

# Audit and Performance Committee Report

<b>Meeting:</b>	Audit and Performance Committee
<b>Date:</b>	1 February 2018
<b>Classification:</b>	For General Release
<b>Title:</b>	Internal Audit 2017/18 – Progress Report (November to December 2017)
<b>Wards Affected:</b>	All
<b>Financial Summary:</b>	The Council's budget
<b>Report of:</b>	Steven Mair, City Treasurer (Section 151 Officer)
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## 1. Executive Summary

- 1.1 The work carried out by the Council's Internal Audit Service in the reporting period found that, in the areas audited, internal control systems were generally effective with 12 positive assurance reviews (substantial or satisfactory) being issued in the period, although two limited assurance audits have also been issued since the last report to the Committee.
- 1.2 The follow up reviews completed in the period for ten audits confirmed that the implementation of recommendations has been effective with the majority (84%) of recommendations fully implemented at the time of review.
- 1.3 Internal Audit's performance for the period was slightly below target for two indicators (percentage of audit plan completed and timely issue of the draft report) although it is anticipated that the annual targets will be met.
- 1.4 The Appendices to this report provide the following information:
  - **Appendix 1** Audit reports finalised in the year to date, showing the assurance opinion and RAG status;
  - **Appendix 2** - Additional information on the audited areas;
  - **Appendix 3** - Performance Indicators.

## **2. Recommendation**

That the Committee consider and comment on the results of the internal audit work carried out during the period.

## **3. Background, including Policy Context**

The Council's internal audit service is managed by the Tri-borough Director for Audit, Fraud, Risk and Insurance. Audits are undertaken by the in house audit team or by the external contractor to the service, in accordance with the Internal Audit Charter reported to the Committee in June 2016. Reports on the outcomes of audit work are presented each month to the Council's Section 151 Officer. The Audit & Performance Committee are provided with updates at each meeting on all limited and no assurance audits issued in the period.

## **4. Internal Audit Opinion**

- 4.1 As the provider of the internal audit service to Westminster City Council, the Tri-borough Director for Audit, Fraud, Risk and Insurance is required to provide the Section 151 Officer and the Audit & Performance Committee with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. In giving this opinion it should be noted that assurance can never be absolute. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.
- 4.2 The results of the audit reviews undertaken in the reporting period concluded that generally systems operating throughout the Council are satisfactory, with 12 positive assurance (substantial or satisfactory) reviews being issued in the period.
- 4.3 Two limited assurance reports have been issued:
  - ASC – Accounts Receivable;
  - CHS – College Park Special School.

The details of these audits are contained in paragraph 5.1.1. to 5.1.2.

## 5. Audit Outcomes (November to December 2017)

- 5.1 Since the last report to Members fourteen audits have been completed, twelve of which did not identify any key areas of concern:

Audit	Assurance	RAG
Dorothy Gardner Nursery School	Satisfactory	Green
Mary Paterson Nursery School	Satisfactory	Green
St Joseph's Primary School	Substantial	Green
St Mary's Bryanston Square Primary School	Satisfactory	Green
St Mary of the Angel's Primary School	Satisfactory	Green
College Park Special School	Limited	Amber
ASC – Homecare	Satisfactory	Green
ASC – Accounts Receivable	Limited	Amber
CMC – Waste Disposal Contract Management	Satisfactory	Green
CMC – Parks & Open Spaces Contract Management	Satisfactory	Green
CMC – Parking Business Technology Contract	Satisfactory	Green
CS – IT Asset Management & Disposal	Satisfactory	Green
CS – Mobile Device Security	Satisfactory	Green
CS – HR – Occupational Health	Satisfactory	Green

Further information on these audits is contained in Appendix 2.

### 5.1.1 ASC – Tri-b - Accounts Receivable (Amber)

The London Borough of Hammersmith & Fulham (LBHF) and the Royal Borough of Kensington & Chelsea (RBKC) have historically managed Adult Social Care (ASC) income recovery within the department whereas at Westminster Council, this was previously managed corporately. Following the implementation of Managed Services, recovery of ASC income is now managed for all three Councils by in house staff within the ASC department.

Care packages and financial assessments are recorded on the case management system (Frameworki) and the data transferred onto Agresso via a monthly interface. Monthly statements are then sent to clients advising them of the balance due. Reminder letters should be sent out after an agreed period if an invoice is not paid; however, this is not currently automated via Agresso.

