

Service	<b>CM2000</b> (electronic care monitoring system)		
Date of Final Audit Report	11 June 2018		
Audit Actions	14	Outstanding actions	13
Main issues	<p>CM2000 is the London Borough of Merton’s electronic care monitoring system, which enables the logging and analysing of home care visits by care providers contracted to use the system.</p> <p>The CM2000 contract dates back to 2007 and has not been re-tendered for 11 years despite the fact that it expired in 2012. A contract exemption covering the period 1<sup>st</sup> December 2015 to 30<sup>th</sup> November 2017 was agreed in November 2015. A further contract exemption, commencing in February 2018, was agreed in January 2018, this exemption was for a maximum period of 24 months to 31<sup>st</sup> January 2020. The maximum value of these two exemptions was recorded as £232,623. An exemption covering the period 1<sup>st</sup> December 2017 to 31<sup>st</sup> January 2018 was not available. It was noted that the terms of the original contract dated 2007 are still in use for the current exemption.</p> <p>The CM2000 system interfaces with Mosaic, which in turn interfaces with E5. This process should enable payments to be made to providers automatically and subsequent billing of client invoices to be correct. However, due to problems with system implementation this has not always been possible. It should be noted that Mosaic went live on 16<sup>th</sup> May 2017</p> <p>Although several staff currently have access to CM2000, user-friendly monitoring reports are not readily available and there is a heavy reliance on the CM2000 Contract Monitoring officer to supply information required from the system. Internal Audit have been informed that reports are not provided to management.</p> <p>A large number of small care providers do not have access to CM2000 meaning that monitoring of commissioned visits is both time consuming and difficult to undertake. Invoices received from providers cannot be confirmed as correct in the same way as visits logged on CM2000.</p> <p>During the audit, it became clear that there is confusion on behalf of the supplier regarding reporting lines and responsibility for decision making within the authority. Furthermore, evidence was obtained that an increase in provider fees was actioned without a formal process being followed or appropriate approval being documented</p>		

Service	<b>School Meals</b>		
Date of Final Audit Report –	July 2018		
Audit actions	11	Outstanding actions	11
Actions in progress	<p>The School Meal Contract provision is undertaken by the Contracts and School Organisation Team within the Children, Schools and Families department. This team procure the school meal catering service and provides the contract management role on behalf of the schools who participate in the contract via a separate Service Level Agreement. There are currently 41 primary school and 3 specials school.</p> <p>The tender process to procure a new contractor to supply the School Meal Contract was undertaken in 2016. The tender exercise was undertaken successfully, with 4 bids received, weighted and scored. The new 3-year contract commenced from the 1<sup>st</sup> of August 2016, with an extension of up to 2 years</p> <p>The current cost of the service is approximately £2,004,316 on the basis of a meal price of £1.90, the contract value is based on the number of meal sales.</p> <p>Our review of the system and procedures for the provision of the School Meal Contract showed that there were some areas where the controls/ monitoring were weak and needed to be strengthened to make them more effective:</p> <p>A total of £115,077.96 of Council fee for the procurement, managing and monitoring of the contract is outstanding. The standards and consistency of the service is below that specified in the contract.</p> <p>The contractor has not implemented their own Quality Assurance Framework (onsite compliance monitoring, performance management and monitoring)</p> <p>The Performance Monitoring System – schedule 3 of the contract was found to still in draft and not yet implemented, resulting in the poor performance of the Contractor against the required standard not being addressed or resulting in Default Notices.</p> <p>The Key Performance Indicators – appendix 3 of the service specification has not yet been agreed, resulting in the Contractor not being subject to these measures.</p> <p>A lack of reporting of the performance of the Contract against the council objective and specification has led to Key Performance Indicators and the Performance Management Systems not being agreed.</p>		

Service	<b>Pension Investments follow up</b>		
Date of Final Audit Report	20 December 2017		
Audit Actions	11	Outstanding Audit Actions	0
Main issues	<p>In the opinion of Internal Audit, management has not demonstrated satisfactory progress in implementing actions to address Internal Audit recommendations. The audit opinion has therefore been restated as <b>Limited Assurance</b>.</p> <p>The above opinion refers specifically to the following matters:</p> <ul style="list-style-type: none"> <li>• evidence of the completeness of the recovery of recoverable tax has not been provided;</li> <li>• evidence of independent valuation of assets held with fund managers has not been provided.</li> </ul> <p>In summary, of the recommendations contained in the original audit report:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> 2 have been fully implemented</li> <li><input type="checkbox"/> 2 have been partly implemented</li> <li><input type="checkbox"/> 4 have not been implemented</li> <li><input type="checkbox"/> 1 was rejected</li> </ul> <p>We have re-stated previous and/or raised new recommendations (2 high, 3 medium and 1 low). Recommendations can be found in Section 5 of the report and management are asked to complete the comments and target dates.</p>		
Update	Since this review a new manager has been appointed and all the outstanding actions implemented.		

