

AUDIT PANEL			
Report Title	INTERNAL AUDIT UPDATE REPORT		
Key Decision	NO		Item No. 5
Ward	ALL		
Contributors	EXECUTIVE DIRECTOR FOR RESOURCES		
Class	Part 1	Date: 22 September 2009	

## 1 Purpose of the Report

The purpose of this report is to present the members of the Audit Panel with:-

- an update on Internal Audit's progress against the 2008/09 audit plan,
- an update on Internal Audit's progress against the 2009/10 audit plan,
- an update on the implementation of previously agreed audit recommendations, and
- an overview on the performance of the Internal Audit contractor.

## 2 Recommendations

It is recommended that the Audit Panel:-

- 3.1 note the content of the report; and
- 3.2 comment on the format of the report

## 3 Background

- 3.1 As previously reported to this Panel, the contract for the internal audit service was awarded to RSM Bentley Jennison and commenced on 1<sup>st</sup> September 2008. Internal Audit is now split into a client side and a provider side. The client side consists of the Audit and Risk Manager who is supported by the Internal Audit Contract Manager while the provider side is RSM Bentley Jennison (the contractor).
- 3.2 The contractor was responsible for completing the outstanding audits in the revised internal audit plan for 2008/09, which was presented to members in September 2008. Whilst some of the audits in this plan had been completed by the in-house team prior to the service transferring to the contractor, the majority of the planned audits remained outstanding.
- 3.3 The audit plan for 2009/10 was approved by the Audit Panel at its meeting on the 12<sup>th</sup> March 2009. The contractor is responsible for

completing all the audits in this audit plan, together with any additional work that may be requested during the financial year.

- 3.4 The client side is responsible for managing the contract. They receive monthly monitoring reports from the contractor and have regular monthly meetings to discuss progress and any issues that arise. The Executive Director of Resources also meets with the contractor and the Audit and Risk Manager at least once a quarter.

**4 Audit update**

The detailed Internal Audit update report is attached at appendix A

**5 Legal Implications**

There are no legal implications arising directly from this report.

**6 Financial Implications**

There are no financial implications arising directly from this report.

**7 Equalities Implication**

There are no specific equalities implications arising directly from this report.

**8 Crime and Disorder Implications**

There are no specific Crime and Disorder implications arising directly from this report.

**9 Environmental Implications**

There are no specific environmental implications arising directly from this report.

**Background Papers**

There are no background papers reported.

If there are any queries on this report please contact the Audit and Risk Manager on 020 8314 9114.

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## 1. Audit Progress on the Audit Plan for 08/09

### 1.1

Directorate	Number of Audits Planned For 08/09	Number of Audits at Draft Report Stage	Number of Audits Completed and Final Report Issued	Number of Audits In Progress
CYP (Non Schools)	9	3	6	0
CYP (Schools)	35	10	25	0
Community Services	9	4	5	0
Customer Services	20	7	13	0
Resources	23	6	17	0
Regeneration	9	3	6	0
Cross Cutting	2	0	2	0
	<b>107</b>	<b>33</b>	<b>74</b>	<b>0</b>

This table shows a summary of the audits due for 08/09 and the progress made as at the 31/08/09.

The 08/09 internal audit plan has been completed to at least draft report stage. The table shows that there are 33 audits still at draft report stage.

A more detailed explanation of the progress of the individual audits can be found in the table in section 1.4

**1.2** Internal Audit have encountered some issues with the finalising of audit reports which have resulted in a few audit reports remaining in draft for longer than anticipated. These issues are being addressed by both the contractor and the Council. To bring a few long standing draft audits to a conclusion, Internal Audit have assumed that, as management have not raised any specific issues with the draft audit report, they are in agreement with the contents of the reports and the proposed recommendations that have been made. Internal Audit have therefore progressed to issuing these reports as final versions. For reporting and follow up purposes, the following timescales for implementing the recommendations and responsible officer have been adopted:-

- Fundamental recommendations should be given immediate attention by management and implemented within a maximum of three months after the final report date
- Significant recommendations should be given prompt attention by management and implemented within a maximum of six months after the final report date
- The timescale for implementing 'Merits Attention' recommendations is more flexible as these tend to relate to system enhancements and not necessarily the removal of control weaknesses. Internal Audit expect managers to implement these recommendations in a timely manner, ideally within twelve months of the final report date.

- The responsible officer for implementing the recommendations is the audit sponsor, usually the Head of Service.

**1.3** The contractor has reviewed, and enhanced, their processes for managing the issue of reports and bringing audits to a conclusion. The process for managers has been documented and is being issued to all Heads of Service. The document will also accompany the Audit Planning Schedules that are sent to managers at the start of the audit. The process sets out managers' responsibilities and the timescales for each stage of the reporting process, and has been agreed, and will be overseen by, the Internal Control Board.

**1.4** The table in this section shows the individual progress against each audit due to be completed for the 08/09 plan.

Directorate	Audits Planned	Status	Draft Issued	Assurance Level	Comment
Resources	Budget setting and control	Completed		Adequate	
Resources	Procurement Cards	Completed		Limited	Previously reported to Audit Panel
Resources	Photocopier Contracts	Completed		Limited	Previously reported to Audit Panel
Resources	IT Infrastructure Audit	Completed		N/A	Consultation report
Resources	IT Security Policy	Completed		N/A	Consultation report
Resources	Payroll	Completed		Limited	Further work required - see Payroll - additional testing below
Resources	Creditors - Procure to pay	Completed		Limited	Previously reported to Audit Panel
Resources	Risk management	Completed		Risk Managed	
Resources	Pension fund & Systems	Completed		Substantial	

Directorate	Audits Planned	Status	Draft Issued	Assurance Level	Comment
Resources	Treasury Management / Investments & loans	Completed		Substantial	
Resources	Performance Monitoring System - Peer Review	Completed		N/A	Consultation report
Resources	CEEF grant claim 07/08	Completed		N/A	Grant Claim
Resources	Agency Managed Service Contract	Completed		Substantial	
Resources	ICT Business Continuity	Completed		Limited	Previously reported to Audit Panel
Resources	Mobile Devices and Portable Storage	Completed		Limited	Summarised below
Resources	Main Accounting System / General Ledger	Completed		Substantial	
Resources	Criminal Records Bureau (CRB)	Completed		Adequate	
Resources	Capital Programme and Expenditure	Draft Issued	04/02/2009		
Resources	Freedom of Information / Data Protection Act	Draft Issued	13/03/2009		
Resources	HR / Payroll Integrated System – Pre Implementation Review	Draft Issued	26/02/2009		