The key concerns identified in this audit are summarised below:

- Manual invoices are raised if there are any specific adjustments for service prices or backdating of deferred payments. The justification for each manual invoice is documented on case management system (previously Frameworki now upgraded to Mosaic) by the Income Collection Officer and this is then presented to the Head of Financial Assessment and Income Collection for review. A report of manual invoices raised could not be provided as Agresso

is unable to distinguish between manually and automated invoices. We were therefore unable to carry out testing to confirm if manual invoices had been approved in accordance with the Scheme of Delegation or whether they were included in statements subsequently sent to clients. The service is working with the System Lead for Managed Services to see if a system generated report can be provided but if this is not possible, ASC will seek an alternative mechanism to identify manually raised invoices.

- Refunds can occur when the service user has paid both the Care Home and the Council for the services they have received. The refunds are raised by a member of the Finance Assessment and Income Collection Team which workflow for approval on Agresso to the Cost Centre Manager. Although we obtained a report of refunds processed since April 2016, we were not provided with evidence of approval for the sample of refunds selected for testing. A total of 29 refunds valued at £30,920 had been issued in the 2016/17 financial year. The Council is liaising with BT to enable the Finance Assessment & Income Collection Team to review the workflow associated with refunds on Agresso. If this cannot be provided, an alternative solution for identifying the authorisation of refunds will be identified.
- Reminder letters should be sent to debtors where invoice payments are overdue. At the time of the audit, the reminder process known as “dunning” was not automated due to issues with Agresso. Reminder letters are therefore sent manually by the Financial Assessment and Income Collection Team on an ad-hoc basis. Testing of 10 debt items identified seven instances (totalling £ 29,495.02) where follow up action was required. In three of these cases, a reminder letter had been sent; however, in only one of these cases had the letter been sent within the last 12 months. In the remaining four cases, no debt recovery action was evidenced within the last 12 months. The absence of an automated dunning system has been raised with BT over the past two years and it is hoped that it will be available by mid-February 2018, however there are a number of action points of preparation work for both BT and the service before this can be implemented. Until automated dunning is available, the service has maintained a system of locally generated letters being sent to residents regularly (bi-monthly).

Three high, four medium and one low priority recommendations have been made which were due to be implemented, where possible, by the end of December 2017. A follow up review will be undertaken to ensure that appropriate actions have been taken to address the recommendations made.

Following member approval in December 2017 of the proposal to join the Hampshire partnership, which will provide a solution on the SAP platform to replace the BT Agresso system, Internal Audit has been actively involved in the officer Steering Group leading up to the Member decision. The Director for Audit, Fraud, Risk and Insurance will also provide ongoing challenge and support to the officer board which has been established to implement the new solution. Internal

Audit is also planning to carry out a number of reviews throughout the implementation process, with resources allocated to this work as well as the ongoing review of existing financial systems prior to the migration.

#### 5.1.2 College Park Special School (Amber)

This School was audited against the Standard Audit Programme for Schools and a number of weaknesses were identified including the following:

- The School has a Scheme of Delegation in place governing approval limits. However, this does not state which individual or body is responsible for approving purchases between £15,000 and £25,000;
- Through examination of the School's register of pecuniary interests, we confirmed that all governors and staff with financial influence had signed a declaration of pecuniary interest form; however, many of these had not been completed within the last 12 months;
- A School Improvement Plan was in place for the 2016-17 academic year, although it did not identify resource requirements and is therefore not clearly linked to the budget;
- Purchase orders were not always raised for relevant purchases and there was no evidence of a goods received check on invoices reviewed;
- The School's Financial Policy states that three quotes are required for purchases over £5,000 in value. Testing of two purchases exceeding £5,000 identified that in both cases no quotes were obtained;
- The School could not provide evidence that the employment status of two self-employed individuals paid by the School had been independently verified via the HMRC employment status tool (or equivalent);
- Testing of five staff expense claims identified one case where the claimant did not submit the claim form within a month of incurring the expense. In a further three cases, the claimant authorised their own expense claim;
- The School was unable to provide evidence that income reconciliations are carried out between income collection records and income banked. It was also not possible to trace income received through to banking due to an inadequate audit trail being maintained;
- Testing of five overtime claims identified one case where a claim form had not been completed;
- The School has a pay policy setting out the arrangements for determining staff pay, including leadership staff; however, this was not clear in regards to the Executive Head's Pay Range;
- Two of the five assets selected from the Asset Register could not be located at the School. In addition, one of five assets selected from around the School could not be successfully traced back to the Asset Register as the serial number had been allocated to an asset with a different description;

- Copies of the School's two lease agreements was obtained; however, it could not be confirmed that advice from the Local Authority had been sought before entering the lease agreements.

