

Appendix 2

Progress Report 4 - Internal Audit Reports Issued since last reported at Audit Committee meeting on 17th February 2011

Audit's that have been finalised since the last progress report to the Audit Committee and their Audit Assessments are as follows:

Audit Reviews

Description of Audit	Assurance Level
Cash Receipting	Substantial
Payroll	Substantial
Housing Rents	Substantial
Corringham Primary School	Substantial
Herringham Primary School	Substantial
Thameside Infant School	Substantial
Stanford-le-Hope Primary School	Substantial
Warren Primary School	Substantial
West Thurrock Primary School	Adequate
Tilbury Manor Junior School	Adequate
Criminal Records Bureau Checks	Limited
Europa Highways Review	Limited

Other work carried out during the period for which no reports issued:

Attendance at various meetings.

West Thurrock Primary School

1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

An audit of West Thurrock Primary was undertaken as part of the approved internal audit periodic plan for 2010/11.

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	To ensure the school is administered in the most economic, efficient and effective way possible in accordance with Central Government and Local Authority guidelines.
Risk	<ol style="list-style-type: none"> 1. Controls over the school's bank account(s) and governance are weak, resulting in financial loss to the school. 2. Controls over the school's petty cash funds are weak, resulting in financial loss to the school. 3. Procurement is not controlled, resulting in inappropriate purchases of goods and services. 4. Staff are not informed of how to purchase, store or dispose of fixed assets. 5. There is an inadequate separation of duties for making changes to personnel data. 6. Repairs and maintenance are not kept up to date and do not achieve value for money. 7. Income due to the school is not appropriately recorded and as such is not collected in full. 8. The school's budget is not balanced or aimed at recovering a deficit or achieving a prudent level of unspent balances, resulting in inefficient use of school funds. 9. Security of school data is not adequately controlled, leading to a loss of information or breach of confidentiality.

1.2 CONCLUSION

Taking account of the issues identified, in our opinion the Governors can take Adequate Assurance that the controls upon which the organisation relies to manage West Thurrock Primary School, as currently laid down and operated, are effective.

This assurance level has been formulated on the basis of conclusions drawn on the individual elements of effectiveness, design and application of controls in place:

	Substantial	Adequate	Limited
Design of control framework	X		
Application of and compliance with control framework		X	
OVERALL OPINION		X	

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

- Some of the purchase orders and invoices have not been formally authorised at the correct level.
- The school keeps a well-designed inventory register, which is currently in the process of being updated for changes resulting from the move to a new building.
- Insufficient evidence was found that the necessary number of references is sought for new employees.
- The school's process for recovering dinner money arrears needs to be reviewed, and the action taken needs to be recorded.

1.3 SCOPE OF THE REVIEW

The objective of our audit was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls for review and limitations were agreed:

Limitations to the scope of the audit:

- Testing was undertaken on a sample basis only.
- Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

The approach taken for this audit was a Risk-Based Audit.

1.4 RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made, showing which have been brought forward from previous audits. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

Risk	Fundamental	Significant	Merits Attention
Controls over the school's bank account(s) and governance are weak, resulting in financial loss to the school.	0	0	1
Controls over the school's petty cash funds are weak, resulting in financial loss to the school.	0	0	0
Procurement is not controlled, resulting in inappropriate purchases of goods and services.	0	1	1
Staff are not informed of how to purchase, store or dispose of fixed assets.	0	0	2
There is an inadequate separation of duties for making changes to personnel data.	0	1	0
Repairs and maintenance are not kept up to date and do not achieve value for money.	0	0	0
Income due to the school is not appropriately recorded and as such is not collected in full.	0	0	1
The school's budget is not balanced or aimed at recovering a deficit or achieving a prudent level of unspent balances, resulting in inefficient use of school funds.	0	0	0

Risk	Fundamental	Significant	Merits Attention
Security of school data is not adequately controlled, leading to a loss of information or breach of confidentiality.	0	0	0
Total	0	2	5

1.5 ADDITIONAL FEEDBACK

The following staff gave their time and co-operation during the review, and we would like to record our thanks:

