



City of Westminster

# Audit and Performance Committee Report

<b>Meeting:</b>	Audit and Performance Committee
<b>Date:</b>	18 September 2018
<b>Classification:</b>	For General Release
<b>Title:</b>	Internal Audit 2018/19 – Progress Report (April to August 2018)
<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 14 positive assurance reviews (substantial or satisfactory) being issued in the period, although three 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 four audits confirmed that the implementation of recommendations has been effective with the majority (85%) 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 but these are expected to improve during the year.
- 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 Shared Services 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. The updated Internal Audit Charter is being reported to this Committee as a separate Agenda item. 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 Shared Services 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 14 positive assurance (substantial or satisfactory) reviews being issued in the period.
- 4.3 Three limited assurance reports have been issued:
- Children's Services – Leaving Care;
  - Corporate Services – ICT Procurement & Contract Monitoring;
  - Corporate Services – Members' IT.

The details of these audits are contained in paragraph 5.1.1. to 5.1.3.

## 5. Audit Outcomes (April to August 2018)

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

Audit	Assurance	RAG
ASC - Direct Payments*	Satisfactory	Green
ASC - IT – Mosaic*	Satisfactory	Green
CHS - Leaving Care	Limited	Amber
CHS - Supplier Resilience*	Satisfactory	Green
CHS - IT – Mosaic*	Satisfactory	Green
Schools: Our Lady of Dolours*	Satisfactory	Green
Schools: St Barnabas*	Satisfactory	Green
Schools: St Peters Chippenham Mews*	Satisfactory	Green
GPH – Planning*	Satisfactory	Green
CMC – Licensing*	Satisfactory	Green
CMC - Libraries Target Operating Model*	Satisfactory	Green
CS - IT – Service Governance*	Satisfactory	Green
CS - IT – Procurement & Contract Monitoring	Limited	Amber
CS & Policy, Performance & Communications - Members' IT	Limited	Amber
CS - HR – Pensions Administration*	Satisfactory	Green
CT - Housing Benefit*	Substantial	Green
CT – NNDR*	Substantial	Green

\*Further information on these audits is contained in Appendix 2.

### 5.1.1 Children's Services – Leaving Care (Amber)

The Children Act 1989 and the Children (Leaving Care) Act 2000 states that Local Authorities (LAs) have a duty to assess and meet the needs of young people aged 16 and 17 who are in care or care leavers within their borough. These regulations and guidance are intended to ensure that care leavers are given the same level of care and support their peers would expect from a reasonable parent and that they are provided with the opportunities and chances needed to help them move successfully to adulthood. The regulations and guidance came into force on 1 April 2011. Draft regulations for consultation in respect of the Children and Social Work Act 2017 were issued last year with last comments taken at the end of November 2017. The Government finally published the revised regulations at the end of February 2018 for implementation on the 1st April 2018. Once implemented the new legislation will allow any care leaver regardless of their educational status post April to access support and advice through the allocation of a personal adviser up to the age of 25. This development may affect how the Council delivers their services and will impact

on resources. At the time of the audit this was yet to be fully implemented, thus the audit focused on current practices and procedures.

Every eligible young person in care should have a comprehensive Needs Assessment and Pathway Plan formulated for them between the ages of 15 years and 9 months and 16 years and 3 months. The Plan should map out a clear route to independence. The regulations set out eligibility criteria and the statutory time frames. Pathway Plans are required to be reviewed at least every 6 months, and progress monitored. Plans should be created in partnership with the young person and any other key professional involved. Areas of discussion include relationships, education, training or employment, finding suitable accommodation, finances and health and any other issues pertinent for that young person. The Council are currently required to keep in touch with care leavers until they are at least 21, however services are offered up to age 25 for those who require ongoing support.

There is a strong focus on supporting care leavers into education, employment or training (EET). The council's performance in this area is broadly consistent with natural trends. The service has recently jointly commissioned an Employment Education and Training Coordinator who tracks and monitors young people's EET progress, identifying and proactively working to help secure and sustain positive EET activity. In addition, Family Services, Employment and Housing are collectively funding an additional post for a second concurrent year, focussed on working intensively with care leavers to ensure they access and maintain appropriate tenancies and achieve EET to ensure they have sustainable incomes into the future.

The audit identified that Family Services procedures were detailed and comprehensive. The service is updating their internal procedures in line with recent legislative changes. The audit identified clear pathways and progression for young people moving into semi-independent and independent living accommodation. The Virtual School provide strong oversight, advice, support and assistance to care leavers post 18 with regards to their education and training.

However, the audit identified a number of areas for development. The following areas included two high and four medium priority recommendations:

- Not all Pathway Plans, reviews and visits were evidenced on the recording system to have taken place within a reasonable timescale. It was acknowledged that the current system is not easy to use and that practitioners will record within the case note section of the system which does not enable systematic reporting. Performance improvements in this area have subsequently focussed on improved data reporting, more robust tracking and improving the effective use of the case recording system;
- There was evidence that young people had been supported to apply for appropriate benefits by practitioners, although it was identified in one case

that a young person was not prepared to make the necessary applications which meant they could not quickly access the full range of support available to them. This situation was however resolved through an intensive approach with the young person;

- One case was identified where a duplicate payment for a care package was made but then subsequently recovered. As a result, measures have been put in place to reduce this risk of this reoccurring;
- The monitoring of health and safety requirements for some semi-independent placements was not considered to be sufficiently robust. The Placement Commissioning Team are exploring resources to ensure more systematic checks and the development of a database;
- The impact of the Employment, Education and Training Coordinator, was yet to be fully evidenced. Close liaison between the EET Coordinator, the social workers and the personal advisors needs to be more systematic.

The service confirmed that an Action Plan is in place and a number of measures have been taken to improve performance and address the recommendations made. This Action Plan will be reviewed in December 2018.

#### **5.1.2 Corporate Services – ICT Procurement & Contract Monitoring – (Amber)**

Effective procurement and contract management arrangements are required to ensure that:

- The Council has complete and accurate knowledge and oversight of all its contractual arrangements with suppliers to allow effective forward planning;
- The procurement process complies with EU and organisational regulations, policies and procedures, and best value for money is obtained;
- Services are delivered efficiently, effectively and in line with agreed service specifications;
- Poor performance is identified and an effective course of action to address this is agreed and implemented;
- Payments for the services provided are made accurately and in line with the terms of the contract; and,
- Opportunities for increased value for money are sought and realised.

