

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: 21 SEPTEMBER 2010

1. Purpose of the Report

1.1. The purpose of this report is to present the members of the Audit Panel with a summary of:

- Internal Audit's progress against the audit plan
- the performance of the Internal Audit contractor
- implementation of internal control recommendations
- forward plan for the next quarter.

2. Recommendations

It is recommended that the Audit Panel note the contents of this report.

3. Background

3.1. The client side of Internal Audit comprises an Interim Audit and Risk Manager and an Internal Audit Contract Manager.

3.2. They contract and supervise the Council's internal audit service provided by RSM Tenon, the contractor. The RSM Tenon's contract runs until 31 March 2011 and a re-tendering process is underway.

3.3. The contractor is responsible for completing all the internal audit reviews for the authority (non-schools and schools) and any consultancy or grant certification work as directed.

4. Internal Audit Progress Update

2009-10

- 4.1. The 2009/10 audit plan has been completed to final report stage with only five remaining reports in the process of being finalised. They are:
- Town Hall Rewire
 - Property Asset Management
 - Communications: Design & Print Contracts
 - Looked After Children
 - Information Management Framework.
- 4.2. All key audits for 2009/10, with the one exception of the 'Looked after Children' audit noted above, have been completed to final report stage.

2010-11

- 4.3. The audit work for 2010/11 is progressing well. As at the 06/09/10, 47 audits (42% of the plan) have started. A summary by Directorate of progress against the audit plan is presented in the table below. More detail on these Q1 and Q2 audits can be found at Appendix 1.

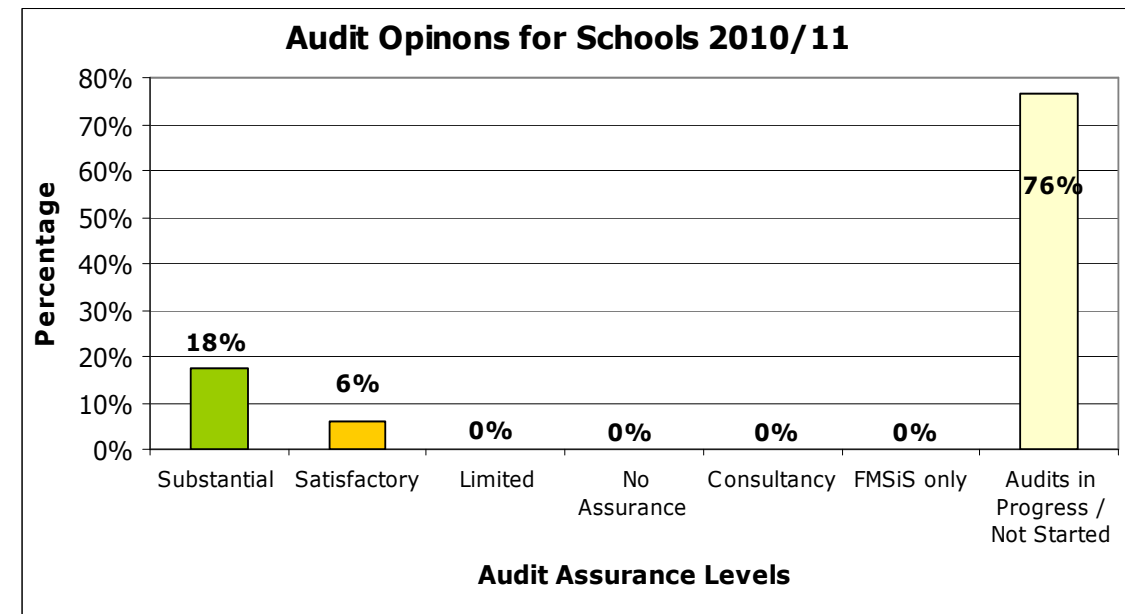
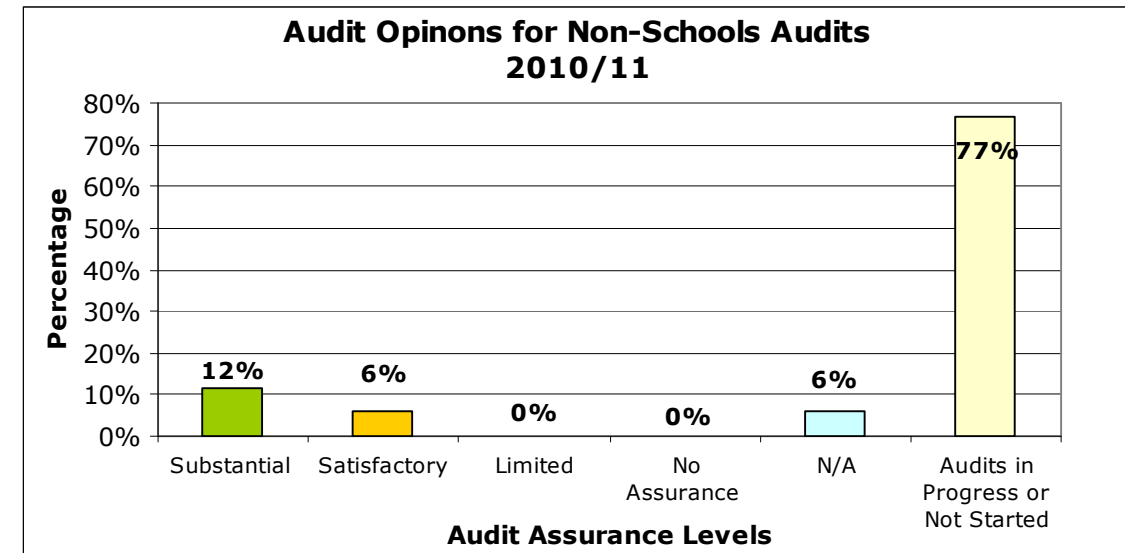
Lead Directorate	Original Plan Work for Year	Extra Audits	Pulled Audits	Current Audit Plan	Draft Report Issued	Final Report Issued	Work started	Work not yet due
Resources	25	9	1	33	2	5	5	21
Customer	15	1		16		7		9
Community	12	1		13		5	1	7
Regen	7			7	2	1		4
CYP	16	3	2	17	5	2	3	7
Schools	26			26	1	8		17
	101	14	3	112	10	28	9	65

