



**Internal Audit
Final Progress Report 2010/11
London Borough of Brent
June 2011**

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Executive Summary

Introduction	<p>This report sets out a summary of the work completed against the 2010/11 Internal Audit Plan.</p> <p>In the report we provide a summary of the main findings from each audit together with the assurance ratings for each one. Please note that this summary and assurance rating is only reported on once the individual audit reports have been finalised. We have also indicated where draft reports have been issued and are in the process of being agreed with management.</p>
Summary of progress against the Plan	<p>The overall Internal Audit Plan for 2010/11 comprised 1,201 days, of which 941 were allocated to Deloitte & Touche Public Sector Internal Audit Limited (Deloitte PSIA), and 260 to the in-house team. Of the total, 59 days were carried forward from 2009/10. The reasons behind this were set out within the Plan itself, as presented to the 3rd March 2010 meeting.</p> <p>A total of 1178 days were delivered against the overall Plan, made up of 928 Deloitte PSIA days and 250 in-house days. This represents 98% of the Plan and a shortfall of 2% (23 days) in delivery. The short fall was due to planned work on one of the projects in the One Council Project being unable to go ahead due to delays in the implementation of the project and one other project being unable to go progress before the year-end due to staff and organisational changes in the relevant department.</p>
Summary of Work Undertaken	<p>Much of our work comprised audits of key systems across the Council, both financial and non-financial. In addition, as part of our focus on key developments, we undertook work in relation to the One Council Programme, including around the Corporate Property Review, and with regards to Self Directed Support and Reablement which form a key part of the Adult Social Care Transformation Programme. We also undertook full audits of the new key financial systems, following on from our earlier adequacy based work around the Finance Modernisation Project, as completed at the end of 2009/10.</p> <p>A range of computer audits were also undertaken across the Council, including in relation to the migration to the single accounting system, both pre and post migration.</p> <p>The final key area of work was in relation to the schools, which forms a significant part of our annual coverage. Work in the first half of the year was focused around the secondary schools, and included both the Financial Management Standard in Schools (FMSiS) assessment and more detailed internal audit work in key risk areas. On 15 November 2011, the Government announced the decision to end the FMSiS accreditation with immediate effect. Those schools that had yet to receive a full Pass under the scheme were issued with Draft Reports giving an internal audit assurance opinion and raising recommendations relating to all areas of control weakness identified across both the FMSiS assessment and the wider audit.</p>





At the time of writing, not all of these reports have been finalised as responses to the recommendations raised have not been provided by all schools. This is covered in more detail within the Annual Audit Report 2010/11.

Further internal audit work was undertaken across a number of primary and junior schools during the second half of the year. This followed the same detailed audit programme as for the secondary schools.




Key areas of weakness identified across several of the secondary schools, and also a number of the primary and junior schools related to compliance with the Financial Regulations for Schools around high value procurement and leasing arrangements. In addition, issues have been identified in respect of the salary levels of Headteachers and other members of the Leadership Teams in the context of non-compliance with the national School Teachers Pay and Conditions Document 2010 (STPCD). Again, further details in this respect are set out within the Annual Audit Report 2010/11.

Summary of Assurance Opinions and Direction of Travel

Assurance Opinions

	Full 	Substantial 	Limited 	None 
2008/09	-	78% (21)	22% (6)	-
2009/10	-	61% (25)	39% (16)	-
2010/11	-	71%% (29)	29% (12)	-

Direction of Travel

	Improved 	Unchanged 	Deteriorated 
2008/09	8	1	-
2009/10	6	9	-
2010/11	5	4	-

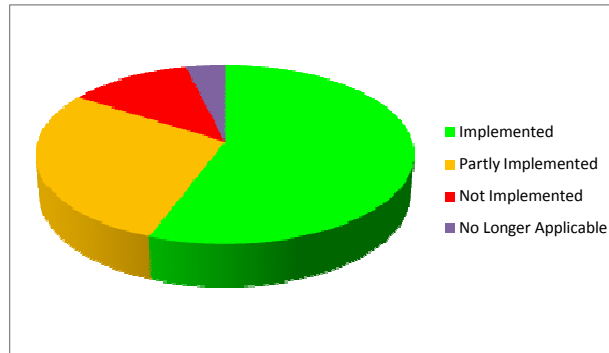
Overall, for the work finalised for 2010/11 to date, there has been a positive movement in the spread of assurance opinions. Where applicable, the Direction of Travel assessment has also been positive. However, it should be noted that there are some reports that are in draft stage and the percentage of the limited assurance will increase and there will be a negative movement in the direction of travel once they

are finalised. Works that are in draft stage are set out later in this report.