ICT is a shared service with the Royal Borough of Kensington & Chelsea (RBKC) and this audit was undertaken across the two Councils. Both Councils maintain the details of all but their small value contracts on a system called capitalEsourcing where contract documentation and performance monitoring information should be recorded. However, at the time of this audit, the ICT Service was using their own contract register spreadsheet as an interim solution until their contracts data was loaded into capitalEsourcing. Whilst the spreadsheet includes such information as contract name, end date, contract extension period, contract manager, total value of the contract, supplier, contract number and status, ICT does not include the start date of each contract. We also

noted that, in some cases, the contract details on the spreadsheet were not up to date.

At the time of the audit, the ICT contracts spreadsheet for both Councils contained 38 active procurement exercises for new and existing contracts and 22 active contracts not yet due for renewal.

The audit identified that a Shared Services ICT Organisational Structure was in place which had been updated in December 2017 and shows where there are vacancies. In addition, a Contract Management Development Programme is in place that has been designed to bring the management of contracts up to consistent standard and increase assurance over the financial and operational performance of contracts. A Capital Scheme Proposal has been developed by the Shared Services ICT team that seeks to, “build on opportunities to redesign Council services around users with an efficient digital focus, collaborating with service departments and customers directly to ensure that any digital deployments effectively meet the needs of residents, businesses and visitors”.

All ICT contracts are reviewed by the Shared Services ICT Team at least a year before the end of the contract and an assessment made on what action to take (for example, to extend, re-procure, terminate or amend). Large ICT contracts are given a longer lead time. A Decision Report is produced before a procurement decision is made. The Decision Report outlines background information of the provider and the service; length of the contract; future re-procurement; contract decision, and action recommended.

Sample testing of five contracts identified the following exceptions where controls require improvement:

- two Decision Reports could not be provided by the Shared Services ICT team;
- A Gate report forms part of the assessment before procuring an ICT contract and outlines the process of awarding the contract and the implementation plan. In three instances, evidence of the Gate report could not be provided;
- EU law requires that all ICT contracts over £100,000 should be put out to tender. This means that the tender is published on a ted.europa.eu website to make potential contractors aware of the tender. Two contracts in the sample were valued at over £100,000 but evidence that the tender was posted on the EU website was only provided in one instance;
- In four of the five contracts tested, a signed contractual agreement between the Shared Services ICT team and the supplier agreeing the terms of the contract was in place. However, in one case, a current contract was not in place;
- At the time of the audit, contract documentation and service specifications were not being made available to all staff members in the Shared Services

ICT team through a shared platform. However, the team has started to load all supporting documents on capitalEsourcing;

- Whilst in all cases we confirmed that contract managers were aware of what steps they would follow when resolving contract disputes, in one instance, this was not defined within the contract;
- Three of the five contracts selected were software contracts where monthly performance monitoring meetings were not held due to no KPIs being outlined in the contract. Instead, the contracts are reviewed annually with the contractors. From the two instances where KPIs have been outlined in the contract, in one case, evidence of monthly monitoring meetings was not provided by the Shared Services ICT team;
- Contract managers have an understanding of what contingency plans would be followed with contractors to ensure that the Council is still able to continue to operate if the ICT service provider becomes non-operational. However, in all of the five cases tested, the contingency plan was not formally documented.

It was noted that the controls in place over payments made to ICT contractors and the monitoring and management of budgets were good. In addition, challenge meetings are held monthly to discuss the service and financial performance of ICT contracts. These meetings involve the Head of ICT Finance, Contracts & Supplier Relationship Managers and contract managers. The meetings are not minuted and, as a result, evidence of what is specifically discussed was not provided. However, we were provided with evidence of ICT Revenue and Capital reports that inform the discussions in the challenge meetings.

Two high and three medium priority recommendations have been made to improve controls in this area which have been accepted by management.

### **5.1.3 Corporate Services & Policy, Performance & Communications – Members’ IT (Amber)**

Council Members have access to information that is often business sensitive (or otherwise confidential). Further, as Members may hold employment with other organisations, or fulfil other key responsibilities within their community, it is important that they are able to perform their duties securely on Council-supplied IT solutions and in accordance with best practice. It is recognised that Councillors need to have good ICT facilities in order to be fully effective and best discharge their responsibilities as elected Members. However, it also acknowledged that people who put themselves forward for election will almost invariably already have their own home IT equipment, in which circumstances they will not normally, require new hardware. ICT Arrangements for Councillors is overseen by Member Services and supported by the Risk and Information Management Team within the Council.

This audit was undertaken just before the elections in May 2018 and the following areas were identified where controls should be improved, with two high and four medium priority recommendations made:

- Members are required to comply with the Members Code of Conduct which prescribes compliance with Council policies and procedures. However, Members were only required to sign off acceptance of these policies and procedures during induction (i.e. once in four years). This could lead to a lack of awareness by the Members of new policies or amendments to existing policies which could lead to non-compliance. It was agreed that Members would be required to accept Council policies on an annual basis and a Sharepoint site has been set up to store these policies together with the form for annual acceptance, which will be managed by Member Services. A Code of Conduct session has been held and all 60 Councillors have attended and 22 Councillors have now signed the IT Policy;
- Members are permitted to buy their own IT devices and claim up to £1,000 from the Council. These devices are known to be used for enabling official work. However, there were no guidelines to enforce security controls on personal devices, such as encryption, Antivirus, reporting incidents and patch management. This lack of guidelines could result in confidential Council data being compromised, leading to potential breaches of the Data Protection Act. It was recommended that the Council needed to review ICT risks from the existing Member Scheme and develop guidelines regarding the use of personal devices for work. A new InTune (O365) Mobile Device Management solution has been implemented for all Councillor accounts which covers usage on personal devices;
- It was noted that more than half of Members had been allowed to forward Council emails to their personal email accounts which may result in confidential Council data being compromised. It was recommended and agreed that Members should not be allowed to forward Council emails to their personal email accounts and all pre-set auto-forwards were cancelled following the local elections in May;
- Council Members, in their nature of work, have access to confidential Council data however, we were not able to verify if Members are classified as users of such confidential personal data which could result in unauthorised access to confidential information. It was recommended that Information Classification and Listing should be implemented and all Members have been individually registered with the Information Commissioner's Office (ICO) with support provided by the Committee Services and Governance Teams;
- Cabinet Members were provided with mobile phones and iPads, however there was no evidence of a policy or procedure indicating how these devices would be recovered from Members when they leave the Council or when devices are lost or stolen. It was recommended that an IT Asset Management Policy or Procedure should be implemented which includes the process for returning and reporting lost or stolen IT assets. It was stated that Council provided devices would be reclaimed from the

