to review and update the training matrix to confirm that all staff have been adequately trained; lack of a clear indication of the current license arrangements in place; use of weak passwords to authenticate access to the ECHO system; storing of user passwords in unencrypted format; weak user access management processes; absence of a process to report and review critical changes on the system; absence of adequate up to date restore and recovery arrangements; and absence of service level key performance targets.

**One priority 1, four priority 2 and one priority 3 recommendations were raised as a result of this audit**



Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>The following password controls should be enforced on the ECHO System:</p> <ul style="list-style-type: none"> <li>• Set passwords to expire every 60 to 90 days;</li> <li>• Set minimum password length to eight characters;</li> <li>• Set password history to 24 so that passwords cannot be recycled in a short period of time;</li> <li>• Configure the system to enforce default password change;</li> <li>• Set user accounts to be locked after three unsuccessful access attempts; and</li> <li>• Investigate the possibility to periodically report and review access violation attempts</li> </ul>	<p>Agreed.</p> <p>The system controls will be subject to review by Veolia's technical team so these recommendations are undertaken.</p> <p><b>June 2015/ Veolia IT Manager</b></p>



## Limited /Nil Assurance Reports – Schools

### JFS

Five priority 1, twelve priority 2 and one priority 3 recommendations were raised as a result of this audit.  
Further advice was provided to the School regarding recommendations, which were not agreed or only partly agreed.

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p><b><u>Scheme of Delegation</u></b></p> <p>The Scheme of Delegation should be approved by the full Governing Body on an annual basis. The School should consider whether the expenditure authorisation limits as set out in the Scheme of Delegation need to be revised. In addition, the School's policy on virements should also be reflected in the Scheme of Delegation.</p>	<p>Agreed.</p> <p>The Scheme of Delegation was approved by the Finance and Premises Committee (F&amp;PC) in October 2013 and again in October 2014. The latest approved document will be presented to the Full Governing Body (FGB) in December 2014 for approval and will be approved by the FGB annually thereafter. <b>Will be presented to and approved by the FGB in December 2014/Chair of the Finance and Premises Committee</b></p> <p>The School will seek advice from the Internal Auditors and will further consider the expenditure authorisation limits in the Spring Term F&amp;PCM. <b>Spring Term 2015/F&amp;PC</b></p> <p>The School has a policy of no virements. This policy has now been added to our Scheme of Delegation. Will be presented to and approved by the FGB in December 2014/Chair of the Finance and Premises Committee. <b>Implemented.</b></p>
<p><b><u>Receipts for Income</u></b></p> <p>Pre-numbered receipts should be issued for all income received</p>	<p>Partly Agreed.</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>and copies should be retained to enable effective reconciliations and banking processes.</p>	<p>The bulk of our receipts will now be made via ParentPay, which will substantially mitigate this issue. It is the case that receipts are issued in some instances. In other instances, before ParentPay was introduced, we would be supplied with a spreadsheet detailing the trip and all the students who had paid. This would then form our banking documentation enabling effective reconciliation as you have evidenced. Your audit and testing in this area have found no cause for concern. Our own auditors, who are equally robust in their systems interrogation, also have found no issues with our receipt and banking of income.</p> <p><b><u>Internal Audit Comment</u></b></p> <p><i>On the basis of the management response that the majority of income will now be collected via Parent Pay and other income will either have a receipt issued or supported with a spreadsheet with details of the income collected, we accept the management response. However, we reiterate the importance of ensuring that receipts are issued for all income received which is not received via Parent Pay.</i></p> <p><b><u>School Comment</u></b></p> <p>The Student Helpdesk Officer has been asked to issue a receipt to students who make a payment outside of the ParentPay system. At present, we are informed that this should not be too onerous and will therefore be possible. Should it become too onerous we will need to reconsider this matter.</p> <p>Even though we have never had any issues or concerns in relation to the banking of income, we recognise that it is your duty to make this recommendation.</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
	<b>Student Helpdesk Officer/ April 2015</b>
<p><b><u>Bank Signatories</u></b></p> <p>The Chair of Governors and the Chair of the Finance Committee should be removed from the Bank Mandate and it should be ensured that no members of the Governing Body are added to the bank mandate going forward</p>	<p>Agreed.</p> <p>Governors agree with this recommendation. The School will request the removal of the Chair of Governors and the Chair of the Finance and Premises committee as signatories to the School's bank mandates.</p> <p><b>Spring 2015/ Director of Finance and Administration</b></p>
<p><b><u>Leadership Pay</u></b></p> <p>The pay range for the highest paid Deputy Head Teacher should be revised so that the top of the range is below the lowest point of the Head Teacher's pay range (L37). The School should seek professional advice regarding the retention incentives which have been paid for periods longer than allowed for in the relevant versions of the STPCD (prior to September 2013) and whether these can be regularised going forward.</p>	<p>Agreed.</p> <p>We acknowledge that this situation has occurred due to an oversight. Given the changes in the framework of the STPCD, this is no longer a requirement. However, Governors would like to seek further advice in this regard and with regard to our payment of retention incentives in light of the new regulations in the STPCD and will reconsider this point in the Summer Term.</p> <p><b><u>Internal Audit Comment</u></b></p> <p><i>The School should ensure that a formal decision is made regarding the retention incentives which have been paid for periods longer than allowed for in the relevant versions of the STPCD (prior to September 2013). The discussions and the basis of the decision should be clearly recorded in the relevant meeting minutes.</i></p> <p><b>Will be reconsidered in Summer 2015 by Governors of the Pay Committee.</b></p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p><b><u>Staff Pay</u></b></p> <p>There are no provisions within the School Teachers Pay and Conditions document for additions to salary made under the general heading of “Governors Discretionary Payment”. Certain provisions exist within the STPCD to make additional payments to teachers, including head teachers. However, these must be made on a rational basis and within those specific provisions set out within the STPCD. The School must seek professional advice and either cease or regularise the Governor’s discretionary payments currently paid to some teaching staff so that they comply with the STPCD.</p> <p>In addition, pay scales for non-teaching posts should be defined and the scales should be based on a full job evaluation of each post. The School should seek professional advice to help regularise the non-teaching staff’s pay.</p>	<p>Partly Agreed.</p> <p>A Governors’ Discretionary Allowance’ is a form of ‘Recruitment and Retention’ payment made to teachers. Recruitment and Retention payments are permitted within the provisions of the STPCD and all of these were the type of examples, which you have discussed in your audit report. We acknowledge that the evidence from minutes of the Pay Committee did not make this clear in the past. However, in the meeting in the Autumn term 2014 this has been explicit, as the minutes will show.</p> <p>The Pay committee considered whether we should introduce pay scales for non-teaching posts. Advice had been sought from the School’s HR advisors. We were informed that pay scales were not required as long as posts are evaluated and an appropriate salary or salary range applied to that post (usually carried out by our HR advisors). We have been informed that we are not obliged to have pay scales. The Governors of the Pay Committee have decided that they do not wish to change this at present. <b>Spring Term 2015/ Director of Finance and Administration</b></p> <p><b><u>Internal Audit Comment</u></b></p> <p><i>Advice has been sought from the Council’s HR and they indicated that it is ok for the School not to have a formal pay structure as long as the School are evaluating posts and awarding salaries fairly and in a non-discriminatory way.</i></p> <p><i>The second part of the recommendation in respect of non-teaching staff was raised because evidence of a full job evaluation of non-teaching staff and a link to the pay</i></p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
	<p><i>range/salary could not be provided at the time of the audit.</i></p> <p><u>School Comment</u></p> <p>In future we will retain supporting documentation for job evaluations of non-teaching staff posts as evidence of transparency. <b>With immediate effect. Head teacher/Director of Finance and Administration</b></p>