It should be noted that the above figures do not include Brent Housing Partnership (BHP) reports, which are reported on separately to the BHP Audit & Finance Sub-Committee.

Follow-Up of Previously Raised Recommendations

Implementation of 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 above. Overall, this is considered positive given that, of the recommendations followed-up, 88% had either been fully or partly implemented, or are no longer applicable due to changes in the scope of operations. Of the priority 1 recommendations, 94% had either been fully or partly implemented.

Going forwards into 2011/12, we will monitor the extent to which management inform us that any recommendations haven't yet been implemented due to issues with resource levels. We recognise that this may be a limiting factor in certain areas. However, it is important that both management and the Committee have an awareness of any such recommendations, and, specifically, the risks surrounding the weaknesses to which they relate. In certain instances, if the risk exposure is high, a decision may need to be made as to how this can be addressed given the resources available.

Customer Satisfaction

Satisfaction Ratings 1=Poor, 5= Excellent

Year	Average Overall Rating
2008/09	4.4
2009/10	4.1
2010/11	4.7

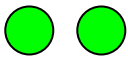



10 completed satisfaction questionnaires were received during the year in relation to the work undertaken by Deloitte PSIA. This, together with the in-house monitoring of progress and the review of work completed, is a key way in which the performance of Deloitte PSIA is monitored.

Detailed summary of work undertaken

We set out in this section, a summary of the internal audits completed during the 2010/11 financial year.

Assurance 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 gradings provided above 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.

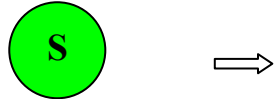
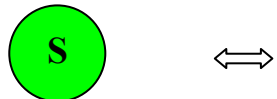
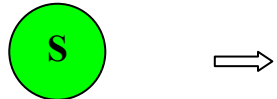



Recommendation Priorities

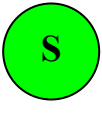

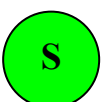

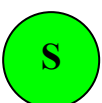
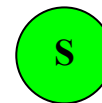
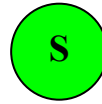
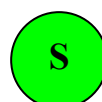
In order to assist management in using our internal audit reports, we categorise our recommendations according to their level of priority as follows:






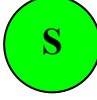


Priority 1	Major issues for the attention of senior management and the audit committee.
Priority 2	Important issues to be addressed by management in their areas of responsibility.
Priority 3	Minor issues resolved on site with local management.










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 for audits which received a Limited Assurance opinion.

Audit	Status as at June 2011	Assurance Opinion and Direction of Travel
Council Tax	Final Report	
Payroll	Final Report	
NNDR	Final Report	
Treasury Management	Final Report	
Service Planning and Performance Management	Final Report (Reported in February 2011)	
Sports and Leisure Centre	Final Report (Reported in December 2010)	

Audit	Status as at June 2011	Assurance Opinion and Direction of Travel
Business Continuity Planning	Final Report (Reported in December 2010)	
Local Area Agreement Data Management	Final Report (Reported in December 2010)	
School Admissions	Final Report (Reported in September 2010)	
Housing Provision for 16-17 year olds	Final Report (Reported in September 2010)	
Traffic Management	Final Report (Reported in September 2010)	
COMPUTER AUDITS		
PC and Laptop Checks	Final Report	
Data Protection and Freedom of Information	Final Report	
Northgate Revenue & Benefit Application	Final Report	