Councillors who will utilise their own IT in future. Currently, only three Council issued iPads are in use by Members which have all be installed with InTune for security;

- We were advised that Members were provided with training at the time of induction, which was four years ago, however, no further training or refresher training is provided. This could result in a lack of awareness of changes to policies and procedures and could increase the risk of loss of confidential data. It was recommended that Members should be provided with refresher training at least once a year and management should ensure that the training covers ICT Security, Data Protection and Cyber Security awareness. At the time of fieldwork, it was confirmed that induction training would be provided for all new Members in June and July which covered GDPR and cybersecurity and, as part of the ongoing Member Development programme, training will be refreshed by Member Services on a regular basis over the four-year electoral cycle.

As indicated above, all of the recommendations made in this audit have been addressed and action taken to improve controls.

## 5.2 Implementation of Audit Recommendations

Four follow-up reviews were undertaken in the period (April to August 2018) which confirmed that 85% of recommendations made had been implemented with good progress made to implement the remaining recommendations:

<b>Audit</b>	<b>No of Recs Made</b>			<b>No of Recs Implemented</b>			<b>No of Recs In Progress</b>			<b>No of Recs not yet actioned</b>		
CMC – Parking Permits	3			2			1			0		
ASC – S75 Agreements (Mental Health)	3			3			0			0		
GPH – Lessee Charges	4			4			0			0		
CS: HR – Pensions Administration	3			2			1					
<b>Total</b>	<b>13</b>			<b>11</b>			<b>2</b>			<b>0</b>		
Priority of recommendations	H	M	L	H	M	L	H	M	L	H	M	L
	3	8	2	2	7	2	1	1	0	0	0	0

Follow up work 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;

**2018/19**

**Internal Audits Completed Year to Date**

## Audits Completed Year to Date - 2018/19

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
ASC	Direct Payments (cfwd from 2017/18)	Green	Satisfactory	1	4	7	September 2018
ASC	IT – Mosaic (cfwd from 2017/18)	Green	Satisfactory	0	0	1	September 2018
CHS	Leaving Care (cfwd from 2017/18)	Amber	Limited	2	4	0	September 2018
CHS	Supplier Resilience (cfwd from 2017/18)	Green	Satisfactory	0	2	1	September 2018
CHS	IT – Mosaic (cfwd from 2017/18)	Green	Satisfactory	0	3	0	September 2018
School	Our Lady of Dolours (cfwd from 2017/18)	Green	Satisfactory	0	2	3	September 2018
School	St Barnabas (cfwd from 2017/18)	Green	Satisfactory	0	5	3	September 2018
School	St Peters Chippenham Mews (cfwd from 2017/18)	Green	Satisfactory	1	1	4	September 2018
GPH	Planning (cfwd from 2017/18)	Green	Satisfactory	0	3	0	September 2018
CMC	Licensing (cfwd from 2017/18)	Green	Satisfactory	0	4	2	September 2018
CMC	Libraries Target Operating Model (cfwd from 2017/18)	Green	Satisfactory	0	4	1	September 2018
CS	IT – Service Governance (cfwd from 2017/18)	Green	Satisfactory	0	2	1	September 2018
CS	IT – Procurement & Contract Monitoring (cfwd from 2017/18)	Amber	Limited	2	3	0	September 2018
CS	Members' IT (cfwd from 2017/18)	Amber	Limited	2	4	0	September 2018

## Audits Completed Year to Date - 2018/19

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
CS	HR – Pensions Admin (cfwd from 2017/18)	Green	Satisfactory	0	1	4	September 2018
CT	Housing Benefit (cfwd from 2017/18)	Green	Substantial	0	0	0	September 2018
CT	NNDR (cfwd from 2017/18)	Green	Substantial	0	0	0	September 2018

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

### Adult Social Care:

#### 1. Direct Payments (satisfactory assurance)

Direct payments were introduced to ensure persons assessed as having eligible needs could receive funds directly to pay for their care needs as agreed within their Care Plan assessment. They are managed across all three boroughs by the Direct Payments Finance team following the separate assessment and planning of care by each borough. Service Users agree their Care & Support Plans with the appropriate member of staff setting out the care needed following which a Personal Budget is calculated to cover the cost of that support. In certain cases, service users are asked to make contributions or even to pay for the entire care package. Service Users may ask the Council to provide the care required or they may choose to engage the carers themselves.

When a Service User receives direct payments they are responsible for organising how their care is delivered to meet their assessed eligible needs. Direct payments may be made in a variety of ways, as follows:

- Into a specific bank account set-up for the purpose;
- By a Pre-Paid Card in the name of the Service User;
- Via a managed account which means the Council hold the direct payment funds on the Service User's behalf and pay the costs as outlined in their Care & Support Plan.

Direct payments are to be reviewed after 6 months and periodically thereafter to ensure that they continue to be appropriate to meet the service user's needs and that the service user continues to be eligible for direct payments. By signing-up to receive direct payments, service users are deemed to have retained full legal responsibility for the administration and monitoring of their direct payment.

At the time of the audit the Personalisation team were carrying out a review of Adult Social Care policies, procedures and documents which are available on the services' Sharepoint site. The Standard Operating Procedures (SOPs) are reviewed by the Heads of Service in each borough and reviewed regularly to reflect any changes. It was noted that these SOPs did not contain clear reference to the processes for reviewing direct payment spending, referring any cases of potential misspend or underspend or attempting to recover funds.

Where cases are referred to Adult Social Care in each borough, these are assigned to specific teams to arrange an initial assessment. Assessments are assigned using the case management system (Mosaic). Mosaic reports show significant numbers of assessments outstanding, or with lengthy delays between start and completion with monthly GAP reporting used to monitor these cases.