Headteacher

Finance Manager

Assessment Manager

Receptionist

2 ACTION PLAN

The priority of the recommendations made is as follows:

Fundamental	Significant	Merits Attention
Action is imperative to ensure that the objective for the area under review is met	Requires action to avoid exposure to significant risk in achieving the objective for the area under review.	Action is advised to enhance control or improve operational efficiency

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1.4	The school's Financial Regulations should be amended to clearly show the correct purchase order authorisation limits, including those of the Deputy Head.	Merits Attention	Y	The Financial Regulations will be reviewed, amended and approved by the Governors at their meeting next term.	March 2011	Headteacher, Finance Manager, Governors
3.1	All purchase orders should be approved according to the limits stated in the school's Financial Regulations.	Significant	Y	This will be done from now on.	Immediate and ongoing	Headteacher, Finance Manager
3.3	All purchase invoices should be appropriately signed as authorised for payment before being sent to the Council for processing. The school should keep copies of the signed invoices.	Merits Attention	Y	This will be done from now on.	Immediate and ongoing	Headteacher, Finance Manager
4.1	When annual inventory checks are carried out, the copies of the register used for these should be signed and dated by the person performing the check, then reviewed and signed off by the Headteacher.	Merits Attention	Y	This will be done, starting with the next annual check.	2011/12 financial year	Headteacher, Deputy Head, Finance Manager
4.2	All inventory disposals should be: <ul style="list-style-type: none"> recorded promptly in the inventory register; 	Merits Attention	Y	This will be done when the new version of the inventory register is completed.	March 2011	Headteacher, Finance

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	<ul style="list-style-type: none"> signed as authorised by the Headteacher if their value is below £250 and by the Finance Committee otherwise; reported to the Finance Committee. 			Reporting to the Finance Committee will be a standing item on the agenda for their meetings.		Manager, Finance Committee
5.3	<p>For all new employees:</p> <ul style="list-style-type: none"> Two references must be obtained. Where enough references cannot be obtained, the Headteacher should document the reasons why this was the case, the action taken to address it, and the reasons why the candidate was judged suitable. A copy of the letter of appointment should be kept. 	Significant	Y	<p>The school always makes an effort to ensure all necessary pre-employment checks are performed promptly. For example, where there is a delay in obtaining CRB clearance, the school now performs a risk assessment and documents it.</p> <p>The Finance Manager will now keep copies of appointment letters and letters sent out to chase up missing references.</p> <p>Where enough references cannot be obtained, e.g. when there is no recent employment history and the employee does not live locally, the Headteacher will document her decision-making process in writing.</p>	Immediate and ongoing	Headteacher, Finance Manager
7.4	The school should keep a record of action taken to recover debts owed to it.	Merits Attention	Y	The school will review its formal procedures for debt recovery, to ensure that the appropriate steps are taken to recover arrears. The action taken in individual cases will be recorded.	March 2011	Headteacher, Finance Manager, Governors

Tilbury Manor Junior School

1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

An audit of Tilbury Manor Junior School was undertaken as part of the approved internal audit periodic plan for 2010/11.

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	To ensure the school is administered in the most economic, efficient and effective way possible in accordance with Central Government and Local Authority guidelines.
Risk	<p>Controls over the school's bank account(s) and governance are weak resulting in financial loss to the school.</p> <p>Controls over the school's petty cash funds are weak resulting in financial loss to the school.</p> <p>Procurement is not controlled resulting in inappropriate purchases of goods and services.</p> <p>Staff are not informed of how to purchase, store or dispose of fixed assets.</p> <p>There is an inadequate separation of duties for making changes to personnel data.</p> <p>Repairs and maintenance are not kept up to date and do not achieve value for money.</p> <p>Income due to the school is not appropriately recorded and as such is not collected in full.</p> <p>The school's budget is not balanced or aimed at recovering a deficit or achieving a prudent level of unspent balances resulting in inefficient use of school funds.</p> <p>The school does not have valid insurance policies in place which may lead to financial loss in the event of claims being made.</p> <p>Security of school data is not adequately controlled leading to a loss of information or breach of confidentiality.</p>

1.2 CONCLUSION

Taking account of the issues identified, in our opinion the Governors can take Adequate Assurance that the controls upon which the organisation relies to manage Tilbury Manor Junior School, as currently laid down and operated, are effective.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Design of control framework

- Design of the control framework is controlled by Thurrock Council's Financial and Contract Procedure Rules and the schools Financial Regulations & Scheme of Delegation and the Terms of Reference.

