



City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	18 September 2017
Classification:	For General Release
Title:	Internal Audit 2017/18 – Progress Report (April to July 2017)
Wards Affected:	All
Financial Summary:	The Council's budget
Report of:	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 24 positive assurance (substantial or satisfactory) reviews being issued in the period, although four limited assurance audits have also been issued since the last report to the Committee.
- 1.2 The follow up review completed in the period for two audits confirmed that the implementation of recommendations has been effective.
- 1.3 Internal Audit's performance for the period was above target against all but one of the reported indicators and slightly below target for one indicator (percentage of audit plan completed) although it is anticipated that the annual target 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 24 positive assurance (substantial or satisfactory) reviews being issued in the period. The majority of these finalised audits were from the 2016/17 audit plan and the outcomes support the overall assurance opinion in the Head of Internal Audit's Annual Report for 2016/17.
- 4.3 Four limited assurance reports have been issued:
- Pensions Administration;
 - Payroll;
 - ASC – Contract Management – Carers Hub;
 - GPH – Odhams Walk TMO.

The details of these audits are contained in paragraph 5.1.1. to 5.1.4.

5. Audit Outcomes (April to July 2017)

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

Audit	Assurance	RAG
ASC – Commissioning Governance	Substantial	Green
ASC – Commissioning & Contracts – SHSOP	Substantial	Green
ASC – Commissioning & Contracts – Disability Connect	Satisfactory	Green
ASC – Customer Journey	Satisfactory	Green
ASC – Contract Management – MH Day Services	Satisfactory	Green
ASC – Health & Wellbeing Strategy	Substantial	Green
PH – Contract Management – GP Service	Satisfactory	Green
CHS – Departmental Governance	Substantial	Green
CHS – Contract Monitoring – Passenger Transport	Satisfactory	Green
Schools - St Vincent's Primary School		
GPH – Energy Performance of Buildings Directive	Satisfactory/ Substantial	Green
GPH – Lessee Charges	Satisfactory	Green
GPH – Gas Servicing	Satisfactory	Green
CMC – Food Safety	Satisfactory	Green
CMC – Registrar's Service	Satisfactory	Green
CMC – Street Trading	Satisfactory	Green
CMC – Commercial & Domestic Waste Enforcement	Satisfactory	Green
CMC – Procurement Compliance – Youth Offending Service	Substantial	Green
CMC – Libraries Risk Management	Satisfactory	Green
City Treasurer – Accounts Payable	Satisfactory	Green
City Treasurer – Accounts Receivable	Satisfactory	Green
CS – IT Risk Management	Satisfactory	Green
CS – HR – Your Voice Survey	Satisfactory	Green
CS – Partnership Governance (Cross River)	Substantial	Green

Further information on these audits is contained in Appendix 2.

5.1.1 Pensions Administration (Amber)

The initial fieldwork for this audit included visits to the Surrey County Council (SCC) offices to review the data held on their systems. The overview of the system and the testing of calculations for retirement grants and deceased employees was undertaken during these visits. Additional testing was required on the accuracy of starters, transfers in/out of the scheme and staff data but information was not available for independent testing in these areas.

Pension information is highly dependent on information provided by the Council's HR/Payroll provider (BT). As such a number of the audit tests that would provide assurance on the accuracy and completeness of the pensions administration system, could not be undertaken due to issues regarding the accuracy of reporting from BT which are well known to all three councils and are being actively managed.

Although the audit identified that a number of the controls in place for calculating, processing and maintaining the scheme as operated by SCC are appropriate, the weaknesses in the information being provided by BT have impacted on the assurance opinion given to this review.

Three recommendations were made in respect of the following control weaknesses:

- The figures on Transfers into the Pension Scheme were not accurate as Transfers were on hold since April 2015 due a combination of technical issues and waiting for new but delayed government Actuary Department's guidelines for calculating them. There is a risk that transfers in to the scheme are not identified promptly and transfer out values incorrectly calculated and not authorised or paid appropriately (high priority recommendation);
- BT is required to provide to the Pension Administrators of the three Councils (SCC) a year end file and monthly starters, leavers and change files. The year-end file is statutory obligation and has been blighted by incorrect data errors and a series missed agreed deadlines for the correct data to be provided by BT. The failure to provide accurate information has resulted in non-compliance with government and Council regulations (high priority recommendation);
- Although an end to end process map had been developed, parts had been superseded by the Standard Operating Procedures, which were being reviewed and had not been formally agreed with BT. In addition, the three councils developed a "Pension Administration Strategy" document which reflects roles and responsibility between the Administrating Authority and the Employers, however, these had not been formally approved (low priority recommendation).

The recommendations from this audit will be followed up during 2017/18 with further testing planned in this area.

5.1.2 Payroll (Amber)

The payroll audit was not an end to end review of the payroll system but a sample review of specific aspects of it. From various payroll data reports provided for all three Councils, a suite of tests and analytical processes using audit specialist software was performed on the data to highlight potential

indicators of control weaknesses and erroneous transactions. The results from the data analytic reports were used to focus audit testing to detect any errors and omissions in payroll transactions.

Seven high and one medium priority recommendations were made to address the following weaknesses:

- The absence of supporting documentation and records on Agresso for payroll transactions meant that the audit trail was either incomplete or missing. Off system records were maintained by BT such as email communications with line managers requesting and authorising payments such as overtime, ad hoc allowances and maternity pay which compromised the integrity of the data held on Agresso;
- In addition, a lack of co-operation and assistance from BT with the payroll review was an area of concern. Although a number of requests were made for standard payroll reports (amendments to pay, standing data listings, sickness reports) these were not provided. This restricted the level of transaction testing that could be carried out as part of this review;
- Details of anomalies and queries identified through transaction testing were passed onto BT for further clarification although no response was received addressing the queries raised;
- Reliance cannot be placed on the integrity of the starters and leavers process and the accuracy of data held on the payroll for new starters and leavers due to the incomplete audit trail noted on Agresso as part of transaction testing undertaken;
- Reliance cannot be placed on variations to pay being processed correctly, on a timely basis and supported by the appropriate level of approval;
- The accuracy and completeness of standing data on the payroll cannot be relied upon. Errors and omissions were noted over standing data on Agresso as part of transaction testing undertaken;
- Reliance cannot be placed over the integrity and accuracy of payroll performance reports produced by BT due to the impact of known errors which occurred at the commencement of the service (medium priority recommendation).