Directorate	Audits Planned	Status	Draft Issued	Assurance Level	Comment
Resources	SCCM Software & Hardware Management System	Draft Issued	26/05/2009		
Resources	Fixed Assets	Draft Issued	31/07/2009		
Resources	Payroll - additional testing	Draft Issued	31/07/2009		
Customer	Grove Park Leasehold Services Charges	Completed		N/A	
Customer	Brockley PFI – Leasehold Service Charges	Completed		N/A	
Customer	Bereavement Services	Completed		Adequate	
Customer	Private Sector Leasing	Completed		Limited	Previously reported to Audit Panel
Customer	Tenant Management Organisations	Completed		Limited	Previously reported to Audit Panel
Customer	Abandoned Vehicles	Completed		Substantial	
Customer	Housing Benefits	Completed		Substantial	
Customer	Building Services	Completed		Adequate	
Customer	Cash collection and banking	Completed		Substantial	
Customer	Fleet & Vehicle Maintenance	Completed		Adequate	
Customer	Hostels	Completed		Adequate	

Directorate	Audits Planned	Status	Draft Issued	Assurance Level	Comment
Customer	Environmental Enforcement (CCTV)	Completed		N/A	Consultation report
Customer	Building Control	Completed		Substantial	
Customer	Debtors	Draft Issued	24/12/2008		
Customer	Concessionary Fares	Draft Issued	16/02/2009		
Customer	Housing 21	Draft Issued	01/06/2009		
Customer	Refuse - Trade	Draft Issued	07/07/2009		
Customer	Council Tax	Draft Issued	24/07/2009		
Customer	NNDR	Draft Issued	24/07/2009		
Customer	Registrars	Draft Issued	31/07/2009		
Community	Supporting People System	Completed		Substantial	
Community	Client Financial Affairs	Completed		Limited	Summarised below
Community	Sports Development & Leisure Centres	Completed		Substantial	
Community	Care Management IT system	Completed		Substantial	
Community	Supporting People Grant Claim 06/07	Completed		Substantial	
Community	Client Contributions for Residential and Domiciliary Care Services	Completed		Adequate	



Directorate	Audits Planned	Status	Draft Issued	Assurance Level	Comment
Community	Payments to residential and domiciliary care providers	Draft Issued	04/06/09		
Community	Procurement, Contracts & Brokerage	Draft Issued	10/06/2009		
Community	Community Mental Health - SLAM Partnership	Draft Issued	30/07/2009		
CYP - Non Sch	Grant Claims	Completed		N/A	Grant Claim
CYP - Non Sch	SEN: Recoupment	Completed		Substantial	
CYP - Non Sch	Youth Service	Completed		Limited	Summarised below
CYP - Non Sch	SEN: Independent School Placements & transport	Completed		Adequate	
CYP - Non Sch	Vulnerable Pupils	Completed		Substantial	
CYP - Non Sch	Payments for 3 & 4 Year Olds	Completed		Substantial	
CYP - Non Sch	Milwall Study Support Centre	Draft Issued	02/06/2009		
CYP - Non Sch	Sure Start Schemes	Draft Issued	31/07/2009		

Directorate	Audits Planned	Status	Draft Issued	Assurance Level	Comment
CYP - Non Sch	Children's Placements & Procurement	Draft Issued	24/07/2009		
Regeneration	Parking Income Collection	Completed		N/A	Consultation report
Regeneration	Winter Maintenance	Completed		Substantial	
Regeneration	Planning Section 106 agreements	Completed		Substantial	
Regeneration	Opening Doors	Completed		Substantial	
Regeneration	Corporate Estate - Property Asset Management	Completed		Substantial	
Regeneration	Passenger Services - Door To Door	Draft Issued	30/07/2009		
Regeneration	Land Management	Draft Issued	02/01/2009		
Regeneration	Land Charges	Draft Issued	09/12/2008		
Cross Cutting	LAA Delivery Plans	Completed		Substantial	
Cross Cutting	Strategic Partnerships	Completed		Substantial	
Schools	Brindishe	Completed		Substantial	
Schools	Childeric	Completed		Adequate	
Schools	Eliot Bank	Completed		Substantial	
Schools	Grinling Gibbons	Completed		Limited	Included in annual report on schools
Schools	Haseltine	Completed		Limited	Included in annual report on schools

Directorate	Audits Planned	Status	Draft Issued	Assurance Level	Comment
Schools	Sir Francis Drake	Completed		Substantial	
Schools	St John the Baptism	Completed		Substantial	
Schools	Meadowgate	Completed		Substantial	
Schools	St William of York	Completed		Limited	Included in annual report on schools
Schools	Brockley	Completed		Limited	Included in annual report on schools
Schools	Ashmead	Completed		Adequate	
Schools	St Bartholomew's	Completed		Limited	Included in annual report on schools
Schools	Perrymount	Completed		Adequate	
Schools	St John Ball	Completed		Limited	Included in annual report on schools
Schools	Christ Church	Completed		Substantial	
Schools	Chelwood Nursery	Completed		Adequate	
Schools	Coopers Lane	Completed		Substantial	
Schools	Gordonbrock	Completed		Limited	Included in annual report on schools
Schools	Greenvale	Completed		N/A	FMSiS only
Schools	Tidemill	Completed		Adequate	
Schools	Baring	Completed		Limited	Included in annual report on schools
Schools	Brent Knoll	Completed		Limited	Included in annual report on schools
Schools	Elfrida	Completed		Limited	Included in annual report on schools
Schools	Kelvin Grove	Completed		Limited	Included in annual

Directorate	Audits Planned	Status	Draft Issued	Assurance Level	Comment
					report on schools
Schools	St James Hatcham	Completed		Limited	Included in annual report on schools
Schools	Horniman	Draft Issued	23/03/2009		
Schools	New Woodlands	Draft Issued	03/04/2009		
Schools	St Winifred's Infants	Draft Issued	04/02/2009		
Schools	All Saints	Draft Issued	12/02/2009		
Schools	Holy Trinity	Draft Issued	02/01/2009		
Schools	Northbrook	Draft Issued	16/12/2009		
Schools	St Margaret's Lee	Draft Issued	03/03/2009		
Schools	St Saviour's	Draft Issued	20/02/2009		
Schools	St Winifred's Junior	Draft Issued	09/01/2009		
Schools	Downderry	Draft Issued	13/03/2009		

## 2. Summary of Finalised 08/09 Audits with Limited Assurance Opinions

This section shows a summary of the 2008/09 internal audit finalised reports where a limited assurance opinion has been issued, and the audit has not previously been reported to the Audit Panel. There are three audits that fall into this category and these are summarised below:-

**Client Financial Affairs – Community Services**

The review sought to give assurance to management on the adequacy of the controls in place around the management of Client's Financial Affairs. This is considered to be a high risk area as monies and properties due to clients' estates are collated and retained by the Council. Although the sums involved are not material, ineffective control of client's property could lead to significant damage to the Council's reputation.