One high, seven medium and four low priority recommendations have been made and the implementation of these recommendations will be followed up with the school.

## 5.2 Implementation of Audit Recommendations

Ten follow-up reviews were undertaken in the period (November to December 2017) which confirmed that 84% of recommendations made had been implemented with good progress made to implement the remaining recommendations:

Audit	No of Recs Made			No of Recs Implemented			No of Recs In Progress			No of Recs not yet actioned		
CHS - Direct Payments	13			10			3			0		
CHS – Burdett Coutts & Townshend Primary School	10			10			0			0		
CHS – St Vincent's Primary School	5			5			0			0		
GPH – Property Database (Techforge)	6			5			1			0		
GPH – Gas Servicing	3			3			0			0		
CMC – Parking - RingGo	3			3			0			0		
CMC – Food Safety	4			2			2			0		
CMC – Commercial & Domestic Waste Enforcement	6			4			2			0		
CS – IT – Business Continuity & Disaster Recovery	6			5			1			0		
PPC – Cross River Partnership (0,0,2)	2			2			0			0		
<b>Total</b>	<b>58</b>			<b>49</b>			<b>9</b>			<b>0</b>		
Priority of recommendations	H	M	L	H	M	L	H	M	L	H	M	L
	9	33	16	7	27	15	2	6	1	0	0	0

Follow up is undertaken when the majority of the recommendations made are expected to have been implemented as indicated in an agreed management action plan. Sometimes recommendations cannot be fully implemented in the anticipated timescales. In these cases, where appropriate progress is being made to implement the recommendations, these are identified as “in progress”. Recommendations will be followed up until all high and medium priority recommendations are implemented or good progress in implementing them can be demonstrated. Where appropriate, the follow up is included in the next full audit of the area.

**If you have any queries about this Report or wish to inspect any of the Background Papers please contact:**

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### **BACKGROUND PAPERS**

Internal Audit Reports;

Monthly monitoring reports.



## **Appendix 1**

### **Audits Completed Year to Date**

# APPENDIX 1

## Audits Completed Year to Date - 2017/18

Plan Area	Auditable Area	RAG Status	Assurance level given	No of Priority 1 Recs	No of Priority 2 Recs	No of Priority 3 Recs	Reported to Committee
Children's Services	Departmental Governance (Cfwd from 2015/16)	Green	SUBSTANTIAL	0	1	0	Sep-17
Children's Services	Contract Management – Passenger Transport Contract	Green	SATISFACTORY	0	5	8	Sep-17
Children's Services	St Vincent's Primary School (Cfwd from 2016/17)	Green	SATISFACTORY	0	2	3	Sep-17
Children's Services	St Clement Danes Primary School	Green	SUBSTANTIAL	0	2	2	Nov-17
Children's Services	Robinsfield Primary School	Green	SATISFACTORY	0	2	7	Nov-17
Children's Services	Westminster Cathedral Primary School	Green	SATISFACTORY	0	4	4	Nov-17
Children's Services	Portman Early Childhood Centre	Green	SATISFACTORY	0	2	10	Nov-17
Children's Services	St Matthew's Primary School	Green	SUBSTANTIAL	0	1	5	Nov-17
Children's Services	QE II Special School	Green	SATISFACTORY	0	6	4	Nov-17
Children's Services	Tachbrook Nursery School	Green	SATISFACTORY	0	3	1	Nov-17
Children's Services	Dorothy Gardner Nursery School	Green	SATISFACTORY	0	5	10	Feb-18
Children's Services	Mary Paterson Nursery School	Green	SATISFACTORY	0	3	9	Feb-18
Children's Services	St Joseph's Primary School	Green	SUBSTANTIAL	0	2	5	Feb-18
Children's Services	St Mary's Bryanston Square Primary School	Green	SATISFACTORY	0	4	5	Feb-18