- 4.4. Key audits for 2010/11 are not due to start until Q3 and are therefore not listed. However if required, the full year audit plan is available on the Council's intranet or can be obtained from the Audit and Risk Manager.

Audit opinions

- 4.5. For 2010/11, the audit opinion of 'Adequate' has been replaced with 'Satisfactory'. The meaning of the opinion remains the same. This change was made to ensure that it is seen as a positive audit opinion. For simplicity and clarity we have used the new terminology throughout this report and Appendices.

4.6. The two graphs below show the distribution of audit opinions for the 2010/11 audits in the plan and finalised to date. The 'N/A' category represents either a consultancy review or a piece of advisory work that does not require an audit opinion.

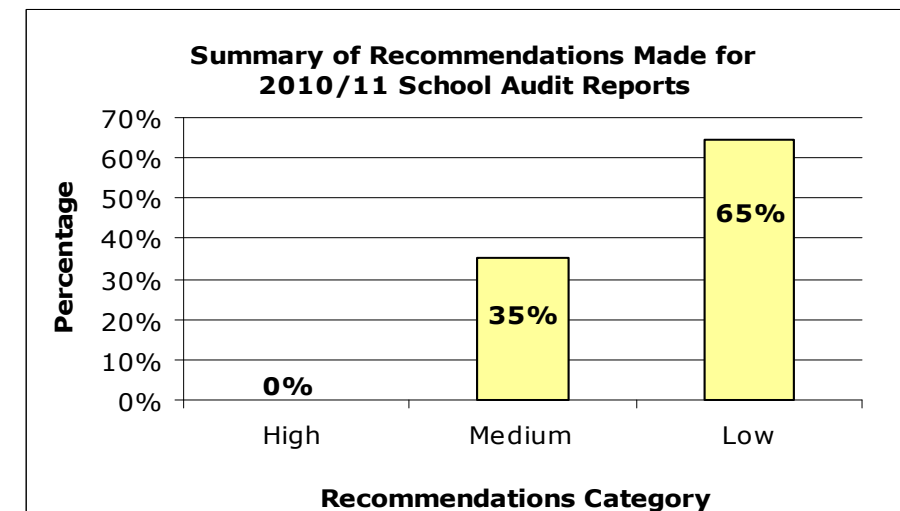
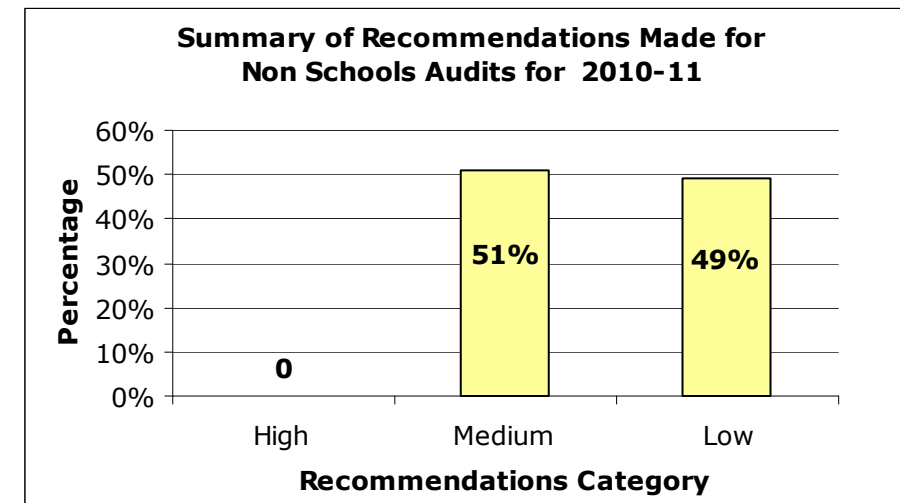


4.7. As at 06/09/2010, no 2010/11 finalised audit reports have been issued with a 'Limited' or 'No' assurance opinion. Although it is hoped that this trend will continue, this should be taken in the context that 20% of audits were issued with a limited or no assurance opinion in 2009/10.

Audit recommendations

4.8. New categorisations of recommendations have also been introduced for 2010/11 audit reports. They are High, Medium and Low, replacing Fundamental, Significant and Merits Attention respectively. The meaning of the three levels remains the same.

- 4.9. This change was made to help readers of audit reports to quickly assess the relative priority of recommendations and urgency of actions. For simplicity and clarity we have used the new terminology throughout this report and Appendices.
- 4.10. As at the 06/09/10, no High recommendations have been made for any of the completed 2010/11 audit reviews.
- 4.11. The graphs below show as a percent, the categories of recommendations made for those audits reviews that have been finalised for 2010/11. They have been separated into non-schools (which will include the key audits) and schools audits.



