

## Internal Audit Report Summary- Limited Assurances

Service	<b>Service Tenancies</b>		
Date of Final Audit Report	21 <sup>st</sup> December 2015		
Audit Actions	20	Completed Audit Actions	1
Audit Objectives	<p>Review the</p> <ul style="list-style-type: none"> <li>• policy and procedure for service tenancies.</li> <li>• the level of subsidy received by Council employees.</li> <li>• mechanisms under which Service Tenancies are given and review a sample of tenancy agreements.</li> <li>• arrangement in place for rent review and test the methods of collection of income from Service Tenancies.</li> <li>• arrangements in place for the termination of service tenancies</li> </ul>		
Summary of Audit Findings	<p>The Service Tenancy Policy and Procedures agreed by Cabinet in 2009, need to be reviewed and updated to reflect the current arrangements.</p> <p>Audit testing identified that Property Management and Review Service (PMRS) record of tenancies is not up to date to reflect the current status of all tenancies and does not reflect information held by other departments. This need to be reviewed and updated as soon as possible to ensure that there is a central record held.</p> <p>PMRS does not have a copy of all tenancies; fourteen of sixty tenancy agreements were provided to Internal Audit, and it was difficult to establish their currency. Arrangements should be made to ensure that they have a copy of all agreements.</p> <p>Where employees have left the employment of the council but remained in council property the status of this tenancy changes from a service tenancy to a possible secure tenancy (with potential right to buy). Although the Cabinet report in 2009 highlighted the increased risk of this occurring, there does not appear to be any monitoring of this or an indication whether this has increased since 2009. A review of this needs to be carried out.</p> <p>Regular reconciliations need to be established to ensure that rent collected via iTrent or Ash are matched to the rent amounts due.</p> <p>Annual rent reviews have not been carried out as agreed by Cabinet in 2009, this needs to be reviewed as soon as possible.</p> <p>Where discounts have been awarded, the rationale of these are unclear and inconsistent between departments and the discounts awarded. This needs to be reviewed as soon as possible.</p>		

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	CSO have not been followed in relation to the appointment of agents used to manage commercial lets, in relation to the selection of these agents and the need to have a written agreement in place.
Summary Response from Managers	Records maintained by the Property Management and Review Service will be reviewed to ensure that they hold current data and agree to records held by other departments; and regular reconciliations of rent due to rent collected via iTrent or Ash will be done. The service will confirm that it holds all available copies of tenancy agreements. Arrangements for monitoring properties at risk of changing from a service tenancy to a possible secure service tenancy will be reviewed. Rents and discounts will be reviewed as part of the service TOM process. A review of the use of agents used to manage commercial lets will be undertaken in order to ensure compliance with Contract Standing Orders.

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Service	<b>Sickness Procedure and Monitoring</b>		
Date of Final Audit Report	22 <sup>nd</sup> December 2015		
Audit Actions	10	Completed Audit Actions	1
	<p>To ensure that the Council's Sickness and Absence Policies and Procedures are up to date. To ensure that roles and responsibilities for Sickness Absence management are clearly defined and managed in a consistent manner across the council.</p> <p>To ensure that periods of sickness absence are properly recorded and supported by appropriate documentation.</p> <p>To ensure that reports on short and long term sickness absence are received and reviewed regularly, the information is reported accurately and any follow up actions identified are actioned</p>		
Summary of Audit	The Business Plan 2015-19 identifies that Merton has a consistently higher than expected rate of sickness, with an average of 9.29		

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Service	<b>Sickness Procedure and Monitoring</b>
Findings	<p>days per person lost to sickness, which compares unfavourably to the London Council's average of less than eight days, which is also the council target. The corporate dashboard uses a different target to the business plan.</p> <p>The sickness absence policy has not been updated since 2005. This is however currently being reviewed. A decision needs to be made on the frequency of reviews.</p> <p>Audit testing identified that managers had not uploaded the medical certificates in 75% of the sample tested. This has identified a training need regarding the current procedures to follow.</p> <p>The implementation of sickness absence action plans is not monitored in a complete manner. These plans are set for departments not reaching their targets and should be implemented to aid effective action.</p>
Summary Response Managers	<p>from</p> <p>The triggers set in the current policy states that this is 10 days – this is out of line with the corporate target of 8 days per employee in 12 months. There needs to be consistency between the two but this needs to be negotiated with TUs. The frequency of review of policies will be scheduled, and the potential for links to Public Health initiatives considered. Procedures notes have been updated to match the iTrent system structure, and will be updated to identify which documentation is mandatory for service managers to upload. The intranet will be refreshed and updated with the launch of the new absence management policy. To embed the new policy – briefing sessions, toolkits, interactive training and face to face training will be provided.</p>