This review found that a control framework to manage the financial affairs of clients was in place but not all of the controls were being applied or adhered to and in some areas the controls needed to be enhanced. Six merits attention recommendations have been made in addition to the fundamental and significant recommendations outlined below.

**Fundamental Recommendations Made**

1. A complete client money account should be set up for each client. Once the case is closed, any surplus balance should be transferred to the Treasury solicitor or recorded as an expense where there is a deficit on the account.
2. A cash reconciliation sheet must be retained for all clients where cash was found during the property search and signed by a secondary reviewer.
3. Where funds are collected from a third party, a copy of the receipt detailing the amounts collected must be obtained and retained on the client's file.

**Significant Recommendations Made**

1. Receipts for cash banked to be retained on the client's file.
2. Initial property search to be undertaken by at least two

**Mobile Devices, Portable Storage and WIFI - Corporate**

Over the past few years a large number of mobile devices have come into general usage that allow users to easily copy ever increasing amounts of data onto them and to move the data beyond the 'safe' confines of the office networks. Whether this is a laptop, mobile phone or memory stick the potential for data loss has increased significantly. The review sought to give assurance to management on the adequacy of the controls in place around the use of these devices.

This review found that the control framework to manage the use of mobile devices needs to be strengthened to protect the Council from potential loss or corruption to data. Two merits attention recommendations have been made in addition to the fundamental and significant recommendations outlined below.

**Fundamental Recommendations Made**

1. All users must receive training regarding security of data, including the types that should not be stored on laptops, DVD's flash drives etc.

**Significant Recommendations made**

1. The draft policies need to be ratified and communicated to Council employees and contractors using the Council's network.
2. Users connected to the Council's Network should be trained in the implications of the new policies.
3. Formal consideration on whether to allow the use of mobile devices needs to be given.
4. Once a policy has been set, new types of mobile devices must be formally approved prior to their connection to the

people and their details recorded on the client's file.

3. A digital camera should be used to record items found during the initial property search.
4. There must be a secondary review to verify the items found on the property search.
5. There should be at least a quarterly review of the property held by the Council and countersigned by two officers to confirm what is in safe keeping.
6. The maximum storage period permissible for the Council to hold client's property should be determined in order to reduce storage costs and reduce the risk of potential pilferage.
7. There should be a second key holder to the.
8. A record of items in the safe should be recorded and signed by the checking officer monitoring the contents of the safe.

Council's network.

5. The policy must also consider the need to bar the usage of such devices in areas where sensitive data is regularly in use.
6. Training needs to be provided in the security of data, in particular to those users that work in areas where client confidentiality is crucial.
7. Information circulars outlining the use of mobile devices should be issued to all staff in sensitive areas.
8. Smart phones and PDA's must not be allowed to be physically connected, via active sync, to the Council's network.
9. The default setting for mobile devices must require a password to be set before they are issued to users.
10. Guidelines are required to remind users of mobile/smart phones and PDA's that Bluetooth must be switched off when not in use.

### **Youth Services – Children and Young People**

The Council's youth service supports a range of opportunities for young people to engage in programmes of activity and learning. The service works with a number of partners in delivering programmes and directly operates across the geographical areas within the borough through youth centres managed by Council employees. The review sought to give assurance to management on the adequacy of the controls in place around the management of programmes, recording project outputs, engaging with partners and the CRB checking of staff.

This review found that a control framework to manage the

youth □service was in place but not all of the controls were being applied or adhered to and in some areas the controls needed to be enhanced.

**Significant Recommendations made**

1. To verify outcomes relating to the Duke of Edinburgh Awards, claims must be submitted on the appropriate form and supported by a print out from the D of E national database.
2. The detached workers project must submit regular returns showing outcomes on the appropriate form.
3. Procedures need to be strengthened to ensure double counting of outcomes does not occur, and to clarify the meaning of terms used to remove any ambiguity.
4. Monitoring returns must be regularly submitted by projects to quantify the services client base and aid service planning.
5. A quality assurance process needs to be put in place with a defined programme of work / visits to projects.
6. The quality assurance programme should provide the Head of Service with a summary update report at least quarterly.
7. Outcomes must be reported to management on a regular basis and corrective action taken where projects fail to provide the regular updates.

### 3. Audit Progress on the Audit Plan for 09/10

a. This table shows a summary of the progress on the 09/10 audit plan up to 01/09/09

Directorate	Original Plan Work for Year	Additional Audits requested	Cancelled Audits	Current Audit Plan	Draft Reports Issued	Final Reports Issued	Work In progress	Work not yet due
CYP (Non Schs)	21	1	1	21	2	1	6	12
CYP (Schools)	32		1	31	2	1	7	21
Community	26	4	3	27	10	2	1	14
Customer	12	1		13		1	1	11
Resources	21	1	1	21	1		5	15
Regeneration	8			8			3	5
Cross Cutting	8			8				8
	<b>128</b>	<b>7</b>	<b>6</b>	<b>129</b>	<b>15</b>	<b>5</b>	<b>23</b>	<b>86</b>

**3.2** Additional audits are audits that have either been requested or required to be undertaken after the agreed original audit plan has been agreed or after . The additional audits are as follows:

- **IT Governance** (Resources) – Added after IT audit needs assessment carried out
- **Environmental Health, Enforcement and Food Safety** (Customer Services) –Postponed late in 08/09 and put into 09/10 plan after it was agreed.
- **Community Centres** (Community) - Requested by department - Replaces Community Sector Grants Audit
- **Safeguarding Adults** (Community) – Requested by department
- **Amersham Childhood Centre** (CYP –Non Schools) – Requested by department
- **Lifestyle Centres** (Community) – Originally planned as one audit, but now separated into three separate audits, Leemore, Mulberry and Naborhood Centres.



**3.3** Cancelled audits are audits that were originally in the agreed audit plan, but have subsequently been cancelled for various reasons. The list of cancelled audits are as follows:

- **Crofton School** (CYP - Schools) - Crofton School had changed its name to 'Prendergast Ladywell Fields College', and as such the school had been included in the 2009/10 audit plan under both names.
- **Data Voice / IP Network** (Resources) – Cancelled after IT audit needs assessment carried out
- **Community Sector Grants** (Community) – Replaced with Community Centres at departments request
- **Music Service** (CYP- Non Schools) – Cancelled at departments request due to external review being completed.
- **Client Contributions for Residential and Domiciliary Care** (Community) – Due to 08/09 audit not being finalised, the is will be cancelled and revisited in 10/11.
- **Client Financial Affairs** (Community) – Full follow-up audit due at in Q3.

