



**Internal Audit
Year End Progress 2014/15
London Borough of Brent
June 2015**

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Executive Summary

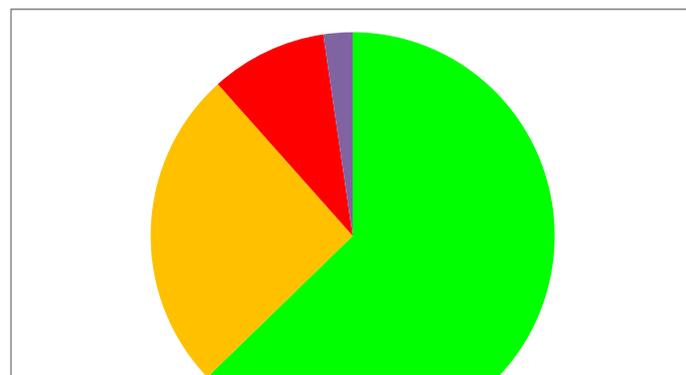
Introduction	<p>This report sets out a summary of the work completed against the 2014/15 Internal Audit Plan, including the assurance opinions awarded and any high priority recommendations raised.</p> <p>Those audits reported on at previous meetings have been removed, but reference can be made to the 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">• Review of Security of Personal Data across Public Health Providers• Adult Commissioning - Adult Home Support Framework• Accounts Receivable (Council & BHP)• General Ledger & Cash Management (Council & BHP)t• Acolaid Application (IT)• Vale Farm (Contract Monitoring)• Highways Maintenance• Housing Allocations & Choice Based Lettings• Local Council Tax Support Scheme• Discretionary Housing Payments• Safeguarding• Malorees Infants• The Village School• Newman Catholic College• Oakington Manor• St Mary's RC• Procurement – BHP Integrated Asset Management (Lot 1)• Complaints (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 Of the recommendations followed-up, 91% had been either fully or partly implemented, or are no longer applicable due to changes in the scope of operations.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, 86% had been either 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	
Adult Commissioning – Adult Home Support Framework	
Accounts Receivable (Council and BHP)	
General Ledger & Cash Management (Council & BHP)	
Acolaid Application (IT)	
Vale Farm (Contract Monitoring)	
Highways Maintenance	
Safeguarding	

Audit	Assurance Opinion and Direction of Travel
Local Council Tax Support Scheme	
Housing Allocations & Choice Based Lettings	
SCHOOLS	
Malorees Infants	
The Village School	

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.

Discretionary Housing Payments

A Discretionary Housing Payment (DHP) is for people in need of extra financial assistance on top of their housing benefits. Where a claimant is eligible for Housing Benefits but experiences a shortfall between the rent due and the Housing Benefit payable, they can apply to the Council for a Discretionary Housing Payment (DHP).



To apply for a Discretionary Housing Payment the applicant must be entitled to housing benefits or the Housing Costs element of Universal Credit.

The amount of DHP awarded to Brent for the 2014/15 financial year is £4.261m.

Key Areas of Weakness were follows:

- DHP application forms not always completed in full by applicants and Information on weekly income and expenditure not always provided or clearly indicated on the application forms;
- information on weekly outgoings provided by applicant not checked for reasonableness by assessment officers;
- Basis for calculation of the amount of DHP awarded not always documented;
- Some DHP awards not made in accordance with the eligibility criteria;
- DHP awards of over £1,000 not always appropriately approved;
- Returns and claims to DWP not submitted within the prescribed timescales.

Nine priority 1, six Priority 2 and two priority 3 recommendations were raised.

Recommendation	Management Response / Responsibility / Deadline for Implementation
Where an applicant for DHP is required to complete an application form and to provide details of their income and expenditure, assessment officers should be required to ensure that these have	Partly Agreed. The decision on whether to collect data on an income/expenditure form is a policy one, not a statutory

