

**ANNEX 1 – Summary of Final Reports Issued since previous Audit Committee report (18 January 2012):**

**E&E**

**Governance and Financial Management Audit of Facilities Management Knights Court (Unacceptable)**

Our programme of governance and financial management audits includes establishment based reviews, which for E&E included Facilities Management Knights Court. The audit has resulted in an overall conclusion of UNACCEPTABLE.

The audit focused on a review of the financial controls in place within the E&E finance team who operate the council's largest imprest account with an advance of £35,000, supporting both CEF and SCS Social Care team clients. The Finance team also administer Money Management payments. It should be noted that the Finance Team at Knights Court provide a finance support service to Area Teams and their clients in a stressful environment with high client demand, and no significant issues were identified with their financial recording. The report has highlighted issues in respect of the transactions the Finance Team process on behalf of CEF and SCS and therefore a number of management actions have been agreed with CEF and SCS to address the weaknesses identified.

During review, audit noted large transactional activity and sums going through the imprest account. For the period April 2011 to December 2011 a total of 6,679 transactions totalling £304,253 of financial activity has been processed through the imprest account. (A recent update from the Corporate Facilities Manager is that approx. £500k will be processed during 2011/12). Due to the lack of financial protocols/procedures in place for Facilities Management and Social Care teams, it was difficult for audit to establish whether the frequency/amounts of claims paid was necessary and in accordance with standard protocols. From review of financial activity we were able to ascertain examples that the imprest account at Knight's Court appears to be utilised by CEF and SCS staff in preference to alternative methods of procurement such as procurement cards, SAP/SRM and reimbursement through central submission of a Travel & Expense claim form to Payroll.

We also noted several deviations from standard council financial practice which include; petty cash is provided in advance of purchases, post-authorisations of expenses; and supporting receipts provided on an adhoc basis. There was also a significant amount of cash paid to landlords, for example for the period 01/10/11 – 16/01/12 this totalled £7,800. Overall the level of demand for petty cash at Knight's Court from imprest and money management client results in both bank accounts being frequently overdrawn.

It was found that there is outstanding lettings income of £33,000 which cannot be collected until the outstanding lease agreement has been renewed. A car parking agreement for Knight's Court Adult Social Care (ASC), is administered locally by the ASC Team, and to date sums outstanding from OCC officers total £664.

Six of the management actions raised in the 2009/10 audit of Knights Court (including Foxcombe Court and Calthorpe House) have not been fully embedded / implemented and have been re-stated in the report.

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Management actions have been agreed with the Corporate Facilities Manager and all three Finance Business Partners. The relevant Deputy Directors were copied in at draft report stage and both the Deputy Director, Childrens Social Care and Deputy Director, Adult Social Care provided positive management responses to support the culture change required within their teams to improve procurement practices going forward.

### **OCS**

#### **System Mapping of Imprest Accounts and Procurement Cards (Issues)**

##### Imprest Accounts

It was identified that authorised signatories on imprest accounts are not included in directorate schemes of delegation as required by Accounting Manual, Banking Control Procedures. It was also noted that there is no reference to this requirement in the corporate guidance on content of schemes of financial delegation for directorates.

As part of other Internal Audit work, examples have been identified where imprest accounts have gone overdrawn for significant periods of time, where claims were not being submitted on a regular basis / in accordance with Accounting Manual Banking Control Procedures and where inappropriate use of imprest accounts had been identified. Although, where these issues had been identified by Banking Control, it was reported that these issues had been raised with the service, this had not been formally documented and had not been escalated appropriately. It was found that there was no formal escalation process in place.

The Accounting Manual, Banking Control procedures, do not cover the requirement to ensure that there is appropriate segregation of duties within the system for administering and authorising imprest accounts. Weaknesses in this area have been highlighted by other Internal Audit work.

It is planned that all Council imprest accounts will move to being reimbursed by upload to SAP, processed by the Processing and Control Team, by the end of the first quarter of 2012/13. The process is currently being developed and finalised, but should ensure that all claims are appropriately authorised in accordance with the relevant Scheme of Financial Delegation and that appropriate segregation of duties is in place (i.e. that the authorising officer is independent of the officer compiling the claim).

##### Procurement Cards

It was identified that there was a lack of formal escalation procedures within the Banking Control Team where inappropriate use of procurement cards / non-compliance with the terms and conditions of use of procurement cards was identified. Examples of non-compliance were identified by Internal Audit as part of other pieces of work. Whilst it was found that the Banking Control Team were identifying and raising non-compliance with the service, there was no formal record of this and no consistent process for escalation and notification of these issues to senior management / finance business partners.

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A gap in control was identified in relation to the way in which cost centre manager review of procurement card expenditure is recorded. Currently, cost centre managers are expected to review monthly statements for cardholders procurement cards and sign and retain a hard copy as evidence. There is no central confirmation of or access to this review. This seems to be becoming more significant as it was noted that procurement card expenditure has increased in the last financial year by more than £1M (noted that this increase is inclusive of Brakes and 3663 embedded cards used by Food With Thought).

### **Governance and Financial Management Audit – Health & Safety Management Letter – follow up of 2010/11 management actions**

As part of our programme of Governance and Financial Management audits, to establish whether effective arrangements are in place for the area of Legislation, the area of Health and Safety is covered. The audit last year included a review of the processes in place to ensure all statutory and mandatory health and safety training is completed and that actions raised by health and safety visits were monitored for implementation. It was agreed for 2011/12 that due to the Corporate Health and Safety Review undertaken for CCMT during 2011/12 and the resulting restructure and redesign of how the work of the Health, Safety & Wellbeing Team will be delivered from April 2012 that detailed review of the adequacy and effectiveness of controls operating in this area will be deferred until 2012/13.

Some of the planned improvements in this area include; Review of Health & Safety Policy structure and framework. Responsibilities to be reviewed and clearly set out in Part 2 Policy. Changes in responsibility for monitoring HSW compliance of property based risks. More robust H&S arrangements in commissioning and contracting. Introduction of Health, Safety & Wellbeing Business Partners for each Directorate.

Therefore during 2011/12 detailed testing or review has not been undertaken. Instead follow up on the implementation progress of actions agreed in 2010/11 was undertaken. This work identified:

Health and Safety reports to Directorate Leadership Teams (DLTs) now include details on which managers have / have not attended the mandatory manager's health and safety training. However an additional finding has been noted regarding the regularity of these reports being discussed at DLTs.

Actions agreed in respect of improvements to the training matrix have been reported as implemented. These have not been tested in 2011/12 as further improvements are also planned in this area, which include Learning and Development producing a new competency profile tool and tier 3 managers to receive training information per member of staff on a quarterly basis. This will be reviewed as part of the 2012/13 audit.

The monitoring of implementation of health and Safety actions has not been implemented. This has been due to a delay with the system being introduced within Internal Audit, which Health and Safety will be looking to utilise.

