RSM Tenon

SLOUGH BOROUGH COUNCIL

Internal Audit Progress Report

Audit Committee Meeting: 13 June 2012

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The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

This report is prepared solely for the use of Board and senior management of Slough Borough Council. Details may be made available to specified external agencies, including external auditors, but otherwise the report should not be quoted or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

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1.   INTRODUCTION

1.1   The periodic internal audit plan for quarter 4 for 2011/12 was approved by the Audit Committee in January 2012 and the 2012/13 Plan in April 2012. This report summarises the outcome of work completed to date against the 2011/12 quarter 4 plan and the 1st quarter 2012/13 plan. Appendices A and B provide cumulative data in support of internal audit performance.

2.   FINAL REPORTS ISSUED

2.1   The following six final reports relating to quarter 4 of 2011/12 have been issued to management since the last Audit Committee:

- Procurement (1.11/12);

- St Joseph's School Special Investigation (2.11/12);

- Commissioning Teams and Supporting People (5.11/12);

- Personalisation Policy (6.11/12);

- Quality Assurance of Performance Indicators (8.11/12); and

- Concessionary Fares Administration (10.11/12).

2.2   Appendix A summarises our opinion and the number of recommendations made during the year to date. The executive summaries and action plans from reports finalised since the last Audit Committee meeting are included at Appendix C.

3.   KEY FINDINGS FROM INTERNAL AUDIT WORK

3.1   The Audit Committee should note that the assurances given in our audit assignments are included within our Head of Internal Audit Opinion, and a summary of the key issues arising from each of these audits is contained within our Internal Audit Annual Report. As your internal audit provider, the assignment opinions that RSM Tenon provides the organisation during the year are part of the framework or assurances that assist the Council prepare an informed Annual Governance Statement. In particular the Audit Committee should note that any negative assurance opinions (red) will need to be noted in the annual report and may result in a qualified or negative annual opinion.

3.2   No common weaknesses have been identified within our reports for 2011/12.

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4. **WORK IN PROGRESS OR PLANNED**

4.1 The following seven reports have been issued to management in draft in respect of the 2011/12 Internal Audit Plan, to which we are awaiting management's responses to enable us to finalise the reports. The key findings from these audits have been detailed within our 2011/12 Internal Audit Annual Report:

- CRC Energy Efficiency Scheme (3.11/12);

- Purchase Cards (4.11/12);

- St Antony's (7.11/12) – a management response has been provided. We are working with the responsible officers to enable the finalisation of this report in a timely manner.

- Property and Asset Management (9.11/12);

- Partnership Working (11.11/12);

- VAT (12.11/12);

- Risk Maturity (14.11/12)

- Follow Up (15.11/12)

4.2 The following audits have been issued in draft with regards to the 2012/13 Internal Audit Plan

- Performance Management (1.12/13)

- Employee Declaration of Interests (2.12/13)

- Schools Development Budget (3.12/13)

4.3 The following audits relating to the 2012/13 audit plan are currently in varying stages of progress. It is anticipated that a number of these will be issued in draft report format by the time of the Audit Committee meeting:

- Hire of Council Buildings;

- Cash Handling and Management

- Thames Valley HUB – Governance Arrangements

- Registered Bed Based Services

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- Housing Management System

- Multiple Housing Occupation

- Willow School

- Penwood School

- Western House School

- Parlaunt Park School

5.   LIAISON WITH MANAGEMENT AND EXTERNAL AUDIT
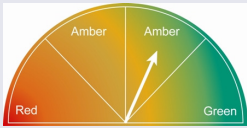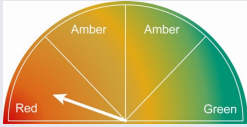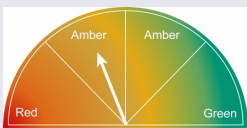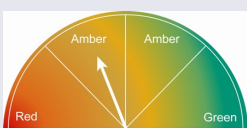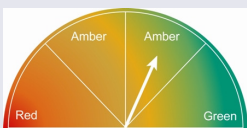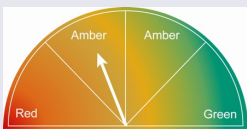
5.1   Monthly meetings have been arranged between internal audit and the Strategic Director of Resources and Regeneration and the Acting Head of Finance. The most recent of these was held on the 25th May 2012, where. We have also held discussions with the Audit Commission regarding the development of an Audit Protocol between ourselves and External Audit and the proposed work-plan for 2012/13 in respect of key financial systems.

6.   CLIENT BRIEFINGS

6.1   There have been two relevant client briefings issued since the last Audit Committee. These are included at Appendix D.

APPENDIX A: 2011/12 WORK COMPLETED TO DATE INCLUDING SUMMARY OF ASSURANCE LEVELS AND RECOMMENDATIONS

Reports being considered at this Committee are shown in italics.

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Committee Actual (Planned)	Assurance level given	High	Medium	Low	In Total	Agreed
Procurement (1.11/12)	*20 Feb 12*	*16 Feb 12*	*1 Mar 12*	*10 Apr 12*	*10 Apr 12*	*June 2012*		*0*	*2*	*2*	*4*	*4*
St Joseph's School – special investigation (2.11/12)	*22 Feb 12*	*2 Mar 12*	*20 Mar 12* *9 May 12*	*14 May 12*	*15 May 12*	*June 2012*		*4*	*10*	*1*	*15*	*15*
Commissioning Teams and Supporting people (5.11/12)	*20 Feb 12*	*14 Mar 12*	*23 Mar 12* *27 Apr 12* *24 May 12*	*24 May 12*	*24 May 12*	*June 2012*		*1*	*3*	*2*	*6*	*6*
Personalisation Policy (6.11/12)	*5 Mar 12*	*15 Mar 12*	*3 Apr 12*	*15 May 12*	*16 May 12*	*June 2012*		*1*	*2*	*4*	*7*	*7*
Quality Assurance of Performance Indicators (8.11/12)	*20 Mar 12*	*29 Mar 12*	*10 Apr 12*	*14 May 12*	*15 May 12*	*June 2012*		*0*	*1*	*1*	*2*	*2*
Concessionary fares administration (10.11/12)	*28 Mar 12*	*11 Apr 12*	*23 Apr 12*	*25 May 12*	*25 May 12*	*June 2012*		*1*	*1*	*5*	*7*	*7*

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Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Committee	Assurance level given	Number of Recommendations Made				
						Actual (Planned)		High	Medium	Low	In Total	Agreed
							Totals to date:	7	19	15	41	41
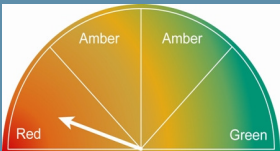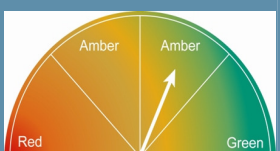
Recommendation Categorisation

Our findings and recommendations are categorised as follows:

Priority	Description
High	
Medium	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Low	

Opinions

The definitions for the level of assurance that can be given are:

Opinion	Description	Opinion	Description
	Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.		Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.

Taking account of the issues identified, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.
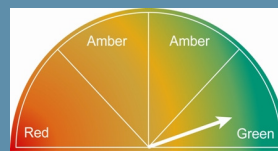
Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied and effective.

APPENDIX B: 2011/12 WORK IN PROGRESS OR YET TO START (INCLUDING REPORTS STILL IN DRAFT)

	Auditable Area	Start Date	Debrief date	Draft report issued	Planned Audit Committee	Days Actual (Planned)	Current Status
Assurance	Purchase Cards (4.11/12)		20 Mar 12	23 Mar 12	September 2012	9.5(10)	Draft Report Issued
	VAT (12.11/12)	12 Mar 12	4 Apr 12	9 May 12	September 2012	11.5(12)	Draft Report Issued
	Partnership working (11.11/12)	19 Mar 12	16 Apr 12	4 May 12	September 2012	14.5(15)	Draft Report Issued
	CRC energy Efficiency Scheme (3.11/12)	27 Feb 12	8 Mar 12	21 Mar 12	September 2012	14.5(15)	Draft Report Issued
	Risk Maturity (14.11/12)	13 Feb 12	24 Feb 12	21 May 12	September 2012	9.5(10)	Draft Report Issued
	Annual Governance Statement (including follow up of previous AGS issues)	Draft AGS produced and provided to management for review.					
	Property and Asset Management (9.11/12)	21 Mar 12	4 Apr 12	12 Apr 12 20 Apr 12	September 2012	9.5(10)	Draft Report Issued
	Telecommunications	19 Mar 12	DEFERRED UNTIL 12/13 PLAN				
	St Antony's (7.11/12)	19 Mar 12	20 Mar 12	5 Apr 12	September 2012	5.5(6)	Draft Report Issued
Other	Follow Up	30 Jan 12	Various	7.6.12	September 2012	15 (15)	Draft Report Issued
	Audit Management	-	-	-	-	28 (28)	