The actions required to address the audit findings are being monitored by the Council's Intelligent Client Function and will be followed up as part of the 2017/18 payroll audit.

5.1.3 **ASC – Contract Management – Carers Hub (Amber)**

The Carers' Hub is a Westminster City Council led contract which has been provided by the supplier Carers Network since 2013. The services provided under this contract include, but are not limited to:

- Provision of carer advice, information and guidance;
- Provision of carer support;
- Conducting carer assessments;

- Support to the Council to ensure retention of carers;
- Provision of carer legal advice; and,
- Provision of a carer telephone hotline;

The contract was awarded to Carers Network in November 2013 for a two-year period to November 2015. The contract included an option for extending the contract by 18 months and this was utilised by the Council, extending the contract period to 30 April 2017. At the time of the audit, a tender process was underway to procure a new contract for the service and the new contract commenced in May 2017 for a period of three years (with the option to extend for a further two years). The audit focused on the contract management arrangements in place for the original contract but made recommendations that would be applicable to any new contract. One high and four medium priority recommendations were made to address the following weaknesses:

- Whilst key decision reports have been provided evidencing the approval and justification for the contract extensions by the Cabinet Member for Adult Social Care and Public Health in May (WCC) June (RBKC), and October 2015 (LBHF), there was no documentation showing how Adult Social Care had periodically reviewed the contract and its terms prior to this, given that the RBKC and WCC contracts had expired for a significant period of time before cabinet approval (high priority recommendation);
- Metrics for reviewing the quality of work undertaken by the contractor are outlined within the contract such as number of clients dealt with, number of complaints and the percentage of staff trained. Performance monitoring reports are produced on a quarterly basis; however, performance targets have not been established. Due to this, we were unable to confirm whether contractor performance is to the required standard;
- A sample of supplier invoices from was reviewed and the invoices were in line with the Service Specifications provided. However, we were unable to obtain the signed extension and associated terms and conditions to verify if these payments were still for the correct amount;
- Currently, no assurance is obtained that employees used by Carers' Hub hold the necessary qualifications for the service. In addition, the quality of the staff who deliver the service is not monitored by the Council to ensure that the service they provide is adequate and sufficient to meet the needs of clients.
- Although payments are for a fixed rate each month, at the time of the audit we were unable to confirm that budget monitoring was undertaken to ensure payments were made in accordance with the expected contract spend. Since the audit was completed, the Finance Team have confirmed that monthly expenditure is in line with the value of the contract, does not vary with activity and is monitored & reported on a monthly basis by the budget holder in conjunction with the Finance Business Partner. Action is taken to investigate and rectify any variances if they arise.

The recommendations have been accepted by management and are due to be implemented by the end of August 2017.

5.1.4 **GPH – Odham’s Walk Tenant Management Organisation (102 properties, Management Allowance £151,981) (Amber)**

As previously reported to the Committee, reviews have been undertaken at seven of the Council’s Tenant Management Organisations (TMOs). The findings from each of the audit reviews are combined with housing management monitoring information provided by CityWest Homes and a formal ‘Five Year Review’ Report is issued to each of the TMOs by the Executive Director for Growth, Planning and Housing. As required by their Management Agreement, each of the TMOs has two months to consider the contents of their ‘Five Year Review’ and to report back to the Executive Director for Growth, Planning and Housing on their acceptance or disagreement with the recommendations made and the proposed implementation timeframes. The TMO Manager and the Resident Engagement & Opportunities Manager from CWH are expected to attend Committee meetings at the TMOs to discuss the contents of the ‘Five Year Review’ and to assist them to address the recommendations.

Since the last report to Committee, the review for Odhams Walk has been completed and issued to the Executive Director for Growth, Planning & Housing. Although the TMO had appropriate processes in place in some of the areas reviewed, there were a number of areas where improvements were recommended and these are summarised below:

- The management of non-dwellings and visitor parking spaces needs to be reviewed to ensure that the appropriate procedure is being followed. Once reviewed a policy and waiting list needs to be established of eligible residents (high priority recommendation);
- The way in which voids are managed could lead to delays in lettings and lost revenue to the HRA. The TMO should work with CityWest to establish a protocol which may include additional access to Orchard and training for the TMO manager (high priority recommendation);
- The TMO has established a written Code of Governance, as well as a condensed set of TMO Rules. The TMO’s Constitution had not been reviewed since the TMO was established in 2001 and governance structures and procedures would benefit from being reviewed (medium priority recommendation);
- The regular Gardening and Social Sub-Committees had terms of reference, but some ad-hoc Sub-Committees, for instance Pay Review, did not (medium priority recommendation);
- The declaration of conformity to the Code of Governance includes a written Declaration of any Interests which is phrased as “Business Interests” and therefore does not fully reflect potential conflicts of interest in the Committee membership and the declaration should be updated to account for this. Although there is a standing item on the Committee Agenda to declare any conflicts of interest and this was observed in the minutes, with non-business interests declared in all samples tested it is not clear how effective and

impartial the decision making process can be where there is an ongoing conflict of interest (medium priority recommendation);