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A new action has been raised for 2011/12 which clarifies the escalation process to Senior Management within the Directorates of potential / actual H&S issues identified by the Health, Safety & Wellbeing Team.

No overall conclusion has been formed for 2011/12 for this area as the audit and detailed testing has been deferred until 2012/13.

### **Pensions Admin**

Our overall conclusion is ACCEPTABLE. There is a sound system of internal control in which risks are being managed to acceptable levels.

We examined the identification, examination and management of service and operation risks. From audit testing it was determined that the controls in place are adequate and working effectively. From audit testing, we found that the controls in place for physical and logical Pension Administration systems access and maintenance of the hardware and software that is used in operation were effective. We also examined the adherence to relevant statutory regulations, which included updates to the LGPS, training of the Pension Administration team, documentation for guidance to complete tasks and adequacy of the resources available. No issues were identified.

We examined a number of areas in relation to the scheme members which included new members, transfer of membership, active members and other changes to membership. From audit testing it was determined that the controls in place are adequate and working effectively. However it was identified that there was incorrect application of checklists produced for guidance for the team. We examined the reconciliation of records for all scheme members, process for admitting new stakeholders into the scheme, separations of duties, risk assessment of admitted members and monitoring of sufficiency of members for the scheme. From audit testing it was determined that the controls in place are adequate and working effectively.

### **Schools Support**

Our overall conclusion is ACCEPTABLE. There is a sound system of internal control in which risks are being managed to acceptable levels.

The guidance available and support provided by the Schools Support Officers is sufficient to ensure that budgets are effectively set and monitored throughout the year. Regular monitoring takes place, with an appropriate escalation process in place for any schools that do not submit the relevant monitoring reports. The Financial Manual of Guidance is available to all schools on the Intranet, however when reviewing the guidance it was identified that two areas were still under review and not available.

Analysis of the combined deficit figure of the schools submitting a negative budget over the last four financial years has shown a significant reduction from £2,735,284 to £1,025,543 (This financial years projected outturn, forecast earlier in the financial year),

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thus highlighting that the Schools Support Team have improved the service provided, and that this improvement is having a positive outcome.

The Schools Support Team have been proactive in seeking feedback for the service provided and have already set to work responding to the findings. Additional training sessions have been provided in light of support needs raised in the survey.

The formula funding allocation has been devolved to schools and appropriately allocated, to those schools reviewed, in line with the formula calculations.

Six of the seven management actions arising from the previous audit report have been fully implemented. Considerable progress has been made on implementing the remaining action, however this year's audit identified the same issue. As the specifics of the finding are different the action has been closed and a new action raised in its place at a lower priority. The action related to keeping the various forms of guidance up to date on the Intranet.

### **Government Code of Connection**

Our overall conclusion is ISSUES. Internal Audit identified that there is generally a sound system of internal control. Risks are being mitigated to acceptable levels, except for the significant risks noted and there is therefore the possibility that some objectives will not be achieved.

There are defined responsibilities within ICT for managing the work associated with CoCo compliance. An external firm of consultants, Hytec, undertook an assessment of CoCo compliance and the information was used as a basis to make a formal submission against version 4.1 of the CoCo standard. The submission was made in October 2011 and OCC has yet to hear whether it has been approved or rejected; a formal assessment of the submission will be carried out by CESG in January 2012.

The controls listed in the CoCo standard are either “musts” or “recommended”. The former are mandatory controls whilst the latter are deemed to be desirable. Our review focused on the mandatory controls and sample testing of these has identified a number of areas where controls are not operating in accordance with CoCo requirements, or the compliance information supplied by ICT. Furthermore, whilst some controls are correctly stated as only being “partially” implemented, there is no formal action plan in place to manage and monitor the outstanding work required to achieve full compliance.

## **CEF**

### **CEF Governance and Financial Management – Project Management (Issues)**

The audit activity focussed on the following key risk areas identified in the processes relating to CEF Project Management:

- Project Initiation and Approval
- Project Resourcing
- Project Governance
- Project Register
- Risk Management

The audit did not review outcomes of the specific projects sampled.

Our overall conclusion is ISSUES. The CEF Directorate do not have a formal lead in place for CEF project management, responsible for monitoring/challenging that CEF projects are following the OCC Project Management methodology and delivering agreed project outcomes. Directorate governance arrangements in place do not ensure compliance with the OCC Project Management methodology and have resulted in several deviations from standard as noted below, and resulting in two management actions restated from the 2009/10 Project Management audit which have not been fully embedded/implemented. These actions were originally assigned to the CEF Business Manager and have been restated in the report.

As part of the CEF Project Management audit, we reviewed three projects to ascertain if the OCC project management methodology had been followed. The overall conclusion is based on the review of the following CEF projects; Cross Regional and Education and Residential Provision, FWi/Swift Integration, and FWi Management Information reporting and the findings confirm the lack of overall monitoring / assurance arrangements.

From review of the three projects we found that no Project Assessment Questionnaires were available for any of the three projects reviewed, that the FWi Management Reporting project has no specific project documentation to enable monitoring of the project deliverables and outcomes, project documentation is not stored centrally, no separate project management training costs identified, individual project risk registers and project progress reports are not routinely completed and reviewed, the overall CEF directorate project risk register is incomplete and the OCC online project register is not utilised by the CEF Directorate.

Individual management actions have not been agreed against each of the weaknesses identified instead overall actions to review and improve the governance arrangements for the management and review of projects within CEF has been agreed.

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It should be noted that Internal Audit also undertook during 2011/12 a review of the project management and financial structure of the introduction of the new Early Intervention Service (Hubs). The overall conclusion being Acceptable.

### **CEF Governance and Financial Management – East Oxford Hub (Issues)**

Our programme of governance and financial management audits includes establishment based reviews, which for CEF included the audit of East Oxford Hub.

Our overall conclusion is ISSUES. Internal Audit acknowledges there has been significant upheaval within the service following a restructure in June 2011. The restructure has moved prevention work into the Early Intervention Hubs and this hub was started in September 2011. The audit report therefore reflects the current governance arrangements within the hub and looks at the period from its start up to the time of audit.

The main weaknesses identified were:

Whilst it was found that budget monitoring was taking place regularly with the management accountant, it was noted that hub management were not able to use SAP to interrogate data as and when they needed because they had not the training to do so.

Discrepancies were found between the SAP records and the local records on sickness absence and we understand they were not receiving and reviewing the sickness monitoring report.

Discrepancies were found between the CRB records held centrally by the Workforce Information team and the local records held by the hub, examples were identified where the two records did not match. The Early Intervention Service is not currently utilising the establishment data, as the primary source document to monitor CRB data. However whilst the monitoring records were incomplete no instances were identified of staff or volunteers without a CRB.