Application of and compliance with control framework

- School Fund monthly reconciliations has not been signed by the Head Teacher
- Petty cash not operated in line with the Council's Constitution
- 65% of purchase orders are raised after the date of the invoice

- Inventory does not include serial numbers, purchase price, date and order number on all equipment.
- Personnel references are not always kept on file
- Quotes for orders over £5000 are not kept on file
- The School Improvement plan does not cover the next 3 years
- Passwords are not changed periodically

1.3 SCOPE OF THE REVIEW

The objective of our audit was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls for review and limitations were agreed:

Limitations to the scope of the audit:

Testing will be undertaken on a sample basis only. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

The approach taken for this audit was a Risk-Based Audit.

1.4 RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

Our recommendations address the design and application of the control framework as follows:

	Priority		
	High	Medium	Low
Design of control framework	0	0	0
Application of control framework	0	3	5
Total	0	3	5

The recommendations address the risks within the scope of the audit as set out below:

Risk	Priority		
	High	Medium	Low
Controls over the school's bank account(s) and governance are weak resulting in financial loss to the school.	0	0	1
Controls over the school's petty cash funds are weak resulting in financial loss to the school.	0	1	0
Procurement is not controlled resulting in inappropriate purchases of goods and services.	0	1	0
Staff are not informed of how to purchase, store or dispose of fixed assets.	0	0	1

Risk	Priority		
	High	Medium	Low
There is an inadequate separation of duties for making changes to personnel data.	0	0	1
Repairs and maintenance are not kept up to date and do not achieve value for money.	0	1	0
Income due to the school is not appropriately recorded and as such is not collected in full.	0	0	0
The school's budget is not balanced or aimed at recovering a deficit or achieving a prudent level of unspent balances resulting in inefficient use of school funds.	0	0	1
The school does not have valid insurance policies in place which may lead to financial loss in the event of claims being made.	0	0	0
Security of school data is not adequately controlled leading to a loss of information or breach of confidentiality.	0	0	1
Total	0	3	5

Recommendations implemented since the previous audit in this area:

Assurance:	Fundamental	Significant	Merits Attention
Number of recommendations made during previous audit	0	0	5
Number of recommendations implemented	0	0	1
Recommendations not yet fully implemented:	0	0	4

Recommendations agreed last time with Management which have not been implemented are: Quotes to be sought and kept on file; purchase orders to be raised when goods requested; inventories to be updated annually; and passwords to be changed more frequently.

2 ACTION PLAN

The priority of the recommendations made is as follows:

Priority	Description
High	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Medium	
Low	
Suggestion	These are not formal recommendations that impact our overall opinion, but used to highlight a suggestion or idea that management may want to consider.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1.6	Following the School Fund monthly reconciliations. The Head Teacher needs to initial the Bank Statement to confirm that the reconciliation has taken place.	Low	Y	Agreed	July 11	Headteacher
2.2	Petty cash purchases should be limited to £50 per item, irrespective of payment method, in line with the Council's Constitution.	Medium	Y	Agreed	July 11	Headteacher
3.1	Purchase Orders should be raised in the first instance to ensure Management Information Reports are kept up to date.	Medium	Y	Agreed	July 11	Headteacher
4.1	Update the inventory to include all serial numbers for the IT equipment. Include	Low	Y	Agreed	July 11	Headteacher

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	the date purchased and price and the order number on all the sheets as already included on the Deputy Heads Room inventory. Once a year checks should be made to determine whether the inventory is still up to date. It was suggested that the inventory sheets are given to the occupier of the room to check the equipment levels.					
5.3	Two references should be sought for all new starters, and copies of these references must be kept on file.	Low	Y	Agreed	July 11	Headteacher
6.1	Evidence of three quotes must be obtained and copies filed with the purchase order and invoice for all orders over £5,000.	Medium	Y	Agreed	July 11	Headteacher
8.4	It is recommended that a 3-year school development plan is in place with detailed first year costs, and outline costs for the remaining 2 years. This needs to be produced when the school has become a primary school, and before April 2012, when the years budget will need to be approved.	Low	Y	Agreed	July 11	Headteacher
10.1	Passwords need to be updated at least every term. It has been suggested that updating of passwords is forced by the Network system; this would ensure that passwords are changed on a regular	Low	Y	Agreed	July 11	Headteacher

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	basis.					