- Committee Members have, in accordance with their rules, been elected at the AGM. Officer positions are then subject to nomination and election within the Committee. However, procedural errors were identified in respect of the calling and administration of the 2016 AGM and the committee needs to review their processes to ensure that they are compliant going forward (medium priority recommendation);
- The TMO has provisions in place to ensure Openness, Accountability, and adequate Record-Keeping. There has been criticism from residents and members outside of the committee and an independent health check on governance after the recommendations in the audit report have been implemented would support the TMOs governance model (medium priority recommendation);
- Staff members' Annual Leave and other absence (including that of the TMO Manager) is currently logged by the TMO Manager but is only periodically signed off by a Committee Member (medium priority recommendation);
- Petty Cash procedures are established and have been followed in practice although some of the expenditure was considered to require further scrutiny by the Management Committee (medium priority recommendation);
- There are no formal contracts in place for the Repairs and Maintenance work. There was some historic evidence of alternative firms providing work and quotes, but no formal value-for-money review (medium priority recommendation);
- The TMO does not have formal Performance Indicators. There is regular discussion at Committee meetings, but no formal monitoring. However, satisfaction surveys cover residents' assessment of the TMO's performance (medium priority recommendation);
- Residents have a number of opportunities to provide feedback. The TMO has carried out a Satisfaction Survey. Due to an error in the way this was originally conducted, responses were still coming in at the time of this review. The subsequent way in which the results were circulated could and have been challenged from a confidentiality perspective and the TMO needs to review this policy (medium priority recommendation);
- Complaints are not regularly logged. The TMO aims to resolve complaints at the point they are raised and if this is not possible they are escalated to CWH. However, there is no written log of complaints received which should be recorded on the Orchard system (medium priority recommendation);
- The Committee has a defined role for its Chair. The Secretary and Treasurer roles are partially detailed but there are no current members with specific responsibilities for HR or Health & Safety (low priority recommendation);
- Purchase Orders are not routinely raised, but are when relevant. A log of repairs is kept, but not always updated at time of order being placed or fully completed. It is noted that as part of the ongoing Policy review, the

Purchasing procedure has been marked for update (low priority recommendation);

- Staff had written contracts; however, these were only signed by employees and there were no signatories from the Management Committee (low priority recommendation);
- The TMO has a Business Plan covering April 2014 to March 2017. The Business Plan includes a risk assessment, but there was no evidence of this being reviewed subsequently although discussions in the minutes covered some of the themes the risk assessment identified (low priority recommendation);
- The TMO Manager demonstrated familiarity with Section 20 requirements and the threshold is rarely reached but there was a clear understanding of how to act if it was. However, there was no established policy regarding Section 20 notices (low priority recommendation);
- The TMO has access to the Orchard modules on Anti-Social Behaviour, risk-flagging, and complaints. The TMO Manager acknowledged that they were not fully aware of how to use the Risk-flagging system, though this was in part due to previous IT issues accessing it (low priority recommendation).

The TMO will respond to the recommendations and CWH will work with them to address the weaknesses identified. As previously discussed at Committee, any support on improved financial management will be provided by the Council's finance service.

5.2 Implementation of Audit Recommendations

Two follow-up reviews were undertaken in the period (April to July 2017) which confirmed that 100% of recommendations made had been implemented:

Audit	No of Recs Made			No of Recs Implemented			No of Recs In Progress			No of Recs not yet actioned		
Supported Independent Living Contract Review	4			4			0			0		
Parking Contract – People & Resources	5			5			0			0		
Total	9			9			0			0		
Priority of recommendations	H	M	L	H	M	L	H	M	L	H	M	L
	1	5	3	1	5	3	0	0	0	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.

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	St Vincent's Primary School (Cfwd from 2016/17)	Green	SATISFACTORY	0	2	3	Sep-17
Children's Services	Contract Management – Passenger Transport Contract	Green	SATISFACTORY	0	5	8	Sep-17
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
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
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

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
Public Health	Contract Management – GP & Pharmacy Services (Cfwd from 2016/17)	Green	SATISFACTORY	0	2	0	Sep-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
City Management & Communities	Libraries – Risk Management	Green	SATISFACTORY	0	2	0	Sep-17
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
City Treasurer	Accounts Payable (Cfwd from 2016/17)	Green	SATISFACTORY	0	5	2	Sep-17
City Treasurer	Accounts Receivable (Cfwd from 2016/17)	Green	SATISFACTORY	0	3	1	Sep-17

Additional Information on Audits (Main report – Paragraph 5.1)

Adult Social Care:

1. Tri-b – Commissioning Governance

The ASC Commissioning and Procurement team worked as a joint team where staff were not assigned to any one Borough, but were split by commissioning and procurement and assigned to different portfolios. However, in March 2016, this structure was revised with new ways of working and the team has undergone a transition to a new joint commissioning and procurement function. At the time of the audit, there were five service areas within Adult Social Care with a total annual contract spend of approximately £760m split across over 200 contracts. The majority (84%) of this is spent on residential care (across five large contracts), support at home, housing related support (55 contracts) and supported living.

No recommendations were made following this review and a **substantial assurance** opinion given. This opinion takes into account various changes that have been introduced in the last 12 months to transform the Commissioning and Procurement function and to enhance the Governance Framework. Some of these changes have only recently been introduced and in order to sustain the level of assurance, it is important for management to fully embed these into both operational and oversight processes.

2. Tri-b – Commissioning & Contracts

Two contracts within ASC were reviewed for compliance with the governance arrangements for procurement:

a) Specialist Housing Strategy for Older People (SHSOP)

Due to the rising number of older people in the general population, it is anticipated that a greater demand will fall on services for this demographic. An initial procurement for the Specialist Housing Strategy for Older People (SHSOP) contract began in January 2013, involving Westminster City Council, West London Clinical Commissioning Group and Central London Clinical Commissioning Group. The objectives for service provision was to align with the Council's 'Better Lives' five-year plan and the CCG's 'Better Care, Closer to Home' strategy.

The initial procurement was discontinued and a new process was started in July 2013 using competitive dialogue. Of the five bidders shortlisted, only two submitted final tender bids. Sanctuary Housing Association was awarded the contract in September 2014. The contract is for eight years with an option to extend for a further eight. Funding is provided by both the Council and the CCG's. The CCG's are recharged through a Section 75 Partnership Agreement. The total cost of the contract for the first eight years is £126.2 million. £23.8 million of this relates to Westminster City Council and £102.4 million relates to the CCG's.