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APPENDIX C: QUARTER 1 2012/13 WORK IN PROGRESS OR YET TO START (INCLUDING REPORTS STILL IN DRAFT)

Auditable Area	Start Date	Debrief date	Draft report issued	Planned Audit Committee	Days	Current Status
					Actual (Planned)	
Thames valley – Governance Arrangements	16.4.12	30.5.12		September 2012	14(15)	Fieldwork Complete
IT Strategy	Tbc			September 2012	(10)	-
Budget setting	20.6.12			September 2012	1(20)	-
Demand Management	18.6.12			September 2012	(15)	-
Declaration of Interests	5.4.12	24.4.12	15.5.12	September 2012	7.5(8)	Draft Report Issued
Cash Handling and Management	20.4.12	Various		September 2012	9(10)	Fieldwork Complete
Gold Projects	7.6.12			September 2012	1(15)	-
Housing Management systems	9.5.12			September 2012	7(8)	Fieldwork Complete
Multiple housing occupation	15.5.12			September 2012	7(8)	Fieldwork Complete
Performance Management	19.4.12	16.5.12	21.5.12	September 2012	14.5(15)	Draft Report Issued
Registered Bed Based Services	28.5.12			September 2012	4(10)	In Progress
Child and Families Assessment Teams	11.6.12			September 2012	1(10)	In Progress
Schools Development Budget	1.5.12	15.5.12	7.6.12	September 2012	14(15)	Fieldwork Complete

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Auditable Area	Start Date	Debrief date	Draft report issued	Planned Audit Committee	Days	Current Status
					Actual (Planned)	
Leasing of community centres	26.4.12	11.5.12		September 2012	14(15)	Fieldwork Complete
Willow School	10.5.12	18.5.12		September 2012	4(5)	Fieldwork Complete
Penwood School	30.5.12			September 2012	4(5)	Fieldwork Complete
Baylis School	21.6.12			September 2012	(4)	-
Haybrook School	12.6.12			September 2012	(6)	
Western House School	21.5.12	23.5.12		September 2012	4(5)	Fieldwork Complete
Parlaunt School	24.5.12	28.5.12		September 2012	4(5)	Fieldwork Complete

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APPENDIX D: EXECUTIVE SUMMARIES AND ACTION PLANS

Procurement (1.11/12)

EXECUTIVE SUMMARY

INTRODUCTION

An audit of Procurement was undertaken as part of the approved internal audit periodic plan for 2011/12. The focus of this audit was to determine the progress made by the Council on addressing previous weaknesses identified in the Procurement Audit.

The original audit was completed by the Council's previous Internal Auditors and provided a limited assurance opinion (in 2010/11) and highlighted a number of weaknesses relating to the Contracts Register, completion of material decisions and business exemptions (waivers). This follow up review has focused on the progress made to implement the recommendations made in the previous audit. However it should be noted that the previous Internal Audit report had not been finalised.

Until December 2011, the Assistant Director Commissioning, Procurement & Shared Services was assisted by one part-time procurement officer to manage Corporate Procurement. As of December 2011 a full team has been established consisting of two Procurement Specialists and a Procurement and Contracts Analyst.

The Council's overarching Contracts Register recorded 76 contracts at the time of our review. However, this register and the Tender Register were found to be incomplete, with a notable omission of the Internal Audit Contract on the Contracts Register and numerous fields within these registers which had been left blank.

At the time of the review draft policies, procedures and a strategy for Procurement had been established for approval at Council meetings in March 2012.

The audit was designed to assess the controls in place to manage the following objective and risk:

Objective	The Council has appropriate processes in place to ensure that items/services are procured in line with the organisation's financial regulations.
Risk	Failure to achieve value for money
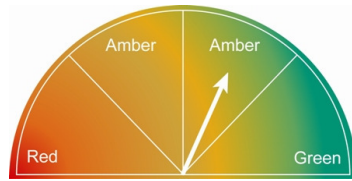
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CONCLUSION

Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.
However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Design of control framework

We found that the following controls were designed adequately:

▪ The Council has a Constitution which includes Financial Procedure Notes relating to the Tendering Process. The Constitution has been approved by the Council.

▪ The Procurement Team maintain a log of all Exemption Business Cases where the Council has approved (through the members of the Procurement Review Board) to waive the tendering process for a justified reason as documented in the Exemption Business Case document.

▪ The Council monitors the number of exemption business cases being approved through a Balanced Scorecard measuring this activity which is presented to the Senior Management Team.

▪ The Council has established an overarching Contracts Register which captures contracts recorded in local registers through the monthly submission of these local registers to the Procurement Team. The overarching Contracts Register enables the Council to capture suitable information on Contracts including their value, inflation, expiry date, potential extension periods and owners within the Council.

▪ The Council also hold a separate Tender Register which enables the Democratic Services department to capture information relating to the progress of procurement activity.

▪ Officers advice the Cabinet of all contracts with an estimated yearly value of £250k per annum or over that are proposed to be let during the current financial year.

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In addition, we identified the following weaknesses in relation to the design of the controls:

- The Contracts Procedure Notes and Procurement Strategy had been drafted at the time of our review. However these had not been reviewed, approved or made accessible to employees. We did not consider that within these documents that the Council had clearly specified that the procurement of all works, goods and services should be managed through the Procurement Team. We accept that until the end of 2011, the team has not had the capacity to fully manage this function. However, the team now needs to communicate the roles and responsibilities of this team across the Council.
  In the absence of Officers being aware of the Procurements Team role, there is a risk that works, goods and services will not be procured in line with approved Policies and Procedures. This is likely to have an impact on achieving the best possible value for money. It was also noted that the Contracts Procedure Rules is a lengthy document and could potentially be deemed bureaucratic to departments who look to understand the process. A medium category recommendation has been made to address these matters.

- The Council did not operate a system to identify whether all tenders had been notified to the Cabinet as a significant decision. However, an enhancement to the Business Case Template was made at the time of this review to enable this information to be captured in the future and empower the procurement Team to notify the Cabinet in any case where the Cabinet has not already been informed. We accept that this weakness was receiving suitable management attention at the time of our review and we have not therefore made a recommendation.

Application of and compliance with control framework

We found that a number of controls identified above were not adequately complied with. We identified the following weakness which resulted in one medium recommendation:

- The Contracts and Tender Register were both largely incomplete. If contracts are not monitored and reported as required, there is a risk that a lack of control could lead to work being performed out of contract, exposing the Council to potential liability risk. Furthermore, Members could be unaware of key procurement activity which could affect overall decision making. Finally, the Council may fail to obtain or demonstrate value for money under out of date contractual arrangements.

We also made two low category recommendations regarding access to the current Financial Procedure Notes on the Intranet and the quality of data within the Balanced Scorecard.

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ACTION PLAN

The priority of the recommendations made is as follows:

Priority	Description
High	
Medium	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Low	
Suggestion	These are not formal recommendations that impact our overall opinion, but used to highlight a suggestion or idea that management may want to consider.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	The current Financial Procedure Notes (May 2011) should be uploaded to the Council's Intranet to avoid providing employees with obsolete guidance. The Intranet version currently available is dated May 2010.	Low	Y	It was agreed that the Intranet version needs updating. This would be for Democratic Services to update.	Completed March 2012	Catherine Meek, Assistant Director Democratic Services
2	An overarching concise document should be created, including a flowchart, which briefly explains: ▪ The procurement process ▪ The need for budget holders to engage with the Procurement Team before procuring goods and services. This should also be amongst the headline information on the Procurement page of the Intranet.	Medium	Y	This will be captured within the Procurement Operating Procedures and publicised on the Intranet.	End of March 2012	Joanna Anderson, Assistant Director of Commissioning, Procurement and Shared Services

