

## Internal Audit Report Summary- Limited Assurances

Service	<b>E Tendering</b>		
Date of Final Audit Report	14 <sup>th</sup> August 2017		
Audit Actions	8	Completed Audit Actions	0
Audit Objective	Review of the councils arrangements in place for tendering to ensure compliance with CSOs		
Summary of Audit Findings	<p>The Council uses the Due North Procontract E-Tendering Portal. The Contract Standing Orders require that any procurement valued at above £10,000 is run through this portal, and that three quotations are sought. Procurements valued at above £100,000 should be run using a formal tender process, and above-OJEU threshold procurements should be compliant with the Public Contract Regulations 2015.</p> <p>In one case, procurement documentation was not made available to bidders at the outset of the Invitation to Tender. However, bidders were made aware that a tender addendum would be issued. We were informed that legal advice has previously been sought on this matter previously and the Commercial Services team informed that if bidders are made aware of the documents to be uploaded, and are given time to respond, then this is sufficient to comply with the Public Contract Regulations 2015. We have not raised a recommendation as a result</p> <p>It was confirmed that sub-OJEU threshold procurements in our sample were not subject to a two-stage process. It was also confirmed that where an OJEU threshold procurement was undertaken using a two-stage process that a standard PQQ was used.</p> <p>There were some instances on the E-Tendering portal where an insufficiently competitive environment was created as either the correct number of quotes was not sought, or a tender process was not undertaken, and this was not compliant with the Contract Standing Orders. Although user permissions appeared to be adequate to the extent that users tested did not have administrative privileges, it was noted that no active users tested had financial restrictions on the procurements they could commence or become involved in. Further to this, instances were identified where individuals had not logged onto the portal for more than three months or ever, and one instance where an organisational leaver still had an active account</p> <p>Instances were identified where Contracts Finder advertisements or award notices were not issued in a timely manner or at all. (Testing of initial advertisements on Contracts Finder identified that in two out of fifteen cases a notice could not be located. Testing of award notices on Contracts Finder identified that in five out of fifteen cases an award notice could not be located). Further to this, an OJEU contract award notice could not be located for one contract</p>		

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	<p>Non-commercial tender clarifications were not provided to all bidders at the same time in every case. However, where exceptions were identified these did not have a material impact on the outcome of the tender process, or they related to low value quote processes. An instance was identified where it appeared that bidders were informed of evaluation results prior to these being approved by Cabinet, despite bidders having been informed that this was not compliant.</p> <p>In some instances insufficient information was available on the E-Tendering portal in respect of the procurement process undertaken and the successful bidder. Where these instances occurred, recommendations have been raised to highlight non-compliances. A separate recommendation regarding insufficient information has not been raised as a result.</p> <p>Testing of the Contracts Register identified a number of instances where procurements had not been included on the Register, or where they had been included late. It is acknowledged that there is evidence on the tender portal of the Commercial Services Team identifying and adding entries onto the Register where this has been missed previously.</p> <p>It was confirmed that updates to the E-Tendering Portal are made by the Commercial Services team where non-compliances in respect of Contract Registers are identified. The notes section to individual procurements is updated in these cases. However, it was identified that a review of user permissions needs to be undertaken to confirm that only individuals employed by the Council with sufficient procurement training are able to commence procurements.</p>
Summary Response Managers	<p>Both Officers and Members are to be reminded of the protocol of liaising with bidders prior to all participating bidders being notified of the formal award of contract (post any standstill periods).</p> <p>Since the appointment of the permanent Head of Commercial Services in September 2016, a review of all procurement guidance / toolkits / templates etc. has commenced. Revised documentation can be expected to be rolled out across the Council during Q4 2017-18.</p> <p>A quarterly review of users of the portal will be undertaken and where users have not logged onto the system within the last three months, their account will be deactivated</p> <p>Staff will be reminded as part of the updated Procurement Toolkit and training that interims and consultants undertaking procurements on behalf of the Council must comply with both the Council's Contract Standing Orders</p>
Update	Audit actions are in progress and due to be fully implemented by March 2018