**3.4** The table in this section shows the progress for each audit included in the 09/10 audit plan. The categories for the types of audits are explained here.

Key To Categories					
FF	Fundamental Financial	PC	Procurement and Contract	O	Operational
S	Strategic	IT	Information Technology	E	Establishment – includes schools
G	Governance				

<b>Audit Ref No.</b>	<b>Dir.</b>	<b>Cat.</b>	<b>Audits title</b>	<b>Audit Brief</b>	<b>Qtr</b>	<b>Draft Issued Date</b>	<b>Final Issued Date</b>	<b>Assurance Level / FMSiS</b>	<b>Comments</b>
	Res	FF	<b>Creditors (Accounts Payable)</b>	Review of Creditors payments and system	Q2				
	Res	FF	<b>Budget Setting &amp; Control</b>	Review budget setting and monitoring processes	Q3				
	Res	FF	<b>Capital Programme and Expenditure</b>	Review forecasting and monitoring for the capital programme.	Q3				
	Res	FF	<b>Main Accounting System / General Ledger</b>	Review of the main accounting system. To include accruals, suspense accounts, journals and amending of account codes.	Q3				In Progress
	Res	FF	<b>Payroll</b>	Review of salary overpayments and overtime claims.	Q3				
	Res	FF	<b>Pension fund and Payroll</b>	Review the transfer in and out of the scheme and monitoring of the fund	Q3				
	Res	FF	<b>Treasury Management / Investments and loans</b>	Review the monitoring arrangements of investments and loans	Q3				In Progress
	Res	FF	<b>Fixed Assets</b>	Review of the fixed asset register.	Q4				
RES1	Res	S	Central Recharges	Review processes for central recharges	Q1	27/08/09			

Audit Ref No.	Dir.	Cat.	Audits title	Audit Brief	Qtr	Draft Issued Date	Final Issued Date	Assurance Level / FMSiS	Comments
	Res	S	Electoral Services	Review the significant reliance on IT systems and management of the European election in June 2009	Q1				In Progress
	Res	S	Managing Sickness and Absence	Review the process of referrals to Occupational Health and the monitoring of recommendations	Q2				
	Res	S	CRB Checks	Review Criminal Record Bureau (CRB) checks, to include checks for existing staff.	Q3				Delayed from Q2 to Q3 as a more detailed review requested by management
	Res	S	Insurance	Review the adequacy of insurance arrangements	Q3				Delayed from Q2 to Q3 as a more detailed review requested by management
	Res	G	IT Governance Management	Review of the organisations IT governance	Q2				Additional Audit After IT Assessment - brought forward from Q3
	Res	G	Governance	Review of the Governance arrangements for the council	Q3				
	Res	PC	Use of Consultants	Review use of consultants to included database	Q2				In Progress

Audit Ref No.	Dir.	Cat.	Audits title	Audit Brief	Qtr	Draft Issued Date	Final Issued Date	Assurance Level / FMSiS	Comments
	Res	PC	Communications - Design & Print Contracts	Review the re-tendering of the printing contracts (current contracts due to end in 2010.)	Q2				
	Res	PC	Sustainable Resources - Negotiation of Energy Contracts	Review the process of selection of energy contracts.	Q2				
	Res	PC	Contracts Management	Review of awarding, controlling and managing contracts.	Q3				Delayed due to other high priority specialist contract audit work.
	Res	IT	Share Point	Review the system for contingency arrangements and overall management	Q2				In Progress
	Res	IT	Meridio - Record Management System	Review of security issues regarding confidentiality, agency staff vetting process and budgetary control	Q3				Delayed from Q1 to Q3 due to staffing issues.
	Res	IT	Data Voice/IP Network		n/a				Cancelled After IT Assessment
	Cus	FF	<b>Debtors</b>	Review the raising of debtor accounts, debt recovery process and management report	Q2				In Progress Delayed due to late issue of the 08/09 audit report
	Cus	FF	<b>Cash collection and banking</b>	Review the cash collection and banking system including web based collections, the	Q3				

Audit Ref No.	Dir.	Cat.	Audits title	Audit Brief	Qtr	Draft Issued Date	Final Issued Date	Assurance Level / FMSiS	Comments
				accounting officer system, over and under banking and the setting up of bank accounts.					
	Cus	FF	<b>Council Tax</b>	Review billing, single person discounts and enforcement	Q3				
	Cus	FF	<b>Housing Benefits</b>	Review of payment and reconciliations of benefits.	Q3				
	Cus	FF	<b>NNDR</b>	Review of charging, billing, collection and enforcement as new IT system	Q3				
	Cus	S	Homelessness	Review the finance arrangements, budget changes and authorisation for expenditure	Q3				
	Cus	IT	Customer Relationship Management System (CRM)	Review of the CRM to see if it adds value to the process after pilot is complete.	Q4				
CUS1	Cus	O	Environmental Health Enforcement, H&S, & Food Safety	Review the food safety inspections	Q2	24/08/09	26/08/09	Substantial	Additional audit - originally in 08-09 plan
	Cus	O	Private Sector Housing - grants	Review the assessments of disability and home improvement grants	Q3				

Audit Ref No.	Dir.	Cat.	Audits title	Audit Brief	Qtr	Draft Issued Date	Final Issued Date	Assurance Level / FMSiS	Comments
	Cus	O	Empty Properties	Review of properties where the LA takes over derelict properties on 7 yr lease and improves the property in that time.	Q3				
	Cus	O	Vehicle Fleet	Review the purchase and leaseback of fleet maintenance and monitoring of fuel.	Q3				
	Cus	O	Fly Tipping	Review the monitoring arrangements to prevent and identify fly tipping	Q3				
	Cus	O	Trading Standards	Review the surveillance process, joint working arrangements and under age sales	Q3				
	Com	FF	<b>Payments to residential and domiciliary care providers</b>	Review the payments to care service providers, including the monitoring of costs to agreed prices.	Q3				
	Com	S	Safeguarding Adults	Review into the controls around safeguarding adults.	Q3				Additional Audit at management's request
	Com	PC	Supporting People Procurement & Decommissioning	Review the processes for reviewing legacy 'supporting people' contracts including the decommissioning arrangements	Q2				