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Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	The council need to ensure that within the appropriate policies and procedures it specifies that the Procurement Team are responsible for overseeing all procurement activity. On approval of the draft Procedure Rules/Strategy the Procurement Team need to communicate across the Council their role in the procurement of all goods, works and services.					
3	The Procurement Team should request the receipt of the Balanced Scorecard prior to SMT meetings to ensure that the information reported is complete and accurate. If data quality continues to be an issue it should be escalated to the Performance Management Team.	Low	Y	This will be monitored for future meetings.	End of March 2012	Joanna Anderson, Assistant Director of Commissioning, Procurement and Shared Services
4	The Procurement Team need to ensure that the Tender Register and Contracts Register is accurately maintained with all listed columns completed (where appropriate) and that this is actively used as a monitoring tool rather than a separate administration task. It may be beneficial for the Council to implement a Procurement Software package that would automatically record information throughout the procurement process.	Medium	Y	It was agreed that the Contracts Register and Tender Register need updating to ensure accuracy. However, Democratic Services own the Tender Register and therefore would need to provide input. The Council are currently looking in to the service specification of software for e-procurement.	May 2012	Contracts Register: Joanna Anderson, Assistant Director of Commissioning, Procurement and Shared Services Tender Register: Catherine Meek, Assistant Director Democratic Services

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	The Council should consider implementing software that includes the following benefits / functionaility: • The provision of a flagging email service to notify Leads and the Procurement Team of impending contract expiry dates; • Automatic logs of when each stage of the tender process is completed. For instance, details of OJEU notices; and the completion of PQQs and whether tenders are open or restricted; • Restricts the progress of tendering until appropriate approval is obtained and each relevant document has been submitted; • A facility to capture and document expenditure which has required a Business Exemption Case and whether the case has been approved; and • Tracks the expenditure of the Council across different suppliers to enable an analysis on the reliance on any one supplier. This information could then be used to drive our further efficiencies or savings.					

St Joseph's School Special Investigation (2.11/12)

EXECUTIVE SUMMARY

INTRODUCTION

An audit of St Joseph's Catholic High School – Governance, Financial Management & Procurement was undertaken at the request of the Strategic Director of Resources and Regeneration.

St Joseph's Catholic High School (referred to as the School hereafter) has a finance team which consists of the Bursar and an Assistant Bursar. In 2011/12 the school entered into five finance leases, which is contrary to the Department of Education Guidance as stated below.

In addition, it was brought to our attention by the Finance Department at Slough Borough Council that the School had entered a further three finance leases that were not disclosed to Internal Audit at the time of this review.

The Department for Education's Guidance on the use of Leases by Schools states:

"A Finance Lease is equivalent to you committing the school to a loan, which is prohibited under current legislation." (Academy Procurement Resource: Buying for your Academy).

"An Operating Lease is the only type of lease a school should enter into. These leases involve the school paying a rental fee for the hire of an asset for a period of time, and are similar to a rental agreement. No other types of lease, such as a Finance Lease or hire purchase, may be entered in to by the school as this is a form of borrowing." (Buying Goods and Service section of Department's website).

The total value of the liability faced by the School in entering these leases was approximately £1.4m. The overall school budget for 2011/12 was £4.05m of which £3.2m million comprised of staff costs. Therefore this will have a significant impact on the future viability of the school.

Following notification that the school had entered into finance leases, the Strategic Director of Resources and Regeneration requested that an independent audit be undertaken to review the processes in place for governance, financial planning and management, and procurement within the school to determine whether robust internal controls were in place and whether these were operating effectively in practice.

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CONCLUSION
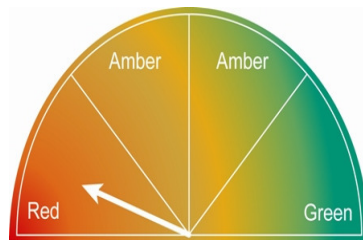
Taking account of the issues identified, the Council and the Full Governing Body cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective and therefore the School is unable to demonstrate value for money in their purchasing arrangements.

Testing identified that the School has:
- **Failed to adhere to their Financial Delegated Limits with £300,000 of invoices being approved by an inappropriate level of authority; and**
- **Breached the Scheme for Financing Schools and Department of Health requirements by entering into Finance Leases.**

Action needs to be taken to ensure the risks identified are managed.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Design of control framework

We identified the following weaknesses in relation to the design of the controls:

- The Financial Delegated Limits were found to be unclear and not consistent with Slough Borough Councils requirements relating to informing the Council of any expenditure above £60,000, prohibiting finance leases (unless approved by the Secretary of State) and following procurement procedures. A high-category recommendation has been made regarding this matter.

- The Scheme for Financing Schools did not elaborate to explain that borrowings include Finance Leases and the current version available to Schools via the Council's Intranet was dated 2008/09. Two medium category recommendations have been made to improve the control framework in this area.

- The Bursar produced monthly budget monitoring reports for income and expenditure, including sums committed but not yet paid and outturn forecasts against the approved budget. However, these were not presented in a format that enabled poor performance (i.e. overspends) to be clearly identified and draw the users attention to these issues / information. A medium category recommendation has been made to address this issue.

- The School did not have an approved supplier list and did not carry out suitable checks on new suppliers or changes to supplier details. Two medium category recommendations have been made regarding these matters.

- The School did not possess pre-number purchase requisition stationary.

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We did however, consider that the following controls were designed adequately:

- The roles and responsibilities of the Governing Body, its committees, the Headteacher and other staff in relation to financial decision-making had been defined and approved by the Full Governing Body

- The School has established a Finance and Environment Committee which has an approved Terms of Reference.

- Minutes were taken of all meetings of the Governing Body and its committees and included all decisions and by whom action was to be taken.

- The Governing Body had established a register of interests of governors, the Headteacher and any other staff who influence financial decisions.

- The School had drafted a School Development Plan.

- The School had created a budget based on realistic estimates of all expected expenditure and income, including grant income.

- The Governing Body ensured that the main elements of the school's budget were periodically reviewed, to ensure that historic spending patterns were not unhelpfully perpetuated.

Application of and compliance with control framework

We found that a number of controls identified above were not adequately complied with. We identified the following weaknesses during our testing:

- The minutes of the Full Governing Body did not explicitly state that the annual budget was approved.

- The School Development Plan (SDP) had not received Full Governing Body approval and was not currently in a detailed version that adequately linked in to the School's budget. Sample testing identified four instances where the delegated limits of authority were breached. These were where expenditure exceeded £50,000 and the Full Governing Body did not provide approval and payments were made solely through the approval of the Bursar and Headteacher. A high category recommendation has been made regarding this matter.

- The above instances also demonstrated non-compliance with the Scheme for Financing Schools which requires the procurement arrangements of the Local Authority to be adhered to and therefore these sampled purchases should have been purchased through tendering unless a waiver was appropriately obtained. A high category recommendation has been made regarding this matter.

- The Finance and Environment Committee did not provide extensive challenge and scrutiny to areas of poor performance that were raised in meetings. A high and medium category recommendation has been made regarding this matter.

- One Budget Holder we spoke to did not understand key financial terms such as tendering.

- The Purchase Ordering process was not being adhered to for all purchases of goods and services.

Since the conclusion of our audit, the Head-teacher, Bursar and Director of IM&T have been suspended by the school pending further investigation. The Council has appointed appropriate individuals from other schools to provide cover for these posts during the period of their suspension. In addition, a member of the Council Finance team has been seconded into the Council to assist in addressing the financial management weaknesses identified. It is therefore important for the new interim management team to ensure that the recommendations detailed within our action plan below are implemented as a matter of priority to ensure the effectiveness of financial management controls in the future.

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ACTION PLAN

The priority of the recommendations made is as follows:

Priority	Description
High	
Medium	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Low	
Suggestion	These are not formal recommendations that impact our overall opinion, but used to highlight a suggestion or idea that management may want to consider.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
For the attention of St Joseph's Catholic High School						
1.1a	The School's Financial Delegated Limits should be revised to state: ▪ Whether one of the individuals marked against each financial limit is required to provide authorisation or whether every individual that has been 'ticked' is required to provide authorisation; ▪ A Local authority officer countersignature is required for any order for goods/services for a value more than £60,000; and ▪ Secretary of State approval is required for borrowings, which	High	Y	The School's Financial Delegated Limits are currently being amended to address this recommendation and a revised version will go to the Governing Body for approval.	End of June 2012	Bursar and Headteacher

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	includes finance leases; and ▪ All purchases should comply with the Council's procurement rules. The School will also need to consider whether the Chair of the Finance and Environment Committee and/or Full Governing Body is permitted to provide approval in instances where a Governing Body meeting is not to be held for a period of time (as this result in the school not obtaining the best price and progressing orders in a timely manner).					
1.2a	The Finance and Environment Committee members should be informed that they should be providing greater challenge and scrutiny over items presented to ensure that they are satisfied that suitable remedial actions are concluded to resolve poor performance.	High	Y	The committee will be informed of this need.	End of May 2012	Father Kevin O'Driscoll, Chair of Governors
1.2b	To ensure that the School is represented by Governors with suitable skill sets on the appropriate committees the School should review the existing skill set of their Governors. This will help to identify whether they possess the following skills / experience in the Committee related areas: ▪ Qualifications in Committee related areas; ▪ Management experience;	Medium	Y	The School is willing to look at its personnel on committees and review their skillsets.	End of August 2012	Father Kevin O'Driscoll, Chair of Governors

