





**Internal Audit
Progress Report 2011/12
London Borough of Brent
September 2012**

Executive Summary

Introduction	This report sets out a summary of the work completed to date against the 2012/13 Internal Audit Plan, including the assurance opinions awarded and any high priority recommendations raised.
Summary of Work Undertaken	<p>A range of audits have been undertaken since the beginning of the year, comprising both financial and non-financial systems, areas of One Council Projects and work across the schools.</p> <p>The Final Reports relate to the following areas, with further details of these provided in the remainder of this report:</p> <ul style="list-style-type: none">• Procurement;• Mayor's Office;• Mental Health;• Comensura (Appointment of Agency Staff);• Move to the Civic Centre;• Olympic Games Preparedness; and• Manor School.• Lyon Park Infants <p>We were due to carry out an audit in respect of the One Council Future of Customer Contact project. However, this has now been withdrawn following discussions with the Head of Service. The decision was made on the basis that the service is still going through major transformation and the project is scrutinised through various mechanism, including the project board meetings. Two audits in respect of Oracle Financials (one IT audit and a systems audit) have had to be removed from the plan as a result of significant changes which will need to be implemented as part of Project Athena. They have been replaced with alternative audits.</p>
One Council Project	<p>As stated in the previous section, we have carried out an audit in respect of the Move to the Civic Centre.</p> <p>Overall, we were able to confirm that governance arrangements are in place at various levels to monitor the progress of the Move to Civic Centre Project and relatively few weaknesses have been identified.</p> <p>The weaknesses for which recommendations were raised related to communications; and documentation retention requirements. There were other areas where further progress and development would be required for which recommendations were not raised as management were already aware of these elements and they were in the process of addressing these.</p>

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
SYSTEMS AUDIT	
Move to the Civic Centre	
SCHOOLS	
Lyon Park Infant 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.

Procurement

The audit focused on the controls in place with regard to the tendering process and compliance with the Council's Contract Procurement and Management Guidelines, the Blue Book.

There are a number of key areas where weaknesses were identified, including in relation to the retention of key documents; enforcing the requirement to notify the Corporate Procurement Unit (CPU) of procurements over £20,000; obtaining a Certificate Against Canvassing and Certificate of Non-Collusive Tendering; the opening of tenders; involvement of the Director of Finance's representatives in the evaluation process; and declaration of interests of officers involved in the tender process, including the evaluation panel members.

It should be noted that the CPU are currently reviewing the Council's procurement process and work is in progress to develop a more co-ordinated and consistent approach across the Council. We have been informed that the control weaknesses identified as part of this work are to be addressed as part of the review and any improvements made to the control environment in response to our recommendations are to be embedded within the new procurement process and reflected in the Blue Book.

Six priority 1 and three priority 2 recommendations were raised and agreed with management.



Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>Service Area Directors should be reminded of the need to put in place a structure to retain all key documents relating to tender processes for their respective Service Area. As part of this, types of documents that are expected to be retained should be clarified and responsibilities of officers should be defined.</p>	<p>Agreed. The E-Procurement changes will enable compliance to take place. CPU is aware that there is a constant need to ensure compliance in these areas, many of the issues raised relate to the pending introduction of e-Procurement projects, these are scheduled for completion in the next 6 months, CPU along with Legal continues to review the content of the Blue Book to ensure this is both up to date and easy to understand and follow. The</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
	<p>decision to move to an e-enabled procurement environment was largely informed by the belief that controls need to be improved and a mechanism for assuring compliance with process introduced.</p> <p>CPU agree that category managers working with Service Area Directors should remind colleagues of the need to exercise appropriate management control over these matters.</p> <p>CPU, Service Area Directors, Legal July 2013</p>
<p>Spend analysis should be undertaken by the CPU to identify any procurements exceeding £20,000 and confirm that the CPU have been notified and that quotes/tenders have been undertaken in line with the Blue Book.</p> <p>Consequences for non-compliance should be agreed by the Senior Management Team (SMT) and any incidences of non-compliance should be reported to the SMT to trigger the corrective actions.</p>	<p>Agreed.</p> <p>At present, the recommendation for spend analysis to be undertaken for all procurements over £20,000 is unrealistic and the volume of work is excessive. There is a spend analysis tool within Oracle that CPU can use to look at expenditure, however, this categorisation of spend looks at the owner / service area and/or the provider, neither are reliable indicators which are not being used correctly by the service areas..</p> <p>In July 2013 Brent will implement Oracle R12 and move to a “commitment accounting” environment which will allow intervention at an appropriate stage to ensure compliance in these areas. It is recommended that as this will enable compliance and better information to be made available that this recommendation is not pursued at this time, and could be reviewed in 12 months’ time.</p> <p>CPU agree that Category Managers working with Service Area Directors should remind colleagues of the need to exercise appropriate management control over procurement activity and category managers are working directly with colleagues to enable this to happen.</p> <p>Finance, CPU, Service Area Directors July 2013</p>
<p>The officers responsible for checking the tender</p>	<p>Agreed.</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>submissions should be reminded of the need to confirm that the Certificate Against Canvassing and Certificate of Non-Collusive Tendering have been signed by the all tenderers,</p> <p>Any outstanding certificates should be followed up and obtained promptly.</p>	<p>The blue book which contains the process for LBB procurement is in the process of being updated. Once this is done mechanisms including I-Procurement will ensure compliance. The process for certificates against canvassing will be part of that process.</p> <p>The new CPU team have recently completed a review of related documents and these are currently being approved by legal.</p> <p>CPU / Legal July 2013</p>
<p>The opening tender form should be completed and signed off by two authorised officers for all tenders.</p> <p>As part of the current review of the Blue Book, all references to appendices should be checked and an appendix of detailed guidance on receipting and opening tenders should be attached as indicated in the Blue Book. In addition, the opening tender form should also be attached to the Blue Book.</p> <p>The envelopes containing tenders should be date stamped and the record of the submission date should be retained. The opening tender form may be modified to capture the submission date of each tender.</p>	<p>Agreed.</p> <p>The new CPU team recently completed a review of related documents and these are currently being approved by legal. The process of signing the opening of tenders is currently undertaken by colleagues in Democratic Services. In relation to the 2 contracts where this did not take place. The Director has been provided with the information and a mechanism is in place to provide confidence that compliance with this procedure will occur.</p> <p>The decision to move to an e-enabled procurement environment was largely informed by the belief that controls need to be improved, in doing so we'll remove the need to carry out any / all of this largely admin role. The e-enablement will provide an auditable and flawless approach to recording such information.</p> <p>CPU December 2012</p>
<p>Representatives of the Director of Finance should take part in the evaluation process for high value contracts.</p>	<p>Agreed.</p> <p>With immediate effect CPU will ensure that representatives of the Director of Finance will be invited to take part in the evaluation process for high value contracts.</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
	CPU/Finance August 2012
<p>The declaration of interests relating to the officers involved in the tender process including the tender panel members should be checked at the beginning of the tender process. In addition, they should also be asked to confirm whether there have been any changes to their interests which have yet to be declared.</p> <p>It should be noted that this is a key control and is of increased importance with the introduction of the new Bribery Act 2010 and the need for organisations to demonstrate that controls are in place to prevent bribery and corruption from occurring.</p>	<p>Agreed.</p> <p>This is a matter of corporate compliance and as such needs the input of numerous functions. CPU and Legal to agree the required steps and that these be approved by audit / finance before adoption.</p> <p>CPU, legal, audit and finance September 2012</p>

Mayor's Office

The audit focused on the systems of control in place over the administration of the Mayor's Office.

A number of key weaknesses were identified in relation to the collection of income; banking; reconciliations; and payment processes as part of the Mayor's charity fund, and regarding monitoring the use of the Mayoral Car. In addition, weaknesses were identified relating to the monitoring and management of the Mayor's interests, and the extent to which the Mayor's Office are able to influence the engagements undertaken, including the formal reporting on Mayoral performance.

Given the potential significance to the Council as a whole of the reputational risks surrounding the Mayor, we raised five priority 1 and one priority 2 recommendations regarding these weaknesses. It is of critical importance that the Mayoral activities are wholly transparent and can stand up to intense public scrutiny, noting that reputational damage can occur regardless of whether issues are real or only perceived. This was also reflected in the assurance opinion awarded.

Each of the recommendations were agreed with management.



Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>The Mayor's Office should liaise with the Director of Legal and Procurement to determine whether a protocol can be introduced and incorporated within the Civic Handbook for dealing with instances where invitations are considered inappropriate, either on the basis of potential reputational damage to the Council or if the expected benefits for the Borough are limited. Such a protocol would require an escalation route in the event that a decision needed to be made as to whether an invitation could be accepted.</p> <p>In developing the protocol, management should consider whether the National Association of Civic Officers (NACO) mayoral performance analysis can be used to support making decisions on whether or not to accept invitations.</p> <p>In addition, an appropriate channel should be determined within the Council for formally reporting on the NACO analysis and the feedback summary that is currently monitored within the Mayor's Office to appraise the performance of the Mayoral</p>	<p>Agreed.</p> <p>This recommendation will be implemented including the use of NACO analysis in the suggested manner.</p> <p>Senior Lawyer Mayor's Office and Member Development Manager 31 October 2012</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
activities.	
<p>The Mayor's Office should obtain a copy of the Mayor's declaration of pecuniary interests upon appointment to office and that the Mayor should notify the Mayor's Office of any change to his or her disclosable pecuniary interests in addition to notifying the Monitoring Officer in accordance with the Members' Code of Conduct.</p>	<p>Agreed.</p> <p>The arrangements for disclosure of interests are about to be varied due to changes in the law. The new requirement is that members provide details of pecuniary interests which would not for example include the need to disclose the role of governor in a school on the register, nor membership of local groups or organisations.</p> <p>The Mayor is bound by the Code of Conduct which requires that all councillors do not use their position to confer a particular advantage on a group or person. This provision remains in the new Code.</p> <p>The Mayor's Office to obtain a copy of the Mayor's declaration of pecuniary interests upon appointment to office and the Mayor will be reminded to notify any changes.</p> <p>Mayor's Office and Member Development Manager Senior Lawyer 30 September 2012</p>
<p>The Chauffeur should be reminded of the need to complete journey logs, and that these should be kept on record by the Mayor's Office.</p> <p>In addition, periodic reconciliations should be undertaken between the journey log and the Mayoral diary of engagements together with the mileage readings from the Mayoral car.</p> <p>Where any discrepancies are identified, these should be followed up and resolved.</p>	<p>Agreed.</p> <p>The recommendation will be implemented as suggested.</p> <p>Mayor's Office and Member Development Manager 30 September 2012</p>
<p>Prior to paying the monies to the selected charities for 2011/12, confirmation should be sought from the Director of Finance that</p>	<p>Agreed.</p> <p>Pending confirmation from Finance that there will be an officer</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>they are financially sound and that the payments can be made. Going forwards, in addition to completing the financial assessment as part of the initial selection process at the start of each year, this should be repeated at year-end prior to the processing of the payment.</p>	<p>available to undertake this work.</p> <p>Director of Finance Confirmation to be obtained by the end of September</p>
<p>Bank reconciliations undertaken by the Graduate Trainee Financial Accountant should be reviewed by an independent officer.</p> <p>In addition, tickets sales and income collected should be reconciled by an independent officer as soon as is practical during the working week after a charity event. Any discrepancies should be followed up and resolved.</p> <p>In order to facilitate an effective reconciliation, donations and ticket sales will need to be recorded separately, and the ticket number(s) should also be recorded in the Income spreadsheet.</p>	<p>Agreed.</p> <p>The points raised in the recommendation will be addressed. With regards to the first point, pending confirmation from Finance.</p> <p>Director of Finance (first point, to be confirmed by the end of September) Mayor's P.A. and Business Manager (second point, when next event takes place) Mayor's P.A. (third point, as above)</p>

Mental Health Partnerhsip

The audit focused on the of the partnership arrangement with Central and North West London NHS Foundation Trust (CNWL) for the provision of social care to Brent residents with mental health issues.

The annual budget for the partnership is approximately £7.5m including approximately £3.5m for the Council staff members seconded to the Trust.

A Limited Assurance was given for this audit. A number of weaknesses in controls were identified including the following fundamental weaknesses:

- A lack of a current formal agreement – whilst the Executive approved an extension to the agreement, the partnership is currently operating without a formal agreement since it expired in 2007. Given the level of pooled funding, nature of services, and the scale of the operation, there are significant risk exposures, both reputational and financial; and
- A lack of defined performance measures – linked to the above, performance measures for the outcomes of the partnership have not been defined. It is noted that high level progress and concerns are discussed in the Partnership Board meetings, however, given the absence of defined measures, there are no reporting mechanisms in place to monitor the achievement of the partnership objectives. As detailed within the report, where performance in relation to Brent service users has been identified as needing improvement via the Trust’s own monitoring arrangements, we have been unable to identify what actions have been taken to address this. It is also noted that the frequency of Partnership Board meetings has declined and we were unable to determine the reasons for this.