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>been completed in full and that the information provided including their weekly income and expenditure is sufficiently detailed to enable their applications to be properly assessed. Where applications are not completed in full and all of the required evidence provided, applicants should be required to provide this information prior to their applications being assessed.</p> <p>Where applicants have not completed an application form or are not required to provide details of their income and expenditure because they are in receipt of other benefits which have been independently verified by an assessment officer or where application forms have only partially completed and this is deemed to be acceptable, assessment officers should clearly indicate the reasons and justification for this on the internal authorisation form.</p>	<p>requirement and most DHP decisions do not require an additional financial assessment (apart from the Housing Benefit one) to determine a need.</p> <p>It is accepted that the policy is not explicit in explaining when such an income/expenditure form is required, so the policy will be amended to reflect this.</p> <p>Officers will be reminded of the need to complete an income/expenditure form where the policy dictates.</p> <p>30 June 2015 Policy & Subsidy Manager</p>
<p>Assessment Officers should ensure that the Internal Authorisation forms clearly indicate the basis on which the amount of DHP awarded was calculated.</p>	<p>Agreed.</p> <p>Officers will be reminded to indicate the basis of an award.</p> <p>30 June 2015 Policy & Subsidy Manager</p>
<p>Assessment Officers should ensure that they check the weekly income and expenditure figures provided by applicants for reasonableness and accuracy prior to these being used to calculate the applicant's disposable income and thus the amount of DHP awarded.</p>	<p>Agreed.</p> <p>Officers will be reminded to check these forms, where they are used.</p> <p>30 June 2015 Policy & Subsidy Manager</p>
<p>All relevant officers should ensure that DHP awards of over £1,000 must be approved by a Team Manager and that awards over £3,000 must be approved by a member of the Benefits Management Team in</p>	<p>Agreed.</p> <p>Officers will be reminded of the need to adhere to the</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
accordance with the DHP internal procedures.	<p>authorisation procedures as set out in the policy, and sample checking will check compliance with this requirement (see Recommendation 5).</p> <p>30 June 2015 Policy & Subsidy Manager</p>
Decisions made on DHP awards should be reviewed by a senior officer on at least on a sample basis or as part of the quality checks carried out on other benefit payments	<p>Agreed.</p> <p>A sample checking procedure will be put in place, but it is not considered necessary for this to be performed by a senior officer.</p> <p>31 July 2015 Policy & Subsidy Manager</p>
Management should ensure that there is adequate segregation of duties between the officers responsible for the processing and assessment of DHP awards. This could be achieved by the implementation of quality checks on a sample of DHP awards	<p>Partly Agreed.</p> <p>It is integral to the role of the assessment officer that they make DHP decisions as well and it is a deliberate policy intention that customers are dealt with at first touch whenever possible. Further, the officer making the HB decision is best placed to make the DHP decision in our view, and, indeed, all HB cases are processed and assessed by the same officer. We do, however, agree that sample quality checks should be introduced, as confirmed above.</p> <p><u>Internal Audit Comment</u> <i>In the absence of quality checks, there is a risk that fraud and errors will remain undetected. Provided that quality checks are implemented as indicated in R5 above the risks</i></p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
	<p><i>indicated should be minimised.</i></p> <p>Quality checks will be implemented as indicated in response to recommendation 5 above.</p> <p>31 July 2015 Policy & Subsidy Manager</p>
<p>Officers within the Welfare Team should ensure that following receipt of a notification of a change in circumstances of a DHP recipient, action is taken to adjust their DHP award on a timely basis. Evidence of the DHP award being reassessed and re-calculated should be retained. Management should ensure that appropriate action is taken to correct the error recorded on V6 with regards to the effective date of the change in DHP award for the one exception noted above.</p>	<p>Partly agreed – in all but one case, it appears that the adjustment was made in a timely manner, with one case being overlooked.</p> <p>Officers will be reminded of the need to ensure that any reassessment does need to be evidenced.</p> <p>30 June 2015 Policy & Subsidy Manager</p>
<p>Management should ensure that all returns and claims to the DWP are submitted within the prescribed timescales</p>	<p>Agreed.</p> <p>Please note that the statutory return DHP3 which finalises the DHP funding for the previous year was submitted within the prescribed timescales.</p> <p>Immediate - Policy & Subsidy Manager</p>
<p>Management should ensure that documentary evidence is retained to support information being reported on any returns submitted by the Council.</p>	<p>Not agreed in terms of the impact, hence the priority afforded to this recommendation – the monitoring forms and mid year returns are forecasts only so it cannot be</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
	<p>agreed that this poses a financial risk. The final year return is fully supported with documented evidence.</p> <p>It is agreed that keeping the report would be best practice so this will be done in future.</p> <p><u>Internal Audit Comment</u></p> <p><i>Internal audit stands by the priority given to this recommendation. It is vital that any statutory returns submitted by the Council are supported by appropriate documentary evidence and that all such evidence is retained.</i></p> <p>Immediate - Policy & Subsidy Manager</p>

LIMITED/NIL ASSURANCE REPORTS – Schools

St Mary’s RC

Seventeen priority 1 and fifteen priority 2 recommendations were raised.



Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>The Governing Body should review and approve the following policies and procedures on an annual basis:</p> <ul style="list-style-type: none"> • Lettings Policy; • Risk Management Policy; • Staffing Structure; • Pay Policy; • Charging Policy; and • Whistleblowing Policy. <p>Approval of each of the above should be explicitly noted in the full Governing Body meeting minutes.</p>	<p>Agreed.</p> <p>The Financial Policies & Procedures were regularly reviewed by the Finances & Resources Committee and minuted in the main Governing Body Meetings. However, the school acknowledges that the SFVS document reviewed at the end of March was not comprehensively reviewed and consequently the Finance Policy and procedures previously ratified was assumed to still be fit for purpose. However, it should have been updated to reflect current practice.</p> <p>In future these minutes will now be signed and records kept both by the Clerk to Governors and by the school Bursar.</p> <p>The Finance Committee will meet on 19/5/15. The main agenda items will be the complete review of SFVS and associated documents.</p> <p>The Finance policies and procedures document will be shared with Governors before the main Governing Body Meeting on 23rd June 2015, where it will be explicitly recorded in the Minutes as having been ratified and including up to date information.</p>

	<p>The Pay Policy was last reviewed in Autumn 2014. This is due for review in Autumn 2015.</p> <p>The Head will ensure the following: The Financial Policies and Procedures for St Mary's Catholic Primary School are reviewed including:</p> <ul style="list-style-type: none"> • Charging Policy • Remissions Policy • Lettings Policy • Debt Management Policy • Disposal of Assets Policy • Acceptable use of ICT and Mobile Phones Policy • Whistleblowing Policy <p>19/5/15 – Finance committee</p> <p>23/6/15 - FGB</p>
<p>The School should develop a Scheme of Delegation which clearly defines the extent of powers to be delegated to the Head Teacher and other staff members involved in the financial management of the School.</p> <p>The Scheme of Delegation should include, but not be limited to, the following information:</p> <ul style="list-style-type: none"> • Clear arrangements for the approval of the budget plan for the relevant financial year, including timescales for approving and issuing budgets to the Local Authority; • Financial reporting arrangements, including the frequency of reporting and responsible officers; 	<p>Agreed.</p> <p>The School has a Scheme of Delegation that it follows and that is regularly shared with the Finance & Resources Committee. Last approved December 2013. This will now be updated and reviewed at the Finance & Resources Committee on 19th May 2015.</p> <p>Authorisation limits remain consistent with the Internal Audit in 2011.</p>