Issues were also found relating to equipment used by the service, assets were not included on the inventory and there were no records of equipment taken off site.

### **Schools Assurance - Schools Capital Accounting (Issues)**

The audit activity focused on the following key risk areas identified in the processes relating to School's Capital Accounting:

- Regulatory Framework for Devolved Formula Capital Allocations
- School's Compliance with the framework for Schools Capital Accounting
- Monitoring of compliance with the framework for Central Capital Accounting

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Our overall conclusion is ISSUES. There has been a significant reduction in the level of capital funding available to schools for 2011-12. Each school receives a lump sum of £4,000 and between £11.25 and £33.75 per pupil. The overall amount of capital directly available to schools is therefore just over £2.3M for 2011-12. Schools also received for 2011-12 a one off un-ring fenced school capital maintenance grant of £7.6m and £16m through the CEF Capital Programme These funds were centrally managed and controlled by the Council and accounting entries to the schools take place at the end of each financial year. An audit of the Capital Programme and Capital Accounting is already part of the 2011-12 internal Audit plan and school capital allocations have been considered as part of this audit.

The main issues found were surrounding the allocation of revenue expenditure to the Capital budgets of individual schools. Sample testing identified a significant number of instances where expenditure below the £2000 de minimus level had been coded to capital cost centres. Monthly budget monitoring processes are carried out by each individual school and monitored by the central support team on a monthly basis however we found coding errors which are more than a month old.

### **Early Years – Delivery of Savings Plan (Issues)**

The Savings Plan was to deliver £4 million savings over a four year period starting in 2011-12. Service provision for Early Years has changed significantly both in terms of the government funding and the way in which all services under Children Education and Families Directorate are to be delivered in the future. Whilst it is clear that the project was not being dealt with in the way expected at the start we can see that progress has now been made to provide more certainty on the future delivery of the remaining £2.5 million to be delivered after this year's £1.5 million mainly achieved through salary savings.

It is also clear that in order to deliver savings across the whole of the directorate that a significant change in the delivery model has been made and we can see that the process of consultation taking place at the start of our work contributed to the uncertainty and the difficulties we faced in trying to obtain supporting documentation and direction on progress. This was then exacerbated by the staffing reorganisation taking place following this, which delayed the completion of the audit. Internal Audit acknowledges that this audit was undertaken at a very difficult time for the service.

As a result of this at the start of the audit , strategic management leads who we would have expected to having been managing this project had left and there was a certain amount of confusion as to what was going to happen regarding progressing the proposed savings. The Early Years' Service has gone through a complete transformation during 2011/12.

Management actions have been agreed to ensure clarity of budget responsibilities down to management tier 3, budget monitoring to provide forecast and explanation of variances, with quarterly strategic budget overview meetings and Business Plans to detail how any residual funds will be spent on outcomes and highlight risks to delivery of savings.



### **CEF Contract Management Audit – Integrated Children’s Community Therapies Services Contract (Issues)**

The audit activity focussed on the following key risk areas identified in the processes relating to the contract management system:

- Procurement (assessing value for money);
- Contracts and Variations to Contacts;
- Referrals;
- Quality Control (Receipting of Service Provided);
- Complaints, Deficiencies in Provision, Rectification and Default;
- Payments;
- Contract Performance Monitoring, Management Reporting and Performance Management; and
- Budgetary Control.

Our overall conclusion is ISSUES. There are weaknesses in that the performance indicators linked to achieving the Council’s strategic objectives are not clear and may be insufficient. Evidence in support of the indicators is not accurate due to RiO (an electronic patient record system) inputting and coding issues. The Contract commenced in April 2011 but payment did not start until August 2011 and was made to the wrong account until November 2011. This has now been corrected.

### **SCS**

#### **SCS Governance and Financial Management – Trading Standards**

Our programme of governance and financial management audits includes establishment based reviews, which for SCS included the audit of Trading Standards.

Our overall conclusion is ISSUES. The main issues identified were that; the Quality Management System containing Trading Standards policies and procedures requires review and rationalisation to ensure that it reflects current practice. The cost centre structure requires review to reflect service requirements and aid budget monitoring. Errors were noted on a sample of payroll claims. Discrepancies were noted from review of local sickness absence records and establishment sickness monitoring data. Printer and vehicle lease arrangements require review and rationalisation to ensure that they obtain best value for the council. One procurement card is being utilised by multiple officers which does not comply with the OCC procurement card conditions of use and guidance. There is no independent review of the imprest accounts, the account includes a signatory of an officer who left over 18 months ago and the current office imprest advance is too high for service requirements.

### **SCS Contract Management Audit: SCS Carers Support Service (Issues)**

The audit activity focussed on the following key risk areas identified in the processes relating to the contract management system:

- Procurement (assessing value for money);
- Contracts and Variations to Contracts;
- Raising Awareness;
- Data Quality (Relevance and Validity to Measuring Outcomes);
- Information Flows (Social and Healthcare Team, Age UK and the Contract Monitoring Team);
- Data Security;
- Payments;
- Contract Performance Monitoring, Management Reporting and Performance Management; and
- Budgetary Control.

There are weaknesses in that the effectiveness of marketing campaigns is not being measured. Evidence in support of the achievement of targets is not being obtained from the service providers and verified for accuracy and completeness. Additionally, new carers identified are not being recorded on SWIFT in all cases as there are data quality concerns and this may be understating the attainment of targets leading to incorrect management decisions being made. Sample testing of e-mails identified that whilst all were password protected the names of individuals were visible in the title to attachments to them.

### **Contract Procurement & Contract Management audit – SCS & E&E Introduction of RFID in Libraries (Issues)**

The audit activity focussed on the following key risk areas identified in the processes relating to the contract management system:

- Project Funding, Approval, Accounting and Reporting;
- Letting of Contracts;
- Selection of Contractors;
- Tender Receipt, Evaluation and Reporting;
- Form of Contract and Contract Conditions;
- Subcontractors;
- Performance Bond, Parent Company Guarantees, Contractor's Insurances and Other Matters;
- Project Management (Reporting Progress, Cost and Quality);
- Compensation Events, Provisional Sums, Contingencies and Other Costs;
- Valuations, Interim Payments and Estimates of Final Costs;
- Delay Damages (Liquidated and Ascertained Damages) for Non-completion of Works;

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- Contractual Claims (Delay & Disruption/Acceleration);
- Snagging Works and Defects Liability Period;
- Construction (Design and Management) Regulations (CDM Regs);
- Post-Completion Reviews; and
- Contract File and Structure.

Our overall conclusion is ISSUES. One area of weakness has been identified in ensuring that the Council is protected from on-going defects related to the installation of an extension to the electrical system as there is no evidence that the electrical installation certificate has been obtained and forwarded to the client for their building manual. An action to address this has been agreed by Environment and Economy.