Audit Ref No.	Dir.	Cat.	Audits title	Audit Brief	Qtr	Draft Issued Date	Final Issued Date	Assurance Level / FMSiS	Comments
	Com	PC	Procurement, Contracts & Brokerage	Review of obtaining and booking care home beds	Q4				
	Com	IT	Adult Social Care IT System	Review of the SWIFT system including the migration of the data	Q4				
	Com	O	Carers Grant	Review the issuing, assessing and controlling of carers grants	Q2				
	Com	O	Independent Living	Review of services with a particular focus on adults with learning disabilities	Q2				
COM6	Com	O	Supported Housing & Care - Sheltered Housing	Review the assessing of clients for sheltered housing	Q2	13/08/09			
COM5	Com	O	Community Centres	Review of fees and charges surrounding hire of community centres	Q2	29/07/09	05/08/09	Adequate	Additional Audit Replaced Community Sector Grants
COM10	Com	O	Local Assembly Neighbourhood Fund (Mayor's Fund)	Review of the system for managing the fund	Q2	28/08/09			
	Com	O	Community Education Lewisham (CEL)	Review of new structure and their systems.	Q3				
	Com	O	Supported Housing & Care - Homecare and Link Line	Review the system for assessing clients for homecare and monitoring service delivery .	Q3				Due to availability of resources the scope has been restricted to homecare

Audit Ref No.	Dir.	Cat.	Audits title	Audit Brief	Qtr	Draft Issued Date	Final Issued Date	Assurance Level / FMSiS	Comments
	Com	O	Nursing Care	Review into how the need for nursing care is assessed and PCT charges	Q3				
	Com	O	Direct Payments / Individual Budgets	Review of the system of allocating direct payments	Q4				
	Com	O	Youth Offending Team	Review the controls of the YOT service	Q4				
	Com	O	Client Financial Affairs		N/A				Cancelled - Full follow up due at in Q3
	Com	O	Community Sector Grants		N/A				Cancelled at request of management - Replaced with audit of Community Centres
	Com	O	Client contributions for residential and domiciliary care services		N/A				Cancelled - 08/09 report not yet finalised and is expected to have adequate opinion. Will revisit in 10/11
	Com	E	Blackheath Village Library	A review of the library in accordance to audit library plan	Q1	28/08/09			
COM14	Com	E	Lewisham Central Library	A review of the library in accordance to audit library plan	Q1	28/08/09			



Audit Ref No.	Dir.	Cat.	Audits title	Audit Brief	Qtr	Draft Issued Date	Final Issued Date	Assurance Level / FMSiS	Comments
	Com	E	Forest Hill Library	A review of the library in accordance to audit library plan	Q1	28/08/09			
COM13	Com	E	Wavelengths Library	A review of the library in accordance to audit library plan	Q1	28/08/09			
COM2	Com	E	Broadway Theatre	Review of cash income and security and finance systems	Q1	17/06/09	28/08/09	Limited	Summarised in section 5. below
COM4	Com	E	Hughesfield Day Centre	Review of day centres in accordance to the day centre audit plan	Q1	14/07/09			
COM3	Com	E	Ladywell Day Centre	Review of day centres in accordance to the day centre audit plan	Q1	22/06/09			
	Com	E	Wesley Halls Day Centre	Review of day centres in accordance to the day centre audit plan	Q2				In Progress
	Com	E	Leemore Lifestyle Centre	Review of day centres in accordance to the day centre audit plan	Q2				In Progress - Lifestyle audit was originally one audit, but now split into three audits.
	Com	E	Honor Lea Hostel	Review of hostel managed by SLAM but staffed by LBL	Q3				
COM9	Com	E	Mulberry Lifestyle Centre	Review of day centres in accordance to the day centre audit plan	Q2	28/08/09			In Progress - Lifestyle audit was originally one audit, but now

Audit Ref No.	Dir.	Cat.	Audits title	Audit Brief	Qtr	Draft Issued Date	Final Issued Date	Assurance Level / FMSiS	Comments
									split into three audits.
COM8	Com	E	Naborhood Lifestyle Centre	Review of day centres in accordance to the day centre audit plan	Q2	28/08/09			In Progress - Lifestyle audit was originally one audit, but now split into three audits.
	CYP	S	Estate Management	Review the systems for managing CYP estate, including the repair and maintenance of properties.	Q2				In Progress
	CYP	S	Safeguarding Children/Child Protection	Review into how LBL is complying with the recommendations in the report on the review carried out at LB Haringey	Q3				Likely to be postponed or cancelled due to an extensive review by external consultants
CYP3	CYP	PC	School Catering	Review the arrangements for the retendering of the schools catering contract	Q1	27/08/09			
	CYP	PC	Social Care Contractual Arrangements (include preferred provider framework)	Review the tendering of social care providers, including financial assessments and payment over the set contract	Q3				
	CYP	IT	Integrated Children's System (IT System)	Review of monitoring of PI's and ICT back up arrangements	Q1				In Progress

Audit Ref No.	Dir.	Cat.	Audits title	Audit Brief	Qtr	Draft Issued Date	Final Issued Date	Assurance Level / FMSiS	Comments
	CYP	IT	Contact Point - ISA Audit	Review of the annual assurance on security and access according to DCSF requirement	Q4				
	CYP	O	The Fair Playbuilder Programme	Review payments to service providers and monitoring of service	Q1				In Progress – title changed from “Early Years and Play”
CYP1	CYP	O	Free school meals	A review of the procedures surrounding the issue and assessing for free school meals	Q1	10/08/09	12/08/09	Substantial	
	CYP	O	Adoption	Review of system for adoption to include changes since the judicial review.	Q2				
	CYP	O	SEN transport (door to door)	Review the SLA.	Q2				
	CYP	O	Education Business Partnership	Review controls for monitoring the partnership	Q2				
	CYP	O	Family Support & Intervention	Review the controls in the family support and intervention systems	Q2				In Progress
	CYP	O	Looked After Children (Residential Placements)	Review the systems for dealing with looked after children	Q2				
	CYP	O	School Maternity Supply Cover	Review the controls in the system for providing maternity cover to	Q2				In Progress

Audit Ref No.	Dir.	Cat.	Audits title	Audit Brief	Qtr	Draft Issued Date	Final Issued Date	Assurance Level / FMSiS	Comments
				schools					
	CYP	O	Section 17 - Payments to Families in Crisis	Review payments and provide an analysis.	Q2				
	CYP	O	Fostering	Review of the monitoring of payments to foster carers and overpayments to carers.	Q3				In Progress
	CYP	O	Professional Development Centre	Review of charges, costings and collection of income for hire of meeting rooms	Q3				
	CYP	O	Payments and Commitments to Children	Review the controls around the use of payment cards for payments to children	Q4				
	CYP	O	Children's Residence Orders	Review of the assessment for residences orders to include financial assistance to family members	Q4				
	CYP	O	PRG (Programme Working Group) for CYP	Review of the building programme for schools including pupil number estimates & allocation of places	Q4				
	CYP	O	Music Service		N/A				Cancelled – full external review of the service carried out