<ul style="list-style-type: none"> • Authorisation limits and reporting requirements for expenditure, including the values above which three quotes will be obtained, which should be, at least, in line with the Brent Financial Regulations; • Authorisation limits and reporting requirements for virements, including the values above which Finance Committee and Governing Body approval should be sought; • A list of officers who have delegated responsibility to certify orders, invoices and petty cash, including their certification limits; • An appropriate segregation of duties with regard to raising and authorising expenditure and virements; and • Details of all bank accounts held by the School, including the bank signatories for each account. <p>The Scheme of Delegation should be approved on an annual basis by the Governing Body and recorded clearly in the Governing Body meeting minutes.</p>	<p>The list of officers has now been updated with responsibility to certify orders invoices and petty cash, including their certification limits. This now relates to Financial Procedures already in place that are now being reviewed and updated by the Interim Head teacher, an external consultant and the Bursar by 12th May 2015.</p> <p>The Interim Head teacher has now updated the document to reflect current roles and this will be shared with the Finance & resources Committee that will be meeting on 19th May 2015.</p> <p>They will be asked to recommend ratification ready for the FGB meeting on 23/6/15</p> <p>The Head teacher will ensure the following:</p> <p>The updated Scheme of Delegation to be agreed by the Finance & Resources Committee on 19th May 2015 where it will be explicitly recorded in the Minutes that will be signed and records kept both by the Clerk to Governors and by the school Bursar.</p> <p>Head teacher/GB</p> <p>19/5/15 – Finance committee</p> <p>23/6/15 - FGB</p>
<p>The School should adopt a formal Finance Policy, which should be approved annually by the Governing Body. The Finance Policy should include, but not be limited to, the following key information:</p>	<p>Agreed.</p> <p>The school has a Financial Policies & Procedures document that has now been updated to reflect current</p>

<ul style="list-style-type: none"> • The financial roles and responsibilities of the Governing Body, Sub-Committees, Head Teacher, School Bursar, and any other staff who are given financial responsibility at the School; • The annual financial cycle, including key dates for budget setting, CFR returns, VAT returns and policy reviews; • The income administration process, allowing for clear segregation of duties in the recording, receipting and banking of income; • The process and responsible officers for raising orders including deliveries, payments and goods receipt checks; • Summary of authorisation procedures; • Maintenance of School bank accounts, including officers responsible for reconciliations and banking arrangements; • School Asset financial arrangements, including officers responsible for annual asset checks and procedures for loaning items to staff; • Reference to insurance policies covering all aspects of the School premises, contents, pupils, staff, public and employer liability; • Payroll administration arrangements and procedures, including responsible officers for processing new starters and leavers; and <p>Petty cash procedures, including maximum values of petty cash held at the School, limits for cash and cheque payments and responsible</p>	<p>roles in all aspects of the Governing Body sub Committees, Head teacher and school Bursar.</p> <p>The roles and responsibilities will be updated and clearly defined and communicated to all relevant personnel. All staff with responsibility will be asked to sign for the receipt of the policy and will be expected to comply. Steps will be taken for non-compliance.</p> <p>The systems and procedures within this are currently being reviewed to ensure the Policy leads on the practises within the school. The policy when presented at the Finance Committee will be discussed with Finance Governors so they are clear on the roles and responsibilities.</p> <p>A Finance committee governor will be invited into the school on a half-termly basis to review the finance functions and report on this.</p> <p>The annual cycle of duties for the year for GB members will be referred to and the clerk will be asked to ensure these are standing agenda items at key times of the year.</p> <p>In addition to this, we will be urging all Governors to be completely aware of the contents of all the documents that they will be ratifying. We will also be encouraging governors to attend relevant training courses both internally and externally.</p> <p>The school has been signed up for 'The Key' for some time and governors will be given access to the website</p>
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and expected to refer to this on a regular basis.

Training will be also be sourced specifically on finances focussing on their responsibilities to ensure maximum effectiveness in this area.

The Bursar with the external consultant's support will review all aspects of the Finance Policy and Procedures to ensure compliance.

The Bursar and the Head will regularly meet to ensure the policies and procedures are being adhered to. The head will set targets regarding the day to day running of the finance functions and the timely management of these functions.

The head will also review and sign off all payroll, bank reconciliations and payments. (This has already been implemented but will form part of the review and target setting).

A final review on performance will take place early July with the Bursar with the Head.

Interim Head teacher

Admin Officer

Bursar /External Consultant

19th May 2015 where it will be explicitly recorded in the Minutes that will be signed and records kept both by the Clerk to Governors and by the school Bursar.

	<p>Head Bursar supported by Jo Sattaur Finance Committee FGB 19/5/15 – Finance committee 23/6/15 - FGB</p>
<p>The School should ensure that documentary evidence is retained to support all budget virements which are undertaken, including authorisation of the virement from a relevant authorised officer in line with the School's Scheme of Delegation.</p>	<p>Agreed. The Bursar is now aware that she must provide a spreadsheet for every virement request along with an explanation. Prior to this, she will discuss with the Head and have this approved. This will then be presented at Full Governors to be signed off and minuted. This paperwork will be retained with all FGB papers.</p> <p>Bursar As and when required – starting May 2015.</p>

Evidence of the procurement process and the reasons for awarding contracts should be documented and retained.