No recommendations were made as a result of this audit with a **substantial assurance** opinion being given.

b) Disability Connect

In August 2015, an Executive Decision report was made to award a two-year framework agreement to Action on Disability for the Royal Borough of Kensington and Chelsea in respect of the Disability Connect programme. The purpose of the framework is to provide day opportunities to support people with disabilities to integrate with their local communities, and promote independence and social inclusion. A Request for Quotes was published on Capital Esourcing and Contracts Finder in May 2015, following which, Action on Disability submitted the only quote.

Under the terms of the framework agreement, Westminster City Council decided to call off a contract from the framework for two years starting October 2015. The total value of the call-off contract over the two years is £64,000. These services had previously been provided to each Borough under separate contracts.

Two recommendations were made to address weaknesses identified which have been accepted for implementation by management.

3. **Tri-b – Customer Journey**

The Customer Journey programme was set up with a view to consider alternative ways in which the Adult Social Care Service can offer efficient and effective service to its customers. It was initiated following a project to research the areas that were most important to customers across the three boroughs' adult social care system undertaken in 2013. The review concluded that services were not always efficient and did not always put customers first. A range of opportunities for more efficient and effective working were identified by the review and subsequent work of the Customer Journey programme.

The programme consists of a number of projects aiming to effect change in the key functions of ASC operations: the front door, hospital services (discharge and community independence service- jointly sponsored by Health initially through the Better Care Fund) and complex care management. Specifically, it aims to:

- Personalise and integrate the service between the three Councils and with Health, improving both the efficiency of the service customers' experience of services;
- Improve the quality and consistency of assessment, support planning and reviews and help customers plan and manage their own care;
- Adopt a more efficient service design with a new management structure, leaner processes and improved information technology to deliver savings of £1.8M per borough by 2016/17; and
- Encourage staff and customers to use more support from their community and to use new health and care technologies in order to help people to stay independent for longer and to depend less on formal care services.

A consultation paper was issued in February 2016 that outlined the proposal to reorganise the ASC Integrated Care structure across three boroughs in line with the continued delivery of the Departments' ongoing Customer Journey Programme. The proposals aimed to deliver a more effective service to customers and significant efficiency savings. Key to this was the strengthening of the integrated working with health which was also a key driver for the proposal. The changes that are being proposed reflect the scale of savings that must be delivered across ASC operations in 2016/17. The proposals will enable the service offer to remain 'fit for purpose' and support the continued delivery of top strategic priorities and outcomes for customers. The new structure was launched in July 2016. Since then, a number of manager and staff orientation sessions, communications and specialist training have been held and some Standard Operating Procedures have been revised to assist with embedding the new structure and Operating Model.

Two recommendations were made which have been accepted by management for implementation.

4. **WCC - Contract Management – Mental Health Day Care Services**

The contract management arrangements for two ASC contracts were reviewed:

- Carers Hub (see para 5.1.3 above); and
- Mental Health Day Services.

Adult Social Care is a shared service across the London Borough of Hammersmith and Fulham, Royal Borough of Kensington and Chelsea and Westminster City Council. Although this is a shared service, the contracts for services delivered by external providers are assigned a contracting authority with some contracts specific to one Borough and some covering all three boroughs.

The provision of Mental Health Day Services is a Royal Borough of Kensington and Chelsea led contract which also covers Westminster City Council. This was previously delivered by an in-house team although a decision was made in 2013 to outsource this service to Hestia Housing and Support. The contractor provides mental health day centres where they deliver a number of activities and sessions for those with mental health needs.

Referrals to this service are provided mainly by the Council's Community Mental Health team. The contract was awarded in January 2013 with the initial duration of three years although the option of two 12-month extensions was available (maximum extension of 24 months). The initial 12-month extension was taken in January 2016 and at the time of the audit work was being completed to trigger the further 12-month

extension period to take the contract to January 2018. The current contract value is around £1.1m per financial year. Service improvements have been identified during the course of the contract to realise cost savings.

Four recommendations were made and accepted by management to improve minor control weaknesses.

5. **Tri-b -Health & Wellbeing Strategy**

Health and Wellbeing Boards were established by the Health and Social Care Act 2012 as a forum where local leaders from across local health and social care systems could come together with the voluntary sector and other stakeholders to improve the health and wellbeing of the populations they serve and promote integrated services. Local authorities and Clinical Commissioning Groups (CCGs) have equal and joint duties to prepare a Joint Health and Wellbeing Strategy (JHWS) for their area. JHWSs are partnership plans developed jointly by the Council, the Local CCG, Healthwatch, and other member organisations of the board. They should draw on the needs identified in the Joint Strategic Needs Assessment (JSNA) and set strategic priorities.

JHWSs translate JSNA findings into clear outcomes the Health and Wellbeing Board wants to achieve which will inform local commissioning leading to locally led initiatives that meet those needs. It offers an opportunity to fulfil a systems leadership role across each borough with oversight and responsibility for all funding and strategic decisions relating to the health and care of the population. The Health and Wellbeing Board must involve the local community continuously throughout the JSNA and JHWS process. The duty to involve the local community covers people who live or work in the area, and includes children and adults.

The JHWSs at each of the three boroughs expired in 2016 and an exercise was undertaken to refresh the three strategies. All three Council's JHWS were due to be published at the time of the audit.

No significant issues were identified during the audit with two low priority recommendations made on points of good practice. A **substantial assurance** opinion was given for this review.

Public Health:

6. **Tri-b - Contract Management – GP & Pharmacist Service**

Preventable ill health and disease is one of the major causes of premature death across the three boroughs. Public Health has a responsibility to improve and protect the health and meet the wellbeing needs of the most vulnerable and disadvantaged residents in each area. As of 1 April 2013, the shared Public Health Service was made responsible for improving and protecting the health and wellbeing of the resident local populations in the London Borough of Hammersmith and Fulham, the Royal Borough of Kensington and Chelsea and Westminster City Council. The Public Health Service monitor the needs of these local populations and commissions to meet these needs.