- 4.12. All High and Medium recommendations made in 2010/11, regardless of the overall opinion of the audit, will be followed up by internal audit as part of the follow-up process. Follow-up reviews will be undertaken within six months of the final report being issued by the contractor.

4.13. Once a month, a consolidated report showing the progress of the follow-up reviews will be prepared to assist in tracking the quality of implementation of recommendations. The first consolidated follow-up report has been issued in August. Please see details below of the results of the follow up reviews.

Audit Title & Final Report Date	Adoption & Special Guardianship Allowances - 16 February 2010 Assurance level: Satisfactory				
Recommendation Category	Status				TOTAL
	IMPLEMENTED	IN PROGRESS	SUPERSEDED	NOT IMPLEMENTED	
HIGH	0	1	0	0	1
MEDIUM	0	0	0	1	1
TOTAL	0%	50%	0%	50%	2

Audit Title & Final Report Date	Fly Tipping – Review of Procedures - 20 January 2010 Assurance level: N/A Consultancy				
Recommendation Category	Status				TOTAL
	IMPLEMENTED	IN PROGRESS	SUPERSEDED	NOT IMPLEMENTED	
HIGH	0	0	0	2	2
MEDIUM	0	0	0	0	0
TOTAL	0%	0%	0%	100%	2

Audit Title & Final Report Date	Trading Standards - 30 March 2010 Assurance level: Limited				
Recommendation Category	Status				TOTAL
	IMPLEMENTED	IN PROGRESS	SUPERSEDED	NOT IMPLEMENTED	
HIGH	1	0	0	0	1
MEDIUM	6	0	0	0	6
TOTAL	100%	0%	0%	0%	7

5. Performance of the Contractor

- 5.1. One of the ways that the performance of the contractor is measured is by Performance Indicators (PI's). A set of PI's were agreed at the start of the contract. These have been revised to ensure that they remain relevant, continue to be stretching, and reflect changes in working practices.
- 5.2. The 2010/11 results for the PI's are up to 31/07/10 and reported in the table below.