Seven priority 1 and one priority 2 recommendations were raised and agreed with management.



Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>The partnership arrangement should be governed by a formal agreement covering the relevant period.</p>	<p>In parallel to this Audit, Adult Social Care (ASC) has been reviewing the MH service with an intention of obtaining a robust in depth knowledge of the service and to make a long term decision on how to transform the Mental Health Service in Brent. Subsequently ASC may decide to develop a s75 agreement to ensure that Central North West London (CNWL) Trust delivers the required changes and provides a high quality mental health service to Brent residents. Timescale for the s75 agreement or alternative arrangements to be in place is April 2013.</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
	Director of Adult Social Services April 2013
<p>A partnership performance management framework should be agreed between the two parties and included as part of the formal agreement. As a minimum, the framework should include, but not necessarily be limited to:</p> <ul style="list-style-type: none"> • Key Performance Indicators (KPIs) for the partnership; • Reporting line and reporting frequency; and • Protocol for addressing any poor performance. <p>In addition to the above, a performance management framework for the seconded staff should also be agreed and their performance overview should be reported to the Council.</p>	<p>S75 agreement or alternative will specify the requirements in this area. We will require a robust performance framework to be in place reporting on the Key National Performance Indicators, and also on the local agreed performance areas to be agreed with CNWL. We realise that there are no agreed governance structures in place to monitor performance and this is currently done on an ad hoc basis. S75 or alternative will detail the governance structures, responsibilities and how poor performance will be dealt with.</p> <p>DMT April 2013</p>
<p>A strategic review and analysis should be carried out in respect of the allocation of social workers.</p> <p>In addition, the allocation of social workers should be kept under a periodic review and amended as appropriate in line with demand and staffing pressures.</p> <p>The allocation should be determined in consultation with the Council and, where changes take place in respect of the allocation, including staff leaving, these should be communicated to the Council promptly.</p>	<p>A review is underway looking at the allocation of resources. The outcome of the review will be analysed by ASC DMT and a strategic view of the appropriateness of resources will be formed. A periodic review of allocation of social workers will be part of the s75 agreement and the findings will be presented to DMT. The new s75 agreement or alternative will require that the ASC lead officer to be informed of vacancies and recruitment and any changes to allocation of social work positions.</p> <p>Lead ASC MH officer To start in April 2013, and 6 monthly thereafter.</p>
<p>The issues arising from the CPA Audit should be discussed between the Trust and the Council to formulate an action plan with defined deadline and responsibilities.</p>	<p>The new performance framework will include the CPA audit and the ASC will expect regular robust audits to be carried out and the finding to be presented to the quarterly meetings. High level</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>The implementation of the action points should be followed up promptly as they fall due.</p> <p>As per recommendation no.2, this principle of defining action points and monitoring progress against them should be a key response to any identified instance of sub-standard performance.</p>	<p>monitoring to be done at the quarterly performance meetings between CNWL and ASC, and the operational monitoring to be overseen by the lead officer.</p> <p>Lead ASC Officer 6 monthly audits starting April 2013</p>
<p>The following points should be addressed by management in respect of procurement:</p> <ul style="list-style-type: none"> • Comparable costs should be presented to the Panel for all cases. Where this is not possible, reasons for not providing comparable costs should be approved by the Panel. Where the cheapest placement is not recommended, the justification should be provided and approved by the Panel. Discussions regarding these should be recorded; • Periodic analysis should be undertaken to determine whether a tender should be carried out to put in place a framework or call off contracts with agreed service quality standards and negotiated prices across various service provisions; and • Panel members and the care co-ordinator should be required to make a declaration of pecuniary interests. 	<p>Currently the MH placement panel requires to see more than one option explored for placements and wishes to see evidence of VfM consideration. As well as quality VfM discussion takes place between the panel members. We do realise that this is ad hoc and a more consistent approach will be in place across the MH teams when commissioning services. Our aim is to have one panel for all care packages to streamline the authorisation process and enforce consistency in quality and commissioning. The MH panel ToR will be revised.</p> <p>Through our engagement in the West London Alliance Adult Social Care Efficiencies Unit we are exploring the establishment in 2012/13 of a four year Approved Provider and Contractor Scheme (framework agreement) for Specialist Residential and Nursing Care services which may include care placements for mental health. The temporary accommodation service lease with Atlantic Properties is due for renewal in January 2013. Negotiations with the current provider are due to commence in autumn of this year, with the aim of securing an improved cost offer on a short term two year lease. Supported living accommodation for mental health is currently being re-procured via both a local Supporting People Services and a WLA Supporting People Services framework, with new contracts going live between January and April 2013. An Investment Review of Supporting People services, including mental health supported living, is currently being undertaken and will report at</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
	<p>end of October 2012. This Review will inform future commissioning of supported living services, both relating to scope and nature of future services.</p> <p>Lead Adult Social Service Officer/Head of Commissioning Nov 2012</p>
<p>The new budget management process should be kept under review. In addition, management should define and agree the following:</p> <ul style="list-style-type: none"> • Membership of the finance meeting; and • Frequency of the finance meetings. 	<p>Regular finance meetings are now in place. Membership & frequency of this meeting to be revised and the ToR of the meeting agreed by CNWL and ASC.</p> <p>Adult Social Services Finance Assistant Director 30 October 12</p>
<p>Annual timetable for the Partnership Board meeting should be agreed and meetings should be held regularly.</p> <p>The Board should determine the extent of performance information they require and determine the reporting line in respect of partnership KPIs.</p>	<p>Governance arrangement will be agreed following decisions made on the report recommendations from the internal review.</p> <p>Director of Adult Social Services October 2012</p>