A contract is in place stating the terms and conditions for the provision of Public Health, GP, and Pharmacy services, where providers are able to offer their services via the Council's Electronic Registration System. This offer is accepted by the Council subject to the terms and conditions of the contract, and the Service Specification(s) chosen by the provider on the Electronic Registration System. Service specifications include:

- NHS Health Check Service: a national cardiovascular disease prevention programme that was launched by the Department of Health in April 2009. The NHS Health Check programme aims to assess an individual's risk of developing cardiovascular disease (heart disease, stroke, diabetes and kidney disease) and support them in managing that risk;
- Stop Smoking Service: The services aim is to actively increase the number of people stopping smoking in the borough through the provision of 'in house' stop smoking support and patient referrals to the in-house stop smoking advisors, and the use of information collected on clinical systems to proactively target smokers for health promotion advice.

The contracts for this service are held with each General Practice or Pharmacy and are paid for based on activity, with no contract volumes set. Two recommendations were made in respect of user feedback and improved reconciliation on payments to providers which were accepted by management.

Children's Services:

7. Tri-b – Departmental Governance

The Children's Services department contains a number of combined and borough-based services, working together to improve the lives of children and young people across the London Borough of Hammersmith and Fulham, Royal Borough of Kensington and Chelsea and Westminster City Council. A combined Senior Leadership Team is responsible for Children's Services in the three boroughs.

The Tri-borough Education Service is responsible for raising standards and supporting students with special educational needs in approximately 150 schools across the three boroughs. Statutory services, as well as discretionary services purchased by schools, are delivered by a range of Tri-borough, Bi-borough and borough-based teams.

The majority of Family Services are delivered locally in each borough. This includes services for targeted early help, looked after children, children with disabilities, child protection and safeguarding of individual children. Fostering and Adoption and the Youth Offending Service operate on a Tri-borough basis and the Tri-borough Local Safeguarding Children Board aims to ensure the coordination and effectiveness of all safeguarding and child protection work across the three boroughs.

The Tri-borough Children's Commissioning directorate is responsible for the design, commissioning, procurement and monitoring of services required to meet the identified needs of children, young people and families in all three boroughs. A joint working arrangement with Clinical Commissioning Groups helps to ensure that the Joint Health Commissioning team can co-ordinate services with health partners.

An Ofsted inspection was undertaken in each of the three boroughs in January 2016, with reports being issued in March 2016. The overall ratings were Good (LBHF), Outstanding (RBKC) and Outstanding (WCC) with all three boroughs being rated Outstanding for Leadership, Management and Governance.

One recommendation was made with regards to the publication of an organisational chart for Children's Services together with a high level business plan which linked to each Council's corporate plan/ priorities. A **substantial assurance** opinion was given for this review

8. Tri-b – Contract Management – Passenger Transport

Council provided passenger transport arrangements across the three councils are responsible for transporting approximately 640 children with special educational needs; 500 children in care, as and when required and 200-300 vulnerable adults. Following a tender exercise during 2013 hosted by WCC, a framework of contractors was established to meet the passenger transport needs across the shared service councils.

The service is split into two Lots: Lot 1a – Mini Buses and Lot 1b – Taxis. Seven operators provide passenger transport including staff journeys made during normal working hours and those made by the Emergency Duty Team at night and at weekends. Performance management of the Passenger Service is undertaken by the Travel Care & Support Team (TCST). Monitoring covers all operational aspects of the service and information relative to the performance of the service providers is obtained from parent and teacher feedback; direct observation by contract managers and complaints monitoring.

For the efficiency of the service, TCST allocate individual operators specific schools to enable them to allocate vehicles, drivers and Passenger Assistants. Operators are provided with five days' notice of a new joiner to the service to enable effective route planning where there are several "pick-up" points on route to the designated school.

Operators are required to ensure that as far as is practical, vehicles used in the service have the same crews each day. This is especially the case with Passenger Assistants. Operators have the contact details of the SEN children they transport to enable communication with a parent or guardian where, for instance, the service is running late. The TCST also co-ordinates any unavoidable crew changes due to sickness and ensures that alternative arrangements are in place by the provider ensuring passengers are dropped off and collected from school or Adult Social Care Day Centres.

In addition to vehicular transport the TCST also manages the walking and public transport escort service for the shared service councils. Two specialist employment agents Pertemps and Extrastaff inherited from LBHF and WCC respectively at the start of the contract provide escorts to accompany SEN children to school either by walking or via public transport. Payments to each agency is made by invoice based on completed timesheets. The monthly cost of the services can change from month to month as new service users join and current ones leave. A monthly financial forecast is produced to assist with the financial management of the service.

From September 2017, a new Passenger Transport Service will commence exclusively within Hammersmith and Fulham. The TCST will continue monitoring services under the new contract until the arrangements for the Hammersmith and Fulham model is confirmed. The agreements between the Kensington and Chelsea (KC), Westminster City Council (WCC) and the current operators will be extended, under the existing contracts, to 31 March 2018. During 2017/18 a new shared passenger transport service between KC and WCC will be procured to commence on 1 April 2018. This audit review focused on the contract management arrangements under the current contracts and has not reviewed the current procurement proposals nor their potential financial or operational impact on individual Councils. Neither does the review consider the current arrangements for allocating costs of the service to each of the shared Service councils.

Thirteen recommendations were made to improve controls over the management of this contract which are being implemented by the service.

9. 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, one final report has been issued in respect of a school audit:

- St Vincent's Primary School (2016/17audit).

No significant issues were identified and the five recommendations made as a result of this audit will be followed up later in the year.

Growth, Planning & Housing:

10. Energy Performance of Buildings Directive

An audit review has been undertaken of the plans in place to enable the Council to comply with the requirements of the Minimum Energy Efficiency Standard (MEES) Regulations, and to meet the commitment set out in the Greener City Action Plan that by 2019 there will be no Council investment or operational properties that fall below an Energy Performance Certificate (EPC) rating of E.