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Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	▪ General experience; and/or ▪ An interest. Following the review the School should look to distribute the skillset effectively across the committees and replace and appoint Governors where gaps are identified.					
2.1	The School should produce a SDP that clearly describes what actions will be taken to achieve stated aims and elaborate on how these will be attained and measured. For instance, budgeted costs and how costs will be incurred.	Medium	Y	The SDP needs rewriting due to the OFSTED report and will include greater detail to address this recommendation.	End of March 2013	Headteacher
2.2	The School should ensure decisions to approve the budget and SDP are accurately recorded within the minutes.	Medium	Y	Agreed.	End of May 2012	Headteacher, Chair of Governors
2.3	When the School submits their budget they should request verification of receipt from the Council.	Suggestion	Y	This can be conducted for future submissions.	End of May 2012	Bursar
3.1	The format of finance reports should be enhanced to focus user's attention towards poor performance. This relates to both Budget Holder reports and Finance Reports to Governors. The School should consider the use of RAG rating and provide an indicator to show where figures have improved or worsened from prior months by use of	Medium	Y	Revisions to the Finance Reports will be considered. Internal Audit will provide a few examples of RAG rated and reports that include appendices to show enhancements that could be made.	End of June 2012	Bursar

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Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	directional arrows. The Finance Reports to the Governors Body meetings should provide suitable explanations and proposed remedial actions within such reports on an exemption basis.					
3.3	The School should provide Financial Management training to their Budget Holders. The School could look to identify whether other Schools would benefit from such training to spread the cost of this provision.	Medium	Y	This was agreed as beneficial for the School.	End of July 2012	Headteacher
4.1a	The School should request the use of the Council's list of approved suppliers and where suppliers cannot be obtained from this source, additional checks should be performed to verify their credentials. Alternatively the School could look to develop their own list independently or with other local schools.	Medium	Y	The Governing Body will review and approve a list of suppliers.	End of July 2012	Bursar
4.1b	As a minimum the School should request that requests to change supplier details are provided on letter-headed paper and that the school telephone the supplier to verify the amendments before they are processed.	Medium	Y	This was agreed as a reasonable control measure and will be conducted going forward.	End of March 2012	Bursar
4.2a	The School needs to ensure approval is obtained for all expenditure in compliance with their approved Financial Delegated	High	Y	Lesson has been learnt from recent failures. Chair of Governors requested	End of May 2012	Bursar

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	Limits. The School could consider introducing software that prohibits expenditure above thresholds without approval from the appropriate level of authority. The School could investigate the use of software with other Schools or through the Council in order to save costs.			that the Bursar should investigate the use of software.		
4.2b	To ensure the School obtains value for money it needs to ensure compliance with the Scheme for Financing Schools requirements and adhere to the Council's tendering arrangements as stated in the Council's Financial Procedure Rules (within the Council's Constitution) for contracts in excess of £50,000.	High	Y	The School will revise their financial limits table and notify the Council for assistance on expenditure above £50,000 to identify whether the School needs to tender or whether a waiver will be required.	End of March 2012	Bursar
4.3	Official, pre-numbered orders should be used for all goods and services except utilities, rents, rates and petty cash payments. Where urgency requires an oral order, these should be confirmed in writing.	Medium	TBC	Bursar stated that they are not convinced the School has the resources to complete this recommendation and may have to accept the risk that the School would be exposed to.	End of July 2012	Bursar
4.4	The school delegation of authority spreadsheet for orders and invoices should be subject to a regular approval at an appropriate level of authority and should be enhanced to include budget holder's financial limits.	Low	Y	Agreed that delegation of authority should be appropriately approved to verify amendments	End of May 2012	Bursar

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
For the attention of Slough Borough Council:						
1.1b	The Council should enhance the Scheme for Financing Schools to explain that borrowings include Finance Leases and define the difference between a Finance Lease and Operating Lease. The revised version should then replace the 2008/09 version which is currently accessible via the Council's Internet site.	Medium	Y	The Scheme for Financing Schools will be updated for the 2012-13 academic year. It will be published on the website and confirmation will be sought from all bursars and heads that they have received it.	July 2012	Christina West
1.1c	The Council should ensure that an appropriate individual at each school confirms receipt and understanding of the Scheme for Financing Schools. This could be monitored through the use of a register that records whether each school has replied to confirm understanding of the document. This register could also be developed to record whether each school has submitted their annual approved budget; otherwise a separate register for this information will require maintaining that will enable the Council to remind schools to submit this information.	Medium	Y	See above recommendation	July 2012	Christina West

RSM Tenon

Commissioning Teams and Supporting People (5.11/12)

EXECUTIVE SUMMARY

INTRODUCTION

An audit of Commissioning Teams and Supporting People was undertaken as part of the approved internal audit periodic plan for 2011/12.

The Council has a Commissioning Team within Adult Social Care (ASC) which has been tasked with delivering the Commissioning Programme that has been set out within the Council's approved Commissioning Strategy for Adult Social Care.

Progress against the delivery of the Commissioning Programme is monitored at Commissioning Programme Board, ASC Commissioning Board and Corporate Management Board.

To assist employees in adhering to the Council's Financial Procedure Rules, the Commissioning Team has a number of process maps that guide employees through the appropriate procurement procedures to be followed when commissioning services.

The Commissioning and Adult Social Care Contract and Procurement Team maintain a Contracts Register listing all those contracts held by the ASC and their values and expiry dates. At the time of this review the Contracts Register had a significant number of contracts that were listed as expired at the end of March 2011 the new contract register for 2012 which will contain the newly commissioned services had not been finalised. For those where it was possible to calculate an annual contract value it was noted that the expired contracts (Care Home Block Contracts £2.585m, Supported Living Mental Health £839,000 and Community Meals £27,380) equated to £3.45m per annum. A high-rated recommendation has been made within this report to address this weakness. It was noted that tenders for domiciliary care, carers respite services, learning disability supported living services, floating support, are in progress, and we were informed that mental health days services had been completed after the completion of this review. All contracts commenced on the 2 April 2012. Learning Disabilities Supported Living and Mental Health Supported Living are currently in negotiations. We were also informed that following legal judgement in the North of the country an extensive work programme on benchmarking and agreeing the costs of residential and nursing care is taking place in order to ensure that value for money is achieved in agreeing the unit costs of residential and nursing care prior to commissioning the services. We therefore accept that the Council is working to progress this matter.

The audit was designed to assess the controls in place to manage the following objective and risk:

Objective	The objective of the review is to provide assurance that the Council has a robust process in place and is compliant with its recorded processes to successfully commission activity.
Risk 1	Failure to obtain value for money through commissioning activities undertaken by the Council.

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Risk 2	Non-compliance with legal requirements of procurement due failure to adhere to the Council's Financial Procedure Rules in relation to the tendering process

CONCLUSION
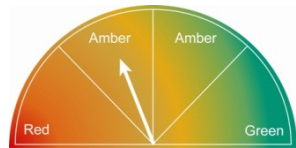
Taking account of the issues identified, whilst the Council can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure the risk of the Council failing to achieve value for money through its commissioning is managed in a timely manner. However, we can conclude that the Commissioning activity undertaken has been in compliance with the Council's procurement rules.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Effectiveness

We found that the Council cannot demonstrate value for money due to the failure to ensure contracts are reviewed and activities are commissioned on the expiry of the existing contract in a timely manner. This was concluded from a review of the Commissioning Team's Contracts Register, which where it was possible to calculate an annual contract value it was noted that contracts that expired in March 2011 equated to £3.45m.

Design of control framework

We found that the following controls were designed adequately:

▪ The Council has a Commissioning Strategy for Adult Social Care which includes within the purpose of achieving better outcomes for residents and improved value for money for the Council. It includes national and local guidance and research, market analysis and future demands and the Council's commissioning priorities. The strategy had been approved by the Council and communicated to employees.

▪ The Council has established a Supported Accommodation Strategy that sets out a clear framework for planning and commissioning future supported accommodation, housing and support services including taking decisions in relation to the role of existing Supporting People contracted services. The strategy had been approved by the Council and communicated to employees.

▪ The Commissioning Team had created a Commissioning Roadmap which outlines the processes to be undertaken in delivering each commissioning priority.