Service	<b>Mayrise System (post implementation)</b>		
Date of Final Audit Report	13 March 2018		
Audit actions	10	outstanding audit actions:- 6	
	The Environment and Regeneration Department previously used the application CONFIRM to manage its environmental assets and to provide Street Works ETON6 functionality to meet its regulatory obligations.		

Service	<b>Mayrise System (post implementation)</b>
	<p>There are concerns from Finance over the lack of secondary authorisation for placing orders with the contractor with the work carried out before being processed on E5 system it could create problems in forecasting expenditure particularly being an area with high annual spend.. The expectation is for Mayrise System to generate Purchase Orders, with positive value, for the jobs raised and for the contractor to raise invoices against the Purchase Orders. The Purchase Order numbers would be the Primary key that would be used to integrate the Mayrise and E5 Systems.</p> <p>There is no functionality on the Mayrise System to generate Purchase Orders at the moment however it is being suggested that the Financial Procedure could be amended to allow for lower value orders being placed without second check but required for over £1,000. Audit was informed that to make this a reality would involve changing the above process with potential impact on the Business Process resources and Service Level Agreements with the contractor.</p> <p>The other significant point arising were as follows:</p> <ul style="list-style-type: none"> <li>• Second level system password settings not fully in line with the Council’s IT Security Policy;</li> <li>• Generic accounts created and used by multiple users which reduces accountability;</li> <li>• Users have not been reviewed to identify and remove or disable leavers access;</li> <li>• The audit trail functionality had not been enabled to keep track of changes made on the application master data;</li> <li>• There were some technical difficulties during data cleansing and migration which resulted in duplication of some records in the Mayrise System;</li> <li>• The interface with the CRM (Customer contact) system was not working efficiently and effectively while management decision was made that the completion of the interface with the E5 system was not a requirement for go-live;</li> <li>• Lack of segregation of duties in Mayrise System with System Administrators having business process user profiles; Jobs order documentation are being filed manually rather than being scanned and attached to individual record on the Mayrise system.</li> </ul>
<b>Update</b>	<p>Access levels and passwords will be reviewed and actions implemented by the end of July. The Interface with CRM. E&amp;R believe that this is not working consistently and this issue has already been logged with GDIT and is actively under investigation.</p>

Service	<b>Direct Payments</b>		
Date of Final Audit Report	31 August 2017		
Audit Actions	6	Outstanding Audit Actions	0
<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.</p> <p>At the time of the audit there were approximately 666 Direct Payment customers, made up of 536 adults and 130 children. 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.</p> <p>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. (total value on cards £1.8million – of which 0.5 million inactive).</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 months period found that of sample tested, 40% were not meeting their required contributions.</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.

The Council has a responsibility to ensure that public money is spent and accounted for appropriately and must be satisfied that the Direct Payment is being used to meet the eligible care and support needs as set out in the agreed support plan through active monitoring of client expenditure. It has been brought to the attention of Internal Audit that the "Monitoring" post was recently deleted following a departmental restructure.

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.

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

Service	<b>Court of Protection</b>		
Date of Final Audit Report	18 December 2017		
Audit Actions	11	Outstanding Audit Actions	3
<p>The basis of this audit opinion of limited assurance relates to the priority 1 audit findings that at the time of audit the service was needing to resolve issues relating to bank reconciliations and provide enhanced support and oversight for asset management. Changes in staffing arrangements within the Court of Protection team at the time of the audit also made it difficult for the fieldwork to access all of the records relevant to the audit programme. The Assistant Director and Head of Service have confirmed that these staffing matters have now been resolved and that going forward the service will have the resources to support the audit process in 2017/18.</p>			

Service	<b>Court of Protection</b>
<p><b>Update</b> A follow up audit was undertaken in March 2018 and a <u>substantial assurance</u> provided, with 8 actions implemented and 3 in progress to be implemented.. The service has implemented a client account management software system (Caspar) which provides a significant enhancement to the level of internal control;</p> <p>The Assistant Director has accepted and started to discharge responsibility for oversight of material changes to client assets, such as sales of client houses</p>	