The Council's Financial Regulations for Schools (section 7.3) require schools to obtain at least three written quotes where the estimated value of a contract or purchase item falls between £20k and £149,999; or to undertake a formal tender process where the estimated value exceeds £149,999. For contracts, this applies to the lifetime of the contract as opposed to spend in individual periods.

In addition, it is recommended that details of approval for high value expenditure items should be clearly detailed within Governing Body meeting minutes, and that staff should be reminded of the need to ensure that all expenditure is approved in line with the Scheme of Delegation.

This will be a standing agenda item on the Finance Committee, with the presentation of all quotes and relevant paperwork, along with an explanation of the rationale for the chosen supplier.

We will also ensure the Finance Policies and procedures are updated to reflect the same limits as recommended by the council's Finance regulations. Only authorised personnel as per the scheme of delegation will be able to authorise this expenditure.

Staff will be made aware of these limits and will be instructed in writing to seek the appropriate authority. Steps will be taken if there is non-compliance.

**Bursar
Head
Finance Committee
FGB**

Amendments to practises to be agreed at Finance Committee on 19/5/15.

A cost benefit assessment should be undertaken for any lease arrangement to determine whether the arrangement provides the best option for the School and evidence of this should be retained. In addition, the School should inform the Council about their current leases with Technology Rentals and Siemens and ensure that approval from the Council is obtained prior to entering any future leasing arrangements. Furthermore, evidence of signed lease agreements should be retained.

The school will systematically review all leases. We will seek advice from legal on the value for money of the existing leases and options to remove ourselves from any that are not value for money or restrictive. The school is aware that these are in urgent need of review and these are currently being looked at.

If in the future the school wish to enter into any other leases, they will seek advice and authority from the council.

Bursar with external consultant's support

Head

Finance Committee

19/5/15 for information with an ongoing review.

Pre-numbered receipts should be issued for all income collected by the School, and reconciled against income registers and cash collected by the School prior to banking, which should be undertaken by two officers for security reasons. This reconciliation should allow for a clear segregation of duties, with documentary evidence retained including a sign off by two officers.

In addition income registers should be maintained for all income received and include, date of income collected, officer receiving payment, amount paid, payee, receipt reference, paying in slip reference, and date banked.

The School should ensure that when cash is handed over from one officer to another, the cash is counted and evidence of a sign off by both officers is retained to confirm the amount handed over.

The school has purchased payment on line software from NRS, which is currently in use. Enquiries will be made to look at add on software, that will enable the production of receipts for all cash collected within the school, or an alternative will be sought such as Tucasi. The reports produced will be reconciled with the cash collections and countersigned.

Regarding banking the school will look at its insurance limits (to ensure compliance) and establish a regular collection of cash and cheques through a reputable security company.

All monies will be securely held in the safe until collected and only nominated personnel will have access to the safe.

Jo Sattaur will assist the Bursar to ensure this is ready for the start of the academic year. Until this is in place the banking will be carried out by two people. A receipt book will be used for all income and copies retained for reconciliation purposes. A book will be used recording the personnel who have signed and counter signed banking. All paperwork for each day will be retained in one folder and this will be shown to the Head teacher when she meets the Bursar on a regular basis. The head if satisfied will sign this off.

Bursar with External Consultant's support

Head

Finance Committee 19/5/15 for info

Full Governing Body Meeting

23/06/2015

<p>The School should assign debt recovery responsibility to a designated officer and debt recovery action should be undertaken on a periodic basis. In addition, the School should ensure that for pupils in receipt of free school meals, any outstanding debt owed is chased up and paid to the School promptly. Evidence of action undertaken to chase outstanding debtors should be retained by the School.</p> <p>For Breakfast club, individual transactions should be recorded for and any outstanding balances should be listed against each pupil and appropriate debt recovery arrangements should be put in place to ensure that outstanding debt is chased up and received.</p>	<p>This is the responsibility of the Bursar and Jo Sattaur will work with her to chase all unpaid debts and reduce the amount owed and to ensure this does not get repeated. When all efforts have been, exhausted The Bursar will present to Governors all outstanding debts to seek a decision on a write off. This will be carried out termly and all evidence will be retained.</p> <p>In going forward enquiries will be made to install the Tucasi software (or similar) which keeps records of all payments made and will flag up early those that are in danger of going into debit. A proactive approach will be taken to contact the parents to remind and to ensure payment. Staff will be instructed that there will be a limit to two meals maximum before being refused a meal or being advised to switch to packed lunch. However, governors will also be asked to discuss and agree a policy for non payment and agree steps to pursue these. Staff will be expected to comply with these and steps taken if staff do not follow this new procedure.</p> <p>Regarding the breakfast club, steps will be taken to collect monies in advance and this will require communication with the parents to change practises. If there are unexpected drop offs of children in the morning (as does happen on occasion) the parents will be contacted directly to remind to pay. These will be followed up with letters and phone calls.</p> <p>The Bursar will be expected to inform the head at her regular meetings of any outstanding monies due and the steps that have been taken to collect this.</p>
<p>An ISR should be formally set and agreed by the School. The ISR should be set at seven consecutive points on the leadership pay scale</p>	<p>The head will work with the school improvement partner to review the ISR and ensure it meets with the schools</p>