The key findings from this audit are summarised below:

- A sample of twenty cases was reviewed to ensure that Care Plans were in place and it was noted that the Care Plan for one case was not held on the case management system and in two cases, the Care Plans did not have evidence of managerial review;
- An indicative budget is calculated at the time of initial assessment, with a costed personal budget to be developed to meet the requirements of the care plan. The indicative budget is not completely accurate, and adjustments are expected. From a sample of twenty, we found that in 11 cases the personal budget differed from the indicative budget, and in five cases this was by an amount exceeding £100. Managers are to review the costed care plan with regard to the indicative budget in order to note upwards or downwards revisions;
- Service Users are required to sign a Direct Payment agreement with the Council. Consultation with the Shared Services Head of Fraud identified possible improvements to the information requested from service users. In addition, from a sample of 20 cases reviewed, a copy of the Direct Payment Agreement could not be located for eleven cases;

- Care Plans are required to be periodically re-assessed and financial reviews undertaken. Service users are expected to provide a summary of their expenditure, together with bank statements. Pre-paid card transactions can be accessed and reviewed by the Finance Team through the provider's system. It was noted that financial reviews had been intermittent, with a new process being introduced from around Quarter 4 of 2016/17. The review process is undergoing further change to refine it and provide more useful information for both financial and care quality purposes for both the Social Care and Direct Payment finance teams. At time of audit, there were multiple instances where review had not taken place, or could not take place due to the service user failing to return their expenditure summaries and supporting bank statements;
- No formal contract could be located for the provider of the Pre-paid card service therefore the terms of the service were unclear with regard to prohibited spend.

One high, four medium and seven low priority recommendations have been made which have been accepted by management who have prepared a clear action plan to address the control weaknesses identified in this audit. Progress on the implementation of the recommendations is being monitored through regular meetings with the service.

### 2. IT Mosaic (satisfactory assurance)

Mosaic is a case management system which is used by the Council's Adult Social Care service and was in place for the tri-borough service and continues to be used post the disaggregation of the service. All three Councils currently use the same version of the Mosaic application which was upgraded from Frameworki to Mosaic 5.1 in August 2017.

Mosaic is administered by a dedicated IT support team within Adult's Services and is hosted and supported by a third party service provider. It is used by social care and health staff and holds sensitive data and information related to the care facility, including current as well historical cases. The Mosaic case management system has multiple modules used to assist and support the delivery of effective social care services and safeguarding of vulnerable people. It is the prime source of performance data, in particular in relation to national performance indicators.

The audit identified that the controls in the system were effective with one low priority recommendation made.

It was noted that a communication has been sent to all Mosaic users from the appointed Caldicott Guardian for each of the three Councils, reminding them of the importance of client confidentiality of records and in particular accessing records for the responsible local authority that is not their employing borough. This communication has been sent in advance of the disaggregation of data held within the Mosaic database which is due to take place in February 2019, following the ending of the shared service agreements between the three councils, and is intended to mitigate against the risk of inappropriate access to sovereign client records.

## Children's Services:

### 3. Supplier Resilience (satisfactory assurance)

Local authorities are increasingly relying on third parties to deliver core services. Although the delivery mechanism for these services may be outsourced, responsibility for the service remains attached to the local authority. The current economic climate and the continuation of reduced Council budgets will have significant implications across the entire supply chain. As the configuration of supply chains changes, Local Authorities must adapt their own capabilities, cultures and processes to reflect this. Local authorities must prepare for business critical supplier failure by identifying operational and strategic interdependencies and areas of reliance between parties. They must also understand the likelihood of supplier failure through market analysis, credit rating data and intelligence through less formal networks such as supplier forums.

This work should be supported by a monitoring process that provides early warning of supplier stress and establishes agreed processes for operating in the event of supplier withdrawal or failure.

The importance of contingency planning is especially high where there is a direct link between suppliers and service or policy outcomes. The Council's Contract Standing Orders requires Chief Officers to undertake appropriate risk assessments that have considered service continuity both at the procurement stage and through the life of the project.

It should be noted that from 1 April 2018, the Tri-Borough arrangement for the majority of Children's Services has come to an end and the service is now bi-borough for the Royal Borough of Kensington & Chelsea (RBKC) and Westminster City Council (WCC) and sovereign for LBHF. This audit was undertaken during the transition period and the sample testing covered the period prior to disaggregation.

The systems of control in place at the time of the audit were generally considered to be effective with two medium and one low priority recommendations made in the following areas:

- During the procurement process the financial stability of the supplier should be assessed through a credit check. From a sample of four suppliers tested, in two cases there was no evidence of a credit check having been undertaken on the supplier. The service has confirmed that due to the disaggregation of shared service and a high staff turnover, they had been unable to locate the relevant evidence of the credit checks and have now established a system to upload credit checks onto capitalEsourcing;
- Supplier Business Continuity plans should be reviewed and tested on a regular basis by the contract managers to ensure they reflect the latest risks and contain appropriate and most effective resilience measures. We were advised that, after the contract is awarded, Business Continuity Arrangements are normally only reviewed when a contract is renewed however, the service has since confirmed that Business Continuity plans are reviewed during the lifetime of a contract, especially when a risk profile is increased of there are changes to the contract;
- The contract lead for each supplier should meet with the supplier on a periodic basis. It was noted that for one of the contracts reviewed, evidence of supplier monitoring meetings was not provided. The service has noted that this contract was considered to be low risk but they have now established a more robust monitoring process for lower-risk, lower profile and lower impact contracts. This involves quarterly meetings to review usage, identify and resolve any issues or concerns. The evidence of these meetings will be loaded to capitalEsourcing.

#### **4. IT Mosaic (satisfactory assurance)**

Mosaic is a case management system which is used by the Council's Children's Service and was in place for Westminster City Council and the London Borough of Hammersmith & Fulham prior to the disaggregation of services. Both Councils currently use the same version of the Mosaic application which was upgraded from Frameworki to Mosaic 5.1 in 2017.

Mosaic is administered by a dedicated IT support team within Children's Services and is hosted and supported by a third party service provider. It is used by social care and health staff and holds sensitive data and information related to the care facility, including current as well historical cases. The Mosaic case management system has multiple modules used to assist and support the delivery of effective social care services and safeguarding of vulnerable children. It is the prime source of performance data, in particular in relation to national performance indicators.