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Children's Services	St Mary of the Angels Primary School	Green	SATISFACTORY	0	4	4	Feb-18
Children's Services	College Park Special School	Amber	LIMITED	1	7	4	Feb-18
Growth, Planning & Housing	TMO Odham's Walk (Cfwd from 2016/17)	Amber	LIMITED	2	10	7	Sep-17
Growth, Planning & Housing	Energy Performance of Buildings Directive (Cfwd from 2016/17)	Green	SUBSTANTIAL/ SATISFACTORY	2	2	1	Sep-17
Growth, Planning & Housing	Lessee Charges (Cfwd from 2016/17)	Green	SATISFACTORY	0	3	1	Sep-17
Growth, Planning & Housing	Gas Servicing (Cfwd from 2016/17)	Green	SATISFACTORY	0	2	1	Sep-17
Growth, Planning & Housing	Total Facilities Management (TFM) Contract Management (Cfwd from 2016/17)	Green	SATISFACTORY	2	3	3	Nov-17
Growth, Planning & Housing	Millbank Estate Management Office (MEMO) (Cfwd from 2016/17)	Amber	LIMITED	10	8	5	Nov-17
Growth, Planning & Housing	CityWest Homes – Acquisition & Disposal of HRA Properties	Green	SATISFACTORY	0	3	2	Nov-17
Adult Social Care	Commissioning Governance (Cfwd from 2016/17)	Green	SUBSTANTIAL	0	0	0	Sep-17
Adult Social Care	Commissioning & Contracts – SHSOP (Cfwd from 2016/17)	Green	SUBSTANTIAL	0	0	0	Sep-17
Adult Social Care	Commissioning & Contracts – Disability Connect (Cfwd from 2016/17)	Green	SATISFACTORY	1	1	0	Sep-17
Adult Social Care	Customer Journey (Cfwd from 2016/17)	Green	SATISFACTORY	0	1	1	Sep-17
Adult Social Care	Contract Management – Mental Health Day Services (Cfwd from 2016/17)	Green	SATISFACTORY	1	2	1	Sep-17

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Adult Social Care	Contract Management – Carers Hub (Cfwd from 2016/17)	Amber	LIMITED	1	4	0	Sep-17
Adult Social Care	Health & Wellbeing Strategy (Cfwd from 2016/17)	Green	SUBSTANTIAL	0	0	2	Sep-17
Adult Social Care	Contract Management – Dementia Outreach (Cfwd from 2016/17)	Amber	LIMITED	2	4	1	Nov-17
Adult Social Care	Homecare (Cfwd from 2016/17)	Green	SATISFACTORY	0	6	1	Feb-18
Adult Social Care	Accounts Receivable (Cfwd from 2016/17)	Amber	LIMITED	3	4	1	Feb-18
Public Health	Contract Management – GP & Pharmacy Services (Cfwd from 2016/17)	Green	SATISFACTORY	0	2	0	Sep-17
Public Health	Supplier Resilience (Cfwd from 2016/17)	Green	SATISFACTORY	0	2	2	Nov-17
Public Health	Contract Management – Obesity (Cfwd from 2016/17)	Green	SATISFACTORY	0	6	1	Nov-17
Public Health	Commissioning Governance (Cfwd from 2016/17)	Green	SATISFACTORY	0	1	1	Nov-17
City Management & Communities	Food Safety (Cfwd from 2016/17)	Green	SATISFACTORY	0	2	2	Sep-17
City Management & Communities	Registrar's Service (Cfwd from 2016/17)	Green	SATISFACTORY	0	3	4	Sep-17
City Management & Communities	Street Trading (Cfwd from 2016/17)	Green	SATISFACTORY	2	5	2	Sep-17
City Management & Communities	Commercial & Domestic Waste Enforcement (Cfwd from 2016/17)	Green	SATISFACTORY	0	5	1	Sep-17
City Management & Communities	Procurement Compliance – Youth Offending Service (Cfwd from 2016/17)	Green	SUBSTANTIAL	0	0	0	Sep-17

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**Audits Completed Year to Date - 2017/18**

Plan Area	Auditable Area	RAG Status	Assurance level given	No of Priority 1 Recs	No of Priority 2 Recs	No of Priority 3 Recs	Reported to Committee
City Management & Communities	Libraries – Risk Management	Green	SATISFACTORY	0	2	0	Sep-17
City Management & Communities	Parking Permits	Green	SATISFACTORY	0	3	0	Nov-17
City Management & Communities	Sayers Croft – Outdoor Learning Centre	Green	SATISFACTORY	0	3	1	Nov-17
City Management & Communities	Waste Disposal Contract Management	Green	SATISFACTORY	0	2	0	Feb-18
City Management & Communities	Parks & Opens Spaces Contract Management	Green	SATISFACTORY	0	3	1	Feb-18
City Management & Communities	Parking – Business Technology Contract Management	Green	SATISFACTORY	0	3	0	Feb-18
Corporate Services	Partnership Governance (Cross River) (Cfwd from 2016/17)	Green	SUBSTANTIAL	0	0	2	Sep-17
Corporate Services	HR - Pensions Administration (Cfwd from 2016/17)	Amber	LIMITED	2	0	1	Sep-17
Corporate Services	HR – Payroll (Cfwd from 2016/17)	Amber	LIMITED	9	1	0	Sep-17
Corporate Services	IT – Risk Management (Cfwd from 2016/17)	Green	SATISFACTORY	0	1	0	Sep-17
Corporate Services	HR – Your Voice Survey (Cfwd from 2016/17)	Green	SATISFACTORY	0	1	0	Sep-17
Corporate Services	Managed Services – Data & Information Security	Green	SATISFACTORY	1	2	1	Nov-17
Corporate Services	IT – Asset Management & Disposal (Cfwd from 2016/17)	Green	SATISFACTORY	0	1	2	Feb-18
Corporate Services	IT – Mobile Device Security (Cfwd from 2016/17)	Green	SATISFACTORY	0	1	0	Feb-18