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- The Commissioning, Contracts and Procurement Teams maintain a Contracts Register which records information on each contract and its value and expiry date.

- The Council also have an electronic contracts management system (Controcc), which captures individual placements for domiciliary care and care homes.

- Adult Social Care has a number of procedures to assist employees in the Commissioning Programme. These are in the form of three sets of flowcharts (the Social Care Commissioning Programme Guidance and Process Charts, the Adult Social Care Commissioning Process and the New Commissioning Approval Process).

- The Council have established Financial Procedure Rules to which provides high-level procurement procedures for the Council to follow including a waiver process.

- Corporate Procurement maintains a Tender Register that records the progress of each procurement exercise embarked on by the Council.

- The Commissioning Team holds a Microsoft Project Gantt Chart or Project Plan that tracks progress towards delivering each commissioning priority which is monitored at the Commissioning Programme Board and discussed with each relevant Commissioning Lead.

- The Council has established a Commissioning Programme Board (CPB) that meets on a monthly basis to oversee and manage commissioning processes and activities in Adult Social Care services.

- The Council has established an ASC Commissioning Board which is a monthly SMT meeting. Matters from the CPB are escalated to this Board for review and for Senior Management to review the progress of Commissioning in ASC.

- The Commissioning Team provides an update on the progress of its commissioning projects which forms part of the Project Update Report to a monthly Corporate Management Team (CMT) meeting.

- We did not identify any weaknesses in the design of the Commissioning Teams and Supporting People control framework.

Application of and compliance with control framework

We found that a number of controls identified above were not adequately complied with. We identified the following weakness which resulted in one high, three medium and one low category recommendations:

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- The Commissioning Strategy for Adult Social Care stated contradictory information regarding the period it was applicable for. It did not state any next review date at the forefront. The priorities listed within the strategy were stated as to be commissioned by March 2012 and given the number of incomplete commissioning priorities it may have also been over-ambitious in its intentions However it was noted that section 6.2.1 stated that the strategy was for a period of three years.

- The Contracts Register included a significant number of contracts that expired at the end of March 2011. For those where it was possible to calculate an annual contract value it was noted that the expired contracts equated to £3.45m and therefore the Council could be failing to obtain value for money in the period that these services are not re-commissioned. In these instances we noted waivers had not been obtained. In one instance (Community Meals) where the contract ended in 2010, a waiver had been obtained for an extension of one year. However, no further extension had been obtained for 2011/12. In discussion with the Procurement Manager – Community & Wellbeing we were informed that the Council had reviewed the value they were receiving from spot contracts and was satisfied that they were receiving value for money. However, in this instance the Council still failed to obtain waivers.

- Three different sets of procedures (the Social Care Commissioning Programme Guidance and Process Charts, the Adult Social Care Commissioning Process and the New Commissioning Approval Process) were in existence, due to the program and delivery process developing over time. However, the most recent guidance did not include a formal approval and the obsolete guidance was still available to employees and had not been appropriately archived. Reporting at each forum did not take a consistent approach and therefore excessive time was required in updating each different forum. The format of reporting did not make it clear to management whether progress was consistent with any pre-determined targets to ensure services were commissioned in a timely manner.

ACTION PLAN

The priority of the recommendations made is as follows:

Priority	Description
High	
Medium	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Low	
Suggestion	These are not formal recommendations that impact our overall opinion, but used to highlight a suggestion or idea that management may want to consider.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	The Commissioning Strategy for Adult Social Care should be reviewed and updated to reflect the current progress and any amendments to priorities in the future. The revised version should include a next review date or the period that the strategy relates to.	Medium	Y	Fair recommendation. A review will be undertaken to briefly conclude on what has been achieved to date, what remains outstanding and what priorities have changed to cover 2012/13. In 2013/14 onward there will be strategies developed for each particular area.	End of July 2012	Su Gordon-Graham, Joint Commissioning Manager
2	The Council needs to ensure that contracts are put in place for all existing contracts that are expired where appropriate to deliver the priorities set out in the Commissioning Strategy for Adult Social Care. The Council should introduce staggered expiry dates for current contracts being agreed to enable the Council to manage	High	Y	Head of Commissioning stated: New commissioning strategies will highlight the importance of staggering the expiry date of services. An Action Plan is in place to implement a staggered renewal of contracts over the next three	End of July 2012	Martin Lower, Procurement Manager – Community & Wellbeing

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	future commissioning intentions.			years. A programme to ensure up-dated Contracts are in place where original Contracts expired prior to re-commissioning is also being implemented.		
3	The Adult Social Care Commissioning Guidance should be updated to • Incorporate current any modifications made in the procurement strategy. • Elaborate on the approval process of the award of contracts ensuring consistency with the Financial Procedure Rules/Contract Procedure Rules. The guidance should be approved and obsolete guidance should be appropriately archived.	Medium	Y	These will be added to an overarching set of Commissioning Procurement Procedures and updated to ensure they do not contain contradictory guidance. New Corporate Procurement Guidelines are being developed and will be implemented during April / May 2012. All staff engaged in procurement activity will attend training on the new procedures. Commissioning guidance will be updated to reflect these changes.	End of June 2012	Su Gordon-Graham, Joint Commissioning Manager Martin Lower, Procurement Manager – Community & Wellbeing
4	The Council should adopt a consistent approach required to monitoring priorities. An overarching RAG-rated report should go to the Commissioning Programme Board (CPB) and ASC Commissioning	Medium	Y	Templates for reporting have already been created which will become effective as from the 1 April 2012. These team plans will be updated monthly and utilised to report to the	End of April 2012	Su Gordon-Graham, Joint Commissioning Manager

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	Board recording the progress towards delivery of the ASC Strategy on a regular basis with sufficient commentary on exemptions. For instance, where priorities are not going to be in place in-line with the timescales specified in the Strategy. The report should be in a format that enables each individual commissioning priority to be expanded to provide detailed analysis of progress to be used with individual project leads and also enable sufficient detail; to be escalated to the SMT.			Programme Board and ASC Commissioning Board.		
5	The Terms of Reference should be enhanced to include a quorum and should be presented to the ASC Commissioning Board for formal approval. Details of approval should subsequently be recorded on the Terms of Reference.	Low	Y	The Terms of Reference will be revised and sent to the next ASC commissioning Board meeting.	End of June 2012	Su Gordon Graham, Joint Commissioning Manager
6	The Council should consider taking minutes at the ASC Commissioning Board meetings, rather than action notes. This would enable the Council to clearly demonstrate that this forum is scrutinising reports and information presented at their meetings. Minutes from their meetings should be retained on a shared drive to enable employees to review discussions held on commissioning.	Low	Y	Agreed – formal recording through minute taking will be implemented.	From May 2012	Mike Bibby, Assistant Director of Commissioning, Personalisation & Supporting People

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Personalisation Policy (6.11/12)

EXECUTIVE SUMMARY

INTRODUCTION

An audit of Personalisation Policy was undertaken as part of the approved internal audit periodic plan for 2011/12.

As part of a national agenda set by the Government the Council developed a Personalisation Policy for improving their social services and putting the end-user first. The process is referred to as 'Putting me first'.

The Council provides care services to eligible residents who would otherwise have real difficulty with their everyday living needs. These services may include day centres for people with physical disabilities, meals on wheels or even personal care in their home.

The Personalisation Policy enables the end-user to have more influence over what support they need and when. The Policy has the aim of offering increased choice in the support if the user is older, has physical or learning difficulties, or mental illness. This enables users to have more control over the decisions about their care and allows users to choose better quality services that are personal to them.

The management of Personalisation sits within Community and Wellbeing at the Council. To assist the organisation in retaining records relating to Personalisation, the Council utilises the IAS System.

Sample testing during this review highlighted significant issues in the sign-off from the user, assessor and authoriser of Personal Needs Questionnaire (PNQs), RAS and Support Plans. Forms had not been uploaded on to the current IAS System and we noted inconsistencies in the RAS scoring and the use of obsolete documentation. We have made a high-rated recommendation for the Council to ensure that the impending upgrade of the IAS System addresses these weaknesses.

The audit was designed to assess the controls in place to manage the following objective and risk:

Objective	The objective of the review is to provide assurance that the Council has a robust process in place and is compliant with its recorded processes to offer appropriate care services and that care services have been appropriately utilised by end users where users hold responsibility for the selection of care provided
Risk	Users do not have the most effective care/support plan due to inaccurate completion of assessments/plans or users utilise direct payments allocated funds made by the Council in an inappropriate manner.
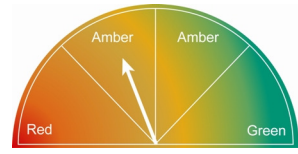
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CONCLUSION

Taking account of the issues identified, whilst the Council can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Design of control framework

We found that the following controls were designed adequately:

- The Council has established an End to End Procedure for Adult Social Care Operating Model 2011. The purpose of the procedure is to support all staff within adult social care with an understanding of the key processes involved in the End to End procedures of the Operating Model. This is to enable staff to deliver best quality and efficient services to meet the directorate's objectives. The procedure has been appropriately approved and made accessible to employees.