The MEES was introduced in March 2015 by the Private Rented Sector Energy Efficiency Regulations (Non-Domestic). The regulations will apply to the non-domestic private rented sector in England and Wales, which for the Council means the investment property portfolio. The regulations will exclude from this definition any property which is let on a tenancy which is granted for a term of 6 months or less and any property let on a tenancy for 99 years or more. All non-domestic property types are in scope of the regulations, except for those specifically excluded from existing EPC obligations, as set out in the EPC regulations.

From 1 April 2018, landlords of buildings within the scope of the MEES Regulations must not renew existing tenancies or grant new tenancies if the building has less than the minimum EPC rating of E, unless the landlord registers an exemption on the Private Rented Sector (PRS) Exemptions Register. After 1 April 2023, landlords must not continue to let any buildings which have an EPC rating of less than E, unless an exemption has been registered on the PRS Register.

Once a lease has been created the landlord has six months to comply with the regulations or demonstrate that there is a valid reason for not making improvements. Where a non-compliant property occupied by a tenant is sold the new landlord will have six months to improve the property, or seek to demonstrate an exemption applies. The exemptions have been identified as:

- The measures are not cost-effective within a seven-year payback;
- Despite reasonable efforts, the landlord cannot obtain necessary consents to install the required energy efficiency improvements, including from tenants, lenders and superior landlords;
- A relevant suitably qualified expert provides written advice that the measures will reduce a property's value by 5% or more, or that wall insulation required will damage the property.

Local authorities will act as Enforcement Bodies and will be responsible for the enforcement of the provisions. Where it suspects that a landlord with a property in scope of the regulations is not compliant, or has not sufficiently proved an exemption, the local authority can serve a compliance notice on the landlord requesting further information it considers necessary to confirm compliance. If this is not provided, or is provided and is not sufficient to prove compliance, the local authority may proceed to issuing a penalty notice. This also applies where the local authority is the landlord.

The regulations apply to the Council's investment property portfolio and GVA, who manage the investment property portfolio, have been assisting Corporate Property with review of the investment portfolio to ensure compliance with the regulations, or demonstrate a valid exemption. GVA have also been commissioned to prepare an Energy and Sustainability Policy to improve the environmental performance of the Council's property investments.

The Council through the Greener City Action Plan has also made a voluntary commitment to ensure that by 2019 there will be no Council investment or operational properties that fall below an EPC rating of E. With relation to the operational property portfolio the Link have prepared programmes of work in order to meet this voluntary commitment. Whilst there is no legal requirement under the PRS Energy Efficiency Regulations for operational properties this may impact upon disposals and transfer from the operational to investment portfolios.

The processes in place with regards to the operational property portfolio, were considered to be appropriate and a **substantial assurance** opinion provided. Some improvements to the processes in respect of the investment property portfolio were identified which has resulted in a satisfactory assurance opinion.

Five recommendations have been accepted by management and are expected to be implemented by December 2017.

11. Lessee Charges

CityWest Homes (CWH) manages the council housing stock on behalf of the Council. The Council's current management agreement with CWH is a ten-year agreement from April 2012 until March 2022. CityWest Homes is responsible for the planning and delivery of major works to leaseholder property. Its major works programme is delivered by their Better Homes team. A key objective is to keep Westminster City Council's properties in good condition so that they retain their value. CityWest Homes also carry out the Council's freeholder responsibilities to maintain the common parts and fabric of the building, which includes some elements inside the home such as window frames and building services. A five-year major works programme is prepared with CWH carrying out stock condition surveys to determine the works necessary to keep Westminster City Council's properties in good condition.

CityWest Homes is reviewing the way major works are charged to leaseholders to identify efficient processes. The service currently, invoice leaseholders on an ad hoc contract by contract basis - on estimate after works go on site, and then on actual once the final accounts are available. In order to improve this process, the service is looking at billing planned major works that commence after 1 April 2017 on an annual basis. This would be similar to how the Council bill service charges, estimating expenditure in April and October each year and then actualising the costs for the relevant financial year the following October.

Four recommendations were made and accepted by management where processes and controls could be improved including:

- The timely issue of arrears letters;
- Recording evidence on the housing management system (Orchard) of progressing disputed charges;
- Ensuring that debts which are statute barred are written off in accordance with Council policy; and
- Ensuring that final accounts are agreed in a timely manner.

12. Gas Servicing

The Gas Safety (Installation and Use) Regulations 1998 require that maintenance of all gas installations, appliances, flues and installation pipework must be undertaken by competent persons. Consequently, under the gas registration scheme that came into effect from 1st April 2009, only gas engineers registered with "Gas Safe" are deemed competent to work on gas appliance and equipment.

Where CityWest Homes (CWH) have fitted a gas fire or gas hot water system they will arrange to inspect and service each item every year and provide the tenant with a copy of the gas check certificate. CWH is responsible for 7200 properties' tenants in the borough and will inform the tenant when an inspection is due and will make an appointment with the tenant. CWH will take legal action against tenants that don't comply with the requirement for an annual gas checks.

As Leaseholders own the gas appliances in their homes, it is up to them to make sure they are kept safe. The standard lease requires lessees to have their gas heating and hot water appliances checked and serviced annually by a Gas Safe installer and to provide CWH with proof that this has been done. The gas servicing contract was awarded to Carillion Ltd in April 2007 for a period of seven years for a value of £2m with an option to extend the contract for a further three years.

Three recommendations were made in respect of procedure notes, retention of inspection certificates and performance reporting which have been accepted by management.

City Management & Communities:

13. Food Safety

The Council's Environmental Health Food Safety Team helps to ensure that all food and drink sold by the food businesses in the borough is produced, stored, distributed and handled without risk to the health and safety of consumers. It aims to reduce food borne illnesses and contamination of food, and to meet compositional and labelling requirements.