**APPENDIX 1****Audits Completed Year to Date - 2017/18**

<b>Plan Area</b>	<b>Auditable Area</b>	<b>RAG Status</b>	<b>Assurance level given</b>	<b>No of Priority 1 Recs</b>	<b>No of Priority 2 Recs</b>	<b>No of Priority 3 Recs</b>	<b>Reported to Committee</b>
Corporate Services	HR – Occupational Health	<i>Green</i>	<i>SATISFACTORY</i>	0	2	5	Feb-18
City Treasurer	Accounts Payable (Cfwd from 2016/17)	<i>Green</i>	<i>SATISFACTORY</i>	0	5	2	Sep-17
City Treasurer	Accounts Receivable (Cfwd from 2016/17)	<i>Green</i>	<i>SATISFACTORY</i>	0	3	1	Sep-17
City Treasurer	Procurement Cards	<i>Green</i>	<i>SATISFACTORY</i>	0	4	1	Nov-17

## Additional Information on Audits (Main report – Paragraph 5.1)

### Children's Services:

#### 1. Schools

Audits of the Council's schools are carried out using an established probity audit programme, usually on a three-year cycle unless issues dictate a more frequent review. The programme is designed to audit the main areas of governance and financial control. The programme's standards are based on legislation, the Scheme for Financing Schools and accepted best practice. The purpose of the audit is to help schools establish and maintain robust financial systems.

In the reporting period, six final reports have been issued in respect of school audits:

- Dorothy Gardner Nursery School (satisfactory assurance);
- Mary Paterson Nursery School (satisfactory assurance);
- St Joseph's Primary School (**substantial assurance**);
- St Mary's Bryanston Square Primary School (satisfactory assurance);
- St Mary of the Angels Primary School (satisfactory assurance);
- College Park Special School (**limited assurance**).

No significant issues were identified at five of the schools and the recommendations made will be followed up later in the year. The findings from College Park Special School are contained in paragraph 5.1.2 of the main report, above.

### Adult Services:

#### 2. Tri-b – Homecare (satisfactory assurance)

Home Care is a key service to enable people who need care and support to remain living as independently as possible in their own homes. It is provided across Hammersmith and Fulham, the Royal Borough of Kensington and Chelsea, and Westminster City Council through seven contracted service providers allocated across nine geographical patches that cover the three boroughs and a number of spot providers commissioned under contract by the Adult Services Commissioning Teams. Spot providers are used where a service user (client) has requested to remain with their current provider and opted for Direct Payments or where there has not been capacity within the contracted care provider's workforce to deliver the care service. There are approximately 78 spot providers in use across the three councils. Commissioned providers are required to deliver up to 3,000 hours of care per week for each of the nine geographical patches. Clients in the Royal Borough of Kensington and Chelsea and Westminster City Council are required to contribute to the cost of this care through a means tested assessment. No financial contribution is required from service users/clients in Hammersmith and Fulham.

The Commissioning Insight and Innovation Team (CIIT) are responsible for the provider contracts and undertaking appropriate monitoring and supervisory checks on performance. Additionally, a range of Key Performance Indicators are used to monitor performance and regular meetings are held with providers to discuss performance and safeguarding issues. They also work closely, amongst others, with the Home Care Management Team (HCMT) and Safeguarding Team where there are performance and compliance issues. Furthermore, all the registered care providers are subject to regular inspections by the Care Quality Commission. The Home Care Management Team (HCMT) are responsible for the administration of all ongoing care requests and referrals based on the assessments undertaken by social workers and healthcare professionals and the Care Plans that are set out within the care management system (Framework now Mosaic). A web based system is used to allocate care plan hours to the appropriate provider and is also used to monitor the hours of care actually delivered.