- The Council has established the Direct Payments Implementation Procedures 2011. The purpose of the procedure is to set out the Council's commitment to offering Direct Payments to service users eligible to receive services from Slough Adult Social Care Services. This procedure has been appropriately approved and made accessible to employees.

- The Council has communicated their personalisation objectives through the shared vision and commitment "Putting People First" for the transformation of adult social care. Putting People First has been communicated to the public through the Internet and to employees through a presentation.

- The Council has an IAS System which enables information at each stage of the procedure to be recorded and retained.

- The Council has created a number of template forms for creation throughout the procedure including the PNQ, RAS and Support Plan.

- The Council has a Resource Panel that meets weekly to approve support plans that require funding of over £100 per week.

- The Council has established an Adult Social Care (ASC) Personalisation Board that serves as a Programme Board for the ASC Transformation programme. The Board meets to provide strategic oversight, coordination and leadership to the Personalisation Programme.

- Users are required to submit an Income and Expenditure form each month detailing how their funding has been utilised.

- Reviews are conducted at six weeks, six months and yearly intervals to ensure users are receiving appropriate care.

In addition, we identified the following weaknesses in relation to the design of the controls:

- The Council did not undertake any sample testing to review the quality of PNQ's and other care documentation.

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Application of and compliance with control framework

We found that a number of controls identified above were not adequately complied with. We identified the following weaknesses:

- Procedures did not include review dates and the Direct Payment Policy did not include any requirement for users to submit bank account statements to enable verification of expenditure.

Sample testing identified the following:

- PNQs and Support Plans on the IAS System were not shown as signed by users or assessors.

- Assessors had not completed the Personal Outcomes and Indicative Budget pages of the PNQ.

- Scoring in the RAS did not reflect the PNQ.

- Incorrect documentation was being completed, with assessors using the obsolete care plans instead of support plans.

- There was a lack of an audit trail to show the authorisation of support plans.

- The return of Income and Expenditure forms were not being sufficiently scrutinised as many were not provided.

- The ASC Personalisation Board did not have a quorum or next review date for their Terms of Reference.

ACTION PLAN

The priority of the recommendations made is as follows:

Priority	Description
High	
Medium	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Low	
Suggestion	These are not formal recommendations that impact our overall opinion, but used to highlight a suggestion or idea that management may want to consider.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	The End to End Procedure and Direct Payments Implementation Procedures should be enhanced to state a next review date. This will assist management in identifying when the guidance should be subject to review and avoid the organisation in providing obsolete guidance.	Low	Y	The Procedures Operating Model is being reviewed and will be updated.	End of August 2012	Jon Dickinson Acting Head of Service
2	The Council needs to ensure that the new IAS System implemented can: ▪ Capture the user and assessors signature of the PNQ; ▪ Prevent progress of the process until all appropriate sections of the PNQ are completed. For instance, the outcomes and the indicative budget pages and the sign off from the user and assessor;	High	Y	Head of Access and Long Term Intervention is confident that the system will capture this data in the upgrade. Version Two is due to be operational end of May 2012 and Council will begin to use in June.	End of August 2012	Jon Dickinson Acting Head of Service

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	▪ Capture an approval/review from management that the RAS score has been accurately based on the PNQ; ▪ Ensure that only a Support Plan can be completed (rather than obsolete documentation, i.e. Care Plan); ▪ Capture the approval of Support Plans whether from the Assistant Operations Manager or Resource Panel and the date this was conducted; ▪ Capture the approval of reassessments; and ▪ Flag to individuals when reassessments are required; and ▪ Flag to management when tasks have not been completed in a timely manner If any of the above is not available through the new system the Council will need to ensure employee training needs on using correct documentation and completing the documentation correctly is conducted and employees are performance managed where necessary.					
3	The Allocation table for learning difficulties should be made accessible on the RAS documentation, similar to the way it is for non-learning difficulties.	Low	Y	Agreed.	End August 2012	Jon Dickinson, Acting Head of Services

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
4a	The Income and Expenditure form should be enhanced to include a field for the Council to record that the form has been appropriately reviewed. Existing forms in use should be appropriately annotated to demonstrate the completion of this task.	Medium	Y	A letter is to be sent to all users to explain the review of Direct Payments. The Council is recruiting a Finance Monitoring Officer to audit and monitor Direct Payments who will manage this area.	Letter to go out in June 2012 Post to be recruited by September 2012	Jon Dickinson, Acting Head of Service
4b	Users should be requested to submit banks statements to accompany each Income and Expenditure form.	Low	Y	This will be incorporated in to the letter to all users.	June 2012	Jon Dickinson, Acting Head of Service
5	The Terms of Reference for the ASC Personalisation Board should be enhanced to state: ▪ A next planned review date; and ▪ A quorum to ensure suitable attendance. These Terms of Reference should be presented to an appropriate forum for approval to ensure that they are working towards relevant and suitable objectives.	Low	Y	To be raised at next meeting.	June 2012	Mike Bibby, Assistant Director of Commissioning Personalisation and Supporting People
6	The Council should undertake sample testing to review the quality of PNQs and other care documentation. This will enable training needs to be identified.	Medium	Y	An audit process will be in place and documented in procedures. This will be the responsibility of team managers to conduct.	End of June 2012	Jon Dickinson, Acting Head of Service

Quality Assurance of Performance Indicators (8.11/12)

EXECUTIVE SUMMARY

INTRODUCTION

An audit of Quality Assurance of Performance Indicators was undertaken as part of the approved internal audit periodic plan for 2011/12.

The Assistant Director of Professional Services manages the Performance Management team with the assistance of the Performance Manager. A team of Performance Analysts conduct the task of collating data and presenting them within performance reports that are produced at different forums throughout the organisation. Performance Reports include the Corporate Scorecard, Redbook and Bluebook.

In each service area the Council has members of staff who are responsible for entering data on to their respective systems which enables data to be captured for performance reporting.

The Council has an expectation that is not centrally documented that each service area ensures training is provided to employees on their respective systems and that information entered is validated where this forms part of performance indicator. As part of this review we have made a medium-rated recommendation for the Council to develop a Data Quality of Performance indicators Toolkit which clearly defines the organisation's requirements for their performance indicators.

This review focused on a sample of five performance indicators, the service areas for sampling was requested by the Assistant Director of Professional Services and the Performance Manager. They selected the following three indicators:

- PI NN75: Key Stage 4; 5 or more GCSEs at grades A*-C including English and Mathematics;
- PI 1C: % of clients and carers supported on a SDS personalised budget / Direct payment; and
- PI C19: LAC Health.

Internal Audit selected the following two indicators from the requested service areas:

- Housing: % of tenants with more than seven weeks (gross) rent arrears; and
- NI 43 Young People within the Youth Justice System receiving a conviction in court who are sentenced to custody.

The audit was designed to assess the controls in place to manage the following objective and risk:

Objective	The Council has robust arrangements in place for the collation, input, validation and reporting of performance data.
Risk	The Council is unable to make effective management decisions due to weaknesses in the reporting of performance data.

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CONCLUSION
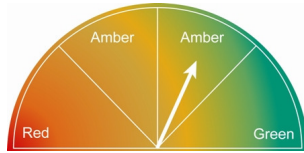
Taking account of the issues identified, the Council can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.
However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Design of control framework

We identified the following weakness in relation to the design of the controls:

- The Council had not created any central document that clearly defined the requirements for ensuring performance indicators are accurately reported. No document existed that explained individuals need to be assigned responsibilities for data entry and extraction, or that data requires validating or that employees assigned to enter data should be trained on their respective systems. We have made a medium-rated recommendation to address this matter.

Application of and compliance with control framework

We found that a number of expected controls were being applied appropriately for the sample of performance indicators reviewed:

- Where we deemed appropriate (given the complexity of the data collection) procedures/manuals were in place to explain to employees on how to enter data.

- Where we deemed appropriate (given the complexity of the data collection) training was available and attended by employees.

- Validation was being carried out. However, in instances this appeared to be by coincidence in the nature of the workflow of service areas rather than for the purpose of ensuring accuracy of data collected for indicators.