Audit Ref No.	Dir.	Cat.	Audits title	Audit Brief	Qtr	Draft Issued Date	Final Issued Date	Assurance Level / FMSiS	Comments
CYP2	CYP	E	Amersham Childhood Centre	Review the financial controls and assets	Q1	28/08/09			Additional Work requested by management
	Reg	S	Asset Management Plan	Review systems for maintaining and reviewing the asset management plan taking into consideration the economic downturn.	Q3				
	Reg	S	Capital Programme Management	Review of the control and management of a sample of capital projects	Q4				In Progress
	Reg	S	PFI Client Arrangements	Review the arrangements for PFI projects.	Q4				
	Reg	IT	Parking IT System	Review the new IT parking system	Q3				Delayed due to IT and Legal Issues
	Reg	O	Parking - on and off street	Review of the system for managing the on and off street parking contract, including debt recovery of PCN.	Q2				In Progress
	Reg	O	Highways	Review the new highway contract	Q3				
	Reg	O	New Deals for Communities	Review the succession strategy as NDC is winding down.	Q3				

Audit Ref No.	Dir.	Cat.	Audits title	Audit Brief	Qtr	Draft Issued Date	Final Issued Date	Assurance Level / FMSiS	Comments
	Reg	O	Planning & Economic Development	Review planning application & approvals and the collection of income	Q3				In Progress
	CC	S	Partnership Arrangements	Review the commissioning legislation for joint financing and PCT handover of services due in 09.	Q3				
	CC	S	Care Planning Arrangements - Transition from Children's to Adults	Review of funding / money that follows a person through children's to adult services.	Q2				
	CC	S	Sustainable Community Strategy (SCS) and Local Area Agreement (LAA)	Review the LAA are in line with SCS. Include reviewing delivery plans and targets	Q3				
	CC	S	Property Asset Management	Review of the arrangements for managing properties that are not included in the Corporate or CYP estates	Q4				
	CC	G	Data Quality and Information Management	Review the integrity and security of data across the Council	Q3				
	CC	G	Risk Management	Review of the organisations risk maturity	Q4				

Audit Ref No.	Dir.	Cat.	Audits title	Audit Brief	Qtr	Draft Issued Date	Final Issued Date	Assurance Level / FMSiS	Comments
	CC	O	Single Homelessness Intervention & Planning (SHIP)	Review the process of the central assessments and referral service and placements of clients	Q3				
	CC	O	Grants	Review process of obtaining, receipt and recording of grants. To include looking at compliance with grant conditions.	Q3				
SCH1	Sch	E	Hither Green Primary School	FMSiS only	Q1	17/06/09	17/06/09	Standard Met	FMSiS only no audit conducted
SCH3	Sch	E	St Michaels	FMSiS and School Audit	Q1	10/07/09			
	Sch	E	Prendergast Hilly Fields	FMSiS and School Audit	Q1				In Progress
	Sch	E	Prendergast Ladywell	FMSiS and School Audit	Q1				In Progress
	Sch	E	Watergate	FMSiS and School Audit	Q1				In Progress
SCH2	Sch	E	Clyde Nursery	School audit only	Q1	17/06/09			
	Sch	E	Holbeach	FMSiS and School Audit	Q2				In Progress FMSiS postponed
	Sch	E	Catford Business & Enterprise College	FMSiS and School Audit	Q2				
	Sch	E	Sedgehill	FMSiS and School Audit	Q2				In Progress
	Sch	E	Sydenham	FMSiS and School Audit	Q2				In Progress
	Sch	E	Pendragon Secondary School	FMSiS and School Audit	Q2				
	Sch	E	Athelney Primary School	FMSiS and School Audit	Q3				

Audit Ref No.	Dir.	Cat.	Audits title	Audit Brief	Qtr	Draft Issued Date	Final Issued Date	Assurance Level / FMSiS	Comments
	Sch	E	Edmund Waller Primary School	FMSiS and School Audit	Q3				
	Sch	E	Forster Park JMI	FMSiS and School Audit	Q3				
	Sch	E	Kender Primary School	FMSiS and School Audit	Q3				
	Sch	E	Kilmorie Primary School	FMSiS and School Audit	Q3				
	Sch	E	Launcelot Primary School	FMSiS and School Audit	Q3				
	Sch	E	Northbrook Primary School	FMSiS only	Q3				
	Sch	E	Our Lady & St Philip Neri JMI	FMSiS and School Audit	Q3				
	Sch	E	Sandhurst Infants	FMSiS and School Audit	Q3				
	Sch	E	St Mary Magdalene Primary School	FMSiS and School Audit	Q3				
	Sch	E	St Stephens Primary	FMSiS and School Audit	Q3				
	Sch	E	Bonus Pastor RC	FMSiS and School Audit	Q3				
	Sch	E	Crossways	FMSiS and School Audit	Q3				
	Sch	E	Forest Hill	FMSiS and School Audit	Q3				In Progress
	Sch	E	Brent Knoll	FMSiS only	Q3				
	Sch	E	Adamsrill JMI	School audit only	Q4				
	Sch	E	St Josephs Primary School	FMSiS and School Audit	Q4				
	Sch	E	Addey & Stanhope	FMSiS and School Audit	Q4				
	Sch	E	Crofton School		N/A				Cancelled - merged with Prendagast Ladywell



- 3.5** The progress against the 09/10 audit plan has been slow during the first quarter of 2009/10 as the contractor has been concentrating on bring the audits in the 08/09 plan to a conclusion. The contracted has assigned additional resources to the contract to relieve the pressure expects they will be back on target by the end of October 2009.

#### **4. Summary of Finalised Reports with Substantial and Adequate Assurance Opinions**

This section of the report provides a brief overview of the 09/10 non school audits that have been finalised with either a substantial or adequate assurance opinion. The finalised audit reports for schools will be reported separately to the Audit Panel in December 2009, and then bi-annually after that.