Audit	Status as at June 2011	Assurance Opinion and Direction of Travel
Interact Payroll Application	Final Report	
IP Telephony	Final Report	
Mobile Device Security	Final Report (Reported in February 2011)	
Oracle Database Security	Final Report (Reported in December 2010)	
Experian Payments Gateway (IT)	Final Report (Reported in September 2010)	
SCHOOLS		
Christ Church RC Primary School	Final Report	
Mount Stewart Infants School	Final Report	
Northview Primary School	Final Report	

Audit	Status as at June 2011	Assurance Opinion and Direction of Travel
Anson Primary School	Final Report	
Barham Primary School	Final Report	
Fryent Primary School	Final Report	
Preston Park Primary School	Final Report	
St Andrew and St Francis C of E Primary School	Final Report	
Donnington Primary School	Final Report	
St Margaret Clitherow Catholic Primary School	Final Report	
BHP		
Housing Repairs and Maintenance (BHP)	Final Report (Reported in February 2011) Reported separately to the BHP Audit & Finance Sub-Committee.	 

Audit	Status as at June 2011	Assurance Opinion and Direction of Travel
Housing Rents (BHP)	Final Report Reported separately to the BHP Audit & Finance Sub-Committee.	
Internal Financial Controls (BHP)	Final Report Reported separately to the BHP Audit & Finance Sub-Committee.	



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 have been reported separately to the BHP Audit & Finance Sub-Committee.

<p>Debt Management (Reported in February 2011)</p>	<p>An exercise was initially undertaken in 2009/10 to summarise what we considered to be the key risks and controls for use by management as part of their development of the controls and processes in operation. This full audit was then undertaken, focusing on the controls actually implemented. Although weaknesses were identified, it is noted that management were already in the process of addressing a number of the gaps in controls and we were provided with evidence in support of the actions being taken. This position should also be set in the context of the significant changes that are being made to the overall process in respect of the management of debt.</p>	
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Recommendation	Management Response / Deadline for Implementation
<p>Management should liaise with the Oracle Development Team to ensure that the default payment period within Oracle is defined in accordance with the Council's policy of 30 days. Where necessary, alternative payment periods should be defined using the customer set up/update pro-forma.</p>	<p>Agreed. Default has now been set to 30 days. Implemented</p>
<p>SDRT management should liaise with Service Areas who do not currently use Oracle, to help ensure that interfaces with RMS/Oracle are developed and implemented following the completion of the Finance Modernisation Project.</p> <p>Until the interfaces are implemented, Service Areas should be monitored to ensure that they correctly communicate information relating to debtors on a monthly basis to the SDRT.</p> <p>For the outstanding debts that have not been recorded on Oracle from Libraries and Park Services, management should ensure that the process for collecting debts is formally agreed, including</p>	<p>Agreed.</p> <p>Discussions are being held with ASC to see what can be done to interface directly between framework-I or abacus and the debt management system. A member of staff now attends MGH house once a week to send out reminders, deal with payments and any general correspondence relating to ASC Debts. We are now able to identify the invoiced debt, amounts collected and amount written off from abacus, so these figures can now be included in the total council's debts. The SDRT attend regular meeting with Social Care to keep up to date on the status of their debt. There is no timescale for the interface</p>

Recommendation	Management Response / Deadline for Implementation
<p>responsible officers and the method of recovery. These outstanding debts should be monitored to ensure that they are recovered in a timely manner.</p>	<p>to Oracle from framework-i. All units have been instructed that all invoices must be raised on Oracle and a standard interface has been designed so units can use it. Enforcement is not the remit of the FSC but the Service Area Business Partners. Year end will identify any units that are still not raising invoices on Oracle.</p> <p>Ongoing</p>
<p>Following the completion of the Finance Modernisation Project, approved write-off forms should be scanned onto the RMS.</p> <p>In addition, an authorised signatory list should be maintained by the SDRT and used to cross check the approval signatures. The signatory list should be updated on a periodic basis.</p>	<p>Agreed.</p> <p>As no write offs have been actioned on the system since the implementation of the FSC, the process now will be to scan all authorised write offs on the system. There will be one dedicated member of the debt recovery team who will monitor all write offs, from either receiving the request, actioning the request, updating a spreadsheet and scanning the documents.</p> <p>End February 2011</p>
<p>The RMS should be updated so that all debts that have been written off are workflowed through to a 'written off stage'.</p> <p>Management should test the functionality of the RMS to determine recovery costs and consider the usefulness of this facility when progressing cases to legal action.</p> <p>Management should also request that an automated system control be developed within RMS to highlight write-off requests that have been authorised but not processed/written off. In addition, clarification should be sought in consultation with Service Areas over the value at which debts not collected through the RMS are considered uneconomical to recover.</p>	<p>Agreed.</p> <p>Once the coding structure has been defined from financial management, RMS will interface these codes and will automatically change the status on RMS to written off. As there will be one designated person assigned to writes off, they will be able to monitor the write offs. If a write off request is received from a unit, the designated officer will make check on the account to make sure that the request is accurate. The officer will look through the history to see what else may be required to either action further recovery on the account, or whether the request is correct and will process.</p> <p>End February 2011</p>