Food businesses must be registered by law. Registration may be undertaken by post or online. This enables the Council to maintain a list of food business premises in the borough so they can undertake planned interventions. The frequency of the visits depends on the type of food and method of handling, method of processing, consumers at risk, level of compliance with food hygiene and safety procedures and the structure of the establishment and confidence in management/control procedures and if there is a significant risk. Environmental Health Officers from the Commercial Services Public Protection & Licensing Team have powers to enter and inspect commercial premises at all reasonable hours. They do not have to make an appointment and will usually visit without notice during normal opening hours in daytime, evenings and weekends.

Types of interventions and the format of food hygiene inspections are set out in the Food Law Code of Practice (England) issued by the Secretary of State and prepared by the Food Standards Agency (FSA). The frequency of food hygiene interventions depends on the risk posed by the business and the compliance with legal requirements. This is calculated using guidance issued by the FSA and can vary from 6 months to 18 months. The Council is required to inspect food businesses and approve any food establishments which require approval and enforce food hygiene legislation.

The audit identified that generally there is an efficient system for identifying food premises which are not registered, effective systems are in place to ensure the Council's and FSA targets for visiting registered food premises are achieved and food premises which do not comply with legislation are detected and sanctioned. Four recommendations for improving controls have been accepted by management.

14. Registrar's Service

The Registrars Service is a sovereign service led by the Tri-borough Director of Libraries & Culture & Proper Officer for Registration Services and at the time of the audit, the service was based at City Hall and Harrow Road. The services offered includes:

- Issuing and reissuing birth, marriage and death certificates;
- Issuing marriage / civil partnership notices;
- Conducting ceremonies in The Register Office and providing registrars;
- Approving premises for civil ceremonies and ensuring all are appropriately licensed;

- A Nationality Checking Service which involves checking and certifying applications for citizenship in partnership with the Home Office; and,
- Citizenship ceremonies.

Fees and charges for statutory services are set by the General Register Office, however some are discretionary and these have recently been reviewed by Registrars Services in conjunction with the Finance Team.

The audit confirmed that generally controls were effective and operating as expected with three medium and four low priority recommendations made to further enhance the existing controls.

15. Street Trading

A 'Street Trading Policy' was implemented in December 2013 which was reviewed in January 2016. The 'Street Trading Policy' outlines the approach that must be followed regarding the administration of street trading licenses and Street licensing cases are recorded on the Uniform system. There are five designated street markets, comprising more than 300 trading pitches and more than 170 designated isolated pitches. Street trading in Westminster is regulated under the City of Westminster Act 1999 though it is recognised that street trading activities may also be regulated by other legislation. Amongst the most important of these are the Town and Country Planning Act 1990, the Highways Act 1980 and the Traffic Management Act 2004.

Nine recommendations were made and accepted in areas where controls could be improved including:

- Updating the Street Trading Policy and Street Trading & Special Events procedure notes;
- Retention of all relevant documentation on Uniform relating to market pitch applications and EH approval for sale of food for special events;
- Ensuring that fees and charges are reviewed to ensure that they are still appropriate;
- Ensuring outstanding fees are collected in a timely manner;
- Maintaining an audit trail to support the reasons for providing discounts or waivers on fees for special event applications.

16. Commercial & Domestic Waste - Enforcement

The officers authorised to carry out enforcement are the City Inspectors. City Inspectors cover the entire City and work locally in each ward, and on market sites, as well as providing a 24/7 response service. Enforcement ensures that those individuals and/or businesses that spoil the environment are made accountable for their actions. The Environmental Protection Act 1990, Clean Neighbourhoods and Environment Act (CNEA) 2005 and the Control of Pollution (Amendment) Act 1989, introduced powers and tools for local authorities to help tackle local environmental issues such as fly-tipping and waste. "

A Review of Waste Enforcement was presented to the Cabinet Member for Public Protection on 18 September 2016, and a decision was made later that month to implement the proposed enforcement and charging structure for Fixed Penalty Notices under the Environmental Protection Act 1990 as amended. The main changes were embodied within the Waste Enforcement Policy 2016.

The Public Protection and Licensing Directorate (PPL) is responsible for ensuring that "controlled" waste disposal activities are managed and monitored. Controlled waste includes household, commercial and industrial waste. Through proactive and reactive methods, the City Inspectors perform routine patrols and target known hotspots to identify instances of fly-tipping, littering, waste left outside of collection times, and unauthorised waste transfers. Offenders may be issued with a caution or fixed penalty notice (FPN), or prosecution, based on the type and profile of the offence. Prosecutions may be pursued for serious/persistent offences, or for non-payment of FPNs. Following a service review, an enforcement policy was formally approved and implemented in November 2016. Consequently, the offences and sanctions used by the service are fully compliant with current legislation. Service objectives and procedures have been specified to operate the new systems, with corresponding workflow routines being created on the Uniform system.

The audit confirmed that, generally the systems in place were operating effectively although there were some areas where improvements were identified and six recommendations made which have been accepted for implementation.

17. Procurement Compliance - Youth Offending Service

The Tri-Borough Youth Offending Service (YOS) provide services to communities which are prone to drug crime. Street drug dealing is one of the most prominent crimes dealt with by the service. In August 2015, the YOS received funding from the Mayor's Office of Police and Crime (MOPAC). The service used the funding to commission a film to challenge attitudes and explore the impact of street drug crimes on the community and individuals. In addition to the film, an intervention pack was procured to accompany the film which would offer guidance, activities and discussion points to be shared with other youth offending teams, schools and other youth organisations. The YOS team commenced a procurement process in December 2015 in conjunction with the Procurement team at the Royal Borough of Kensington and Chelsea.

The audit confirmed that appropriate procurement processes had been used for this contract and no recommendations were made, with a **substantial assurance** opinion given.

18. Tri-b – Risk Management - Libraries

This audit reviewed the risk management arrangements within Libraries and Archives and covered all three councils. The three councils recognise that risk management is an integral part of good governance. As such, a shared services risk management strategy statement has been developed. This Risk Management Strategy Statement sets out the intended approach to risk management to be used for shared and sovereign services.

Two recs were made regarding the need to review the risk register at least quarterly by the Senior Management Team (SMT) and that this should be noted in relevant meeting minutes and all risks should be scored to ensure consistency in risk scoring and evaluation.