<p><b><u>COM 5 Community Centres - Adequate - 05/08/09</u></b></p> <p>A review of the community centres covering income budget monitoring and health &amp; safety policy. There were 4 significant and 9 Merits Attentions recommendations made.</p> <p><b>Significant Recommendations made</b></p> <ol style="list-style-type: none"> <li>1. Approval from Mayor &amp; Cabinet for fees of hire</li> <li>2. Annual review of rate charges to be documented</li> <li>3. New rate charges during the year to be documented</li> <li>4. Final reminder letters to be sent to regular hirer to ensure public liability insurance is in place before terminating an agreement.</li> </ol>	<p><b><u>CYP1 Free School Meals - Substantial - 12/08/09</u></b></p> <p>A review of the procedures surrounding the issue and assessing for free school meals. There were 3 Merits attention recommendations made.</p> <p><b>Significant Recommendations Made</b></p> <p>None made.</p>
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## 5. Summary of 09/10 Finalised Audits with Limited and No Assurance Opinions

The following is a summary of the 09/10 audit that have been finalised since the last Audit Panel meeting where a limited assurance opinion has been issued. The finalised audit reports for schools will be reported separately to the Audit Panel in December 2009, and then bi-annually after that.

### **COM 2 – Broadway Theatre - Limited Assurance**

A review of the main controls surrounding the collection, banking and recording of cash income at the theatre. This review only focused on the physical cash and no testing of the credit card payments was conducted.

There were six significant and four merit attention recommendations made in this review. All recommendations were accepted by management and they also indicated in the final report that all the recommendations have been implemented. A follow-up review will be conducted to establish if the recommendations have been implemented by management.

#### **Fundamental Recommendations Made**

**None made in this report.**

#### **Significant Recommendations Made**

1. Cash slips to be signed off as evidence of they have been checked.
2. Box office cash up slips to be retained as evidence that two officers have checked the cash income.
3. Procedures notes to be prepared for staff handling cash
4. Merchandise slips to be retained for front house sales.
5. Banking of box office cash to be prepared by two officers and paying in slips to be signed off as evidence of this.
6. A system of recording the issues of tickets to the council paid for by internal transfer should be implemented.

#### **Executive Directors Comments**

*I am happy to confirm that all six recommendations have been agreed and implemented*

## 6. Follow up Reviews

- 6.1** This section of the report sets out the outcomes from the follow up reviews undertaken by Internal Audit. As part of the assurance programme for 2009/10, follow up reviews to confirm that recommendations have been implemented and that internal controls have improved, are undertaken for all audits with a limited or no assurance audit opinion. These audits will be followed up within six months of the issue of the finalised audit report.
- 6.2** As at the 31 August 2009 there have been no follow up reviews undertaken.

## 7. Outstanding Recommendations

- 7.1** To improve the clarity with this section of the report, the outstanding recommendations have been separated into two parts, being those that relate to audits on the 8/09 audit plan and those on the 09/10 audit plan. The tables immediately below are a summary report for 08/09, and show the recommendations for each directorate and whether or not they were implemented by the agreed date in the audit report. The table shows audits that were finalised prior to the end of July 2009.

Community			Completed After Time			Completed On Time			Outstanding			Not Yet Due			Total
Report Name	Opinion	Final	1	2	3	1	2	3	1	2	3	1	2	3	No.
Supporting People System	Substantial	15/01/2009												1	1
Client Financial Affairs	Limited	27/05/2009				3	3	2					4	5	17
						3	3	2					4	6	18

Resources			Completed After Time			Completed On Time			Outstanding			Not Yet Due			Total
Report Name	Opinion	Final	1	2	3	1	2	3	1	2	3	1	2	3	No.
IT Infrastructure Audit	Limited	12/12/2007	2	2		3	5	1					1		14
Budgetary Control	Adequate	23/02/2009					1	2					2	1	6
Risk Maturity	n/a	08/05/2009												4	4
Treasury Management	Substantial	07/05/2009						2						1	3
Total			2	2		3	6	5					3	6	27

Customer Services			Completed After Time			Completed On Time			Outstanding			Not Yet Due			Total
Report Name	Opinion	Final	1	2	3	1	2	3	1	2	3	1	2	3	No.
Civil Contingencies Act	Limited	05/03/2008					2					1			3
Excalibur TMO	Limited	13/10/2008		2			5						1		8
Housing Benefits	Substantial	26/02/2009						3					1		4
Hostels	Adequate	29/05/2009					1			4			1		6
Fleet and Maintenance	Adequate	29/05/2009					2	2					1	2	7
				2			10	5		4		1	4	2	28

Regeneration			Completed After Time			Completed On Time			Outstanding			Not Yet Due			Total
Report Name	Opinion	Final	1	2	3	1	2	3	1	2	3	1	2	3	No.
Parking	No Assurance	31/01/2008				2	7					1	3		13
Highways Maintenance	Substantial	03/05/2008					4						1		5
Parking Income	n/a	06/02/2009				5						1			6
						7	11					2	4		24

- 7.2** Once all of the recommendations for an audit have been implemented, the audit is deemed to be fully complete and, to improve clarity, it is removed from the summary table. New audits with outstanding recommendations are added to the table as final audit reports are issued. Audit reports that indicate that all of the recommendations have been implemented by the date the final audit report is issued will not be shown on this summary table for 08/09 year.
- 7.3** For 09/10, the audit recommendations will be monitored by Internal Audits tracking software application '4Action'. This is a software application that records the audit recommendations and enables individual responsible officers to update the position on each recommendation regarding the progress that is being made towards its implementation. Individual officers will have their own access to the application through a secure internet link.
- 7.4** Executive Directors and Managers will be able to run reports for their own areas of responsibility to see the status of all of their recommendations. Emails are automatically generated by '4Action' to remind the responsible person to provide an update on the individual recommendations. Guidance notes are being issued to managers and responsible officers on how to use the system as and when they have recommendations assigned to them. Audit recommendations made prior to the 09/10 plan will not be entered into '4Action' and will continue to be monitored as before.
- 7.5** A table of the recommendations made for audits in the 09/10 audit plan are summarised below. All finalised audits will be entered in to this table and, once all of the recommendations have been reported as implemented to the Audit Panel, they will be removed from the table.

Dir.	Report Name	Opinion	Final Issued	Completed After Time			Completed On Time			Outstanding			Not Yet Due			Comments
				1	2	3	1	2	3	1	2	3	1	2	3	
COM 2	Broadway Theatre	Limited	28/08/09					6	4							Final report indicates all recommendations implemented
COM 5	Community Centre Premises	Adequate	05/08/09		2	9								2		
CYP 1	Free School Meals	Substantial	12/08/09			3										
CUS 1	Env. Health – Health & Safety, and Food Teams	Substantial	26/08/09											1	2	
Total					2	12		6	4					3	2	

## 8. Fundamental and Significant Recommendations not Agreed by Management

- 8.1 This section of the report will detail any fundamental or significant audit recommendations that have not been agreed by management. There are currently no Fundamental or Significant recommendations that fall into this category.