### **Contract Procurement & Contract Management audit – SCS & E&E Redbridge Hollow (Issues)**

The audit activity focussed on the following key risk areas identified in the processes relating to the contract management system:

- Project Funding, Approval, Accounting and Reporting;
- Letting of Contracts;
- Selection of Contractors;
- Tender Receipt, Evaluation and Reporting;
- Form of Contract and Contract Conditions;
- Subcontracting;
- Performance Bond, Parent Company Guarantees, Contractor's Insurances and Other Matters;
- Project Management (Reporting Progress, Cost and Quality);
- Compensation Events, Provisional Sums, Contingencies and Other Costs;
- Valuations, Interim Payments and Estimates of Final Costs;
- Delay Damages (Liquidated and Ascertained Damages) for Non-completion of Works;
- Snagging Works and Defects Liability Period;
- Contractual Claims (Delay & Disruption/Acceleration);
- Construction (Design and Management) Regulations (CDM Regs);
- Post-Completion Reviews; and
- Contract File and Structure.

Our overall conclusion is ISSUES. There are weaknesses in producing a viable project contingency amount; a project risk register was produced and maintained by the Project Manager in accordance with recommended practice however, examination of it identified that risk allowances had not been calculated for each risk. There are also weaknesses in formally entering into contract;

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the actual contract start date was agreed as 3 October 2011 and formally entering into contract remains outstanding although it is noted that a letter of acceptance has been issued.

### **Contract Procurement & Contract Management audit – SCS Learning Disabilities Specialist Health (Issues)**

The audit activity focussed on the following key risk areas identified in the processes relating to the contract management system:

- Procurement (assessing value for money);
- Contracts and Variations to Contracts;
- Referrals;
- Quality Control (Receipting of Services Provided);
- Complaints and Deficiencies in Provision;
- Payments;
- Contract Performance Monitoring, Management Reporting and Performance Management; and
- Budgetary Control.

Our overall conclusion is ISSUES. There are weaknesses in that the contract performance indicators are not clearly linked to the seven domains for service delivery stipulated by the Contract. Whilst referrals are being made to the Community Teams, for the sample tested, they were not always allocated to an individual within the team. Additionally, actions at contract meetings do not always have deadlines and overall performance of the Contractor is not apparent from the minutes of monitoring meetings.

### **Contract audit – Commissioning Reablement Contract (Issues)**

The audit activity focussed on the following key risk areas identified in the processes relating to commissioning:

- *Service Plan/Strategy;*
- *Commissioning/Category Action Plan;*
- *Outline Business Case/Options Appraisal;*
- *Procurement Strategy/Proceed to Procurement; and*
- *Final Business Case/Proceed to Award of Contract.*

Our overall conclusion is ISSUES. The audit has identified that there is no overall defined governance structure describing the shared and separate roles and responsibilities of the Council and JMG in respect of decision making regarding commissioning and procurement of Council led services. Elements of a commissioning action plan for the Re-ablement service were produced by the

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Core Group for Rehabilitation and Re-ablement, however the Group was disbanded in November 2010 after the decision to transfer management of the Re-ablement Service to Community Health Oxford was taken and an overall commissioning plan was not developed and implemented.

The audit also identified that the CPU596 Contract Award Recommendation report was not formally signed off.

### **CEO**

#### **Governance and Financial Management Audit – Risk Management Corporate Findings Management Letter (Issues)**

To establish whether effective governance and financial management arrangements are in place for the area of Risk Management, the audit undertook detailed reviews of the directorate and immediate supporting service risk registers. This review of risk management for 2011/12 did not include detailed testing of risk management processes at service base level. The findings from each directorate review have been fed into the respective directorate reports, this details the corporate issues identified.

It should be noted during 2011/12 that there was significant restructuring within the Strategy and Communications Team, which has resulted in a change of Senior Policy and Performance Officer with responsibility for risk, and that changes have also now been made within Directorates with all new risk leads now in post.

The overall conclusion is ISSUES. This incorporates the findings from review of Risk Management within each directorate.

The Risk Management Strategy has yet to be completely updated and formally approved, however it is acknowledged that work is underway to combine the elements of risk management, project management and performance management and rebrand it as Business Management, following that, formal up to date guidance is due to be issued, which will cover risk management.

All risk registers were found to be following the corporate format and had all been scored and allocated target scores, by which to monitor the risks against and work towards. Across the directorates this was found to have been utilised with varying degrees of success. Some were not actively progressing risks to the target risk scores, as was evident by the lack of movement in risks throughout the year (the exception to this being the E&E directorate, where positive movement in risk score was noted). This could not be evidenced as having been met by any form of challenge from the relevant risk lead. From a corporate point of view informal review and challenge of the risk registers was fed back to the relevant risk lead/DLT, however due to a lack of resource detailed analysis does not take place. Following the informal challenge there is a lack of evidence to show whether the risk registers have been updated as a result of this.

Progress against the red CCMT risks from the respective directorate risk registers is presented to CCMT on a quarterly basis, along with an update as to any progress made. During the third quarter the results of the CCMT risk identification workshop were fed back, these are yet to be fully considered and the subsequent directorate risk registers updated having looked at each of them.

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There was little evidence of any significant update or review of the CCMT strategic risk register, however the risk is partially mitigated in that management of the business and the subsequent risks to that are actively discussed during the weekly meetings.

There is no corporate guidance in place on the expected process of risks to be deleted, this subsequently has resulted in differing working practices across the directorates, some of which have the potential to lose sight of potential issues, which if not continually managed correctly could result in the risk occurring. This was raised as a management action from the previous audit report.

Four management actions were raised in the last corporate report, of which one in respect of risk scoring has been implemented, however found not to be working effectively in all directorates. Specific actions have been agreed within the Directorate reports to address this. One in respect of guidance on the removal of risks has not been implemented and been re-stated in the corporate management letter. One in respect of Training has been partially implemented. Again specific actions have been raised within the Directorate reports. The final action was in respect of the published strategy, this has been fully implemented.

### **Governance and Financial Management – Authority and Governance Corporate Findings Management Letter (Issues)**

As part of the Governance and Financial Management Audit, the area of Authority and Governance was reviewed.

The overall conclusion is ISSUES. This incorporates the findings from review of Authority & Governance within each directorate. It is noted that there have been considerable improvements in a number of areas since the 2010/11 audit. Testing showed that the SAP Approvers Matrix is being reviewed and updated on an on-going basis by Management Accounting and is now much more accurate than it was this time last year, processes for updating SAP Approvers have been reviewed and updated and the format of the SAP Approvers Matrix itself has been updated to make the use of active and passive substitutes more visible.