<p>Self Directed Support (SDS) (Reported in December 2010)</p>	<p>A total of five priority 1 recommendations were raised which related to key areas of weakness. Overall though, we indicated an improvement in the Direction of Travel compared to our previous audits of SDS and Direct Payments. As such, we didn't provide an assurance opinion when we last audited SDS, but a Limited Assurance was given in respect of Direct Payments. Although the previously raised recommendations had not yet been fully implemented in all cases, there had been overall progression with regards to the development and implementation of SDS, and it was acknowledged that the overall ASC Transformation Programme had been subject to revision since our 2008/09 work.</p>	 
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Recommendation	Management Response / Deadline for Implementation
<p>It is recommended that the SDS Questionnaire and financial assessment form should be amended to include the following:</p> <p><i>I understand that I am responsible for the accuracy of the information contained in this form. I confirm that the details I have stated in relation to my circumstances are true and correct and that if this situation changes in any way I will notify Brent Council immediately. I understand that the payments I receive are assessed on the basis of the information given on this form.</i></p> <p><i>I realise that I may be committing a criminal offence by giving false or misleading details, or withholding information in order to receive payments from Brent Council and that if I provide information which I know to be false, I may be liable to prosecution.</i></p> <p>In addition, the following should also be added to each remittance advice for direct payments:</p> <p><i>The recipient is reminded that they are responsible for immediately informing the Council of any changes to their existing circumstances. Your understanding and acceptance of this was formally declared on completion of the SDS Questionnaire. You may be liable to prosecution if you fail to inform the council of a change in your circumstances which affects your entitlement.</i></p>	<p>Agreed.</p> <p>This will be addressed in the development of the Customer Journey process and associated tools.</p> <p>March 2011</p>

Recommendation	Management Response / Deadline for Implementation
<p>It is recommended that the following points should be considered in the development of the RAS, including at the implementation and post implementation stages. It should be noted that this may not be an exhaustive list:</p> <ul style="list-style-type: none"> • The sample used, ensuring that it matches the profile of clients in Brent; • The level of testing required and the test methodology used to gain assurance that the RAS is effective. This may include using completed SDS Questionnaires and comparing allocations to the actual cost of care provided; • An exception process for cases where the RAS allocation is not sufficient or is excessive. This process could include Quality Assurance Panel approval; and • The timeframe by which allocations should be reviewed by the Quality Assurance Panel and whether all allocations should be reviewed initially or whether a sample basis is acceptable. 	<p>Agreed. Development and implementation of the RAS is included in the Customer Journey project. Mach 2011</p>
<p>It is recommended that the following points should be considered in the development of the brokerage scheme. It should be noted that this may not be an exhaustive list:</p> <ul style="list-style-type: none"> • The need to involve current brokers in the development of a central team; • The need for specialist officers in the brokerage team for specific types of clients, e.g. Learning Disability and Physical Disability specialists; • How cases that require brokerage are to be determined by Team Managers and how consistency will be ensured; • The location of the brokerage team in relation to Team and Care Managers. If they are not in the same location, management need to determine whether this will impact on the effectiveness of the service; 	<p>Agreed. A target brokerage model is being developed within the Customer Journey project. March 2011</p>