Criminal Records Bureau Checks

1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

An audit of CRB Checks was undertaken as part of the approved internal audit periodic plan for 2010/11.

The Criminal Records Bureau (CRB) provides access to criminal record and other relevant information to organisations in England and Wales. The results of the checks carried out by the CRB help organisations make more informed decisions when recruiting people to work with children and the vulnerable. There are two levels of CRB checks, Standard and Enhanced. The different levels of Disclosure reflect the amount of contact with children or vulnerable people or the amount of responsibility taken by the post holder, for those children or vulnerable adults. A CRB check can provide access to a range of different types of information such as that held on the Police National Computer (PNC) and that held on lists maintained by the Independent Safeguarding Authority (ISA).

1500 out of 1902 staff within Civic Offices are CRB checked. The majority of posts have an enhanced disclosure which costs the Council £36.00 + £12.00 administration fee to Vertex. Over a 3 year period the expenditure amounts to approximately £72,000, this does not include staff turnover and job changes. So far this year 800 CRBs have been renewed.

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	CRB checks are undertaken and policy and processes in place are in line with the guidance from the Criminal Records Bureau.
Risk	<p>All posts requiring CRB checks are not identified and flagged as such.</p> <p>Disclosures are not handled as per Code of Practice published by the CRB.</p> <p>A consistent approach is not undertaken following negative disclosures.</p> <p>There is no monitoring process in place to track all applications or to ensure CRBs are renewed as appropriate.</p> <p>There is no Corporate Policy for undertaking CRB checks.</p>

1.2 CONCLUSION

Taking account of the issues identified, in our opinion the Council can take Limited Assurance that the controls upon which the organisation relies to manage this area, as currently laid down and operated, are effective.

This assurance level has been formulated on the basis of conclusions drawn on the individual elements of effectiveness, design and application of controls in place:

	Substantial	Adequate	Limited
Effectiveness of control framework			X
Design of control framework		X	
Application of and compliance with control framework			X
OVERALL OPINION			X

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The main findings of this review were:

- The evaluation documentation was not always very clear. It did not always clearly indicate whether the post required a CRB check, or not.
- A significant number of evaluations were not signed by the manager or the HR Advisor with no evident audit trail.
- The Authority has a written policy on the secure handling of disclosure information and this complies with the Code of Practice published by the CRB.
- Risk Assessments for posts where a CRB was returned with a positive trace, were not always evidenced.
- An employee who started in their post in June 2010, was not on the Safer Recruitment Register.
- CRB checks have not been identified as a corporate risk on the corporate risk register.
- Organisational charts are not up to date, although it is acknowledged that they are currently being developed.

The Recruitment and Selection Policy and Procedure, Safer Recruitment section, para 6.2 states "Each Directorate and Service will: review all posts in its establishment in order to identify those posts which require Safer Recruitment clearance and maintain a list of such posts; and consider when creating a new post whether it requires Safer Recruitment clearance".

Para 6.3 states "HR will: provide support and guidance to managers making a decision as to whether a particular post requires clearance; and review such decisions to ensure consistency across the Council".

During the course of the review it became clear that whilst progress has been made by Vertex HR, there are still issues to be resolved on both the Vertex and client side. Whilst there is a responsibility for managers to ensure the required documentation is supplied to HR in a timely and accurate manner, there is also a requirement for HR to inform senior management within the Council, in particular the Head of HR, OD & Customer Strategy, where this is not happening, so that appropriate action can be taken.