Testing identified that the review and updating of directorate schemes of financial delegation is still not taking place with the frequency that it should be within CEF and E&E. Schemes of Financial Delegation currently in place are not yet fully compliant with corporate guidance on content. There are still some inconsistencies between the SAP Approvers Matrix and the approved Schemes of Financial Delegation which are not due to timing differences / the published schemes becoming out of date. It was noted that the “person responsible” field in SAP is still not being maintained effectively, despite direction from SFG that it should be. It is unclear why this is the case, but management actions have been agreed with directorates to fully review and update this.

Although SFG have discussed and clarified how the approval process should work in relation to making changes to SAP Approvers, further discussion is required in relation to the level at which Management Accountants have delegated authority to approve amendments to SAP authorisation levels and therefore, in effect, amendments to delegated financial authority,

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Testing identified that there are issues across directorates with the use of active and passive substitutes in SAP. It is noted that corporate guidance on the content and maintenance of schemes of financial delegation clearly specifies how substitutes on SAP should be used and management actions have been agreed with directorates to address the issues identified.

## **S&CS GOVERNANCE AND FINANCIAL MANAGEMENT AUDIT – OVERALL DIRECTORATE REPORT (ISSUES)**

As part of the Governance and Financial Management Programme for 2011/12 testing has been completed at both Corporate and Directorate level. It has also included auditing a sample of establishments/teams across the organisation to test compliance with key governance and financial processes.

For S&CS Directorate our overall conclusion is ISSUES. Issues were noted in all of the following areas: Authority & Governance, Business Continuity, Risk Management, Performance Management, Financial Management & Human Resources.

All actions from the S&CS Governance & Financial Management audit 2010/11 have been either reported as implemented or tested and confirmed as implemented.

Individual Governance and Financial Management Audits were undertaken in two areas within S&CS; Trading Standards and a sample of managers from Adult Social Care teams. A separate report for Trading Standards has been issued and finalised. The findings from both these areas contribute to the individual conclusions against each of the audited risk areas.

A sample of teams was identified from S&CS Adult Social Care (from Locality Team West, Commissioning & Contracts LD Team, City Area Service, City LD Team) and compliance with processes for HR, Payroll, Procurement and Imprest Accounts tested.

A further establishment audit is referred to in this report which was undertaken at Facilities Management, Knights Court Office as part of the E&E Governance & Financial Management audit. The audit had the overall conclusion of Unacceptable. Whilst Knights Court is an E&E office, weaknesses identified relate to the processing of transactions on behalf of both S&CS and CEF. A number of management actions were agreed by the S&CS directorate and are therefore included in this report and contribute to the level of assurance provided to the Director for S&CS.

The findings in respect of S&CS Performance Management are summarised within the overall directorate report, however this has already been reported on separately as the work was completed earlier in the year.

### **Authority & Governance**

It was identified that both the S&CS and OFRS Schemes of Financial Delegation followed the corporate guidance issues in relation to content and format, with the exception of the paragraphs on the use of substitutes in SAP. Whilst both schemes referred to the use of substitutes, there was no differentiation between active and passive substitutes.

From a comparison between the scheme of financial delegation and the SAP Approvers Matrix, 1/5 officers with financial approval permissions on SAP did not have a matching approval level in the Scheme of Financial Delegation. The person identified had a £200K approval limit on SAP, but should only have had £25K approval limit.



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Even though it was found that a great deal of work has been undertaken, by Management Accounting and by ICT, since last year's audit to update the SAP Approvers Matrix, it was identified that there are still numerous errors in the person responsible field. SFG have confirmed that this field is to be maintained and so requires further review and updating.

Use of active and passive substitutes on SAP was also reviewed during the audit. A number of examples were identified where substitution arrangements had been set up which were outside of the arrangements specified corporately in relation to the use of substitutes.

An establishment audit of Facilities Management, Knights Court also identified instances of financial approvals being made outside of the approved Scheme of Financial Delegation.

It was identified that the structure charts currently published on the Council intranet contain a number of inaccuracies in relation to staffing and structures below deputy director level and have not been updated to reflect changes made during the current financial year.

The overall conclusion for this area from the previous audit of authority & governance within S&CS undertaken during 2010/11 was Acceptable. No management actions were raised.

### **Business Continuity**

It was found that BCP registers held in relation to S&CS, CS and OFRS were not fully complete and up to date, testing and review dates for some plans were not specified, some plans had not been tested in the last year, one instance was noted where the named plan owner no longer worked for the Council.

From the review of a sample of BCPs, it was noted that there were instances where contact details of recovery team members were not attached, where recovery team members were not clearly specified, where plans did not appear to have been reviewed and updated regularly. An instance was also noted where an unnecessary entry had been made in the BCP register as the service was determined to be covered by another plan.

From the establishment audit of trading standards, it was noted that there was no evidence of review of the business continuity plan. An action to address this has been agreed as part of the separate establishment report.

## **Information Governance**

Detailed testing in the area of Information Governance has not been undertaken during 2011/12. This work is planned to be undertaken during the first quarter of 2012/13 and will include specific testing around the management of external data transfers and the directorate's processes for ensuring compliance with Information Governance policies, including data protection.

There is a nominated lead for Information Governance within the S&CS directorate. 3 actions for S&CS were raised as part of the 2010/11 Governance & Financial Management audit programme, all have been reported as implemented and will be followed up as part of the 2012/13 audit.

Corporate improvements in the area of Information Governance have been noted which include the issue of the Corporate Data Transfer Policy, implementation of Information Asset registers across all directorates, implementation of Access strategy and Excel Development policy and, evidence of review/lessons learnt following security breaches, updates are planned to the corporate guidance i.e. Acceptable Use Policy and Guidance on Home Working as a result.

An establishment visit to Trading Standards identified an issue with the security of personal records held.

## **Risk Management**

Six management actions relating to Risk Management were raised in the previous 2010/11 S&CS Governance and Financial Management audit, all of which have either been implemented or are no longer applicable. The audit for 2011/12 did not include review of Risk Management in OFRS.

Following the restructure, a new risk lead, the Performance and Information Manager, has been appointed, who will be responsible for both CEF and S&CS Risk and Performance Management from 2012/13. Management actions have therefore been agreed with the new post holder.

The risk register was presented to three DLT meetings during the 2011/12 financial year. Despite a meeting cancellation, the quarter three report was circulated to members for information and comment. A review of the minutes/action notes highlighted that discussions and a level of challenge takes place over the content of the risk register, with the subsequent amendments being made as a result. There is also evidence to show the risk register is subject to continual update, an example being additional risks added in response to the risk workshop held by CCMT. It was noted that presentation and discussion of the Risk Register at DLT did not coincide with Performance or Financial Reporting.

The S&CS consolidated risk register contains all the required elements and the risks were found to be well detailed, scored in line with the matrix and assigned appropriately. Controls were listed against each of the risks and target scores were detailed, however for the majority of risks tested there was no movement in terms of progress towards the target score, throughout the year. The

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actions listed against these risks were lacking in detail and only involved monitoring the controls, there was little proactive work recorded as having been undertaken. Whilst it is good practice to continually monitor the risks, it is also essential that additional actions are put in place to help mitigate against risks which have an impact score of 4. Risks should be progressed throughout the year, to their target score, to ensure that the risks are appropriately managed, or the target risk scores should reflect that the Council are content to maintain the risks at the same level and just monitor their progress.