Recommendation	Management Response / Deadline for Implementation
<ul style="list-style-type: none"> • The need to formalise the monitoring of cases passed to the brokerage team, in terms of quality and timeliness; and • The need to complete a lessons learnt review from the experiences in Learning Disabilities. 	
<p>It is recommended that the required documentation for DP is clarified and communicated to staff.</p> <p>Management should determine whether it would be appropriate to combine the current documents that are in place, including:</p> <ul style="list-style-type: none"> • Direct Payment Agreement; • Direct Payment Approval Form; and • Direct Payment Finance Authorisation. <p>Further, it is recommended that staff are reminded of the need to complete the Direct Payment Agreement form and that these should be uploaded onto the Frameworki system.</p> <p>In addition, management should review the position with regards to the review of returns and ensure that reports of outstanding returns are run and followed up on a monthly basis. Actions should be agreed in order to clear the current backlog of returns and arrangements should be confirmed in respect of ensuring that returns are reviewed in a complete and timely manner going forwards. If these arrangements involve reviewing returns on the basis of a risk rating for each case, this should be discussed with the Head of Audit & Investigations so as to help ensure that fraud risks are adequately addressed.</p>	<p>Agreed.</p> <ul style="list-style-type: none"> • The Direct Payments Policy & Practice Guidance and related appendices have been revised to reflect current practice. All documents are available on the intranet. The approval and authorisation process are now streamlined. • A dedicated Finance officer supports DP users who are deemed at high risk of non-compliance. The Support Service staff assists those who do provide regular returns. • Other elements of the Direct Payments authorisation and monitoring processes and associated tools are being developed within the Customer Journey. <p>March 2011 and ongoing</p>
<p>It is recommended that the performance management process for individual staff and teams in respect of care reviews should be formalised. This should include the use of defined targets and monitoring against these. Actions should be agreed to address any instances where targets are not being met.</p> <p>In addition, it is also recommended that timeframes should be defined</p>	<p>Agreed.</p> <p>This will be addressed in the Customer Journey project.</p> <p>March 2011</p>

Recommendation	Management Response / Deadline for Implementation
<p>and monitored against for various stages of the SDS process, including detective checks of outstanding items. These may include, but are not necessarily limited to, the following:</p> <ul style="list-style-type: none"> • Outstanding Contact Assessments following referrals; • Outstanding six week reviews/SDS Questionnaires; • Outstanding Support Plans and Personal Budgets; • Cases where the provision of support is yet to be provided (where necessary); and • Outstanding scheduled/unscheduled reviews. 	

LIMITED ASSURANCE REPORTS – Computer Audits


<p>Oracle Data Migration</p>	<p>Our work in respect of the migration to the Single Accounting System (SAS) was split into two stages, i.e. pre and post migration. Stage 1 examined the Migration Strategy/Plan document and assess the adequacy of the planned approach from a risk and control perspective. Stage 2 assessed the extent to which the planned controls were implemented and the extent to which they were operated and adhered to.</p> <p>Our assessment is that, while plans of the controls to be implemented were satisfactory, the implementation was not. The key weaknesses identified were in respect of obtaining sign-offs of data cleansing and migration from the business; the preparation of user acceptance test scripts; performance of user acceptance testing by service units; the maintenance of migration risks and issues logs; and sign-offs from the business on the accuracy and completeness of the AP and AR trial balances.</p> <p>The one priority 1 recommendation detailed below was raised as part of Stage 1, i.e. pre migration. As set out in the management response, although management did send the data to Service Area Heads of Finance following the raising of the recommendation, we determined as part of Stage 2 of the work that this sign-off wasn't completed.</p>	
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Recommendation	Management Response / Deadline for Implementation
<p>It is recommended that the following sign offs from the business are obtained and included within the SAS Data Migration Plan:</p> <ul style="list-style-type: none"> • Confirmation of the accuracy, validity and completeness of the cleansed, consolidated supplier and customer data before it is loaded to Oracle; and • Confirmation that the static data has been accurately transferred and mapped to the correct screens and fields. 	<p>The data to be migrated was sent to the Service Area Heads of Finance for sign-off, prior to loading into Oracle. Although sign-off by Service Areas did not occur, reconciliation was completed and the Head of Financial Management is due to sign off the completion of the data migration as the owner of the new system.</p> <p>March 2011</p>