No	Performance Indicator	Target					Result	
		Q1	Q2	Q3	Q4	Apr. 2011	Q1	Jul
1	All reports completed to draft report stage	15%	51%	75%	88%	100%	19.8%	28%
1a	- Audits completed to draft report (non schools)	17%	55%	74%	84%	100%	16.3%	26%
1b	- Audits completed to draft report (schools)	8%	38%	77%	100%		23%	35%
2	The average level of client satisfaction, with 5 being the most satisfied.	4	4	4	4		3.6	4
3	% of draft audit reports issued within 15 working days of the exit meeting	90%	90%	90%	90%		80%	88%
4	% of final report issued within 10 working days of agreed draft report	95%	95%	95%	95%		100%	100%
5	% of High recommendations accepted by Management	100%	100%	100%	100%		n/a	n/a
6	% of Medium recommendations accepted by Management	90%	90%	90%	90%		88%	95%

5.3. Most PI's have met or have exceeded their target for Q1. The variations are:

- PI 2 - just missed the Q1 target. In mitigation no audit surveys have been returned with a score lower than three, which is an average score on the surveys, and the target has been met for July.
- PI 3, missed the Q1 target by 10%. The July figures, suggest results are recovering and closing the gap on the target. The contractor is actively managing their teams to get back on track.
- PI 6, was just below target for Q1. A summary of all High and Medium recommendations are reported to the Audit Panel and details are provided in Appendix 2.

6. Implementation of recommendations

- 6.1. All High and Medium recommendations are monitored by the internal audit client team to track implementation by managers. This is in conjunction with the detailed follow-up review work conducted by the contractor. Summaries of the open and overdue High and Medium recommendations, can be found in Appendix 2.
- 6.2. Since 2009/10 open recommendations from final reports are input into a monitoring system called 4Action. This system can be accessed by managers at any time to review and update the recommendations identified to them and/or their service.
- 6.3. The summary of recommendations listed in this report identifies those that have not been implemented within the agreed timescales by management. It was agreed at the last Internal Control Board meeting that officers who had not implemented their recommendations within agreed timescales (allowing for a maximum of two changes to the implementation date) should attend the Audit Panel to explain the current position.
- 6.4. All final reports with 'Limited' and 'No' assurance opinions are reported to the Audit Panel.
- 6.5. In quarter four of 2009/10, there was one non-schools and three schools audit reviews with 'Limited' assurance opinions. There was also one school that did not meet the FMSiS (Financial Management Standard in Schools). Please see Appendix 3 for details of these audits.

7. Forward plan priorities

In addition to the ongoing work to deliver the Internal Audit plan and provide advice to managers on their concerns with internal control matters, the next quarter priorities for Internal Audit are:

- Manage the re-tender process to appoint a contractor for 1 April 2011
- Contribute to the preparation of an Assurance Framework and Assurance Map for the Council
- Begin consultations with directorates to prepare the draft 2011/12 audit plan
- Develop proposals to strengthen assurance reporting arrangements.

8. Legal Implications

There are no legal implications arising directly from this report.

9. Financial Implications

There are no financial implications arising directly from this report.

10. Equalities Implications

There are no equality implications arising directly from this report.

11. Crime and Disorder Implications

There are no crime and disorder implications arising directly from this report.

12. Environmental Implications

There are no legal implications arising directly from this report.

Background papers.