Three medium priority recommendations were made to address the following areas where controls could be improved:

- User access reviews are not undertaken on a regular basis to ensure access is commensurate with user requirements;
- The most recent disaster recovery test was carried out in September 2016 and no further tests have been undertaken since the upgrade to Mosaic in 2017;

- Data sharing agreements were being drawn up to address the issue of data sharing and confidentiality of Mosaic client data where bi borough users require access to records that are not from their employing borough.

### 5. 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, three final reports have been issued in respect of school audits:

- Our Lady of Dolours Primary School (satisfactory assurance);
- St Barnabas Primary School (satisfactory assurance);
- St Peter's, Chippenham Mews, Primary School (satisfactory assurance).

No significant issues were identified at the school and the recommendations made will be followed up later in the year.

### Growth, Planning & Housing:

### 6. Planning (satisfactory assurance)

The Council's Development Planning Team is responsible for:

- Assessing, negotiating on and processing planning and related applications for the development and use of land and buildings;
- Providing planning, environmental, historic and design advice to those with an interest in the City's built environment;
- Negotiating on legal agreements associated with planning applications;
- Presenting the City council's case at planning appeals, court hearings and parliamentary committees;
- Producing guidance and offering advice on the 'public realm' (i.e. the spaces between buildings);
- Enforcement of breaches of planning control;
- Highways planning related to applications;
- Street naming and numbering;
- Tree management.

The planning fees charged by Westminster are governed by The Town and Country Planning (Fees for Application, Deemed Applications, Requests and Site Visits) (England) (Amendment) Regulations 2017 and new planning application fees came into effect from 17 January 2018.

The service undertakes Planning Performance Agreements (PPA). This is an agreement between the local planning authority and a potential applicant to provide a project management framework for handling a development proposal from pre-application stage through to decision.

The systems of control in place at the time of the audit were generally considered to be effective with three medium priority recommendations made to improve controls in the following areas:

- In February 2016, all staff in the Department were requested to complete a "Declaration of Interest & Out of Work Activities" form to comply with section 117 of the local Government Act 1972. A review of the declarations identified that the information contained on the returned forms had not been analysed or investigated and that not all of the staff who should have completed a form, had done so. The service has confirmed that they will be reviewing this area on an annual basis and appropriate action taken and recorded where there is a potential for a conflict of interest;

- There was no evidence that an anti-bribery risk assessment had been completed for the Planning staff and anti-bribery awareness training has not been provided. This could result in the Council not being able to demonstrate that it has taken steps to prevent bribery as required by the Bribery Act 2010. The service confirmed that Officers have been sent the details of the training and compliance will be checked during 2018. All new officers will be asked to do the training.
- A sample of planning applications (30) was reviewed to ensure that all the planning fees are received and reconciled. Of these, 13 applications were either listed buildings, Variations S73/S19 or Adverts S7 and hence their fees were exempt. Of the remaining applications, payments for three could not be confirmed as banked or paid into to the appropriate cost centre. The service is liaising with the Digital Team on improving the income reconciliation process.
- From a sample of 20 Planning Performance Agreements tested, in three cases payments for the agreements could not be reconciled with the appropriate cost code where the customer had incorrectly completed the on-line payment form. This issue was known about by the Department and had been discussed with Digital Programme Team who are reviewing a number of business cases for the service for operational improvements for the Department

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

#### **7. Licensing (satisfactory assurance)**

The Council is the largest licensing authority in the United Kingdom and receives and processes in excess of 10,000 licence applications per year and issues licences and other permissions under the provisions of over 60 different statutory licensing regimes. The General Licensing and Street Trading teams have been combined and consists of over 20 experienced licensing practitioners, certified by the Institute of Licensing. The Council's Licensing Committee consists of 15 members and the terms of reference are detailed within the Council's Constitution. The remit of the Committee covers all matters relating to the discharge by the Authority of its licensing functions.

The audit confirmed that the controls in place within the licensing process were generally effective with four medium and two low priority recommendations made to address the weaknesses identified below:

- Both the Licensing and City Enforcement teams have standard and developed operating procedures in place. We were informed that both teams had migrated these documents to SharePoint for ease of reference, however a system error had occurred. Documents were therefore being kept in a shared drive until migration to SharePoint was possible. In the case of City Enforcement, the error had resulted in the Standard Operating Procedures (SOPs) to be lost. The service confirmed that as part of the Effective Neighbourhood Working change programme, a full review of all procedures is under way. The changes in the way the City Inspectors will operate will be reflected in new SOPs that will be created and rolled out, this will include all licensing regimes. This will also align with the rollout of the Council's new Corporate Enforcement Policy, which is due to be approved by Cabinet;
- Timeframes are established for the processing of applications, with a "traffic lights" system being used to identify overruns at any point in the process. At time of audit, there were a large number of applications with a "Red" rating. The Senior Practitioner informed us that this was due to high number of cases where licences had been issued, but details were lacking, and they had therefore not been closed off properly on the IT system (Uniform). All officers have been requested to close down outstanding cases and performance monitoring will be set up and any backlog resolved;
- Reduced or waived fees are sometimes granted for Street Trading licences, typically for new businesses. The policy for reduced and waived fees is clearly set out in Section 9 of the Street Trading Policy. The approval record for each case is recorded on a system called IDOX. However, the system does not currently allow for a report to be run which shows all licences granted where a fee reduction or waiver has been applied. We were informed that, if a licence does not have a pre-determined expiry date, officers will make a calendar note to amend the fee charged after the end of the agreed waiver period. This date is not recorded on the IT system (Uniform) and, if the licence is set up for an extended period with no defined end date, it could result in reduced or nil fees being

perpetuated beyond when they should end. The service is developing the system so this information can be better monitored and managed;