Manhattan Property Management System	Control weaknesses were identified in the following areas: generic user accounts, user access profiles, weak password features, lack of procedures for adding, amending and removing user access, input validation checks, timeliness of input, output reconciliation, uncontrolled amendments to master/standing data, weak audit logs, lack of back up arrangements for the system, undocumented and untested disaster recovery and business continuity arrangements for the system, lack of service level agreement, lack of change control procedure for applying upgrades and patches, data conversion procedures and user acceptance testing	
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Recommendation	Management Response / Deadline for Implementation
<p>It is recommended that the back-up arrangements for the Manhattan system should be reviewed and implemented as a priority. Management should hold discussions with ICT to determine the most appropriate data back-up frequency for their system (i.e. daily, incremental or full system) and a full system back up should be done at least weekly.</p> <p>Back-up copies should be retained in a secure fireproof safe on site and one copy should be retained in a suitable off site location. Recovery/restore procedures should also be retained at the off site location.</p>	<p>Agreed, this will be completed by September 2011.</p> <p>September 2011</p>
<p>It is recommended that a formal Disaster Recovery (DR) Plan should be documented and implemented for the system. The Plan should include, though not be limited to the following:</p> <ul style="list-style-type: none"> • Invocation and escalation procedures; • Alternative business continuity arrangements; • The anticipated time to recover the application (Recovery Time Objectives); and • Details of back-up tapes and their location. <p>Furthermore, the Business Continuity Plan (BCP) should be</p>	<p>Agreed. We now operate in a new department (Regeneration and Major Projects) the departmental BCP is therefore to be dated. We are reviewing the practicality of doing a reinstall in the event that the Manhattan system becomes fatally damaged and may decide to not reinstall data on this system but move to an install on FMX. Where we would operate from in the event of a loss of physical accommodation will be investigated.</p> <p>September 2011</p>






Recommendation	Management Response / Deadline for Implementation
<p>updated to amend the Manhattan system back-up and procedures location and detail alternative location arrangements in the event of a disaster. Once implemented, both the Plans should be subject to annual review and testing.</p>	
<p>It is recommended that management should ensure that an appropriate Contract is in place with the supplier to provide support for the Manhattan system.</p> <p>A Service Level Agreement (SLA) should be defined and agreed with the suppliers as well as ICT for support and recovery of the system.</p> <p>The SLAs should clearly define the following:</p> <ul style="list-style-type: none"> • Scope of support to be provided; • Response and Resolution Levels per priority of call raised; • Procedures for escalation; and • Arrangements for the monitoring of performance against the SLA. 	<p>We do not intend to set up a SLA with Manhattan given the very short remaining life of this system. ICT will be responsible in future for ensuring data is backed up and reinstalled on the FMX system.</p> <p>September 2011</p>

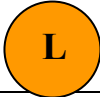
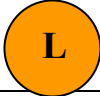
Contender System (Reported in February 2011)	Control weaknesses were identified in the following areas: generic and excessive admin user accounts; lack of review of user accounts, weak password features; procedures for adding, amending and removing user access; input validation checks; secure retention of source documents; timeliness reporting; interface reconciliation; uncontrolled amendments to master/standing data; lack of audit logs; undocumented and untested disaster recovery and business continuity arrangements for the system; lack of service level agreement and lack of change control procedures for applying upgrades and patches.	
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Recommendation	Management Response / Deadline for Implementation
<p>Formal Disaster Recovery and Business Continuity Plans should be documented and implemented for the Contender system. The Plans should include, though not be limited to the following:</p> <ul style="list-style-type: none"> • Invocation and escalation procedures; • Alternative business continuity arrangements; • The anticipated time to recover the application (Recovery Time Objectives); and • Details of back-up tapes and their location. <p>Once implemented, the Plans should be subjected to annual review and testing.</p>	<p>Agreed. Disaster Recovery and Business Continuity Plans will be documented and implemented for the system, and annual review and testing will take place.</p> <p>April 2011</p>

LIMITED ASSURANCE REPORTS – School Audits



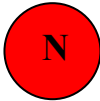
As detailed in the Executive Summary, a number of our school reports have not yet been finalised due to schools not having provided responses to the recommendations raised. Further details regarding this are set out within the Annual Audit Report 2010/11. As such, a common set of key weaknesses have been identified across the schools, as also outlined in the Executive Summary. We have therefore not listed all agreed priority 1 recommendations in this section.