The audit identified the following areas for improvement:

- Following the most recent Care Quality Inspections, four of the seven commissioned providers used by the councils were assessed as “Requires Improvement” whilst only two were assessed as “Good”;
- Of the 14 spot providers used, six were assessed as “Requires Improvement” whilst eight were assessed as “Good”. This shows that a significant number of the providers used will require closer monitoring of performance to ensure that they do not fall below expected quality standards;
- For WCC in 2016/17, £7.56m was spent on commissioned providers compared to £6.15m with spot providers. The high level of reliance placed on spot providers to deliver care services undermines the corporate approach whereby commissioned providers are in place to deliver the bulk of care hours. However, it is acknowledged that a high proportion of the spot providers used are where the client is on a direct payment scheme arrangement;
- Spot providers are not subject to robust checks to verify commissioned hours are actually delivered since they are not required to electronically log site visits. As such there is risk that the council may be paying for services it does not receive in full from spot providers;
- Whilst arrangements exist within the CIIT to undertake quality monitoring checks on home care visits to evaluate the level and quality of care provided to clients, Audit were not provided with any evidence to independently verify that these monitoring checks have been undertaken;
- An over reliance is placed on provider self-assessments and a reactive response to quality management through complaints and safeguarding incidents instead of a proactive approach being adopted to independently assess and evaluate the level of care provided to clients;
- Audit were informed that CIIT undertake checks to verify care workers have background checks undertaken on them and have up to date Disclosure and Barring Service (DBS) certification as part of the Home Care Audit Visits. However, Audit were unable to independently verify these checks due to the absence of supporting evidence. Reliance is placed on the care provider to undertake DBS checks since they hold liability for safeguarding issues as per the contract. However, from an audit perspective, the council still retains ownership of any safeguarding and reputational risk in event of a serious incident occurring;
- The contract with home care providers does not specify any limit (%) for the number of care hours that can be retrospectively input to the system manually. Previous service contracts required manual entries not to exceed 15% of the total number of care hours delivered for the relevant period. This control was to deter the frequent submission of manual entries which may indicate commissioned hours have not been delivered in full;
- Expenditure on commissioned and spot providers is allocated against the same cost centre making it difficult to differentiate between the two different types of care expenditure.

Six medium and one low priority recommendations have been made which have been accepted by management.

### **City Management & Communities:**

#### **3. Waste Disposal Contract Management (satisfactory assurance)**

Waste Disposal at Westminster Council is split into three separate contracts, all of which have been awarded to Veolia ES (UK) Limited:

- General Waste Incineration;
- Food Waste Disposal;
- Dry Recyclables Reprocessing and Marketing.

The Waste Disposal Contracts commenced on the 16 September 2016 with an end date of 31 March 2024. The annual value of the contracts depends on how much waste is treated via the contract concerned. The Services provided by the contractor include the acceptance of contract waste and subsequent treatment and disposal of the contract waste including any recycling, composting, processing, treatment and disposal of any residues therefrom.

The systems in place for managing these contracts was considered to be satisfactory with two medium priority recommendations made to address weaknesses identified in the following areas:



- Workplace risk assessments were completed by Veolia at the tender stage. These should be reviewed on a periodic basis but have not been reviewed since 2015;
- Insurance documentation was available for employer's public and professional indemnity insurance however the minimum cover for employer's liability was not in line with the Contract Specifications.

The recommendations have been accepted and are being addressed by Management.

#### **4. Parks & Open Spaces Contract Management (satisfactory assurance)**

The Parks and Open Spaces Contract was awarded to Continental Landscapes Ltd for six years, commencing on the 1 April 2017 with an option to renew for up to six years. The contract has an annual value of £2.059m. Continental Landscapes Ltd has been working with the Council since April 2000 when they originally won the grounds maintenance contract for the north of the City with a 5-year contract. The contract covers the management of 52 parks, gardens and open spaces, 3 cemeteries (located outside Westminster) and 32 other 'green spaces'; predominantly highways planting schemes. In addition to managing all sites to a high standard of horticulture and cleanliness, the contract has also sought to maximise the contribution of open spaces to public health and social inclusion objectives through, for example, more volunteering, apprenticeships and work experience / local employment opportunities.

The arrangements in place to manage this contract were generally considered to be effective with three medium and one low priority recommendations made to address the following weaknesses:

- At the time of the audit, the contract had not been signed by both parties. Once the contract has been signed, access to it will be provided to all staff who need to be aware of the contractual arrangements;
- There are currently no KPIs in place for the contract however Continental are required to complete performance returns on a monthly basis. For a sample of the last three months we were able to confirm that these were submitted and reviewed by the Council as part of monthly monitoring meetings;
- Although there was evidence that ad hoc checks are undertaken, the audit could not confirm that periodic operational and health and safety risk assessments had been completed by Continental and sent to the Council for review.