It was reported that there was a lack of risk management training provided this financial year.

The review of risk management for 2011/12 did not include detailed testing of risk management processes at service level.

### **Performance Management**

A separate report on S&CS performance management has been issued and finalised. The overall conclusion was Issues. Two priority 1 actions and three priority 2 actions were raised. There is one partially implemented priority 1 action outstanding and Internal Audit will continue to monitor for confirmation of implementation. All other actions have been reported as implemented and will be tested by Internal Audit when performance management is reviewed in 2012/13.

It is acknowledged that, at the time of the audit, the Directorate were in the process of reviewing and changing their performance management targets. Both Deputy Directors reported that they were reviewing and will establish revised operational adult social care key indicators. Since finalising the report in October these have now been determined and published.

### **Financial Management**

#### **Budget Setting and Budgetary Control:**

A separate report on Business Strategy – Governance and Delivery has been issued and finalised (2 February 2012). The overall conclusion was Issues. The audit included review of a sample of savings within each directorate. Within S&CS, two priority 1 management actions were agreed for implementation by 31 March 2012 in respect of the RAS savings.

As part of the audit of budgetary control, the Locality team budgets were reviewed. It was identified that these budgets were forecasting an overspend of £0.505m. This was reported to be due to an error in the calculation of the costs when the service was restructured in 2010/11. This is in the process of being corrected for 2012/13. From discussion with the Management Accountant and one of the cost centre managers for we noted that forecasting is completed by the Management Accountant due to the lack of SAP competency across Locality Team Managers. The Management Accountant produces the forecast on a monthly basis following discussion with the Locality Teams. This is summarised and presented to the monthly SCS OP/PD Service Finance & Performance Meeting where all the Area Managers and Senior Managers attend.

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From review of Income budget we noted that the Management Accountants are driving the support and review of budgets. From review of the income monitoring and discussion with Management Accountancy we noted that the income target set for 2010/11 were unrealistic and were carried forward into 11/12. The Fairer Charging income deficit has been building since 2010/11 and approximately £0.6m of the shortfall can be explained by unrealistic income targets in the budget. The Finance Business Partners within S&CS are currently working with the Director of S&CS to review and revise Fairer Charging income budgets so that they match more accurately the level of income that can realistically be expected given current and forecast activity levels.

The audit of budgetary control in S&CS also considered the budget allocation and approval process, reviewed a small sample of permanent virements across each directorate, considered budget training and also the process for compilation of the MMR. No issues were identified for reporting specifically to S&CS, however corporate issues have been noted regarding the take up of courses by budget holders during 2011 and the MMR reports only reporting 1 previous months' outturn.

An issue was identified during the audit of Trading Standards in respect of the cost centre structure.

There were 3 actions in respect of budget setting and budgetary control from 2010/11 audit. These have all reported as having been implemented.

### **Financial Compliance:**

The audit of Trading Standards identified from testing on imprest accounts, that there is no independent review, one of the authorised signatories is an officer who left over 18 months ago and the current office imprest advance is too high for service requirements.

A small number of issues were highlighted from a sample of payroll claims reviewed within Adult Social Care Teams.

### **Procurement:**

An audit of Compliance with Contract Procedure Rules has been undertaken with samples selected for testing from each directorate. This work has not been concluded and reported on at the time of issuing this report. A separate report will be issued and agreed early in 2012/13.

An audit looking at the contract commissioning of the Reablement Service has been completed in 2011/12. The overall conclusion was Issues and a separate report has been finalised.

Four other contract procurement and contract management audits have been completed in S&CS during 2011/12. Carers Support Service, Introduction of RFID in Libraries, Redbridge Hollow Phase 2 and Learning Disabilities Specialist Health. All reports have been finalised and all had overall conclusions of Issues. The Introduction of RFID in Libraries audit and the Redbridge Hollow Phase 2 audit were also issued to E&E, as these contracts had been managed by E&E on behalf of S&CS and all actions were for

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E&E officers. For the other two S&CS contract audits, the main weaknesses identified related to contract management, and not contract procurement.

Issues were identified in the area of procurement during the Trading Standards audit whereby review of lease agreements needed to be reviewed. Issues were also identified with procurement cards at both Trading Standards and within the sample reviewed in Adult Social Care Teams.

The audit of Facilities Management Knights Court highlighted this area as Unacceptable. It was identified that the imprest account operated by the E&E Knights Court Facilities Management Finance Team was being utilised by CEF and S&CS staff in preference to the correct methods of procurement such as procurement cards, SAP/SRM and reimbursement through submission of Travel and Expenses claim forms to payroll.

### **Control of Assets:**

Issues were identified during the Trading Standards audit in respect of the disposal of assets. Detailed findings are not summarised in this report, however, management actions have been agreed to address the issues identified and are included in the separate report issued to Trading Standards. Control of assets was not tested elsewhere in the directorate for 2011/12.

### **Legislation**

The area of Legislation has not been tested for 2011/12. Last year, the Governance & Financial Management audit included a review of the processes in place to ensure that statutory and mandatory health and safety training is completed and that actions raised by health and safety visits were monitored for implementation. There were no specific actions for S&CS in respect of this, however corporate actions were raised and these have been followed up during 2011/12. Again there are no specific actions for S&CS however it has been highlighted that S&CS DLT only received and considered two reports from the Health, Safety and Wellbeing Team during an 11 month period. An action has been agreed with the Health, Safety and Wellbeing Team to timetable quarterly attendance at S&CS DLT for 2012/13.

### **Human Resources**

Issues were identified in relation to sickness monitoring and the accuracy of sickness absences recorded on SAP, timeliness of appraisals and annual leave recording. It was noted that driving at work procedural checks had not been fully completed, this was a corporate action from last year's audit and action is planned to address this during April 2012.

There were two actions raised as a result of the 2010/11 Governance & Financial Management Audit, 1 has been reported as implemented, and the other (a corporate action) is referred to above in relation to the driving at work procedural checks.

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### **Project Management**

N/A – not tested during 2011/12.

There were five priority 2 actions agreed within last year's Governance & Financial Management report in respect of project management. These have all been reported as implemented and will be tested by Internal Audit during 2012/13.

### **Partnerships**

N/A – not tested during 2011/12.

There was one priority 2 action agreed within last year's Governance and Financial Management report in respect of Partnerships. This has been reported as implemented.

### **CEF Governance and Financial Management Audit – Overall Directorate Report (Issues)**

As part of the Governance and Financial Management Programme for 2011/12 testing has been completed at both Corporate and Directorate level. It has also included auditing a sample of establishments/teams across the organisation to test compliance with key governance and financial processes.