Comensura

The audit focused on the process operated by Comensura for the provision of agency workers to the Council through agencies appointed by Comensura.

Overall, we were able to confirm that there is a mechanism in place to monitor the agencies' compliance with the key requirements through bi annual audit, and there are automated controls in place for the worker request process and timesheet approval. However, there were key weaknesses for which priority 1 recommendations have been raised and these related to; changes to hourly rates; audit of additional skill requirements and verification of documents; following up and sanctioning of non compliance; and balanced scorecards.

The weakness in respect of following up and sanctioning of non compliance is a fundamental issue given the number of agency workers whose evidence of right to work in the UK could not be provided and the level of agencies failing to confirm adequate CRB Disclosure and ISA Barred List Check process.

In addition to the four priority 1 recommendations, six priority 2 recommendations were also raised.



Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>Changes to hourly rates should be reviewed by a Comensura manager to confirm that the appropriate authorisation from the Council has been obtained prior to making any changes.</p> <p>Staff should be reminded of the need to retain evidence of the Council's request and approval relating to any such changes.</p>	<p>Agreed. The hourly rates have been set on the basis of the pre-determined job specification and these should not be changed without a full evaluation of the job specification requested and this should be approved by the Council. The Employee and Business Services Manager and the Council's consultant to work with Comensura to address this.</p> <p>Raj Soni-Alagh – Employee and Business Services Manager End September 2012</p>
<p>The following should be assessed as part of the audit of agencies:</p> <ul style="list-style-type: none"> • Retention of the photo ID; • Whether overseas police check results were reviewed where applicable; and • Where additional skill requirements were requested by the 	<p>Agreed. The Employee and Business Services Manager and the Council's consultant will liaise with Comensura to determine the way forward to address this issue.</p> <p>Raj Soni-Alagh – Employee and Business Services Manager The exact actions to be agreed by the end September 2012</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
recruitment manager, whether these have been met.	
<p>Instances of non compliance identified from audits should be followed up fully so that remedial actions are taken and that any outstanding issues are resolved.</p> <p>In addition, the current arrangement in respect of making decisions regarding the suspension of agencies or removing the agency worker should be reviewed. Any serious non compliance should be communicated to the Council's senior management and they should be consulted in the process of making decisions on whether the agency should be suspended or the agency worker should be removed depending on the nature and the extent of the non compliance.</p> <p>If senior management consider suspending non compliant agencies is not practical, alternative sanctions should be agreed and these should be applied consistently.</p>	<p>Agreed.</p> <p>The most urgent for us to address is the failure of Comensura to ensure CRB checks and Right to Work checks have been carried out by agencies before workers commence at Brent. We are taking action to cover this internally.</p> <p>Raj Soni-Alagh – Employee and Business Services Manager End September 2012</p>
<p>Audit results should be reflected in balanced scorecards for all agencies.</p>	<p>Agreed. The Employee and Business Services Manager and the Council's consultant will liaise with Comensura to determine the way forward to address this issue.</p> <p>Raj Soni-Alagh – Employee and Business Services Manager End September 2012</p>