All of the recommendations are expected to have been implemented during the first quarter of 2018/19.

#### **5. Parking – Business Technology Contract (satisfactory assurance)**

The Business Processes and Technology Services (BP&T) contract was awarded to NSL for four years commencing in November 2014 with an option to renew for up to two years. The contract has an annual value of £5.146m. The BP&T contract delivers a service to provide and maintain the requisite technology architecture (hardware, software, integration and interface components), as well as the end to end operating processes with the necessary skilled resources to deliver the following minimum requirements:

- An integrated technology that manages access to the kerbside incorporating deployment and compliance;
- Provision of and access to real-time information via Apps and other solutions;
- Penalty Charge Notice (PCN) and Fixed Penalty Notice (FPN) processing;
- To assist customers and the provision of a processing solution to create and manage customer records and action requests;
- A range of channels for customers to access services and self-serve, buy services and interact with the Service;
- The ability to purchase a parking session and pay for a PCN, FPN and any other associated service;
- End to end account management and bulk record processing;
- Delivery and management of a solution that issues and controls a range of permits, including suspensions and dispensations;
- Payment processing and exception management, including refunds, DVLA mismatches etc.

The system was considered to be operating effectively with three medium priority recommendations made to address the following weaknesses:

- A log of changes and variations is maintained although for two instances reviewed, not all of the variation documentation was available. These Change Requests (CRs) arose during the transition period of the new service and the CR process wasn't fully implemented at this time. The service is satisfied that the CR process is now adequately controlled and followed;
- Although NSL had contracted an organisation to undertake penetration testing at their processing centre, this did not include a complete business risk assessment which is required at least once every six months under the contract. The service has undertaken to ensure that NSL complete regular risk assessments (at least every 6 months) on business practices which will be reviewed by the service for completeness and adequacy.
- We were able to confirm that insurance documentation was available for employers, public, professional indemnity and motor insurance. However, the value of Employers liability insurance was not in line with the value specified in the contract and this is being addressed by the service with the contractor.

### Corporate Services

#### 6. IT Asset Management & Disposal (satisfactory assurance)

IT Asset Management helps the Council manage their systems more effectively and saves time and money by avoiding unnecessary asset purchases and promoting the use of existing resources. The Council has a sole supplier for a range of ICT products and services via a BT framework. The Council has not developed local policies and procedures for IT asset management, since the service provider follows their own internal procedures and are responsible for maintaining the assets. The contract outlines the outcomes and requirements that are expected including provisioning and asset management, which meet the Council's standards and also covers the disposal of obsolete equipment in a secure manner. A rolling programme of benchmarking is undertaken in respect of all the available services in order to satisfy the Council that the service is providing best value for money.

All IT equipment purchases go through the Council's purchase ordering system with appropriate authorisation required before the request is submitted to BT. Within Agresso approval for purchasing IT products is limited to a small number of individuals to help prevent unauthorised spend on IT assets. In addition, an open order is also in place for any peripheral devices or components that may be required by BT when they perform IT hardware repairs; invoices for these goods receipted on Agresso by the Service Manager and BT provides details of these charges on invoices presented in monthly reports to the Council. For larger procurement decisions, Chief Information Officer input and approval is needed as part of the standard process for submitting formal Cabinet Member and Procurement Gate Panel reports.

BT has the responsibility for the stock management of the Council's IT assets with levels kept to a minimum, and purchases made as and when required. BT report monthly to the Council on the number of IT assets that have been allocated and those in stock. The level of stock maintained is based on the demand from the users and the Council have an opportunity to query stock levels maintained. Checks to confirm the accuracy of the asset register and rectify any discrepancies are conducted by BT through network polling with the server. This involves identifying assets that are not active from the server and highlighting them to the IT team for investigation. A member of the IT support team is currently investigating the list of assets which appear not to have been connected for some time to locate the assets. The team are also currently strengthening the leavers process to ensure that IT assets are more clearly assigned to a responsible individual.