- Performance Analysts had been assigned responsibility for the extraction and reporting of indicators.

- Performance indicators were being accurately and presented in a timely manner within Performance Scorecards.

- Performance Scorecards were being discussed at the relevant meetings at which they were presented.

We found that one expected control was not adequately complied with. We identified the following weakness:

- Performance Analysts had not fully documented the procedures for the calculation process of the indicators they have been assigned to extract and present on.

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ACTION PLAN

The priority of the recommendations made is as follows:

Priority	Description
High	
Medium	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Low	
Suggestion	These are not formal recommendations that impact our overall opinion, but used to highlight a suggestion or idea that management may want to consider.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	The Council should establish a toolkit to data quality document to share throughout the organisation to ensure good practice is shared and that each Service Area can verify that for each performance indicator: ▪ Local procedure manuals exist to provide adequate guidance on data entry; ▪ Responsibilities are assigned for entry and extraction; and ▪ There are three methods of validating entries made on the system.	Medium	Y	It would be beneficial for the Council to have an overarching documentation. However, this will need endorsing by each service area's Director to ensure compliance.	End of May 2012	Kevin Gordon, Assistant Director Professional Services (for the creation of the toolkit) The following for the endorsement of the toolkit in service areas: Julie Evans, Strategic Director of Resources Emma Foy, Acting Head of Finance Jane Wood, Director of Community and Wellbeing

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Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
						Roger Parkin, Director of Customer & Transactional Services Clair Pyper, Director of Education and Children's Services
2	Performance Analysts should establish step by step procedures for the calculation of their respective Performance Indicators supported by a definition of the indicator. This will enable Analysts to continue to accurately report to management in the absence of a member of staff.	Low	Y	Year-end information will need to take priority at present. However, this recommendation will be addressed in the next financial year.	End of October 2012	Kevin Gordon, Assistant Director Professional Services

CONCESSIONARY FARES ADMINISTRATION (10.11/12)

EXECUTIVE SUMMARY

INTRODUCTION

An audit of Concessionary Fares Administration was undertaken as part of the approved internal audit periodic plan for 2011/12.

Concessionary fares enable the free use on buses for Elderly and Disabled passengers. This, where necessary, can include a companion. Concessionary Fares account for £2m of the Council's annual budget.

The application process uses two systems, INNOVATOR which has the capabilities to store photographs of the user and Siebel which is used to store supporting documentation. A new system called CRM is in the process of being introduced which will allow for better management of the application process.

The Customer Services team based at Landmark Place are responsible for the processing of the application forms. They take a photograph which is uploaded onto the INNOVATOR system. The INNVOATOR team, is an external company team, they process the application and create the card, which is then sent out to the user.

We identified through sample testing weaknesses in the lack of supporting documentation retained to demonstrate the appropriateness of bus passes issued.

We also noted a design weakness where the Council does not operate an approval/review process of bus passes to be issued and therefore there is a potential risk of bus passes being issued inappropriately if there is no segregation of duty in this process.

Although, during this audit we did not find any instances of inappropriate issuing of bus passes, the above weaknesses did warrant a high category recommendation being raised to address these matters.

To monitor the payments, the transport team send out an excel spreadsheet to the bus operators. Each month the bus operator sends the spreadsheet to the Transport team, along with the monthly invoice. The transport team review the information, using the trend analysis for reasonableness. Each month the trend analysis is discussed in meetings between the Finance department and the Transport Strategy Manager.

The audit was designed to assess the controls in place to manage the following objective and risk:

Objective	The objective of the review is to provide assurance that the Council has a robust process in operation that ensures only eligible individuals of the community are provided with a concession.
Risk	The Council is incurring an excessive level of expenditure to bus operators due to the inappropriate provision of concessions and/or

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due to incorrect data being received from bus operators.

CONCLUSION
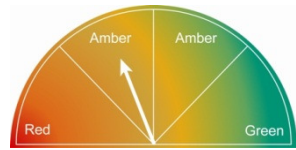
Taking account of the issues identified, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Design of control framework

We found that the following controls were designed adequately:

- The Council has a Local Transport Plan which was authorised by the Council on the 14 March 2010.

- The Council has available on its Internet site the rules and regulations around eligibility for a bus pass.

- The Council has introduced a bus pass procedure manual, which identifies the process from the completion of the application form to the end user receiving the bus pass.

- The Council has introduced the requirement for a person requiring to have a bus pass to complete an application form and provide the required documentary evidence.

- There is a requirement for the bus operators to provide accurate information and invoice before payment is made.

- Various meetings are in place where the trend analysis and important issues around concessionary fares are discussed, for instance the Capital Revenue meetings.

- The Council has introduced a Creditors Certification Slip which identifies the information within the trend analysis has been confirmed to be accurate, further this also provides evidence that the invoice is ready to be paid including cost code.

- Within the IPROC system there is a clear identifier to show who authorised each of the invoices from the bus operators

- A mystery shopper option available, this is not always utilised due to the resources needed to implement.

However, we identified the following weaknesses in relation to the design of the controls:

- The Council does not have a system in place to provide segregation of duty between the employee processing the application and approving the issue of the application (this is the same employee) and therefore the Council increases the risk of bus passes being inappropriately issued where applicants do not meet the criteria. We have made a high category recommendation to address this matter.

- The Council does not have a system in place where line managers check to confirm if application forms have been completed with relevant supporting documentation. The high-category recommendation above should address this matter.

- The Council's system does not enable employees to demonstrate that the pass has been sent to the user within seven days.

Application of and compliance with control framework

We found that a number of controls identified above were not adequately complied with. We identified the following weakness:

- The procedure manual for customer services did not include review and approval details. The Manual also did not include sufficient guidance on the approval process of applications. This could lead to applications being processed incorrectly

- Sample testing of applications identified that supporting documentation had not been appropriately uploaded on to the Siebel System. It was therefore not possible to determine whether all concessionary fares processed were appropriate

ACTION PLAN

The priority of the recommendations made is as follows:

Priority	Description
High	
Medium	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Low	
Suggestion	These are not formal recommendations that impact our overall opinion, but used to highlight a suggestion or idea that management may want to consider.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	The Strategy document should be enhanced to record that this document has been endorsed by the Cabinet. This is to enhance the documents relevance to any member of the public or employee who sees the documentation.	Low	Yes	Future copies of the strategy documentation will include who approved on the front page.	End of June 2012	Joseph Carter, Head of Transport
2	The procedure manual should be enhanced to include: ▪ The approval and next review details on the document. ▪ Requirements on the approval process of bus passes. ▪ Guidance on how the information is sent to the end user. ▪ A restriction on the timeframe that photographs are valid to ensure the cardholders appearance	Medium	Yes	Accepted, these should be incorporated in the next revision of the procedure manual This will be revised in the future procedure manuals, the suggested is that the length of time of renewal of the photograph fits in with that of the passport i.e. every 10 years.	End of June 2012	Tina Hancock-Customer Services Manager Mohammed Ishtiaq, Customer Service Team Leader.

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Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	matches their photograph.					
3a	The Council should introduce a system of review for each application (or a sample of applications) which is counter signed by a colleague to: ▪ Provide a segregation of duty; ▪ Verify that the application is bona-fide; and ▪ Verify that all information has been collected from the applicant.	High	TBC			
3b	The Council should investigate whether the INNOVATOR System is capable of capturing the date at which successful applicants are sent their bus pass to demonstrate compliance with the Council's procedure for processing applications within seven working days.	Low	Yes	The new CRM system will allow more accurate recording.	TBC	Tina Hancock, Customer Services Manager
4	The outturn spreadsheet should be reviewed by the Transport Strategy Manager to confirm that all the information within it has been calculated correctly and accurately. This could also be reconciled to the Creditors Certification Slips.	Low	Yes	Rub Nawaz's team will be requested to implement a one a month sample testing exercise, to help confirm accuracy	Immediate	Rub Nawaz, Transport Strategy Manager
5	The Capital Revenue minutes should identify that concessionary fares have been discussed in the meetings. This is to identify that the topic has at least been covered.	Low	Yes	We acknowledge that the concessionary fares are an important council benefit, we agree that the minutes should include a mention that concessionary fares have been discussed.	Immediate	Joseph Carter, Head of Transport

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
6	The Creditors Certification Slip should be enhanced to include: • An area for the transport manager to be able to sign the form • An area for the cost code to be put • Change of method for the signing of the form to allow Principal Contractor or the Assistant Transport Manager to be able to edit the form on the computer prior to being signed.	Low	Yes	Amendments will be made to all future slips	Immediate	Rub Nawaz, Transport Strategy Manager

APPENDIX E: CLIENT BRIEFINGS

RSM Tenon's Local Government Update – April 2012

This eUpdate provides information on some of the recent key publications and issues concerning local government.