Finally, a survey of 82 managers and Heads of Service was undertaken on CRB issues. The results of this survey indicated that whilst there was some dissatisfaction with the advice and guidance given, the majority of managers and Heads of Service did feel the service was helpful. However, the responses also indicated that some managers and Heads of Service who had not been provided with helpful advice in the past, now tended to rely on what they could find out for themselves. To ensure a consistent approach to posts across the Council, managers must contact HR. If they do not, HR cannot monitor consistency and comply with the Council's policy.

1.3 SCOPE OF THE REVIEW

The objective of our audit was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls for review and limitations were agreed:

Limitations to the scope of the audit:

The scope of the audit will be limited to reviewing processes in place. Conclusions will be based upon sample testing of transactions relevant to the current financial year to date. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

The approach taken for this audit was a Risk-Based Audit.

1.4 RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

Risk	Fundamental	Significant	Merits Attention
All posts requiring CRB checks are not identified and flagged as such.	0	2	7
Disclosures are not handled as per Code of Practice published by the CRB.	0	0	0
A consistent approach is not undertaken following negative disclosures.	0	0	0
There is no monitoring process in place to track all applications or to ensure CRBs are renewed as appropriate.	0	1	2
There is no Corporate Policy for undertaking CRB checks.	0	3	1
Total	0	6	10

2 ACTION PLAN

The priority of the recommendations made is as follows:

Fundamental	Significant	Merits Attention
Action is imperative to ensure that the objective for the area under review is met	Requires action to avoid exposure to significant risk in achieving the objective for the area under review.	Action is advised to enhance control or improve operational efficiency

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1.1.1	Evaluation documentation should be issued in a consistent clear format and dated and signed by both the manager and HR. Managers must be reminded of the need to return the completed CRB forms promptly and carry out the necessary risk assessments when CRBs are not in place. This could form part of a manager's 1 to 1 PDR process HR should monitor this and where managers do not comply, inform the Head of HR, OD & Customer Strategy so she can escalate to the relevant Head of Service or Corporate Director.	Significant	Y	<p>The Amendment form has been updated to capture CRB evaluation information. HRAs also sign off on all new posts to ensure they give correct guidance on whether it should be CRB checkable and to what level</p> <p>Annually produce full reports of posts/staff/CRB etc to be issued to Directors to sign off current evaluations</p> <p>Update Footprint to capture who validated the report (Mgr & Adv) and the date of validation</p> <p>A new e-learning module has been developed for managers and takes them through:</p>	<p>Complete</p> <p>March 2011</p> <p>Feb 2011</p> <p>Complete</p>	<p>Gill Wilcox/HRAs</p> <p>Gil Wilcox</p> <p>Gill Wilcox</p>

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	Reports by post title should also be obtained and analysed to ensure consistency in obtaining CRB checks where job roles are similar.			<ul style="list-style-type: none"> - What is CRB - Types of CRB checks - The CRB process - Risk Assessments - Trace on a disclosure - Consequences - Responsibilities <p>The Council will include CRB standards and management responsibilities in the Management Handbook.</p> <p>Process maps for CRB and Risk Assessment to be updated and published on Inform</p> <p>Escalation process has been implemented within HR for non return of CRB forms and Risk Assessments. This involves escalation from the advisor to the line manager, then HOS, then the Director along with the Head of HR, OD & Customer Strategy.</p> <p>Policy needs to be updated re CRB and Risk Assessment to include requirements and escalation process.</p> <p>Reports can be produced via Footprint. Exercise to be carried out to analyse similar roles.</p>	<p>TBA</p> <p>March 2011</p> <p>Complete</p> <p>March 2011 (In line with policy review)</p> <p>Dec 2010</p>	<p>Jackie Hinchliffe</p> <p>Gill Wilcox</p> <p>Jackie Cahalane</p> <p>Jackie Hinchliffe</p> <p>Gill Wilcox</p>
1.1.2	It is recommended that a review of the	Merits	Y	This process has already been	Complete	Jackie Cahalane