Copland Community School (Reported in December 2010)	Five priority 1 and six priority 2 recommendations were raised as a result of this audit. All priority one recommendations were agreed by the school.	
Kingbury Green Primary School	Five priority 1 and six priority 2 recommendations were raised as a result of this audit. All priority one recommendations were agreed by the school	
Harlesden Primary School	Six priority 1 and eight priority 2 recommendations were raised as a result of this audit. All priority one recommendations were agreed by the school	
Newman Cathilic College (Reported in February 2011)	Eleven priority 1 and seventeen priority 2 recommendations were raised as a result of this audit. All priority one recommendations were agreed by the school.	
Braincroft Primary	Eight priority 1 and 15 priority 2 recommendations were raised as a result of this audit. All priority 1 recommendations were agreed by the School.	

Queens Park Community College	Eleven priority 1 and 20 priority 2 recommendations were raised as a result of this audit. All priority 1 recommendations were agreed by the School.	
Malorees Infants	Fourteen priority 1 and 18 priority 2 recommendations were raised as a result of this audit. All of priority 1 recommendations were agreed by the School.	

LIMITED / NIL ASSURANCE REPORTS – BHP

As above, Final Reports for BHP are reported on separately to the BHP Audit & Finance Sub-Committee and hence the detail is not included below.

Budget Monitoring & Control (Reported in February 2011)	Final Report Reported separately to the BHP Audit & Finance Sub-Committee.	
HR & Recruitment (Reported in February 2011)	Final Report Reported separately to the BHP Audit & Finance Sub-Committee.	
Resident Associations – Community Facilities (Reported in December 2010)	Final Report Reported separately to the BHP Audit & Finance Sub-Committee.	

NON ASSURANCE WORK

This section summarises other work undertaken during the year for which an assurance opinion was not applicable.

<p>Establishments - Thematic Work (Stage 1)</p>	<p>Following the completion of a number of establishment audits in previous years, including both day centres and residential care homes, a summary report was produced in early 2010/11 setting out the key areas of weakness and the recommended course of action to address them.</p> <p>A key aim of the report was to raise awareness and understanding of the reasons why we were highlighting the specific control weaknesses and of the importance of the controls / actions being recommended. Additional guidance was therefore included in this respect. An additional objective of this approach was to seek to help management address these weaknesses in a consistent manner across all establishments.</p> <p>Key areas for improvement included:</p> <ul style="list-style-type: none"> • Adopting a formal Scheme of Delegation and detailed procedure notes; • Monitoring cash levels held and segregation of duties with regards to petty cash; • Implementing limits on petty cash floats and ensuring reconciliation are carried out; • Adopting formal policies in relation to income from service users and hirers; • Ensuring invoices are raised and debt is recorded and monitored with regards to income from service users and hirers; • Issues around authorisation of income forms and frequency of banking had also been identified; • The use of official purchase orders when making purchases and further segregation of duties around procurement; • Maintaining stock records; and • Maintaining an up to date inventory listing. <p>In addition to the summary report, we facilitated a workshop with management and key officers from across the establishments, so as to provide further guidance in respect of the recommendations raised.</p> <p>A second piece of work (Stage 2) was also undertaken in the final quarter to assess the status of implementation of the recommendations raised. As such, limited progress</p>	<p>Thematic Work</p>
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	was found to have been made. At the time of writing this has yet to be finalised as responses are needed from management in respect of the further actions still needing to be made.	
Libraries	Investigation into allegations regarding the manipulation of usage numbers (visitors and book issues) at some of the Council's libraries. The result of the investigations was that no evidence was found to substantiate the allegations. However a number of areas in which controls could be strengthened were identified for action by management.	N/A
Foster Care Payments	Review of arrangements to address previous audit recommendations and assessment of adequacy of new arrangements for payments since the last review by Internal Audit.	N/A

AUDITS AT DRAFT REPORT STAGE

Each of the following audits have been completed and Draft Reports issued. At the time of writing, these have not been finalised as responses have not been received from management with regards to the recommendations raised.