City Treasurer**19. Accounts Payable**

Through the Shared Service Centre, BT provide all the back office function for the receipt, processing and payment of invoices on behalf of all three councils. An effective Accounts Payable function ensures prompt payment of all invoices and accounts received by the councils whilst ensuring compliance with legislation and contractual obligations.

The delivery of the service by BT is overseen by an enhanced Intelligent Client Function (ICF) that works closely with business groups and services to ensure the Agresso solution and the BT Shared Service Centre meet user requirements. As part of the migration to Managed Services, the supplier vendor database records were consolidated from legacy systems for three councils to create a single central master database of supplier records within Agresso. Approximately 25,000 supplier vendor records are held within this shared database. The supplier vendor database is currently managed by an in house officer, reporting to the Framework ICF and based at Westminster City Council, who is responsible for verifying all new supplier records and validating any change requests received for all three councils.

Seven recommendations were made where controls could be improved including:

- Improvements to the approval process for changes made to supplier bank account details;
- A reduction in manual payments;
- A reduction in valid payments being held in the system as exceptions;
- A reduction in credit notes held on the system.

A number of the items identified in the audit are included in the ICF's action plan which is still being discussed with BT as part of the commercial negotiations.

20. Accounts Receivable

The audit primarily focused on the sundry debt process and how this function is managed by Council officers and through the Agresso application. The audit also reviewed how business groups and services are managing the process for raising sales orders (sundry debtor invoices) on a timely basis using the Agresso application which went live in April 2015. As part of the migration of data and records from the legacy systems (WIMS for WCC) to the Agresso Business World application, customer records were consolidated from legacy systems for three councils to create a single central database of customer records within Agresso. BT are responsible for setting up new customer records once the request has been received from

the service user and it has gone through the workflow approval process with local and Framework ICF. BT are also responsible for issuing sales orders to customers following requests raised by council staff through the Agresso application (Customer and Sales module).

The audit confirmed that the Council had taken a proactive and pragmatic approach in ensuring sundry debt is raised and collected even though some of the functions were contractually the responsibility of BT. Four recommendations were made which are included in the ICF's action plan which is still being discussed with BT as part of the commercial negotiations.

Corporate Services

21. Bi-bo – IT Risk Management

Prior to 2016, each borough had their own ICT service. Initial plans in 2016 to combine ICT services across the London Borough of Hammersmith and Fulham, Royal Borough of Kensington and Chelsea and Westminster City Council were replaced with a 'two and one' system from October 2016. Kensington and Chelsea have a joint ICT service with Westminster City Council, whilst Hammersmith and Fulham have its own ICT service making use of some services provided by the other two boroughs.

The audit confirmed that the risk management arrangements for the IT service were well documented and regularly reviewed. One recommendation was made which has been accepted by management.

22. Tri-b – HR – Your Voice Survey

In 2013, the Council employed ORC International to develop a survey that would provide them with information on staff feeling and engagement, and feed into service improvements. Questions are grouped into 13 areas relevant to the employment relationship and engagement of staff. In addition to the specific questions, staff are encouraged to make open comments. The surveys are subject to a minimum return of 20% to be considered representative and in 2015, a 65% response rate was achieved. The surveys are launched each September (5 September 2016 for the latest survey) and remain open for submissions for approximately three weeks. After this deadline has passed, the results are collated and analysed by an in-house Council team, who then produce a report for each Council.

These reports provide recommendations for management. These recommendations are discussed at the executive level as well as being broken down at department and service level. Survey results are benchmarked against previous years' results, as well as those of other Tri-Borough Councils, and external results provided by ORC international.

One recommendation was made on improving the monitoring of actions identified to address areas where staff responses indicated dissatisfaction with existing arrangements.

Policy & Communications

23. Partnership Governance – Cross River Partnership

The Cross River Partnership (CRP) is a public-private partnership that has been in existence since 1994 and which delivers a range of cross-borough regeneration projects. The CRP is a voluntary association of its 29 members which now includes 8 central London local authorities and 16 Business Improvement Districts (BIDs). In addition, the CRP has other strategic partners such as Transport for London and the Mayor's Office for London. The 'tagline' of the CRP is 'Delivering Regeneration Together' and the vision of the CRP is to support sustainable growth across the Central London sub-region, developing and delivering innovative pilot projects with, and for, its partners. The objectives of the CRP are to contribute to:

1. Economic growth and prosperity
2. Sustainable employment opportunities
3. Air quality and carbon reduction
4. Making places that work.

All of the CRP projects help achieve one or more of these objectives, with a lot of the projects being cross-cutting. There is a CRP Board in place which is co-chaired by a public sector chair and a private sector chair, and all the CRP partner organisations are represented on the Board. Board meetings are held twice a year.

APPENDIX 2

There are membership fees due from the partners of the CRP which enable the CRP to develop programmes and there is also external funding to enable the delivery of these programmes. Westminster City Council acts as the Accountable Body for the CRP, and responsibility for the CRP sits with the Head of City Policy and Strategy in Policy, Performance and Communications (PPC). As part of the accountable body role the Council is responsible for signing contracts for the CRP, employing the majority of CRP staff and the CRP follows the Council's legal, financial and procurement processes. As the accountable body the Council is responsible for the proper administration and financial probity of the external funds received for the CRP, and needs to ensure that appropriate and robust governance arrangements are in place.

The audit confirmed that governance arrangements for the partnership were good with only two low priority recommendations made. A **substantial assurance** opinion was given for this review.

Performance Indicators 2017/18

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

Performance Indicators	Target	Actual	Comments
Delivery			
Percentage of audit plan completed YTD (Month 4) Full year target = 90%	31%	27%	Slightly below target but no significant issues.
Percentage of draft reports issued within 10 working days of fieldwork being completed	90%	93%	
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%	16 received average score 4.2 (where 5 is the top score)
Percentage of recommendations implemented or in progress	95%	100%	YTD 9 out of 9 recommendations.