## 9. Performance Indicators

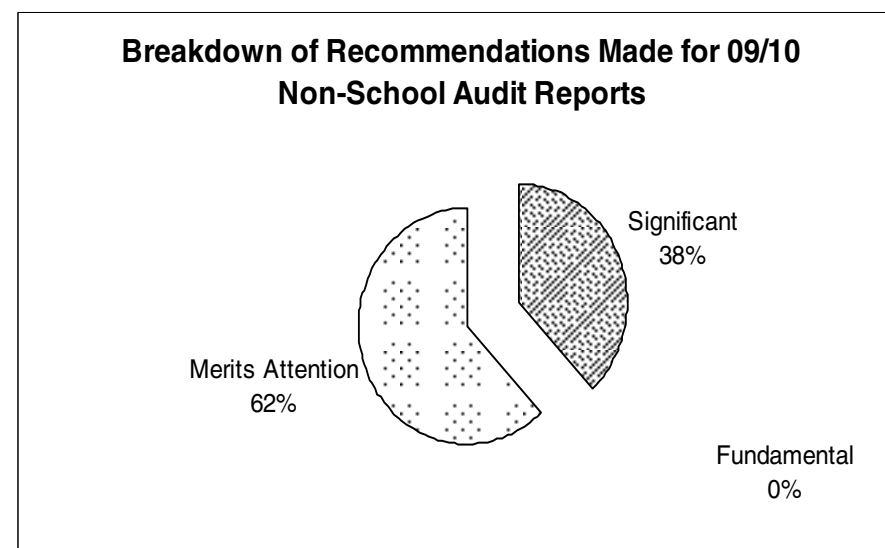
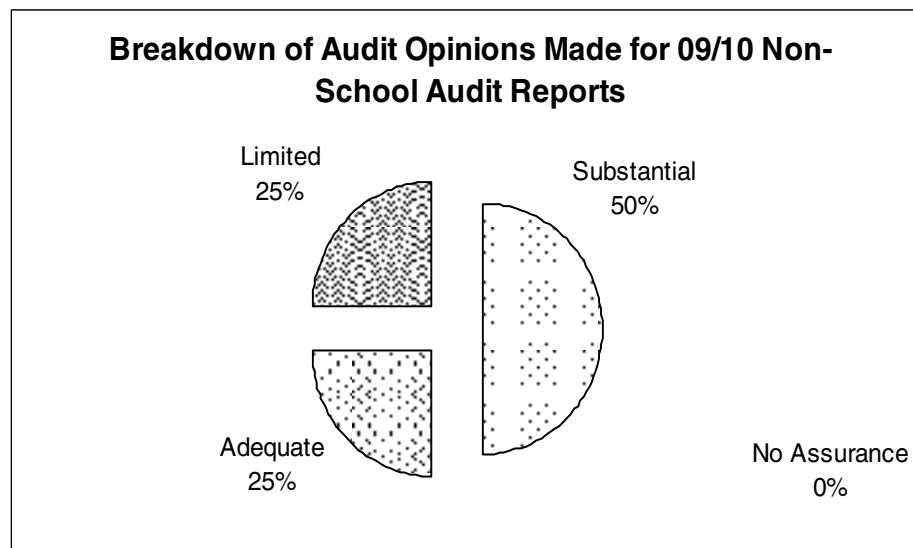
- 9.1 The table below shows the performance being achieved by the contractor for the range of indicators that the Audit Panel wished to see. These targets are based on the performance against the planned delivery of the 09/10 audit plan and are for the period to 31 August 2009.

Performance Indicators	TARGET				RESULTS				Comments
	Q1*	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
% of planned audits completed to draft report stage per quarter	17%	24%	65%	95%	4%	16%			Concentrated on finalising 08/09 audits
The average level of client satisfaction to be achieved (out of a total score of 5)	3.5	3.5	3.5	3.5	n/a	4.2			No survey returns received back for Q1; only one so far received in Q2
% of draft reports issued within 10 working days of the exit meeting	100%	100%	100%	100%	50%	72%			
% of fundamental recommendations accepted by Management	100%	100%	100%	100%	n/a	100%			No final audit reports issued in Q1.
% of Significant recommendations accepted by Management	90%	90%	90%	90%	n/a	100%			No final audit reports issued in Q1.
% of final reports issued within 10 working days of agreed Draft report	100%	100%	100%	100%	n/a	80%			No final audit reports issued in Q1. One grant claim issued - no recs

**9.2** Due to the contractor concentrating on bringing the audits from the 08/09 plan to a conclusion, progress on the 09/10 audit plan has been slow and this is reflected in the performance indicators. The target for Q1 (marked \*) is the original target set for the year. The targets for Q2 to Q4 have been revised to reflect the fact that the contractor has committed resources to clearing the 2008/09 audits. The contractor has brought additional resources onto the contract to relieve the pressure and expects to be back on target during October 2009.

## 10. Breakdown of Recommendations and Opinions for 09/10 Finalised Audits

**10.1** The graphs below show the breakdown of the audit opinions and the recommendations that have been made for the non schools audits that have been finalised so far in 2009/10. The 'substantial' and 'adequate' assurance level opinions are positive opinions with 'substantial' being the highest level issued by Internal Audit. The 'limited' and 'no' assurance level opinions are negative opinions and indicate that management need to take action to improve internal controls. Definitions for both the opinion and recommendation categories used in these charts are shown in paragraphs 10.2 and 10.3 respectively.



**10.2** Definition of audit assurance level opinions

<b>Level</b>	<b>Effectiveness</b>	<b>System Adequacy</b>	<b>Control Application</b>
Substantial Assurance	Targets have been met or exceeded.	Robust framework of controls ensures objectives are likely to be achieved.	Controls are applied continuously or with minor lapses.
Adequate Assurance	Targets have been closely missed or there are appropriate reasons as to why they have not been met.	Sufficient framework or key controls for objectives to be achieved but could be stronger.	Controls are applied with some lapses.
Limited Assurance	Targets have not been met and no reasons are given as to why.	Risk of objectives not being achieved due to the absence of key internal controls.	Significant breakdown in the application of controls.
No Assurance	Failure to achieve basic targets.	System of control not in place. Absence of basic controls resulting in inability to meet objectives.	Absence of fundamental controls.

**10.3** Definition of audit recommendation classifications definitions

<b>FUNDAMENTAL</b>	<b>SIGNIFICANT</b>	<b>MERITS ATTENTION</b>
Action is imperative to ensure that the objective for the area under review is met.	Requires action to avoid exposure to significant risk in achieving the objective for the area under review.	Action is advised to enhance control or improve operational efficiency