<p>between L11-L24, as per the STPCD requirements for a group three school. The Interim Head Teachers pay point should be set as one of the pay points within the School's ISR. From this, the School may apply up to a 25% increase on the Head Teachers current pay point providing this satisfies one of the three conditions as set out in the 2013 STPCD. Where this is the case, the reasoning for doing so and approval from the Governing Body should be explicitly recorded. In addition, the pay range for the Deputy Head should be corrected to five consecutive spine points as per STPCD requirements.</p>	<p>size as a group 3 school.</p> <p>This will be discussed with governors and these discussions will be minuted along with all decisions made.</p> <p>If there is cause to pay up to 25% above, this will be minuted clearly also and the rationale given.</p> <p>The deputy head pay range will also be reviewed and explicitly recorded in the GB minutes.</p> <p>The Interim head however is mindful that the school is a category school and whilst every consideration will be given to, paying within the ISR there may be occasion to go above this to enable the appropriate recruitment to assist the school in moving forward. However, this will be discussed and carefully minuted at GB meetings as well as seeking LA advice.</p> <p>School Improvement Partner & Head</p> <p>Recruitment for Headship is underway with this ISR May 2015</p> <p>Review of Deputy Heads pay range to be reviewed after the Head has been appointed.</p>
<p>Adequate arrangements should be put in place to meet the rules regarding auto enrolment of workplace pension schemes</p>	<p>The external consultant will work with the bursar to bring the auto enrolment requirements up to date. A meeting will be arranged with the Brent pension officer to give guidance and to deal with any outstanding issues. The progress of this will be reported to the head by the Bursar at the regular meetings with an expectation that all staff will have been dealt with.</p>

	<p>Bursar, external consultant with head overseeing. By end of June 2015</p>
<p>The School should ensure that redundancy payments are made to staff via the School's main account and in line with government requirements. The basis for making payments should also be documented in the School's Pay Policy and approved by Governors. In addition, appropriate approval should be sought by an authorised officer; along with approval from the Governing Body, which should be recorded clearly in the meeting minutes. Furthermore, a clear audit trail should be maintained of documentation and approval to support any payments being made</p>	<p>The school will not under any circumstances enter into any such agreements without the guidance and agreement of Brent's HR.</p> <p>The GB will be advised accordingly and will be asked to ratify such decisions. This will be carefully minuted.</p> <p>If there is a need to consider redundancy, the newly reviewed Pay Policy will be consulted and any proposed agreements will be compliant with the policy. Advice and agreement will be sought</p> <p>All relevant paperwork will be retained in GB papers and personnel files.</p> <p>The Head & GB. Next GB meeting 23/6/15. School Bursar</p>

<p>The following documents should be retained by the School as part of the starters administration process:</p> <ul style="list-style-type: none"> • Letter of appointment; • Signed Contract; • Evidence of qualifications; and • Two references. <p>The exceptions identified during our testing should be followed up and all relevant documentation should be obtained and put on file.</p>	<p>The following documents should be retained by the School as part of the starters administration process:</p> <ul style="list-style-type: none"> • Letter of appointment; • Signed Contract; • Evidence of qualifications; and • Two references. <p>The exceptions identified during our testing should be followed up and all relevant documentation should be obtained and put on file.</p> <p>Bursar and Data Manager and external consultant, supporting. Reporting to the Head. By the end of the summer term.</p>
<p>A tax status questionnaire should be completed for all self employed individuals before any payments are made.</p>	<p>These will be completed retrospectively if possible and for all individuals currently engaged in the school. A separate file will be retained for inspection.</p> <p>The Bursar under the guidance of external consultant – immediately.</p>
<p>The School should put in place a fund account policy outlining the aims and objectives of the fund accounts. This policy should be approved by the Governing Body.</p> <p>In addition, the School should assign administration duties of the fund accounts to a specific officer.</p> <p>Accounting records of income and expenditure transactions should be maintained for all accounts, and all income and expenditure should be reconciled against valid and accurate supporting documentation in the form of a receipt or an invoice.</p>	<p>All fund accounts will be identified and documented. This report should be presented to governors. Governors will then decide whether these accounts are still relevant and efforts will be made to reduce to a minimum.</p> <p>Following this, a policy will be devised that will address the aims and objectives of the account. The Bursar will be assigned the role of administration of this function and will be expected to comply with the same Finance policies</p>

<p>Reconciliations of the unofficial fund account should be completed and signed off on a periodic basis, and accounts should be audited on an annual basis. For accounts with turnover in excess of £20,000, audits should be undertaken by a registered auditor.</p>	<p>and procedures for all other finances within the school.</p> <p>Until the accounts are closed, separate folders will be kept retaining all relevant paperwork and these account will operate from SIMS FMS also and be reconciled. The head will sign off these accounts on a monthly basis and this will form part of the expected paperwork to be presented at the regular meetings with the bursar.</p> <p>Fund account policy to be completed by the end of the summer term./ Head teacher</p>
<p>It is recommended that the School's unofficial fund bank mandate is retained by the School and includes two authorised signatories to sign all cheques</p>	<p>The Bursar will make contact with the bank to discuss the accounts. A copy of the bank mandate will be obtained and changes made if appropriate but definitely ensuring there are 2 signatories.</p> <p>All paperwork will be retained along with the Fund account folder.</p> <p>This will be reported to the Head.</p> <p>The Bursar under the guidance of external consultant and overseen by the head – immediately.</p>
<p>Items should be added to the asset register as and when they are purchased, and in line with the agreed threshold value outlined in the Asset Management policy.</p> <p>In addition, the School's asset register should be updated to include, but not be limited to, the following</p> <ul style="list-style-type: none"> • Item description; • Make, model; 	<p>The data manager will ensure a complete register is presented to the Head by Friday 10/7/15. Adequate time must be given to ensure everything is recorded. The Data manager should produce an interim update by 5/6/15.</p> <p>Efforts will be made to ensure the Data Manager has the capacity to manage this.</p>

- Purchase price and/or current value;
- Date of purchase;
- Serial number;
- Location; and
- Security marking reference.