Our overall conclusion is ISSUES. Issues were noted in all of the following areas: Authority & Governance, Business Continuity, Risk Management, Performance Management, Financial Management, Human Resources and Project Management.

There are 2 outstanding management actions from the CEF Governance & Financial Management audit carried out in 2010/11 which are now repeated or re-worded in this report.

Individual Governance and Financial Management Audits were undertaken at two establishments within CEF; Youth Offending Service and East Oxford Hub. Separate reports have been issued and finalised. The findings from these contribute to the individual conclusions against each of the audited risk areas and findings are summarised within this report. However due to the significance of the findings from the Youth Offending Service audit and the resulting management actions agreed, the report and findings remain confidential by agreement with the Director and therefore details of weaknesses have not been included in this report.

A further establishment audit is referred to in the report which was undertaken at Facilities Management, Knights Court Office as part of the E&E Governance & Financial Management audit programme. The audit had an overall conclusion of Unacceptable. Whilst an E&E office, weaknesses identified relate to the processing of transactions on behalf of both CEF and S&CS and a number of management actions were agreed by the CEF directorate and are therefore included in this report and contribute to the level of assurance provided to the CEF Director.

The findings in respect of CEF Performance Management and CEF Project Management are summarised within the overall directorate report, however have already been reported in individual reports as the work was completed earlier in the year.

#### **Authority & Governance**

It was identified that the CEF Scheme of Financial Delegation has not been reviewed this financial year. It was also found, that the format of the CEF Scheme of Financial Delegation was not consistent with the corporate guidance in relation to Section 151 officer responsibilities, however it is acknowledged that the scheme has not been updated since the corporate guidance was issued.

From a comparison between the scheme of financial delegation and the SAP Approvers Matrix, 3/7 officers with financial approval permissions on SAP could not be confirmed as being in accordance with the published scheme of financial delegation. For 2 of these, it was confirmed that the officers should not have approval permissions on SAP and for the remaining instance it was

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reported, by the Senior Management Accountant, that an officer with a £1K approval limit was appropriate. However, as the CEF Scheme of Financial Delegation does not provide details of individual approvers at this level, and ICT are unable to provide evidence of who requested this permission to be set up, it is not possible to verify this.

Even though it was found that a great deal of work has been undertaken, by Management Accounting and by ICT, since last year's audit to update the SAP Approvers Matrix, it was identified that there are still numerous errors in the person responsible field. SFG have confirmed that this field is to be maintained and so requires further review and updating.

Use of active and passive substitutes on SAP was also reviewed during the audit. A number of examples were identified where substitution arrangements had been set up which were outside of the arrangements permitted under the Scheme of Financial Delegation.

It was identified at one of the two establishments visited within CEF that OCC governance and financial management policies and procedures were not being adhered to. This was at Youth Offending Service. Detailed findings are included within the confidential report. An establishment audit of Knights Court also identified instances of financial approvals made outside of the approved Scheme of Financial Delegation.

There were 4 management actions agreed as a result of the 2010/11 authority and governance work. All have been reported as implemented. This has been verified through this year's authority & governance testing.

### **Business Continuity**

The CEF Business Continuity Coordinator maintains a Business Continuity Register which lists all of the Business Continuity Plans within the directorate. The BCP Coordinator is responsible for maintaining this register. Individual plans are owned by managers in the directorate and they are responsible for ensuring that their plans are accurate and up to date.

It was identified that there are currently two Business Continuity Plans which have not been submitted to the CEF Business Continuity Co-ordinator. A management action has been raised with the relevant Deputy Director to ensure that the CEF Business Continuity Co-ordinator receives the outstanding plans without delay.

Both management actions agreed as a result of the 2011/12 Governance Audit programme have been confirmed as having been fully implemented.

### **Information Governance**



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Detailed testing in the area of Information Governance has not been undertaken during 2011/12. This work is planned to be undertaken during the first quarter of 2012/13 and will include specific testing around the management of external data transfers and the directorate's processes for ensuring compliance with Information Governance policies, including data protection.

There is a nominated lead for Information Governance within the CEF directorate. 1 action in respect of Information Governance was raised as part of the 2010/11 audit. This is reported to have been implemented.

Corporate improvements in the area of Information Governance have been noted which include the issue of the Corporate Data Transfer Policy, implementation of Information Asset registers across all directorates, implementation of Access strategy and Excel Development policy and, evidence of review/lessons learnt following security breaches, updates are planned to the corporate guidance i.e. Acceptable Use Policy and Guidance on Home Working as a result.

Issues were identified in the area of information Security during the audit of Youth Offending Service. These have been reported separately in the confidential report.

An issue has also been identified as part of the budgetary control audit whereby officers outside of CEF directorate, who have not been CRB checked, have SAP access which allows them to view looked after children's names and vendor details, i.e. where they are placed.

### **Risk Management**

Three management actions in respect of Risk Management were agreed in the 2010/11 CEF Governance & Financial Management Audit Report. Whilst these have been reported as implemented, the audit testing performed this year has highlighted that one action has not been fully implemented and has therefore been re-stated in this report.

Following the restructure, a new risk lead has been appointed; Performance and Information Manager, who will be responsible for both CEF and S&CS Risk and Performance Management from 2012/13. Management actions have therefore been agreed with the new post holder.

Reporting against risk to DLT could only be evidenced as having taken place twice during the year, and of the reporting that has taken place there is little evidence to show that any significant discussion or changes took place around the risk registers. Presentation and discussion of the Risk Register at DLT did not coincide with Performance or Financial Reporting.

The results of the CCMT workshop, that took place in October 2011, and resulted in a number of potential risk areas being raised has been sent to the respective risk lead however there is no evidence to show that any of the areas raised have been considered and the risk registers updated as such. An example was also identified whereby service risks do not appear to have been

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appropriately identified. There was no evidence to show that there was any review to ensure that relevant risks are captured, appropriately recorded and monitored.

The three risk registers supporting the CEF Directorate follow the corporate format and contain the required elements to monitor and manage risks. All risks reviewed were found to have been assessed and scored in line with the standard matrix, target risk scores were set and risks were assigned to individuals. Despite this however, there are a number of inconsistencies between the way risks and mitigating actions are recorded and scored. Actions were listed throughout the risk register however in a number of cases these were not having any impact on the scoring of the risk. This suggests that either the actions are ineffective at mitigating risks or there is a lack of understanding about scoring risk. On some occasions forward planned actions were listed in one quarter, and then new actions listed in the following quarter, taking no regard for those planned previously as to whether they have been implemented or not. Considering these findings it is clear there is a lack of effective challenge and detailed scrutiny over the contents of the risk registers as a whole.