None reported

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

Appendix 1 - Progress Report for 2010-11

Lead Dir.	Audit Title	Due	Field Work Begun	Draft Issued Date	Final Issued Date	Assurance Level / FMSiS	Audit Comments
RES	Grant Claim - creating work places for 16-24	Q1	Yes	n/a	24/04/2010	Grant Certification	Target met
RES	Grant Claim - Anti Social Behaviour	Q1	Yes	n/a	12/05/2010	Grant Certification	Target met
RES	Grant Claim - Reduction of Deaths on Road	Q1	Yes	n/a	12/05/2010	Grant Certification	Target met
RES	Grant Claim - Educating Adults	Q1	Yes	n/a	12/05/2010	Grant Certification	Target met
RES	Purchasing Cards - Issuing and Management of Cardholders	Q1	Yes	13/07/2010	12/08/2010	Substantial	
RES	Pre-payment Cards	Q1	Yes	19/08/2010			
RES	CRB checks	Q2	Yes	16/08/2010			
RES	Agency Employees	Q1	Yes				Draft expected September
RES	Health and Safety	Q1	Yes				Draft expected September
RES	Compromised staff bank accounts details Investigation	Q1	Yes				Draft expected September
RES	Procurement	Q2	Yes				
RES	Risk Management - Operational Risk Registers	Q2	Yes				

Appendix 1 - Progress Report for 2010-11

Lead Dir.	Audit Title	Due	Field Work Begun	Draft Issued Date	Final Issued Date	Assurance Level / FMSiS	Audit Comments
RES	Carbon Reduction Commitment	Q2					On hold until external consultancy report is reviewed
RES	Capital Programme - Monitoring and Expenditure	Q2					
RES	Management of Contracts	Q2					
RES	Data Quality and Verification Process	Q2					
RES	Potential Re-coding issues	Q2					
CUS	Licensing	Q1	Yes	05/07/2010	15/07/2010	Substantial	
CUS	Refuse - Recycling	Q1	Yes	15/06/2010	11/08/2010	Consultancy	
CUS	Abandoned Vehicles	Q1	Yes	27/07/2010	12/08/2010	Satisfactory	
CUS	Parks - Management Contract	Q2	Yes	27/08/2010	27/08/2010	Substantial	
CUS	Business Continuity Planning and Management	Q2					
CUS	Customer Relationship Management System (CRM)	Q2					
COM	Libraries	Q1	Yes	18/05/2010	25/05/2010	Satisfactory	
COM	Supported Housing - Extra Care	Q1	Yes	25/05/2010	05/07/2010	Satisfactory	
COM	Supported Housing - Link Line	Q1	Yes	21/07/2010	28/07/2010	Substantial	

Appendix 1 - Progress Report for 2010-11

Lead Dir.	Audit Title	Due	Field Work Begun	Draft Issued Date	Final Issued Date	Assurance Level / FMSiS	Audit Comments
COM	Drug & Alcohol Action Team	Q1	Yes	26/07/2010	13/08/2010	Substantial	
COM	Youth Offending Team	Q2	Yes	05/07/2010	19/07/2010	Substantial	
COM	Recruitment & Retention of Social Workers	Q1	Yes				Draft report due September
COM	Occupational Therapy	Q2					
COM	Events	Q2					
COM	Client Financial Affairs	Q2					
COM	Homecare Service	Q2					
CYP	Unaccompanied Asylum Seekers	Q1	Yes	28/04/2010	14/05/2010	Substantial	
CYP	Leaving care - Control of Expenditure	Q1	Yes	28/06/2010	23/07/2010	Substantial	
CYP	Schools' Pensions	Q1	Yes	28/06/2010			Final due Sept. delay due to school holidays
CYP	Schools' Outsourced Payroll	Q1	Yes	05/07/2010			Final due Sept. delay due to school holidays
CYP	Children's Residence Orders	Q1	Yes	13/08/2010			
CYP	SEN Transport (consultancy)	Q1	Yes	27/08/2010			
CYP	Children's Centres	Q2	Yes	31/08/2010			
CYP	Sixth Form Funding	Q1	Yes				Draft expected September
CYP	Safeguarding Children	Q1	Yes				Draft expected September.
CYP	CYP Finance Team	Q2	Yes				
CYP	Youth Service	Q2					