The systems were considered to be effective with one medium and two low priority recommendations made in the following areas:

- The current IT strategy was developed for the shared IT service for RBKC and WCC, with an aim to provide the two Councils with best value core IT services and to deliver digital transformation across the whole range of their services. This strategy however, does not cover aspects of IT hardware procurement and it has been recommended that an IT Asset Management Strategy is developed and agreed to provide direction on how to address any gaps on the current and target state of the Council's IT asset infrastructure;

- For completeness, the BT asset register should be updated to identify that those assets purchased prior to the BT contract starting in 2013 are out of warranty;
- The company that was used for the disposal of IT equipment as part of the City Hall Decant project provided all of the necessary destruction certificates to confirm that the items had been destroyed in accordance with UK and EU legislation although there had not been any recent site inspection of the destruction premises (or additional assurance) that the equipment had been disposed of appropriately. The Council is reviewing the BT processes and procedures with a view to using them as their preferred partner for the on-going disposal of IT equipment. Following a risk assessment and if appropriate a site visit will be undertaken of any potential partner's premises.

### **7. Mobile Device Security (satisfactory assurance)**

The use of Mobile Devices has positively impacted on the way the Council can provide and record services to residents. The Council can record and access information on a real time basis and record data from mobile officers, for example, parking and gas safety operatives. In addition, mobile and portable devices such as laptops, tablet computers and smartphones can be used as a management tool by officers for access to email, calendar and web services. The shared ICT service has adopted a clearly defined and documented Information Security Policy, which harmonised the best practices across all of the Councils and is fully aligned with the International Organization for Standardization (ISO) requirements for Information Security (ISO:27001)

The Council has adopted the AirWatch Mobile Device Management (MDM) system to securely manage their mobile device assets. This solution allows the remote wiping of data in case of device loss and it also secures a wide variety of tablets and smartphones. The MDM system provides monitoring graphs and reports to help system administrators to monitor compliance to the mobile device policy and control framework. However, these reports are not currently provided to the Information Security Team Managers for trend analysis and the reconciliation of wipe activity records against lost asset records. One medium priority recommendation has been made to address this.

### **8. HR – Occupational Health (satisfactory assurance)**

The Occupational Health (OH) team at the Council are based within the "People Services" department. Although they are a stand-alone team, they work closely with the Health & Safety team, who operate within the City Management and Communities Department. Meetings are held between Occupational Health, People Services and Health and Safety which provides an opportunity to clarify roles and responsibilities and work collaboratively. The team aims to provide a proactive service, concentrating on the prevention of illness through a Wellbeing Strategy, rather than simply checking why people were off sick and contribute to the Council's Corporate Health & Safety Objectives.

Occupational Health works in collaboration with all staff and managers to manage and reduce absence and enable a supportive return to work and a number of initiatives are on-going as part of the Council's Wellbeing Strategy including:

- developing a calendar of initiatives focussing on the four main themes of mind, diet, body and health to target the main reasons for sickness absence working in collaboration with colleagues in the Shared Service Wellbeing group;
- supporting the Time to Change Employer Pledge, aimed at reducing mental health stigma in the workplace;
- launching a Wellbeing Hub, designed as an accessible one stop shop for providing support and advice to managers and staff on all aspects of Wellbeing. The HUB also signposts staff to the council's free and confidential Employment Assistance Programme (EAP). The page is constantly updated to reflect current campaigns and specialist support for staff during major incidents.

The systems in place to support the objectives of the Occupational Health service were considered to be generally sound with two medium and five low priority recommendations made to address the following:

- The budget for the Occupational Health Doctors needs to be reviewed as it does not accurately reflect the expected annual expenditure;

## APPENDIX 2

- In conjunction with People Services, an appropriate mechanism for reporting non-compliance with the Sickness Policy should be developed;
- The “OH Management Referral Guide” needs to be updated to clarify that whilst external clients will be charged if they do not attend an appointment with the OH doctor, charges will not be incurred by internal clients;
- An evaluation should be undertaken on the effectiveness of the promotion of the Occupational Health Service, in particular the take up of services offered under various initiatives;
- In order to establish the level of satisfaction received by both management and employees, feedback forms should be re-introduced and data collected used to demonstrate consistency of the service and identify areas where improvement or further development could be considered.

## Performance Indicators 2017/18

Internal audit performance is summarised below against a range of performance indicators:

Performance Indicators	Target	Actual	Comments
<b>Delivery</b>			
Percentage of audit plan completed YTD (Month 9) Full year target = 90%	71%	60%	Below target - delays in final aspects of the fieldwork which is being addressed.
Percentage of draft reports issued within 10 working days of fieldwork being completed	90%	85%	Below target – focus on improvement in this area.
Percentage of audits finalised within 10 days of a satisfactory response	95%	100%	
Percentage of jobs with positive feedback from client satisfaction surveys	90%	100%	23 received average score 4.3 (where 5 is the top score)
Percentage of recommendations implemented or in progress	95%	100%	YTD 112 out of 112 recommendations.