Audit	Status as at June 2011
Reablement	Draft Report
Corporate Property Service Model	Draft Report
Children's Centres Financial Management	Draft Report
Use of SEN in Children's Centres	Draft Report
CRC Energy Efficiency Scheme	Draft Report
Early Year Single Funding Formula	Draft Report
Oakington Manor Primary School	Draft Report
Michael Sobell Sinai Primary School	Draft Report
Kingsbury High School	Draft Report
Jewish Free School	Draft Report
Alperton Community School	Draft Report
Claremont High School	Draft Report
Wembley High Technology College	Draft Report
Convent of Jesus & Mary Language College	Draft Report
Rent Arrears Management (BHP)	Draft Report
Establishments - Thematic work (Stage 2)	Draft Report
Accounts Payable (Creditors)	Draft Report
Accounts Receivable (Debtors)	Draft Report
General Ledger	Draft Report

Audit	Status as at June 2011
Anti Virus Controls (IT)	Draft Report
Network Infrastructure (IT)	Draft Report
Civic Centre	Draft Report
Licensing	Draft Report
Capital Budgeting	Draft Report
Cash & Bank	Draft Report
Direct Payments – Children Social Care	Draft Report
Housing Benefits	Draft Report
Pensions Scheme Administration	Draft Report
Our Lady of Lourdes	Draft Report
Temporary Accommodation	Draft Report

Follow-Up of Previously Raised Recommendations

The table below provides a summary of the findings from the follow-up work completed during the year to date, 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	
Waste Management	3	-	-	1	-	-	-	-	-	4	-	-	-	N/A
Blue Badges	1	1	-	1	1	-	-	-	-	2	2	-	-	N/A
Freedom Passes	3	-	-	3	1	-	1	1	-	7	2	-	-	N/A
Joint Commissioning	2	-	-	1	-	-	-	-	-	3	-	-	-	N/A
Section 106	1	2	-	-	2	1	-	-	-	1	4	1	-	N/A
Traffic Management	1	1	-	3	3	-	1	-	-	5	4	-	1	N/A
Curzon Crescent Children's Centre / Nursery	3	4	-	3	2	3	1	-	-	7	6	3	2	N/A
Complaints	1	3	-	2	4	-	-	-	-	3	7	-	-	N/A
Bulky Waste	2									2			1	N/A
Recruitment (DRAFT)	2	1	-	3	1	1	-	-	-	5	2	1	-	N/A
Appointeeships & Deputyships	1	-	-	2	2	-	-	-	-	3	2	-	-	N/A
Facilities Management (DRAFT)	-	1	-	1	3	1	-	-	-	1	4	1	-	N/A
Corporate Health & Safety (DRAFT)	2	1	-	-	-	-	-	-	-	2	1	-	-	N/A

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			
Private Sector Procurement Team	2	1	-	3	2	-	-	-	-	5	3	-	-	N/A		
BCP (DRAFT)	-	1	-	-	-	2	-	-	-	-	1	2	-	N/A		
Transportation	1	-	-	2	-	-	1	-	-	4	-	-	-	N/A		
Registration and Nationality	1	2	-	4	-	-	-	-	-	5	2	-	-	N/A		
Bankline Application (IT Audit)	-	-	-	-	-	-	1	-	-	1	-	-	-	N/A		
Home Improvement Grants	1	-	-	8	-	-	2	-	-	12	-	-	1	N/A		
Remote Working (IT)	-	-	-	5	-	1	-	-	1	5	-	2	-	N/A		
Houses in Multiple Occupation				3	2									N/A		
Section 106	2			1	1	1				3	1	1		N/A		
Grants to Voluntary Organisation		1	1	2		1	2	1		4	2	2	1	Draft: Pending mgt response		
Insurance			2	4	2	4				4	2	6		P1 rec not implemented - to be implemented as part of new contract		
Total May 2011	29	19	3	0	52	26	15	0	9	2	1	0	88	45	19	6

Appendix A – Audit Team and Contact Details

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