## Non Assurance Work

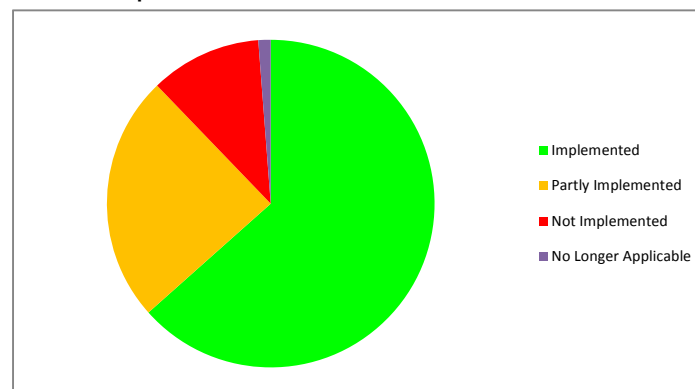
<b>Troubled Families Grant Claim Certification</b>	<p>Certification of January 2015 Grant Claims</p> <p>Payment by Results Claim – 158 families certified for claim</p> <p>This is a grant, which the Head of the Audit &amp; Investigations Team is required to certify the grant claims. This funding is for 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>
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### 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 been either fully or partly implemented, or are no longer applicable due to changes in the scope of operations. Of the priority 1 recommendations, 80% had either been fully or partly implemented whilst 20% had not.

Implementation of Recommendations



## 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	
Partnership Management		1		1						1	1			
Key Policy & Legislative Changes (Welfare Reforms etc.)					1						1			
Domestic Violence	1			3			1			5				
Insurance	2	5	2	4			1			7	5	2		Reinstatement Valuation of Properties & Verification Policy.
Building Control	2		1	12		1				14		2		
Resilience of Outlook Exchange & Email Archiving				5				2		7				
Bank Line				2			1	1		2	1	1		
PC & Laptop Controls				2						2				
Remote Working							1			1				
Torah Temimah	6	7	3	4	3					10	10	3		
Sale of Council Properties				3	3	1				3	3	1		







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		
		11	13	6		36	7	2		4	3	0		52	20	9			

## 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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