NON ASSURANCE WORK

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

Olympic Games Preparedness

Introduction

The focus of this work was to assess the control environment in relation to the Council's preparations for the London 2012 Olympic Games and to raise recommendations to address areas of control weakness and/or potential areas of improvement.

London Council's document 'Preparing for the London 2012 Olympic and Paralympic Games in London Local Authorities' (hereafter referred to as "the Guidance") included a 'checklist' for local authorities to use to help ensure that they knew what they were responsible for delivering for the city and the Games and to help find ways to deliver these services in an effective way. Brent Council were involved in the production of this guidance documentation with the previous London 2012 Manager contributing to the London Councils Borough Reference Group and had also used this as a basis from which to approach preparing for the Games.

We did not provide an assurance opinion on the adequacy of the Council's plan for the Olympic Games or strategic advice on planning for the Olympic Games. Instead we sought to confirm the processes being followed by the Council to prepare for the London 2012 Olympic Games.

Overall Summary of Findings

Overall, on the basis of the documentation provided to us and the discussions held, arrangements were found to be in place with regard to the Council's preparation for the London 2012 Olympic Games. However, two priority 1 and one priority 2 recommendations were raised as a result of this work. The priority 1 recommendations related to more formal monitoring of the overall budget and confirming the appropriateness of the elements of the Guidance that have been omitted from the Operational Plans and the Service Area questionnaires. With regard to the later, whilst it was accepted that the London 2012 Manager was responsible for making such decisions and that the Operational Plans were reviewed by the Assistant Director of Environment & Neighbourhood Services, this focused on the overall plans as opposed to the selection of the elements of the Checklist contained within the Guidance. Through discussion, the reasons given by the London 2012 Manager for excluding certain elements seemed reasonable. However, we were not in a position to confirm the appropriateness of this and the potential impacts in the event that any gaps should have been considered were significant. The priority 2 recommendation related to gaining sufficient evidence to support updates provided by Service Areas regarding their preparedness.

All recommendations were agreed.

Manor School

Introduction

As requested by Manor School, on the basis of their Bursar being new in post, we carried out a pre-audit visit to discuss the key control processes which we would expect to be in place. In so far as they were able to, the Bursar outlined the extent to which they believed these were in place within the School, thereby identifying areas in which further actions were necessary to strengthen the control environment and ensure compliance with the Council's Financial Regulations for Schools.

The work was based solely on these discussions and we did not seek to verify the control processes described to us. An assurance opinion was not therefore awarded.

Overall Summary of Findings

On the basis of the discussions with the Bursar, a range of further actions were identified as being needed to strengthen the School's internal controls.

A report was issued which set out key expected controls, the current status against these, and any agreed actions.

Next Step

The School will be scheduled to receive a full Internal Audit visit in early 2013/14, at which time the agreed actions are expected to be embedded into the School's processes.

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	
Mayor's Office	-	-	-	1	-	-	-	-	-	1	-	-		
Traffic Management	1	1	3	-	-	-	-	-	-	1	1	3		<ul style="list-style-type: none"> • Invoicing Process* • Quality check on Application assessment** • Application of additional conditions***
Sports and Leisure Centre	2	-	-	2	2	-	-	-	-	4	2	-	1	
Harlesden Primary School	3	3	-	4	3	-	-	-	-	7	6	-	1	
Total	6	4	3	7	5	-	-	-	-	13	9	3	-	

*Management indicated that this was due to unforeseen staff absence but measures are now in place to cover any future such absence.





** Management indicated that the 5% quality check will be implemented from the end of September 2012.

***Management indicated that the application of additional conditions will be checked as part of the 5% quality check.

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
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Shahab Hussein – Computer Audit Sector Manager	