## Internal Audit Report Summary- Limited Assurances

Service	<b>Adoption Services</b>		
Date of Final Audit Report	3 <sup>rd</sup> February 2016		
Audit actions	10	Completed Audit Actions	5
Audit Objectives	<p>To determine compliance with relevant legislation and regulation in relation to support services. To determine the procedures currently in operation for payments to adoption parents.</p> <p>To examine the relevant documentation to ensure entitlement to any such payments.</p> <p>To check the accuracy of the calculations used for all relevant payments.</p> <p>To determine and comment upon the systems used for the payment of all allowances.</p> <p>To check for overpayments and to comment on the procedures for recovery.</p>		
Summary of Audit Findings	<p>There are currently no written procedures for adoptions and although a draft financial policy has been compiled, it has not been approved and is therefore not being followed.</p> <p>The Adoption Support Services Regulations 2005 stipulates specific regulations that must be adhered to. This was compared to the service provided by London Borough of Merton and the Auditor found that in the main, the regulations are not being adhered to, thus the Authority could be open to legal action by service users for non-compliance of legislation.</p> <p>Non-compliance included:</p> <ul style="list-style-type: none"> <li>• Lack of written agreements of conditions with adoptive parents and other relevant persons</li> <li>• Payments relating to children over the age of 18 where it is unclear as to whether they remain entitled to financial support</li> <li>• No annual reviews (financial or otherwise)</li> </ul>		

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Service	<b>Adoption Services</b>
	<ul style="list-style-type: none"> <li>• Means tests not being carried out annually to identify changes in financial circumstances</li> <li>• Lack of authorisation prior to starting payments</li> </ul> <p>Income support figures used in the calculations for means testing had not been updated to the 2015/16 government figures thus those claiming income support were not being means tested correctly.</p> <p>The maximum Core Fostering and Local Authority Special Guardianship Allowances are not being reviewed by DMT annually to ensure that they do not fall below the minimum allowances prescribed by the government.</p> <p>Reconciliations are not carried out to ensure that the amount actually paid out to adoptive parents and other relevant persons equates to the same amount as that on the fortnightly Financial Executive Summary and that posted to CareFirst.</p> <p>There are no arrangements for the recovery of overpayments.</p>
<p>Summary Response Managers</p>	<p>from</p> <p>Financial procedures have been written and forwarded to the AD and legal services for review and approval .A written agreement template and a Pay Request Form template for persons receiving financial support have been designed and are awaiting approval.</p> <p>The annual review, means testing and recovery of overpayments processes have been set out in the procedures. A review of the maximum Core Fostering and Local Authority Special Guardianship allowances is planned for 2016 and this will be presented to DMT along with recommendations. The income support figures set by the government will be updated and regular checks / reconciliations will be carried out on payments.</p>

## Internal Audit Report Summary- Limited Assurances

Service	<b>Smart Centre</b>		
Date of Final Audit Report	1 <sup>st</sup> December 2015		
Audit actions	15	Completed Audit Actions	13
Audit Objectives	To ensure there are adequate controls in place for budget monitoring, expenditure and income.		
Summary of Audit Findings	<p>The Internal Audit review found that the school had closed the 2014/15 budget at an unauthorised deficit of £145K. The LA finance team has worked very closely with the school to ensure that a sustainable budget is set for 2015/16 with a repayment plan.</p> <p>The school did not comply with the Scheme for Financing for Schools as during the financial year 2014/15:  The school failed to submit a 1 year budget plan or a 3 year budget forecast.  The school did not seek permission for a planned deficit from the Director of Corporate Services and the Director of Children, Schools and Families.  The conditions of a deficit budget was not met, as this is a maximum of 10% of the delegated budget share or £100,000, whichever is the lower.</p> <p>The School requested Cash flow loans totalling £300k in 2014/15, and a further £60k in 2015/16. It was found for 2015/16 expenditure has been committed and budgeted for, however due to insufficient funds available at the bank these are not being paid on a timely basis.</p> <p>During the financial year 2014/15, orders had not been raised for 24% of invoices and 71% of orders had been raised after receipt of invoices. This resulted in £47,174.08 of uncommitted expenditure, and £477,964.91 of expenditure not committed to. This is indicative of weak budgetary control as expenditures are not being committed.</p> <p>Authorisation of virements are not currently being carried out</p> <p>Accountability and Responsibility – The ‘Statement of Roles &amp; Responsibilities, Terms of Reference and Delegated Powers’ document needs to be reviewed to take account of the Debit Card arrangement</p> <p>Recruitment – probation periods are not being formally documented, and recruitment documents are not being</p>		

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Service	<b>Smart Centre</b>
	obtained and held on file.
Summary Response from Managers	<p>Annual budgets will be produced and submitted to the School Financial Team by the 1<sup>st</sup> June annually  The school is liaising with LEA Finance team to ensure delegated funding is managed adequately, progress to be confirmed next term  The SMART centre is still to provide reasons for the unplanned deficit of approximately £145K  A review of the cash flow is in progress : actions taken to be confirmed next term  The main areas of overspends are being reviewed and monitoring is now on-going  A copy of the updated Statement of Roles and responsibilities, Terms of Reference and Delegated Power will be provided.  Monthly monitoring meeting will be set up between the Headteacher and SBM  Virements will be approved prior to any budget movement.  The ordering and commitment process is under review  iTrent overtime report to be generated and agreed with Headteacher on a monthly basis  A review is to be undertaken on the recruitment and probation process</p>

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