The 2012 Budget Statement – implications for local government
The Chancellor, George Osborne, delivered his Budget statement for 2012 on 21 March. Key points for local government organisations to note include: an additional £10bn in welfare cuts by 2016/17 on top of the £18bn previously announced; gradual withdrawal of child benefit through an income tax charge for households with an occupant earning between £50,000 and £60,000 and complete withdrawal for households with an occupant earning over £60,000; a freeze of Local Housing Allowance rates for one year from April 2012; and limitation of Housing Benefit payments to working age social-rented sector tenants who underoccupy their properties from April 2013. The Government has also replaced the previous Housing Revenue Account subsidy system with a self-financing model and launched a reinvigorated Right to Buy for council housing tenants, replacing the current range of regional caps on discounts with a higher single cap of £75,000. In addition, the Government has committed to accelerating the release of public sector land to meet its ambition of building over 100,000 homes by April 2014 and has introduced its National Planning Policy Framework which consolidates over 1,300 pages of inherited policy into a new 50 page document. Other Budget outcomes include: consultation on simplifying the Carbon Reduction Commitment energy efficiency scheme to reduce administrative burdens; introduction of more local, market-facing public sector pay reform for those civil service departments that entered the pay freeze in advance of other workforces and exited it from April 2012; and provision of £30m to local authorities in England to support transitional costs to new local support schemes for council tax.
Further information on the Budget settlement for 2012 is available here.

National Planning Policy Framework
The Department for Communities and Local Government (CLG) has published its new National Planning Policy Framework following consultation. The new 50 page Framework document provides guidance to councils in drawing up local plans and on making decisions on planning applications. The aim of the new simplified Framework is to better support economic growth, create homes and jobs, and put power into the hands of local communities so that every area in the UK can develop a clear local plan which reflects the views and aspirations of local people on how they wish their community to develop. The final Framework retains the key elements of the draft Framework published in July 2011, including: enshrining the local plan - produced by local people - as the keystone of the planning system; making planning much simpler and more accessible; establishing presumption in favour of sustainable development; guaranteeing protections for natural and historic environment; and encouraging the use of brownfield land in a way determined locally.
Further information is available here.

Accountability system for local government and fire and rescue departments
The CLG has published a document which sets out the core accountability system, concerned with issues such as financial management and democratic accountability, for local and fire and rescue authorities for the financial year 2012/13. The document sets out current funding systems, legislation and guidance and indicates expected changes during 2012. As set out in HM Treasury's *Managing Public Money*, as the lead accounting officer for local authorities, the CLG accounting officer is now required to publish accountability system statements explaining how accountability for the grants they distribute to local bodies is achieved and demonstrate that the appropriate accountability mechanisms are in place.
Further information is available here.

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Fighting Fraud Locally

The Home Office has unveiled a new strategy for local authorities in their fight against fraud. The new strategy, *Fighting Fraud Locally* provides a range of new approaches and best practice which form a 'blueprint' to equip local authorities to better protect themselves against fraud including housing and council tax fraud. The new strategy has been published following an eight-month review led by the National Fraud Authority, supported by the CLG, and includes: a fraud checklist to help local authorities identify possible gaps in current fraud response; an online fraud resilience check to help local authorities measure resilience to fraud and assess the need for improvements; a counter-fraud and corruption e-learning training course to help councils raise levels of awareness among staff and facilitate better detection rates; and an online 'fraud zone' and discussion forum containing examples of anti-fraud best practice.
Further information is available here.

Data collections reduced by Government

The amount of data that local authorities are expected to submit to Central Government has been reduced by over a quarter. The list of information that councils are required to provide to Whitehall has been reduced from 193 data collections in 2011/12 to 156 in 2012/13. By cutting uneccessary 'red tape', Local Government Secretary, Eric Pickles, expects councils to have more time to focus on local priorities and residents, commenting: *"we know councils are most effective when they are free to innovate and respond to what local people want without due interference from Whitehall"*.

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CRC Energy Efficiency Scheme – Guidance for participants in Phase 1 (2010/11–2013/14)
The Environment Agency has issued an updated guide which brings together a number of separate previously issued documents for participants in the CRC Energy Efficiency scheme. Under the scheme, participants are required to submit an annual report supported by an evidence pack by 31 July 2012. The Environment Agency will evaluate evidence packs to assess whether data is correct and based on sufficient records, and also whether it is easy to understand. Participants are required to audit their evidence pack and produce an audit certificate signed by the individual responsible for CRC returns. Under the Climate Change Act 2008, the Agency has the power to fine participants £5,000 plus £500 per working day for each subsequent day of delay beyond the reporting deadline. Fines of £40 for each tonne of carbon dioxide equivalent emissions incorrectly reported, and for each tonne of carbon dioxide equivalent emissions in the most recent compliance year can also be applied. For the first time, participants are also now required to surrender and purchase carbon allowances determined from CRC supplies at £12 per tonne.

LGA to support councils setting up police and crime panels
A group of experts assembled by the Local Government Association (LGA) will be tasked with supporting councils establishing police and crime panels ahead of elected commissioners taking office on 15 November 2012. Councils have until 2 July to submit proposals for a police and crime panel for their force area, to comprise between 10 and 18 councillors responsible for scrutinising the incoming commissioner. The panel will have the right of veto over police and crime commissioners' (PCCs') selection of a chief constable and setting of the council tax precept. The taskforce will work to ensure panel members are clear on their role and responsibilities. Further information is available here. The LGA has published its prospectus for the launch of a new Police and Crime Commissioners' Association (PaCCA). The document details the support, information and lobbying expertise that will be dedicated to PCCs. New commissioners will be offered free membership of the LGA up until the end of March 2013.
Further information on the package of support on offer to commissioners is available here.

New funding boost for local areas
The LGA is to offer grants of up to £25,000 to assist councils in making better use of buildings and land to encourage growth and jobs in local areas. The funds are part of an on-going LGA programme intended to assist councils in boosting local economies. Councils will be expected to match the funding they receive and will need to show how they intend to work with charities, other town halls and local firms and demonstrate how they will use the grants to utilise buildings and assets in the local area. The application deadline is 15 June 2012.

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Government to tackle 'beds in sheds'

Housing Minister, Grant Shapps and Immigration Minister, Damian Green have announced a new cross-Whitehall task group dedicated to taking action against criminal landlords and tackling 'beds in sheds', where sheds and outbuildings are rented out illegally, often to illegal immigrants. The Government's proposals for the group include: encouraging councils to make greater use of legal powers across planning, fire safety, housing and environmental health; measuring the extent and nature of the problem, drawing on information collected by central government and councils; ensuring councils and the police share available intelligence; closer working with foreign authorities to help those wanting to return home; and steps to prevent more 'beds in sheds' from being created. Shapps commented: *"It is a scandal that these back garden slums exist to exploit people, many of whom are prepared to return voluntarily to their home country but instead find themselves trapped into paying extortionate rents to live in these cramped conditions."*

MPs say localism plans need to be more accountable

The Public Accounts Committee (PAC) has suggested that Government's public sector reforms, which include the introduction of elected police commissioners, lack 'clarity, consistency and completeness' and that the idea of increased localism does not provide 'necessary assurance on either probity or value for money'. The PAC progress report, *Accountability for public money*, acknowledges that departments face 'a significant challenge in developing appropriate accountability arrangements for localised services', however, it reiterates that Accounting Officers remain 'accountable to Parliament for funds voted to their departments'. Following the PAC's first report on accountability, published in April 2011, the Government requested departmental Accounting Officers to produce accountability system statements setting out assurance arrangements. On examining four draft statements, which all departments are expected to produce by summer 2012, the PAC concluded that departments had genuinely attempted to reconcile accountability and localism, however, 'considerably more' needed to be done to improve their 'clarity, consistency and completeness'.

Home Office needs better control of savings

A National Audit Office (NAO) report has concluded that the Home Office could do more to integrate financial and operational planning to better understand the link between resources and performance. *Financial management in the Home Office*, acknowledges the progress the Home Office has made in improving financial management and delivering value for money, however it concludes that many of the strengths the Department demonstrates in its core business are less apparent in its 'change programmes' which must be more effectively managed. Risks to the successful delivery of the Department's change programmes, specifically in respect of the development of the National Crime Agency and Disclosure and Barring Service and the phasing out of the National Policing Improvement Agency are particularly highlighted. The report finds that the Department needs to control costs, especially those associated with transition, more strongly and explicitly.

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