Service	<b>Service Tenancies follow up</b>	
Date of Final Audit Report	17 July 2018	
Audit Actions	17	Outstanding Audit Actions: 11
<p>This was a follow up review of service tenancies, of the 20 recommendations contained in the original audit report:</p> <ul style="list-style-type: none"> <li>• 3 have been fully implemented</li> <li>• 13 have been partly implemented and</li> <li>• 4 have not been implemented</li> </ul> <p>Of the 20 recommendations in the original report 6 were Priority 1 recommendations, of these: 5 have been partly implemented and 1 has not been implemented. This has therefore remained as a limited assurance.</p> <p>The opinion refers in particular to the following outstanding matters:</p> <ul style="list-style-type: none"> <li>• Ensuring that proposed policy changes are authorised</li> <li>• Formally signing off the contractual status of each property</li> <li>• Ensuring the Board is updated timely with regard to contract negotiations</li> <li>• Evidencing compliance with Contract Standing Orders</li> <li>• Ensuring completeness of record keeping</li> <li>• Evidencing key reconciliations</li> <li>• Ensuring rent due is recorded and annual review of rents and discounts or formal exemption from doing so</li> <li>• Ensuring effective and complete management of the risk of granting service tenancies unintentionally</li> </ul>		

Service	<b>Cricket Green School</b>	
Date of Final Audit Report	20 July 2017	
Audit Actions	27	Outstanding Audit Actions: 0
<p>The Internal Audit review has identified areas of concerns in relation to the school managing its budget. These include:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Monthly monitoring –monthly review to agree budget movement. Virements –not prior to cost centres being overspent in order to provide accountability and authorisation of overspends.</li> <li>• Contract – the contract with xxx for IT support was agreed at £10k for 2016/17. It was found that since 2014/15 a total £240,702.71 has been spent with this supplier, without adherence to the requirements of the Scheme of financing for Schools (annex D). (£61,774.70 in 2016/17)</li> <li>• Petty Cash –To date £20,000 of uncommitted expenditure has been paid through petty cash. This may impact on budget monitoring and budget plan.</li> <li>• Recruitment – references and medical checks should be obtained and held in HR files. The Corporate Probationary Policy should be followed for all employees including support staff. Temporary staff arrangement – the IR35 Employment Status must be checked for all temporary workers and where relevant tax/ NI contributions deducted at source.</li> <li>• Extended School Provision –the recording and reconciliation of the Breakfast club records should be reviewed to ensure a full audit trail.</li> <li>• 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: -</li> </ul>		
<p><b>Update:</b> A follow up audit was completed in May 2018 and it moved to a substantial assurance. All actions have now been implemented.</p>		

Service	<b>Holy Trinity School</b>	
Date of Final Audit Report	22 September 2017	
Audit Actions	30	Outstanding Audit Actions: 0
<p>The Internal Audit review has identified areas of concerns in relation to the school managing its budget. These include:</p> <ul style="list-style-type: none"> <li>• Bank – a complete and comprehensive bank mandate for both delegated accounts was not located at the school.</li> <li>• Terms of reference – was found to omit relevant information required, such as cheque signatories, debit card holder and level of petty cash imprest.</li> <li>• Ordering and Payments             <ul style="list-style-type: none"> <li>- 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.</li> <li>- Agreed procedures for the authorising of mismatches between orders raised and invoices paid must be established. During 2016/17 £41,371.18 of expenditure was paid over and above the original order raised, and to date in 2017/18 an excess of £1,547.06 has been paid.</li> </ul> </li> <li>• Contracts - A review of all contracts held by the school must be undertaken. Signed and agreed copies of all contracts must be held in the school and available for inspection at all times. IT support - the contract with xxx for IT support was agreed at £10k for 2016/17. It was found that since 2015/16 a total £42,946.60 has been spent with this supplier, without adherence to the requirements of the Scheme of financing for Schools (annex D).</li> <li>• Petty Cash – a review of the reconciliation process must be undertaken. The imprest level must be agreed and the account reconciled back to this amount.</li> <li>• Recruitment – references, medical checks and relevant qualification certificates should be obtained and held in HR files. The Corporate Probationary Policy should be followed for all employees including support staff. Temporary staff arrangements – the IR35 Employment Status must be checked for all temporary workers and where relevant tax/ NI contributions deducted at source.</li> <li>• Inventory – this was last updated in 2012 and must be updated as soon as possible. The inventory must be reviewed annually.</li> <li>• 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.</li> </ul>		