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	risk assessment process is carried out to reduce the need to obtain five separate signatures, every 2 weeks, to confirm whether the risk has changed. After the initial risk assessment, consideration should be given to seeking e-mail confirmation from the line manager if the risk has not changed, with a new risk assessment only being carried out where there has been a change. Consideration also needs to be given as to whether 2 weeks is appropriate.	Attention		changed and has been agreed by the Head of HR, OD & Customer Strategy. The initial Risk Assessment must be completed by the manager and will be updated on Footprint by HR. After 1 month of signing, if the CRB disclosure has not been received, HR will email the manager requesting they confirm by return email that they are happy for the RA to continue and that there has been no change in the employee's role. This email can then be filed on Footprint as evidence. Escalation process as above.		
1.2	The decision whether a post should be CRB checked should rest with the Line Manager, in consultation with the relevant HR Officer. A risk based approach should be adopted. This ensures the Recruitment and Selection Policy and Procedure is complied with and reduces the likelihood of inconsistency across the Council. Consideration should also be given as to whether there is a need to obtain CRB disclosures for all Senior Management posts. See recommendation at 1.1.2 above in respect of risk assessments for staff in post pending CRB clearance.	Merits Attention	Y	The decision regarding a CRB check is included in the new e-learning module under managers responsibilities. The policy needs to be reviewed and updated to include clearer guidance for managers when making this decision. The decision for senior Mgt posts should rest with the Directors and CEO.	Complete March 2011 (In line with policy review) March 2011 (in line with policy review)	Gill Wilcox Jackie Hinchliffe Jackie Hinchliffe
1.3	Evidence of CRB checks undertaken	Merits	Y	All of this info is held within	Complete	Gill Wilcox

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	and reference numbers, dates and level of disclosure should be recorded and held upon each individual file to evidence a check has been undertaken and a response received. This will also assist in providing information to Corporate Director's and Heads of Service should it be required.	Attention		<p>Footprints and can be reported on at any time.</p> <p>CRB info is held on all New Starters personal files.</p> <p>An exercise is already underway to update all existing employees personal files with the following info:</p> <ul style="list-style-type: none"> - Full name on CRB disclosure - Post Title relating to the CRB - Level of CRB (Std/Enh) - Disclosure date - Disclosure number 	<p>Complete</p> <p>Mar 2011</p>	<p>Gill Wilcox</p> <p>Gill Wilcox</p>
1.4 and 1.5	HR should introduce a feedback mechanism to check that the managers considered the advice they were given to be useful, relevant, consistent and timely. This could be through a customer feedback questionnaire. Where issues arise, these should be discussed with the Head of HR, OD & Customer Strategy. This will assist in identifying recurring issues such as a requirement for HR staff or client manager awareness training.	Merits Attention	Y	<p>Process regarding advice given by advisory to managers in relation to identifying if a post is CRB checkable to be made clearer.</p> <p>On a monthly basis HR could select say 10% of new posts created that month in Footprint and send a questionnaire to the manager asking for feedback on the advice they were given to establish if a CRB check was required.</p>	<p>April 2011</p> <p>April 2011</p>	<p>Jackie Cahalane</p> <p>Gill Wilcox</p>
1.7	HR should look to introduce a section on CRBs as part of the monthly Management Information Pack. This could include information on the number of CRBs undertaken in the	Merits Attention	Y	Plans already in place to do this. Report will accompany the MI pack from November 10. Following a review of the pack which is due to take place, the	Complete	Gill Wilcox

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	month, the number of individuals cleared and outstanding, the number of renewals due in the following 12 weeks, any significant delays on clearing certain individuals and missing risk assessments. This will assist senior management in monitoring CRBs and ensuring delays are minimised.			CRB info will then be incorporated into the new pack.		
1.10	Managers should be reminded of the importance of completing a risk assessment immediately on receipt of CRB disclosure with a positive trace. A copy of the assessment should be forwarded to HR to be placed in the employees personal files. The name of the HR Advisor informing the manager of the positive trace should be recorded on the disclosure certificate, together with the date, to evidence that advice and guidance has been provided.	Significant	Y	<p>This has been included in the new e-learning module.</p> <p>Process map to be updated to include Risk Assessment for a trace.</p> <p>Footprint already captures if a trace has been identified, what the trace is, has it been escalated to the manager and what the outcome of the manager decision is. Will also add a field to Footprint to capture that a risk assessment has been completed for a trace</p> <p>Policy to be updated accordingly</p>	<p>Complete</p> <p>Jan 2011</p> <p>Complete</p> <p>March 2011 (In line with policy review)</p>	<p>Gill Wilcox</p> <p>Gill Wilcox</p> <p>Gill Wilcox</p> <p>Jackie Hinchliffe</p>
1.11	The name of all Members should be logged on the Register and details of when forms were sent, returned, chased etc. should be recorded.	Merits Attention	Y	A separate register for Members is already in place. This is to be updated with all names following an exercise that's been carried out to obtain CRB checks from Members.	Complete	Gill Wilcox