It was reported that there was a lack of risk management training provided this financial year. It's important that sufficient training is provided to ensure that managers are aware of their responsibilities and duties surrounding risk management, especially any new managers to the Council.

The review of risk management for 2011/12 did not include detailed testing of risk management processes at service base level.

### **Performance Management**

A separate report on CEF performance management has been issued and finalised. The overall conclusion was Issues. Five priority 2 management actions were agreed in the report. These have been reported as implemented and will be tested by Internal Audit when performance management is reviewed in 2012/13.

The re-structure has resulted in the appointment of a new post holder within Joint Commissioning (Performance and Information Manager), who will be responsible for the management and co-ordination of performance reporting within CEF going forward.

### **Financial Management**

#### **Budget Setting and Budgetary Control:**

A separate report on Business Strategy – Governance and Delivery has been issued and finalised (2 February 2012). The overall conclusion was Issues. The audit included review of a sample of savings within each directorate. Within CEF the audit sampled 5 savings targets and two priority 1 management actions re the timely updating of forecasting and budget information on SAP and

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working with service managers to support their understanding, responsibility and ownership for the allocated budgets. Implementation dates for these actions were agreed for 31 March 2012 and 30 June 2012.

An audit of Early Years – Delivery of Savings Plan has also been undertaken during 2011/12. The overall conclusion is Issues and a separate report has been finalised.

In last year's audit of Governance & Financial Management, there were 7 actions raised for budget setting and 2 for budgetary control. All have been reported as implemented with the exception of 1 which has been reported as partially implemented. This has been re-stated in this report.

During review of a sample of cost centres, the audit identified for one cost centre, 18 one-off payments to suppliers where a purchase order had not been raised. The total value of these payments totalled £46,215.

The audit of budgetary control in CEF also considered the budget allocation and approval process, reviewed a small sample of permanent virements across each directorate, considered budget training and the process for compilation of the MMR. No issues were identified for reporting specifically to CEF, however corporate issues have been noted regarding the take up of courses by budget holders during 2011 and the MMR reports only reporting 1 previous months' outturn.

An action was raised within the East Oxford Hub report to address the weakness of the Hub Manager not being able to utilise SAP. The audit of East Oxford Hub also identified central coding issues in respect of Hub Admin Workers resulting in them being coded to the incorrect budget. The audit of Youth Offending Service identified that the Cost Centre Manager on SAP was not up-to-date for all relevant cost centres and also identified coding issues relating to staff that had moved to the Hub / no longer related to YOS.

### **Financial Compliance:**

The audit of East Oxford Hub identified that independent review of the imprest account and procurement card statements were not routinely evidenced.

The audit of Youth Offending Service identified significant control weaknesses and non-compliance in the use and management of Imprest Accounts and procurement cards and was concluded as Unacceptable. Detailed findings are included within the separate confidential report.

There were two financial management actions agreed in the 2010/11 audit. Both have been reported as implemented.

### **Procurement:**

An audit of Compliance with Contract Procedure Rules has been undertaken with samples selected for testing from each directorate. This work has not been concluded and reported at the time of issuing this report. A separate report will be issued and agreed early in 2012/13.

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Contract Procurement and Contract Management audits have been completed of two CEF contracts; CEF Woodfarm Replacement of Buildings, final report issued 8 February 2012, and CEF Childrens Integrated Therapy Services Contract, final report issued 10 April 2012. Both reports had overall conclusions of Issues. CEF Woodfarm contract audit included weaknesses in the areas of contract procurement, however these issues were addressed to E&E who managed this on behalf of CEF and therefore the detailed findings are not summarised in this report. CEF Children's Integrated Therapy Services had issues identified in the area of contract management.

The audit of Youth Offending Service identified weaknesses in this area as detailed above under financial compliance.

The audit of Facilities Management Knights Court highlighted this area as Unacceptable. It was identified that the imprest account operated by the E&E Knights Court Facilities Management Finance Team was being utilised by CEF and S&CS staff in preference to the correct methods of procurement such as procurement cards, SAP/SRM and reimbursement through submission of Travel and Expenses claim forms to payroll.

### **Control of Assets:**

The audit of East Oxford Hub identified weaknesses with the inventory system. Assets were not always recorded and there were no records maintained of equipment taken off site. The audit of Youth Offending Service identified control weaknesses in respect of the management of assets and the conclusion for this area was Unacceptable. Detailed findings are included within the separate confidential report.

### **Legislation**

The area of Legislation has not been tested for 2011/12. Last year the Governance & Financial Management audit included a review of the processes in place to ensure that statutory and mandatory health and safety training is completed and that actions raised by health and safety visits were monitored for implementation. There were no specific actions for CEF in respect of this, however corporate actions were raised and these have been followed up during 2011/12. This year there are no specific actions for CEF, however it has been highlighted that CEF DLT only received two reports and only considered one of these reports from the Health, Safety and Wellbeing Team at DLT during an 11 month period. An action has been agreed with the Health, Safety and Wellbeing Team to timetable quarterly attendance at CEF DLT for 2012/13.

### **Human Resources**

Weaknesses in this area were identified at both the audit of East Oxford Hub and the Youth Offending Service, with both concluded as Unacceptable. For the East Oxford Hub, control weaknesses were identified in respect of absence records, establishment

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reviews, driving at work procedural checks and CRB monitoring records. For the Youth Offending Service, control weaknesses were identified with the application of HR policies, detailed findings are recorded in the separate confidential report. Individual management actions have been agreed to address the weaknesses identified.

There were two corporate actions raised in respect of HR in last year's CEF Governance & Financial Management report. One was reported as implemented, however this has now been replaced by the action described above for the HR Business Partner to review sickness monitoring. The other was in respect of driving at work procedural checks which has only been partially implemented. It is planned that this will be fully implemented during April 2012.

### **Project Management**

A separate report on CEF project management has been issued and finalised (Final issued 8 March 2012). It concludes that the CEF Directorate do not have a formal lead in place for project management, responsible for monitoring/challenging that CEF projects are following the OCC Project Management methodology and delivering agreed project outcomes. Directorate governance arrangements in place do not ensure compliance with the OCC Project Management methodology and have resulted in several deviations from standard. Two management actions have been restated from the 2009/10 Project Management audit as they have not been fully embedded / implemented. These actions were originally assigned to the CEF Business Manager (post no longer exists).

As part of the CEF Project Management audit, we reviewed three projects to ascertain if the OCC project management methodology had been followed. The overall conclusion is based on the review of the following projects; Cross Regional and Education and Residential Provision, FWi/Swift Integration, and FWi Management Information reporting, the findings confirm the lack of overall monitoring / assurance arrangements.

It should be noted that Internal Audit also undertook a review of the project management and financial structure of the introduction of the new Early Intervention Service (Hubs) during 2011/12. The overall conclusion was Acceptable.

### **Partnerships**

N/A – not tested during 2011/12.