- All charges relating to the processing of applications are required to be paid prior to the licence/variation being agreed. Annual fees need to be checked for receipt before a license is renewed. Uniform reports are run approximately every other month to identify cases with upcoming payment dates in order to send reminders. Officers then monitor identified cases to check whether payment has been received, and suspend the licence if necessary. However, a review of the Uniform system identified multiple cases where annual renewal payments had not been made. We were informed that it was not possible to run a report to identify all cases with payments due which had exceeded the payment date. It is therefore possible that, if licensing officers failed to keep track of all cases where reminders were sent, a licence might remain active in spite of non-payment of annual fees. The service plans to put in place a system to highlight when a fee is due but has not been paid and discussions are to be held with the digital team and the IT system (Uniform) manager to see if the more of these processes can be automated thus removing the risk of missing a deadline;
- When a licence has been issued, the City Enforcement officers will schedule an inspection on Uniform. The frequency of these programmed inspections varies in accordance with the licence type, and the risk profile of the licence holder. From a sample of ten licences, we identified four cases where a next inspection due date had not been input on Uniform. The service confirmed that an officer is to review the records of all licensed premises to ensure that a programmed visit with a due date is assigned to it on the Uniform system. All subsequent visits will also be recorded on Uniform. Going forward the process has been amended to require officers to check that each case has a 'Due Date' entered on Uniform at the time of issuing the licence;
- Licences with a low risk rating will not receive programmed inspections, but will be highlighted through biannual "ward sweeps". At the time of audit, the schedule of ward sweeps did not record any entries for three of the five inspection teams to which they had been assigned. In addition to programmed inspections and ward sweeps, pro-active inspections are carried out in response to public referrals or "self-referrals" when breaches are noted by enforcement officers. At time of audit, the licensing team were looking to improve performance management including the monitoring of the statutory 56-day period for licensing decisions;
- At the time of the audit the service was undergoing a restructure that will alter the way areas are managed in relation to licensing enforcement with the responsibility being within three areas rather than the current one area. This will require a review of the existing processes and it is proposed that there will be a central "tasking" planner to programme ward sweeps and to prompt teams that certain wards sweeps are due. This will allow services to send out notifications of a planned ward sweep to the relevant ward Councillors, then to complete the ward sweep. Improvements are also proposed on how the ward sweeps are recorded on the Uniform system to aid review and reporting.

### **8. Libraries Target Operating Model (satisfactory assurance)**

The original shared services libraries programme was conceived as an alternative to cuts and closures by combining services to share resources, facilities and expertise - working across the three Councils to maintain and develop services as far as possible. The subsequent savings target (or proposed contribution) for Libraries was £1m to be delivered in 2017/18. In order to achieve these savings, all three councils agreed to develop a new operating model to deliver the shared elements of the service. Westminster City Council and Royal Borough of Kensington & Chelsea also had their sovereign operational service reorganised to deliver their savings. The service review was undertaken in 2016 and 2017 and considered what statutory and core functions the service must or should provide and how much of this can reasonably be delivered with a reduced budget whilst aiming to avoid or minimise closure of sites or major changes to opening hours.

The senior management team held a number of workshops with over 190 members of staff throughout June and July 2016 to gather their views on what the target operating model should be for the service. Workshops were targeted at specific functions and areas of work such as frontline, back office, digital, volunteering and extended SMT. Designing a new target operating model led to a service re-organisation and an opportunity to deliver service improvements as well as meet the savings target.

This audit reviewed the design and implementation of the Target Operating Model for the Libraries Service and consisted of three parts:

- Assess the adequacy of the development, implementation and benefits management of the Libraries Target Operating Model and make recommendations where governance and controls could be improved;
- Interview a sample of libraries staff to help establish the degree to which the new operating model is understood and has been adopted;
- Gather evidence that demonstrates whether the original objectives set out in the Consultation Report have been achieved.

Audit fieldwork used documents available from the time of the restructure, alongside testimony from 29 interviewees. Interviewees were selected at random, to cover a range of job roles and libraries. Where historic issues were identified, affecting performance at the time of the restructure but of less importance post implementation, these were noted for future reference, but no recommendations were made. Four medium and one low priority recommendations were made in the following areas:

- Seventeen out of twenty-nine interviewees suggested that more support could have been provided in advance of the TOM's implementation to allow for a smoother transition. Fifteen interviewees described poor experiences as part of the consultation which were particularly related to correspondence, including:
  - Generic responses that did not fully cover points raised;
  - Overly brief responses;
  - Assurances that they would be replied to at a future date with a full answer; and
  - Emails signed by "The Library Futures team" instead of anyone with specific accountability. Many said this had caused them to disengage with the consultation process. It was recommended that where staff queries are raised through written media, particularly email, care should be taken to provide clear and complete information. The service has stated that over 300 individual responses were received during the consultation but, resources permitting, they would seek to address this issue in future change programmes;
- Staff job descriptions were circulated, and are available on the Libraries SharePoint site. The majority of staff interviewed felt that these were clear, however twelve interviewees felt that staff were carrying out the same jobs that they had been responsible for prior to the restructure despite their job description changing. It was recommended that the Libraries Service should consider barriers to change when undertaking the culture programme in order to embed the new working processes. In addition, consideration should be given to encouraging Service Delivery Managers to make direct interventions in order to give staff experience in all tasks that are to be undertaken. The service agreed with the recommendation and stated that these issues will be addressed through the Culture Change and Ways of Working programmes during 2018/19;
- The Head of Service Delivery expressed some concerns regarding the organisation of documents on SharePoint. Old and new SharePoint sites exist in parallel, making identification of documents difficult. Additionally, a review of documents found cases where information appeared to be out-of-date. It was recommended that Officers should consider reviewing the way in which information and staff resources are managed on SharePoint in order to improve functionality with out-of-date documents updated or replaced with newer versions. The service plans to review Sharepoint in the autumn of 2018 and the site will be managed by the performance and administration team;
- Seventeen interviewees cited lack of training as an obstacle in adapting to their new roles, particularly at the outset of the restructuring process. It was recommended that training plans should be finalised with target timescales set for the delivery of the training. The service confirmed that training did not take place as intended at the time of the restructure. Transition training was being planned at the time of audit fieldwork and a temporary Development Manager role was being recruited to which would spend approximately a third of their time on staff training, development, and encouraging continuous sharing of knowledge and skills;
- Interviewed respondents gave a mixed response to the overall management of performance targets, and eight of the interviewees advised that they did not think their current targets reflected their role. Some mentioned in conjunction with this that Service Delivery Managers had needed to take on additional roles, including line management, due to the flattened structure, which limited the depth of

performance reviews. We were informed that the annual performance review had been scheduled shortly after the restructure, and that objectives should have been re-assessed at that point, however, this may not have been done effectively at the time due to other work pressures. It was noted that the Libraries Senior Management team are circulating additional guidance for the 2018/19 year to encourage a better, more in-depth process for setting objectives and managing performance. The service confirmed that all managers are conducting performance reviews in line with the additional guidance circulated for 2018/19 and additional support is being provided to managers which will help build extra capacity for conducting performance reviews.