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
4.2	A log of data quality checks undertaken should be kept by the HR Performance Manager.	Merits Attention	Y	Current Delphi QA form to be updated to include Footprint QA checks Reconciliation reports have been set up on Footprint to measure quality and accuracy e.g. One report checks that the renewal date that's been entered is 3 years after the disclosure date	Dec 2010 Complete	Gill Wilcox Gill Wilcox
4.3	It is very important that the system is kept up to date with starters and leavers as this may lead to CRB checks not being undertaken where required. It is recommended that regular (say quarterly) reconciliations between Delphi and the register are carried out and any anomalies investigated and corrected to ensure all staff are on the register and there is no risk of staff not having the correct clearance.	Significant	Y	Following the initial migration reconciliation of data from the SRR to Footprint, monthly reconciliation is planned to look at leavers/ starters and movers from Delphi. The process for updating the CRB register has also changed and now the same person who processes a change in Delphi is also responsible for updating the same change in Footprint.	Complete Complete	Gill Wilcox Gill Wilcox
5.2	It is recommended that the Head of HR, OD & Customer Strategy work with the Senior Risk Management Officer to identify the risks to the authority and that these be reflected in the Corporate Risk Register and through the service planning process.	Significant	Y	Will include in the corporate risk register and review after 1 year	January 2011	Jackie Hinchliffe
5.4	The process for getting evidence of CRB checks of agency staff is fragmented. Whilst the legal risk lies with the agency that the Council are using to provide staff, the reputational	Significant	Y	Info regarding agency staff and CRB clearance has been included in the new CRB e-learning module.	Complete March 2011 (In	Gill Wilcox Jackie Hinchliffe

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	risk lies with the Council. Therefore, it is recommended that a corporate co-ordinated approach should be developed which always requires an agency to provide electronic or written confirmation of the member of staff's name, CRB reference number and date of disclosure, prior to them being allowed to work for the Council.			Policy to be updated to include guidance and responsibilities on using agency staff. Managers responsibilities for ensuring CRBs in place for agency staff to be included in the Management Handbook. CRB requirements form part of the specification for the single vendor for agency staff.	line with policy review) October 2011	Jackie Hinchliffe
5.6	The Bureau should be contacted and a copy of the report obtained. Any recommendations made should then be implemented to ensure compliance.	Merits Attention	Y	Need to contact the Bureau to obtain a copy of this report	Jan 2011	Sally Livermore
5.8	To ensure a consistent approach to the need for staff to be CRB checked, the organisational chart should be role based. The chart can then be used to determine whether the role requires a CRB check. This should be flagged on the chart. The day to day monitoring of CRB checks against the individual lies with HR but changes to a member of staffs' job role, including secondments, require managers to inform HR, as the change may result in a member of staff who did not previously require a CRB disclosure, now needing one. Once charts are completely accurate, managers would only need to review them quarterly, or when there is an exception i.e. where there has been a change in the job role, or restructuring of the team, department or directorate. This should reduce the likelihood of	Significant	Y	Organisational charts are already role based. However, we are unable to include CRB disclosures against the roles on the chart due to the limitations of the Delphi system. However we can run a separate report from Footprint showing all roles within a service area that require a CRB and to what level. This can then be signed off along with the organisational charts at monthly DMTs. Plans are in place to automate the submission of New starter/ Amendment & Leaver forms. This will enable mandatory fields to be included relating to CRB requirements and will also	Complete May 2011	Gill Wilcox Gill Wilcox

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	charts being out of date and appropriate CRB disclosures not being obtained.			provide an audit trail		

Europa Highways Review

1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

An audit of Europa Highways was undertaken as part of the approved internal audit periodic plan for 2010/11. Management requested that this review look at value for money in respect of Europa Highway Services' procurement and contract management arrangements.