Appendix 1 - Progress Report for 2010-11

Lead Dir.	Audit Title	Due	Field Work Begun	Draft Issued Date	Final Issued Date	Assurance Level / FMSiS	Audit Comments
CYP	Care Planning Arrangements - Transition from Children to Adults	Q2					
CYP	Social Care Contractual Arrangements (CYP) -	Q2					
CYP	CYP Transport Costs	Q2					
REG	Door to Door Charging Mechanism	Q1	Yes	30/06/2010	01/07/2010	Satisfactory	
REG	Transport Programme - TFL Funding	Q1	Yes	21/07/2010			
REG	Highways - Charging Utilities for Street Works	Q1	Yes	19/08/2010			
REG	Local Planning Framework	Q2					
REG	Capital Programme	Q2					
REG	Property Services	Q2					
SCH	Hither Green JMI	Q1	Yes	20/06/2010	21/06/2010	Substantial	
SCH	Dalmain JMI	Q1	Yes	22/06/2010	23/06/2010	Substantial	
SCH	Horniman JMI	Q1	Yes	10/06/2010	24/06/2010	Substantial	
SCH	Sandhurst JM	Q1	Yes	23/06/2010	05/07/2010	Substantial	
SCH	Torridon JM	Q1	Yes	25/06/2010	08/07/2010	Satisfactory	
SCH	Stillness JM	Q1	Yes	07/07/2010	08/07/2010	Substantial	
SCH	Myatt Garden JMI	Q1	Yes	25/06/2010	19/07/2010	Satisfactory	
SCH	John Stainer JMI	Q2	Yes	20/07/2010	23/07/2010	Substantial	
SCH	Stillness I	Q2	Yes	29/07/2010			

Appendix 2 Summary of outstanding high and medium recommendations.

Summary of open High and Medium recommendations

Dir.	Audits title	Final Issued Date	Assurance Level / FMSiS	High Recs. Outstanding	Medium Recs. Outstanding	High Recs Not Due	Medium Recs Not Due	Comments
RES	Capital Programme and Expenditure	19/04/10	Adequate		1		2	No response as at 06/09/10
RES	Share Point	25/01/10	Satisfactory		1		1	No response as at 06/09/10
CUS	Debtors	18/03/10	Satisfactory		1		1	No response as at 06/09/10
COM	Housing 21	22/10/09	Satisfactory		2			No response as at 06/09/10
COM	Community Mental Health (SLAM)	23/12/09	Limited	1	1			No response as at 06/09/10
COM	Client Financial Affairs	27/05/09	Limited		1			Due date has changed twice
COM	Mulberry Lifestyle Centre	22/10/09	Satisfactory		1			No response as at 06/09/10
COM	Ladywell Day Centre	11/11/09	Limited		2			No response as at 06/09/10
COM	Mulberry Lifestyle Centre	22/10/09	Satisfactory		1			No response as at 06/09/10
COM	Ladywell Day Centre	11/11/09	Limited		2			No response as at 06/09/10
CYP	Family Support & Intervention	03/12/09	Substantial and Limited		5			No response as at 06/09/10
CYP	The Fair Playbuilder Programme	04/12/09	Satisfactory		3			No response as at 06/09/10

Appendix 2 Summary of outstanding high and medium recommendations.

Dir.	Audits title	Final Issued Date	Assurance Level / FMSiS	High Recs. Outstanding	Medium Recs. Outstanding	High Recs Not Due	Medium Recs Not Due	Comments
CYP	Education Business Partnership	09/12/09	Satisfactory		3			No response as at 06/09/10
CYP	Estate Management - Statutory Maintenance in Schools	09/02/10	Limited		3			No response as at 06/09/10
CYP	Fostering – overpayments	05/02/10	Substantial		1			No response as at 06/09/10
CYP	ICS Application Security System	16/07/10	Limited	1			2	Response rec'd for o/s med rec, but no change of date
REG	Parking PCN Appeals	25/02/10	Substantial		2			No response as at 06/09/10
RES	DPA / FOI	09/10/09	Satisfactory				1	
RES	Capital Programme and Expenditure	26/11/09	Satisfactory				1	Due date has changed once
RES	Risk Maturity	17/03/10	Risk Managed				1	
RES	CRB Review Panel Process in Schools	16/06/10	Substantial				1	
RES	Fixed Assets	01/07/10	Satisfactory				2	
RES	Purchasing Cards – Management of Cardholders	12/08/10	Substantial				2	

Appendix 2 Summary of outstanding high and medium recommendations.