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Service	<b>Corporate Review of DBS Checks follow up</b>		
Date of Final Audit Report	27 <sup>th</sup> July 2017		
Audit actions	5	Completed Audit Actions	1
Audit Objectives	To ensure that the councils procedures are processes are in place for staff assigned to posts requiring DBS checks have been checked.		
Summary of Audit Findings	<p>This follow up review found that a previous recommendation in relation to the changes to procedure documents “DBS Guidelines and Code of Practice (2009)” remains outstanding despite assurances that the document was updated following the previous audit. There is a risk that if this document is read in isolation it could be misleading.</p> <p>To verify whether the recommendations in relation to processes and procedural changes had been implemented, a sample of 20 employees that started employment after the 2014/15 final report was issued, were tested to confirm compliance. Testing found that 17 out of the 20 employees had been registered on iTrent (the payroll system) as having a DBS disclosure in place.</p> <p>For the remaining 3 employees, 1 was employed through an agency and checks had been undertaken by the agency with the disclosure number recorded on Comensura (agency system). The 2 remaining employees were library volunteers and it was subsequently confirmed that the post did not require DBS clearance.</p> <p>The review noted DBS checks are somewhat disjointed in that Merton paid employees checked by the Discloser Team and their details entered on iTrent to allow DBS renewals to be undertaken, however details relating clearance of volunteers are kept locally by library managers and not added to iTrent.</p> <p>Volunteers are only added to iTrent when a claim for an expense is made, but even at this stage there is no verification by HR to confirm whether or not DBS clearance has been obtained. This increases the risk of volunteers being added to iTrent without confirmation that the necessary checks has been undertaken. To mitigate the risk, managers recruiting volunteers must be asked to complete a “Completion of Screening – Final Report” to confirm that the employee has been DBS checked as would be done with “normal” employees.</p> <p>Our review of the work undertaken by the Disclosure Team (with the assistance of departments) to identify posts requiring DBS checks in order to initiate a check for employees that have not been checked, found that the work has not been completed as some managers have not complied with the request.</p>		

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Service	<b>Corporate Review of DBS Checks follow up</b>
	<p>The Disclosure Team must follow up on their previous work to ensure that all post requiring DBS check have been identified by respective managers and that employees in posts that require DBS checks (currently without clearance) are asked to provide the required information for the check to be undertaken.</p> <p>The Disclosure Team must report managers and or employees who fail to provide the required information to enable appropriate action to be undertaken by senior management.</p>
Summary Response from Managers	<p>Additional measures have been put in place to ensure that information relating to DBS checks is more easily accessible to managers for quick checking</p> <p>Head of Organisational Development &amp; HR Strategy will liaise with Kingston who provide the service to ensure that a project plan is in place to follow up on all Managers that have failed to respond to their initial request asking them to verify whether DBS was required for the post under their remit.</p> <p>Guidance to be issued</p>

## Internal Audit Report Summary- Limited Assurances

Service	<b>Direct Payments</b>		
Date of Final Audit Report –	31.8.17		
Audit actions	6	Completed Audit Actions	3
Audit Objectives	To ensure that there are clear agreed procedures, accounts are set up correctly, monitored and action taken on misuse.		
Summary of Audit Findings	<p>Direct Payments is a process by which all or part of a personal budget is spent by its customers to meet their assessed, eligible needs, using a pre-paid card. The aim of Direct Payments is to allow the service user greater choice and control through the flexibility of purchasing their own care package. At the time of the audit there were approximately 666 Direct Payment customers, made up of 536 adults and 130 children.</p> <p>The Council has a dedicated external facing website that provides information on what the council offers and includes documents and links to the relevant legislation. It was found that some of the documents available on the website were out of date and require updating to ensure that the authority is providing the correct information. Our review found that the Direct Payment Policy was last updated in March 2016 and is currently in the process of being reviewed and updated.</p> <p>The councils use pre-paid card accounts for the purpose of receiving and managing Direct Payments. A review of the card database as at April 2017 found a total of 1,274 cards on the database of which 575 were active.</p> <p>Our review of service users account balances as at April 2017 identified 23 active accounts with balance of £10,000 or more including 1 with a balance of over £36,000 and 91 active accounts with a balance of £10 or less.</p> <p>Testing found that although signed "Personal Agreements" were in place, in some cases the agreements had not been dated or signed by the Direct Payment Officer.</p> <p>A review of a sample of service users accounts to verify whether surplus funds were adequate and in line with the DP Personal Agreements found that of the 20 service users tested, 8 service users had funds in excess of 8 weeks of their agreed weekly cost, including 1 service user with surplus funds equivalent to 140 weeks of the weekly agreed cost.</p> <p>The current Direct Payment agreement allows the Council to recover money from an individual with surplus funds in their direct payments account (which is not part of any agreed contingency fund) of 8 weeks or more. However, this is not being applied.</p> <p>Where service users have been assessed to make contributions towards their care they are required to make payments onto their pre-paid card. Our review of customer accounts over a four month period found that of sample tested, 40% were not meeting their required contributions.</p>		