## **Corporate Services:**

### **9. ICT: Service Governance (satisfactory assurance)**

In early 2015, the London Borough of Hammersmith and Fulham (LBHF), Royal Borough of Kensington and Chelsea (RBKC) and Westminster City Council (WCC) formally agreed to establish the single shared ICT service. In September 2016, the proposal to establish two ICT functions; a single sovereign and autonomous LBHF ICT function and a shared bi-borough RBKC and WCC ICT function, was agreed. The three councils continue to share services in ICT where there is a suitable business case for doing so, for example, the arrangements in place for sharing Geographic Information Systems and Office 365, including support staff. Also, the agreed Information Management Strategy and associated information security policies are common across the three councils. The service lead for WCC and RBKC is the Bi-borough Chief Information Officer who reports to the Bi-borough Executive Director for Corporate Services.

The audit identified that the controls in place were generally effective with two medium and one low priority recommendations made to address the following:

- There is a key working group structure chart in place, which documents the key reporting lines and general alignment across the bi-borough. The key working groups includes the WCC ICT Supplier Boards which is made up of the Strategic Framework Board and the Operational Board and whose purpose, amongst others, is to ensure that the suppliers are monitored regularly, that the Framework Agreement (the Council's ICT services are currently outsourced to BT and Agilisys, through a framework agreement) is operated throughout the term of the contract in a manner which optimises value for money and operational benefit, and that capacity management issues are considered in accordance with the processes outlined in the Framework Agreement. We confirmed that whilst the WCC ICT Supplier Boards had Terms of Reference in place setting out the aims and objectives of the groups, additional information such as the delegated authority, frequency and membership of the Boards were not included;
- The ICT Portfolio Board is a monthly cross-business representational board that reviews and advises on the complete ICT project portfolio which includes all projects, pipeline and live, projects led by ICT and those led by the business. The Portfolio Board is also an advisory group which has a key role in agreeing the prioritisation of projects. The ICT Portfolio Delivery Meeting is a subset of the ICT Portfolio Board and the fortnightly meetings are held to focus on the delivery of projects such as tracking progress, budgets and resolving issues. The Technology Hub, who also report to the Portfolio Delivery Board, is a technical forum whose membership varies depending on the matter being discussed. It was noted that the Technology Hub does not have documented Terms of Reference in place setting out its responsibilities;
- Through a combination of discussions, review of the ICT governance meeting structure, and examination of a sample of three meeting minutes for the Portfolio Delivery Board and Technology Hub, we identified that, although meetings bring departments together and help to air IT project proposals in the early stages of their life cycle, there is not currently a forum or mechanism whereby sovereign decisions can be challenged should IT believe a common solution across both Councils will be more advantageous;
- A need has been identified for additional clarity over the approval processes across the Bi-borough, as decision making involves departmental approval arrangements and is often a complex process. The Councils are currently working on a more streamlined workflow process that should allow them

to clarify key approvers and stakeholders to ensure they are part of the approval or consultation process, with the aim of mitigating the difficulty of getting all required approvers together;

- Feedback and input from staff across the organisation was sought via the consultation report which was issued in October 2017; through user surveys conducted across the organisation, and through Relationship Manager presence at departmental meetings. However, the organisation does not currently have a specific user group forum to highlight and discuss ICT issues directly

All of the recommendations have been accepted by management and implementation will be followed during 2018/19.

### 10. HR: Pensions Administration (satisfactory assurance)

An audit has been undertaken of the Pensions Administration Service which included the follow up on the implementation of recommendations made in the 2016/17 audit of this area.

Surrey County Council (SCC) have provided Pension Administration services to the Council under a Delegation Agreement, since September 2014. SCC also provides the boroughs of Kensington & Chelsea and Hammersmith & Fulham with Pension Administration services and these arrangements have also been audited but were reported separately and the findings are not included in this report. The Delegation Agreement in place is in accordance with section 101 of the Local Government Act 1972 and section 9EA Local Government Act 2000 together with Regulation 5 of the Local Authorities (Arrangements for the Discharge of Functions) Regulations 2012 which allow the Council to delegate certain functions to another local authority.

The review identified that the controls in place were generally effective with one medium and four low priority recommendations made in the areas summarised below:

- According to the Delegation Agreement no variation shall be valid or effective unless made by one or more instruments in writing executed by the Parties. It was noted that variations to the Delegation Agreement relating to a change in the Key Performance Indicators target have not been recorded or formally approved by both parties.
- In accordance with the Delegation Agreement SCC:
  - (a) shall indemnify and keep indemnified the Council against all liability, actions, proceedings, claims, demands, expenses, Direct Losses and costs; and
  - (b) must ensure that notifications under section 18 & 19 of the Data Protection Act are up to dateIt was identified that the SCC indemnity insurance and DPA certificates had not been formally reviewed by the monitoring officers.
- SCC has hired a company, which undertakes checks of the information held on the central register of deaths against the Council's retired pensioners. The company receives monthly reports taken from the SCC Pension system and undertake a number of verification checks and any data matches / queries are returned to SCC / Pensions Section for follow up. Any cases where a pension is no longer payable are communicated to the Payroll Section in order to suspend payment. SCC charge the Council a fee for this mortality screening but there was no supporting evidence to verify the charge to the Council.
- For pensioners based overseas, SCC, in accordance with Delegation Agreement, will undertake an exercise each year to confirm that the pensioner is alive and therefore entitled to continue receiving their pension benefits. The validation process will usually take the form of a life certificate exercise although any alternative approach suggested by SCC could be undertaken if agreed by the Council's Authorised Officer. It was noted that no life certificate exercise has yet been carried out by SCC on pensioners who are based overseas.
- Regular meetings are held between the Monitoring Officers and SCC pension officers however, there was no evidence that these meetings were minuted.