Dir.	Audits title	Final Issued Date	Assurance Level / FMSiS	High Recs. Outstanding	Medium Recs. Outstanding	High Recs Not Due	Medium Recs Not Due	Comments
RES	Occupational Health Referrals	13/08/10	Satisfactory				3	
CUS	Civil Contingency Act	05/03/08	Limited			1		Due date has changed four times
CUS	Houses In Multiple Occupation	21/06/10	Satisfactory				3	
CUS	Housing Repair Grants	23/06/10	Substantial				1	
CUS	Abandoned Vehicles	11/08/10	Satisfactory				3	
COM	Client Contributions for Res & Dom. care	29/05/09	Satisfactory				1	
COM	Community Centres	05/08/09	Satisfactory				1	
COM	Honor Lea Hostel	07/05/10	Limited			1	3	
COM	Adult Social Care IT System Implementation Review	16/07/10	Substantial				1	
COM	Drug and Alcohol Action Team	13/08/10	Substantial				1	
CYP	Sure Start Children's Centre	18/12/09	Substantial				1	Due date has changed once
SCH	Clyde Nursery	26/10/09	Satisfactory				1	

Appendix 2 Summary of outstanding high and medium recommendations.

Dir.	Audits title	Final Issued Date	Assurance Level / FMSiS	High Recs. Outstanding	Medium Recs. Outstanding	High Recs Not Due	Medium Recs Not Due	Comments
SCH	Adamsrill School	11/05/10	Limited				2	
REG	Highways Maintenance	03/05/08	Substantial				1	Due date changed twice
REG	Land Management	28/08/09	Limited				2	Due date has changed once
REG	Door 2 Door Charging Mechanism	01/07/10	Satisfactory				1	

Appendix 3: All audit reports with a limited assurance opinion or that did not meet the FMSiS assessment.

Audit	Date Issued and Opinion	High Recs Made	Med. Recs Made	Low Recs Made	Area Review Covered	Key Findings
Contracts – Registers, Business Continuity, Tendering and Appeals (2009/10)	22/04/10 Limited Opinion	0	9	7	Review looked at the current practices in relation to procurement, appeals and contract management procurement exercises.	<ul style="list-style-type: none"> • Where a framework contract is subject to EU process, the rules concerning extension need to be clearly followed and understood by all staff • Approval for contract extension should be obtained prior to the contract expiring • Projects over £40k in value should adopt a consistent level of project management • Weightings associated with criteria used in the tender evaluation process should be clearly stated in tender documents • Council procurement procedures need to reflect the requirement of EU legislation • Procurement team should work with directorates to develop a three year procurement plan in conjunction with the savings target to help identify potential saving areas • Regular reviews of the suppliers to identify cross departmental usage would help with VFM • Carry out council wide risk assessment of all supplier who are critical for council services • Ensure that singles tenders only apply to genuine circumstances

Appendix 3: All audit reports with a limited assurance opinion or that did not meet the FMSiS assessment.

Managers Comments

- *Where a framework contract is subject to EU process, the rules concerning extension need to be clearly followed and understood by all staff . Frameworks can only be for a maximum of 4 years (except in very exceptional circumstances) and the procurement practice note clearly states the rules for this type of contract.*
- *Approval for contract extension should be obtained prior to the contract expiring Extensions have generally been approved prior to expiry, the two cases where this did not happen related to occasions where we were negotiating reductions in fees as a result of the austerity programme; these negotiations are now being undertaken earlier in the process to ensure extension is approved within the original contract period.*
- *Projects over £40k in value should adopt a consistent level of project management Project Management procedures are overseen by the Performance and Programme team in Regeneration*
- *Weightings associated with criteria used in the tender evaluation process should be clearly stated in tender documents Evaluation criteria and weightings are included in the Invitation to Tender document issued with the tender pack.*
- *Council procurement procedures need to reflect the requirement of EU legislation Where appropriate EU legislation is followed.*
- *Procurement team should work with directorates to develop a three year procurement plan in conjunction with the savings target to help identify potential saving areas The Procurement Strategy is due to be revised this year and a procurement plan is to be included within the revised document*
- *Regular reviews of the suppliers to identify cross departmental usage would help with VFM Supplier Relationship management is part of the new role of the Procurement Team, spend analysis from 09/10 has been produced to identify cross directorate use and a protocol of engaging with suppliers is being developed by the Commissioning & Procurement Board.*
- *Carry out council wide risk assessment of all supplier who are critical for council services. We have a link to a service that gives updates on supplier performance and changes to the financial risk scores are relayed to the relevant council client officers.*

Ensure that singles tenders only apply to genuine circumstances, single tender action reports are scrutinised by the Procurement team and only agreed where the business case is substantiated; the number of these reports has reduced considerably as the team have advised our clients that the Executive Director for Resources will only support this route in exceptional circumstances.