An asset check should be undertaken on an annual basis and evidence of this should be retained, including a sign off of the check by two officers. The asset check should be reported to the Governing Body, and recorded clearly in the relevant meeting minutes.

This will be reported to the Finance Committee for information and a final report circulated to them at the end of term.

Data Manager supported by Jo Sattaur

Head

FGB

End of summer term

The School should investigate the 12 assets loaned to staff members who no longer work for the School and confirm that all items have been returned to the School intact. Any missing items should be followed up immediately.

In addition, an asset loan form should be completed and signed by each member of staff that is loaned a School asset. This document should detail the responsibilities of the individual with respect to the asset as well as the terms of the loan.

The asset loan forms should include the following details at a minimum:

- The asset description and serial number;
- The date the asset was loaned out;
- The date the asset loan form was completed; and
- The date the asset was returned to the School.

Furthermore, the School should ensure that an adequate record of disposed assets is maintained. This should include the item disposed of, the reasoning for disposal, and authorisation of the disposal from the Head Teacher. Disposals should also be reported to the Governing Body on a periodic basis and recorded in the relevant meeting minutes

A conclusion will be made on the recovery of all missing laptops and a log kept of all correspondence etc. The Data Manager will pursue this and report on progress by the half term. Legal advice will be sought and action taken as recommended if items not returned.

External Consultant will review the forms produced to ensure fit for purpose.

Data Manager overseen by the head by half term 22/5/15 and a full report on 10/7/15

Oakington Manor

Five priority 1 and 15 priority 2 recommendations were raised as a result of this audit.



Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>Quotes should be retained for all high value expenditure and contracts in line with EU regulations. It is also recommended that where the School does not accept the lowest quote, the reasons for the decision should be documented and reported to the Governing Body and included in the minutes of the relevant meeting. In addition, details of approval for high value expenditure items should be clearly detailed within meeting minutes.</p>	<p>Agreed</p> <p>The school follows and complies with EU regulations in all its procurement processes. It applies value for money principles and does not always opt for the cheapest quote. All expenditures above £20k are approved by the Governing Body. We will ensure all approvals are clearly recorded in meeting minutes.</p> <p>Immediate Head Teacher / Bursar</p> <p><i>Internal Audit Comment:</i> <i>The school is reminded of the need to ensure that the reason for not accepting the lowest quote is recorded and retained to ensure transparency and the justification for the decision or action taken.</i></p>
<p>The School should ensure that accurate and complete income registers are kept for all income streams. All income registers should record individual transactions and should be amended to capture the following information against each pupil/transaction:</p> <ul style="list-style-type: none"> ○ Amount due; ○ Amount received and the date of receipt; ○ Payment method; 	<p>Partly Agreed</p> <p>All income registers record individual transactions, date of receipt of payment and payment method.</p> <p>Receipts, when issued, identify the person receiving the payment on behalf of the school.</p> <p>When the transactions are of petty amounts, like under £5 (?) e.g. for books, school tie, book bags and water bottles, individual receipts are not issued but a list of</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<ul style="list-style-type: none"> ○ Receipt Number; ○ Payee; ○ Paying in slip reference; ○ Date Banked; and ○ Officer receiving payment. <p>For income received directly into the Schools bank account (parents paying by vouchers or through the School's card machine) the income registers should be updated to include the bank statement number.</p> <p>Prior to banking, receipt books should be reconciled against income registers and money received by the School and the reconciliation signed by two officers.</p> <p>Furthermore, income received should be banked promptly and intact and purchases should not be made out of the cash collected by the School.</p> <p>Pre-numbered receipts should be issued for all income received and copies should be retained.</p> <p>The discrepancies with regards to the receipts issued which had not been recorded on the register should be followed up.</p> <p>Where the School operate a float system the following process should be followed:</p> <ul style="list-style-type: none"> ○ The float amount at the beginning of the period should be recorded at the time of banking, all income received should be set aside to be banked, leaving the School with the fixed float amount at the beginning of the period. <p>The amount to be banked should be reconciled against the receipt book and income record totals and the reconciliation should be signed by both officers.</p>	<p>sales is always maintained and totals are recorded in an income register. The sum total of these petty transactions are then banked and reconciled by the Finance Officer.</p> <p>The school has decided that it is impractical, costly and causes inefficiencies in school administrative operations to issue individual receipt for low value transactions. The school always ensures that every penny is accountable through cumulative reconciliation process.</p> <p>The school management is confident in how the book sales are operated and accounted for. The person in charge also has a record of float that has not been banked so that she could make necessary purchases before the next book sales.</p> <p>The officer in charge of book-sales keeps a complete record of purchases, sales, amounts kept as float and amounts banked. This system works and the school is comfortable with these arrangements and have full confidence that all monies are accounted for in a professional manner by the officer in charge.</p> <p>The school will take the auditors comments on board with regards to periodic checking of income registers against amounts banked. The checking officers (X2) will sign off the credit slips to confirm that amounts banked tallies with income registers.</p> <p>The school is currently investigating cost benefit ratios of on-line payment systems and other software in the market to manage receipt of funds.</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
	<p>Immediate Head Teacher / Bursar</p> <p><i><u>Internal Audit Comment:</u></i> The school is reminded of the need to ensure that Income Registers are revised to include the ability to record all the information outlined in the recommendation. This will enable the school to reconcile all the income received against the amounts banked.</p> <p>Financial Regulations states that receipts must be issued for all income received. This will also assist the school in reconciling the income received to that banked.</p>
<p>The School should undertake regular stock reconciliations of books and uniform. Opening stock, any purchases or sales of goods, and closing stock should be clearly recorded. At the end of the month period the School should determine the expected income based on the stock sold and compare this against the income actually collected based on the receipts and income register. Any discrepancies should be followed up and resolved promptly. The reconciliation should be documented and signed by two officers.</p>	<p>Agreed</p> <p>Please see 2 above in respect of stock of books and sale of books.</p> <p>We now have a Uniform stock control work sheet that captures stock movements and sales.</p> <p>Immediate Head Teacher / Bursar</p> <p><i><u>Internal Audit Comment:</u></i> In order to minimise the risk of any loss or misappropriation of stock or income, the school, is reminded of the need to carry out regular reconciliations of actual income to that expected and to retain evidence that the reconciliation has been carried out.</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>A signed Opt-Out form should be retained for all staff with a permanent contract that have opted out of the Pension Scheme, including staff whose earnings do not meet the thresholds for auto-enrolment. In addition, the records maintained by the School of staff who have opted out of the scheme should be updated.</p>	<p>Not Agreed</p> <p>According to Pension Regulator, staffs that were under the threshold for automatic enrolment DO NOT have to fill in an Opt-out form, as there is nothing to opt-out from.</p> <p>All new staff are automatically enrolled unless they decide to opt-out and fill in an opt-out form.</p> <p>The school will ensure staff are constantly made aware of the scheme and automatically enrol staff if they become 'eligible'.</p> <p><u>Internal Audit Comment:</u></p> <p>Whilst this is acknowledged, the school may have misunderstood the recommendation, the Council's Pension's Officer advised that where an individual is "employed under a permanent contract of employment [they] would be subject to contractual enrolment under the terms of the Local Government Pension Scheme and whilst not subject to auto enrolment legislation as they are below the earnings, should be in the Pension Scheme unless they have opted out." As such, any instances where permanent staff are not making pension contributions; this should be supported with a corresponding opt-out form.</p> <p>The school and governing body should ensure the implementation of this recommendation for the reasons outlined in the body of the report. Where necessary the school should seek further clarification from the Council's Pensions Team.</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>The discrepancies identified during testing of income collected from the Kingswood May 2014 and Spain March 2014 School trips should be investigated and resolved. Income register, receipt book, and banking total should be reconciled before banking any future trip income. Any discrepancies should be followed up and resolved promptly.</p>	<p>Not Agreed</p> <p>There are no known discrepancies in Kingswood May 2014 income records. Because the income and expenditure do not tally does not mean there are discrepancies, it means that the Ex Head or Head of School has decided that school should pay extra for somethings or some children due to financial difficulties should not pay the full amount.</p> <p>There are no discrepancies in the Spanish Trip. The school decided to pay for two teachers to go to Spain to check out some Health and Safety issues thus making the cost of the trip far more expensive than originally planned.</p> <p>Unfortunately, the Teacher responsible for the March 2014 Spain trip left his job without a handover of any description. With missing receipt books, it will not be possible to scrutinise and reconcile this trip to the penny.</p> <p>Income register now set up for future trips Immediate /Head Teacher & Bursar</p> <p><i><u>Internal Audit Comment:</u></i> <i>Internal Audit stands by its recommendation based on the findings during the audit. In order to ensure that any perceived discrepancies are justified should a challenge be made, the school is encouraged to record any reasons for making decisions regarding the circumstances where the expected income has not been received.</i></p>

Newman Catholic College

Ten priority 1, thirteen priority 2 and two priority recommendations were raised.



Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>The Governing Body should review and approve the following policies and procedures on an annual basis:</p> <ul style="list-style-type: none"> • Terms of Reference; • Financial Procedures; • Scheme of Delegation; • Whistleblowing Policy; • Letting Policy; • Charging Policy; • Staff Structure; and • Pay Policy. <p>Approval of each of the above should be explicitly noted in the full Governing Body meeting minutes.</p>	<p>Agreed.</p> <p>These policies were discussed at and presented to the Finance and Personnel meeting in October 2014. Approval was not however noted in minutes. The school has had issues with minutes following the illness and death of its clerk.</p> <p>Autumn 2015 Head Teacher</p>
<p>The School should ensure that documentary evidence is retained to support all budget virements which are undertaken, including authorisation of the virement from a relevant authorised officer in line with the School’s Scheme of Delegation.</p>	<p>Agreed.</p> <p>This is already underway</p> <p>Immediately Head Teacher & School Business Manager</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>Evidence of the procurement process and the reasons for awarding contracts should be documented and retained.</p> <p>The Council's Financial Regulations for Schools (section 7.3) require schools to obtain at least three written quotes where the estimated value of a contract or purchase item falls between £20k and £149,999; or to undertake a formal tender process where the estimated value exceeds £149,999. For contracts, this applies to the lifetime of the contract as opposed to spend in individual periods.</p> <p>In addition, it is recommended that details of approval for high value expenditure items should be clearly detailed within Governing Body meeting minutes, and that staff should be reminded of the need to ensure that all expenditure</p>	<p>Agreed. Underway</p> <p>Immediately Head Teacher & School Business Manager</p>
<p>A cost benefit assessment should be undertaken for any lease arrangement to determine whether the arrangement provides the best option for the School and evidence of this should be retained. In addition, the School should inform the Council about their current leases and ensure that approval from the Council is obtained prior to entering any future leasing arrangements. Furthermore, evidence of signed lease agreements should be retained.</p>	<p>Agreed. Underway</p> <p>Immediately Head Teacher & School Business Manager</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>Pre-numbered receipts should be issued for all income collected by the School, and reconciled against income registers and cash collected by the School prior to banking, which should be undertaken by two officers for security reasons. This reconciliation should allow for a clear segregation of duties, with documentary evidence retained including a sign off by two officers.</p> <p>In addition income registers should be maintained for all income received and include, date of income collected, officer receiving payment, amount paid, payee, receipt reference, paying in slip reference, and date banked. The School should ensure that when cash is handed over from one officer to another, the cash is counted and evidence of a sign off by both officers is retained to confirm the amount handed over.</p>	<p>Agreed. Will be implemented</p> <p>1st September 2015 Head Teacher</p>
<p>The School should carry out a full stock reconciliation and the stock reconciliation should be signed off by the officer carrying out the stock count, officer completing the reconciliation, and the reviewer. All stock purchases and sales should be recorded individually on stock records and any discrepancies between the expected closing stock levels (based on: opening stock and purchases and sales in a given period) and the closing stock levels based on a physical verification should be followed up.</p>	<p>Agreed. The next full stock reconciliation will take place in the summer.</p> <p>1st September 2015</p> <p>School Business Manager</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>The School should contact the Council's School's Finance to determine the current group size of the School. Once determined, an ISR should be formally set and agreed by the School. The ISR should be set at seven consecutive points on the leadership pay scale as per the requirements set out in the STPCD. In addition, pay scales for Assistant Head Teachers should be set as five consecutive spine points in line with STPCD requirements. Senior Leadership pay scales and current pay points should be approved on an annual basis by Governors and this should be recorded in the relevant meeting minutes.</p>	<p>Agreed. The local authority have confirmed in writing that this is a Group 6 school.</p> <p>Immediate Head Teacher and Governing Body</p>
<p>Adequate arrangements should be put in place to meet the rules regarding auto enrolment of workplace pension schemes.</p>	<p>Agreed.</p> <p>Already implemented by Brent payroll.</p>
<p>The School's Finance Policy should be updated to include the process for dealing with starters and leavers, including the relevant documentation required to be submitted and the responsible officers. In addition, the following documents should be retained by the School as part of the starters administration process:</p> <ul style="list-style-type: none"> • Letter of appointment; • Signed Contract; and • Staff references. <p>The exceptions identified during our testing should be followed up and all relevant documentation should be obtained and put on file.</p>	<p>Agreed. These are now complete.</p> <p>Implemented</p> <p>Head Teacher & School Business Manager</p>
<p>A tax status questionnaire should be completed for all self employed individuals before any payments are made.</p>	<p>Agreed.</p> <p>Implemented</p> <p>School Business Manager</p>

LIMITED/NIL ASSURANCE REPORTS – BHP

Complaints

Complaints

Seven priority 1 and five priority 2 recommendations were raised as a result of this audit. Details will be reported to BHP Audit Committee.



Procurement (Integrated Asset Management (Lot 1))

Three priority 1 and three priority 2 recommendations were raised as a result of this audit. Details of issues will be reported to BHP Audit Committee.



Non-Assurance Work

Public Health – Person Identifiable Data	
Objective and Scope	<p>The focus of this work was to assess the arrangement in place over the handling of person identifiable data by the public health contractors and also to assess whether any person identifiable data are handled by the Council officers dealing with public health activities and whether any such data are handled in a secure manner.</p> <p>It should be noted that we have not provided an assurance opinion, as we did not validate the process operated by the public health contractors in respect of handling of person identifiable data. Our focus was to assess the arrangement in place between the Council and the contractors and this was done through examination of contract documents and discussion with the relevant Contract Manager.</p>
Conclusion	<p>We were able to confirm that standard clauses are used for the public health contracts with external bodies and the clauses set out the key requirements in respect of confidentiality and data protection. In addition, from a sample of invoices tested, we did not identify any person identifiable information displayed on the invoices.</p> <p>However, some weaknesses were identified in respect of checking the contractor's compliance with confidentiality and data protection requirements and officer's knowledge of secure method of transmitting sensitive data.</p> <p>Two priority 2 recommendations have been raised as a result of this work.</p>

Follow-Up of Previously Raised Recommendations

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

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

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

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

Audit Title	Priority 1			Priority 2			Priority 3			Total				Priority 1 Recommendations not implemented
	I	PI	NI	I	PI	NI	I	PI	NI	I	PI	NI	N/A	
Insurance	3	5	2	4						7	5	2	1	
Web Enhancement Pre-implementation Audit	2		1		3					5		1		
HB Northgate Application	1			5	1					6	1			
Sale of Council Properties				3	3	1				3	3	1		
Mental Health Partnership	5	2		1						6	2			
	11	7	3	13	7	1				27	11	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

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	✉ john.clayden@maazars.co.uk
John Clayden – Senior Audit Manager	☎ 020 8937 1491
Harish Shah – Computer Audit Sector Manager	