This audit also followed up the recommendations made in the audit undertaken during 2016/17. Two high and one low priority recommendations were made and it was confirmed that two of these recommendations had been fully implemented and one was partially implemented as shown below:

- Inadequate monitoring and management was taking place on the requests received to transfer in or out of the Local Government Pension Scheme (LGPS). The Management response at the time of the previous audit was that the Council had agreed to temporarily suspend the KPI for Transfers in pending SCC clearing the backlog caused by:
  - a) delays in receiving information from the Government's Actuary Department; and
  - b) delays in receiving a monthly interface from the BT Shared Service Centre (BTSSC) of new joiners to the scheme.People Services confirmed that they are progressing any outstanding cases with SCC on an ongoing basis with the intention to re-establish the KPI for this in 2018/19 (Partially Implemented);
- Ineffective interface between BTSSC and SCC. The management response at the time of the previous audit was that the 2016/2017 End of Year LGPS file was reviewed by the Council's officers and submitted to SCC on time for the majority of the Annual Benefit Statements to be available online by 31st of August 2017. It was confirmed that the interface from BTSSC for new joiners to the LGPS is now being prepared in a timely manner and is working effectively. All Annual Benefit Statements have been issued for both 2015/16 and 2016/17 and at the time of the audit, the Council was working with the BTSSC to ensure that annual files for 2017/18 (the annual files) can be passed to Surrey by the end of June 2018 so that the Annual Benefit Statements are accurate and issued on time. (Fully implemented);
- The Standard Operating Procedures (SOPs) and the Pensions Administration Strategy (PAS) were not complete or approved. These have now been updated and published (Fully implemented).

It was noted that People Services have identified the need for the new joiner interface to continue once the payroll service moves to Hants CC. Feedback from Hants CC during the fit gap workshops has been positive in that they expect to meet this requirement and the implementation plan with Hants CC will include a payroll interface to the pension administrator (SCC).

### City Treasurer:

#### 11. Housing & Council Tax Benefit (substantial assurance)

Housing Benefit is designed to help people on low incomes to pay all or part of their rent or Council Tax. The scheme is means tested and assessed based on Rent/Council Tax, income, savings, and the number of people living in a household. From April 2013, 'working age people' renting from the Council, a Housing Association or a registered Social Landlord may have their housing benefit entitlement reduced if the Council decides their home is too big for their needs. Furthermore, from April 2013, a benefit cap was introduced, limiting the total amount of benefit "working age people" can receive.

In 1998, the Council entered into a contract with Capita for the administration of Housing Benefit. In addition, Universal Credit will eventually replace the majority of national benefits, including Housing Benefit. The Government has recently re-scheduled its timetable for the implementation of Universal Credit. The Government's current plan is to implement by 2022.

The key findings of this audit are summarised below:

- Policies and Procedures are in place, regularly reviewed and available to all staff;
- a comprehensive induction training programme is in place for new staff;
- Access to the Housing Benefit system is appropriately controlled and reviewed on a regular basis;
- Regular reconciliations between the Housing Benefit System, the Housing Rents System and Main Account System are performed after each payment run for both private tenants and Council tenants;
- Appropriate quality checks are undertaken on new Benefit claims; and
- Appropriate monitoring is undertaken by the Council on a weekly basis of the time taken to process new claims.

## **APPENDIX 2**

Controls were considered to be effective in all of the areas reviewed and no recommendations were made as a result of this audit.

**12. NNDR (substantial assurance)**

National Non-Domestic Rates (NNDR) or Business Rates is the means by which non-domestic properties, principally local businesses, contribute to the cost of local authority services. The bill for a property depends on its rateable value and poundage; and responsibility for the billing, collection and enforcement of the NNDR falls on billing authorities. Apart from properties that are exempt from NNDR, each non-domestic property has a rateable value, which is normally set by the Valuation Office Agency (VOA), an agency of HM Revenue & Customs. The VOA draws up and maintains a full list of all rateable values that broadly represents the yearly rent the property could have been let for on the open market on a particular date.

The occupier of a non-domestic property normally pays the business rates - usually this is the owner / occupier or leaseholder. If a property is empty, the owner or leaseholder may be liable to pay business rates on the property after the appropriate exemption period has expired. There are further discounts and exemptions available, including Small Business Rate Relief, Charity Relief and retail Discounts. Business rates can be paid by a variety of methods, including online, by phone, by BACS transfer or by cheque. The administration and collection of NNDR is provided to the Council by Capita Business Services, based in South Bromley.

The key findings of this audit are summarised below:

- Policies and Procedures are in place, regularly reviewed and available to all staff;
- Access to the Housing Benefit system is appropriately controlled and reviewed on a regular basis;
- Appropriate system reconciliations are undertaken on a daily basis with a full reconciliation of Academy to the Valuation Office Agency (VOA) listings undertaken every four months;
- Billing Authority Reports (BARs) are raised electronically by the Valuation Officers as a way of notifying the VOA of any changes made to a property that require the Rating List to be updated. After the Valuation Officer conducts a revaluation, a Schedule of Alterations is sent to the Billing Authority to update its records;
- Alterations to Academy are undertaken as soon as possible and well within the performance target of 28 days from receipt of the Schedule of Alterations and Capita are well prepared for when these Schedules are issued by the VOA;
- 80% Mandatory Relief is granted to all registered charities on completion of the relevant checks by the Business Rates team at Capita. Checks include verifying the Charity Registration Number with the Charity Commissioners/FCA register and arranging for an inspection to be carried out to confirm that the property is being used for charitable purposes. Additionally, all applications must be made in writing through completing a Charity Relief Application form;
- Although application forms are available for the claiming of Small Business Rate Relief (SBRR), as per the Business Rates Procedures, these are not mandatory documents and therefore applications are also accepted by telephone or email. For these applications Capita carry out system checks and internet searches to see if the applicant was claiming SBRR elsewhere;
- Claims for empty property relief are required to be followed up with a property inspection to confirm whether the property is currently empty. Where an inspection cannot be undertaken, or if the inspection identifies that the property is not empty, the relief is removed. If a ratepayer wishes for the empty rates to be backdated to an earlier date, sufficient documentary evidence is required to be supplied to support the claim, such as low usage utility bills and removal invoices.

Controls were considered to be effective in all of the areas reviewed and no recommendations were made as a result of this audit.

## Performance Indicators 2018/19

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 5) Full year target = 90%	36%	30%	Slightly below target.
Percentage of draft reports issued within 10 working days of fieldwork being completed	90%	88%	Slightly below target.
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%	2 received average score 4.5 (where 5 is the top score)
Percentage of recommendations implemented or in progress	95%	100%	YTD 13 out of 13 recommendations.