Appendix 3: All audit reports with a limited assurance opinion or that did not meet the FMSiS assessment.

Audit	Date Issued and Opinion	High Recs Made	Med. Recs Made	Low Recs Made	Area Review Covered	Key Findings
Honor Lea Hostel (2009/10)	07/05/10 Limited Opinion	1	3	6	Review looked into the procedures covering residents' monies to ensure they are accurate and held securely.	<ul style="list-style-type: none"> ● Weekly independent reconciliations between total of residents' monies held on site, to the total balances of the individual disbursement books should be performed. ● PIN numbers for the residents' debit cards should be held separately from the resident's cards for security reasons. ● Residents' monies should not be allowed to be in debit. Where a resident request would cause this, the request should be declined unless in an emergency where the service unit managers agrees
Managers Comments						
<i>The recommendations in the report are being actively pursued by officers within the South London and Maudsley NHS Trust who are meeting with Honor Lea managers to establish an action plan that will prioritise recommendations appropriately."</i>						

Appendix 3: All audit reports with a limited assurance opinion or that did not meet the FMSiS assessment.

Audit	Date Issued and Opinion	High Recs Made	Med. Recs Made	Low Recs Made	Area Review Covered	Key Findings
Schools Supply Cover Scheme (2009/10)	16/04/10 Limited Opinion	1	4	2	Review looked into the scheme run by Schools HR to indemnify the schools against any financial loss resulting from covering staff absences, such as maternity / paternity leave, Jury Service, Civic duties and suspensions.	<ul style="list-style-type: none"> • Policies and procedures available to staff are inadequate leading to non-compliance • Claims from schools are not appropriately checked • Supply cover budget is not monitored effectively leading to overspends / shortfalls.
Managers Comments						
<i>No comments received due to management and department on annual leave.</i>						

Appendix 3: All audit reports with a limited assurance opinion or that did not meet the FMSiS assessment.

Audit	Date Issued and Opinion	High Recs Made	Med. Recs Made	Low Recs Made	Area Review Covered	Key Findings
Adamsrill Primary School (2009/10)	11/05/10 Limited Opinion	1	4	2	<p>A standard School Audit covering a variety of area such as procurement, income, budget monitoring, banking and assets.</p> <p>The FMSiS was completed in 2008/09</p>	<ul style="list-style-type: none"> • Financial procedures manual need to be maintained to ensure they are in line with the, the Schools' finance Manual issued by the LA. • Authorisation form for EDUC2 (payroll form) should have two people authorising the form to ensure that no authorised staff are placed on the payroll. • Two references for staff required for all new employees
Managers Comments						
<i>A follow-up review will be conducted in November.</i>						

Appendix 3: All audit reports with a limited assurance opinion or that did not meet the FMSiS assessment.

Audit	Date Issued and Opinion	High Recs Made	Med. Recs Made	Low Recs Made	Area Review Covered	Key Findings
Forest Hill School FMSiS	11/05/10 Failed the FMSiS standard	1	1	0	The FMSiS for this school was conducted separately from the internal audit review (which has been previously reported to the ICB as Limited).	<ul style="list-style-type: none"> • An action plan or licensed deficit has not been agreed with the LEA. • A projected budget deficit of £425K • Statement of internal control did not mention the actual deficit or the project deficit. <p>A further FMSiS assessment will need to take place in 2010/11. All secondary schools should have been compliant with the FMSiS standard since 2006/07 but Forest Hill School has yet to reach the standard.</p>
Managers Comments						
<p><i>The Governors have agreed the principles of a three year recovery plan which is being scrutinised by the Local Authority and the School Improvement Team to assess the potential impact on the curriculum. The deficit has resulted from a combination of factors, most notably -</i></p> <ul style="list-style-type: none"> • <i>Historical decision and contractual obligation in relation to the Sports Centre</i> • <i>The additional cost implications of the PFI unitary charge and additional contractual charges in relation to this contract</i> <p><i>Both of the above are subject to on-going discussion between the School Governors and the Local Authority</i></p> <p><i>A licensed deficit plan for the school is to be taken to the Mayor and Cabinet.</i></p>						