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	<p>Our review also found examples of expenditure that were outside of the service users agreed service plan, including spend with retailers such as Gambling retailers, Grocery Stores, Fast Food Restaurants, Lawn and Garden Supplies etc. This is in breach of Section 7 of the “Personal Agreement” which states that customers must only use their personal budget to secure the support detailed in their support plan.</p> <p>In the absence of a Monitoring Officer appropriate steps need to be undertaken to ensure that a robust method of auditing/monitoring client’s expenditure is in place. The authority must be able to provide assurance that all clients are achieving the best possible outcome within their available funds, in line with their service plan.</p> <p>The auditor was informed that the existing pre-paid card provider has recently served notice of their intention to terminate the existing pre-paid card service contract with the Council. It is the view of the Procurement and Brokerage Manager that the specification for the new service (which is currently out to tender) will support the implementation of some of these issues identified in this report (notably supporting the council to monitor pre-paid card activity in a robust way with the reduced resources now in the team).</p>
<p>Summary Response Managers</p>	<p>from</p> <p>We will complete a full review of the direct payments webpages by the end of the financial year in line with the Care Act. However, we will ensure that out dated pages such as those detailing current rates are up-dated by end of October 2017 in line with the Care Act.</p> <p>We will also engage with our communications team to ensure they are satisfied with any amendments from the web pages prior to publications</p> <p>We are currently tendering for a new pre-paid card provider. A requirement of the new provider will be to produce reports demonstrating balances that are above 8 weeks. This will enable the Merton managed Accounts Officer (currently being permanently recruited to) to claw back surplus money on cards.</p> <p>As an interim measure a temporary member of staff is looking at balances above 8 weeks and we are looking to then claw this money back.</p>

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Service	<b>Cricket Green School</b>		
Date of Final Audit Report	24 <sup>th</sup> July 2017		
Audit actions	28	Completed Audit Actions	28
Audit Objectives	The school probity audit covers: - Governance, budget management, procurement, income and expenditure controls.		
Summary of Audit Findings	<p>The Internal Audit review has identified areas of concerns in relation to the school managing its budget. These include:</p> <p>Budget – although the budget has remained in surplus for 2016/17, the large overspends in staffing cost centres must be reviewed, as this may impact in the 3-year budget plan.</p> <p>Ordering and Payments – During 2015/16 it was found that all 88% of expenditure was uncommitted as orders were not raised at the time of purchase (83% non-order and 5% raised on receipt of invoice). Although this improved in 2016/17 with 45% of expenditure uncommitted (23% non-order and 22% raised on receipt of invoice) resulting in £601,848.99 uncommitted expenditure. Further improvement is required as this significantly impacts on effective budget monitoring and weakened controls, that ensure all expenditure is appropriate and authorised prior to purchase.</p> <p>Monthly monitoring, virements and petty cash –require improved controls. Evidence of non-adherence to the Scheme of financing for schools in relation to contracts.</p> <p>Recruitment and IR35– improvements required in relation to evidencing references and medical checks and probation sign off, employment status checks</p> <p>Although the school was found to have written procedures for IT security and Data management for the school and staff to follow, some further documents require implementing and adopting by the school to ensure compliance with GDPR.</p>		
Summary Response from Managers	<p>All actions accepted</p> <p>Closer monitoring of the budget expenditure will be undertaken to ensure original budget is achieved</p> <p>Monthly budget meetings will be arranged between the Headteacher and SBM to include the agreement of budget movement, Payroll reconciliation and iTrent overtime reports. Virements to adjust overspent cost centres will be undertaken</p> <p>One officer now responsible for personnel to ensure tighter control in recruitment procedures</p> <p>An E-Safety policy will be produced with an acceptable use policy agreement for all staff and Governors to complete</p> <p>All regular lets to be reviewed annually and indemnity certificates obtained</p> <p>Maintenance quotes will be obtained for comparison</p> <p>A spreadsheet will be introduced for the Breakfast club and reconciled to SMIS FMS</p>		

## Internal Audit Report Summary- Limited Assurances

Service	<b>Holy Trinity School</b>		
Date of Final Audit Report –	22 <sup>nd</sup> September 2017		
Actions	30	Completed Audit Actions	16
Audit Objectives	The school probity audit covers: - Governance, budget management, procurement, income and expenditure controls		
Summary of Audit Findings	<p>The Internal Audit review has identified areas of concerns in relation to the school managing its budget. These include:            During 2016/17 it was found that 43% of expenditure was uncommitted as orders were not raised at the time of purchase. This was found to have increased in 2017/18 with 74% of expenditure uncommitted. Improvements are required as this significantly impacts on effective budget monitoring and weakens controls.            Agreed procedures for the authorising of mismatches between orders raised and invoices paid must be established.            Contracts Adherence to the scheme for financing for schools in relation to contract. Signed and agreed copies of all contracts must be held in the school and available for inspection at all times.            Recruitment – evidence of references, medical checks and relevant qualification certificates, probation review must be retained. Temporary staff arrangements – the IR35 Employment Status must be checked for all temporary workers and where relevant tax/ NI contributions deducted at source.            Although the school was found to have written procedures for IT security and Data management for the school and staff to follow, some further documents require to ensure compliance with GDPR.</p>		
Summary Response from Managers	<p>All actions will be implemented.            Monthly budget meetings will be arranged between the Headteacher and SBM to include the agreement of budget movement, Payroll reconciliation and iTrent overtime reports            Governor's declaration of interest forms will be completed and school website update accordingly.            Training will be provided to ensure orders are raised for all goods and services to ensure commitment are held on SIMS FMS.            One officer now responsible for personnel to ensure tighter control in recruitment procedures            IT policies will be updated</p>		