Value for money is about obtaining the maximum benefit through the most economic, efficient and effective use of available resources.

The Highways function is operated by Europa Services. This arrangement was arranged through the authority's strategic partner (Vertex). Europa Services deliver the Capital and Revenue Highway's schemes and manage the associated contracts on behalf of the authority.

The Capital schemes budget and actual for 2009/10 were £4,519,700 and £2,666,822 respectively. The Revenue schemes budget and actual for 2009/10, excluding DSO payments, were £4,225,200 and £4,394,700 respectively. Total costs for additional schemes accrued through the Partnership Change Control mechanism 09/10 are £547,368

Sustainable Communities has recently undertaken a review of the Highways Service at a strategic and operational level, including financial review. External key drivers impacting upon service delivery include the following:

- A national review of the Local Transport Plan requirements is currently underway. Therefore no report has been produced for 2010.
- Recommendations have been highlighted by the insurance company Zurich, to implement quality procedures to monitor key documents. Although some of the key transport policies were updated in 2008, a further review of outdated policies is currently being undertaken by the Transport Manager.
- A new Highways asset management strategy and asset management plan has been commissioned recently.
- The terms and conditions of the Strategic Partnership Board are being rewritten and new key performance indicators are being devised.

The audit was designed to assess the controls in place to manage the following objective and risks:

Objective	To review whether value for money has been achieved for the provision of the Highways Service with respect to procurement and contract management.
Risk	<ul style="list-style-type: none"> ▪ Budget monitoring and reporting does not take place regularly leading to limited management information such as costings and financial forecasts. ▪ Poor governance arrangements results in inadequate communication and weak performance ▪ Strategic aims are not managed and delivered effectively and output or outcomes are affected leading to poor service delivery ▪ Value for money is not obtained from contracts procured on behalf of the Authority and savings are not achieved.

1.2 CONCLUSION

Taking account of the issues identified, in our opinion the Council can take limited assurance that the controls upon which the organisation relies to manage this area, as currently laid down and operated, are effective.

It is evident from the results of this review and the action plan responses that a Business Solution has not yet been agreed. It will be necessary for the Authority, Vertex and Europa to review the Governance arrangements, in order to determine an effective business relationship model. This process will also need to detail roles and responsibilities as well as performance. It should provide a clear understanding of these requirements, in association with the Constitution and the Local Governance Framework. Internal Audit should carry out a further review to follow up the implementation of a new governance framework across Highways and Engineering and confirm that the principles of the 'procurement lifecycle' are embedded.

This assurance level has been formulated on the basis of conclusions drawn on the individual elements of design and application of controls in place:

	Substantial	Adequate	Limited
Design of control framework	X		
Application of and compliance with control framework			X
OVERALL OPINION			X

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Controls not working effectively:

- Budget reporting is not fully developed and a formalised process for revenue and capital monitoring at a service level is not in place.
- No efficiencies have been sought up until now from either service improvements, or, better procurement processes.
- Detailed status updates are not provided to the Authority to assist with monitoring project progress.
- There is no longer term strategy and planning process for future maintenance requirements, inline with the Well-Maintained Highways Code of Practice 2005.
- One central contracts register is not maintained on a regular basis to accurately reflect corporate procurement activity and associated document retention.
- Contracts have not been signed or dated before works commence
- Council procurement/contract procedures and EU regulations have not been followed or complied with when tendering for schemes
- Invoices are not checked to ensure the Council are benefitting from value for money

Controls working effectively:

- The Highways assets are managed and maintained through the Highways maintenance schemes. These schemes are presented to Cabinet annually for approval.
- National and local performance indicators are used to monitor and measure achievement against specific targets.
- There is a mechanism in place to report operational issues and performance of third party contractors, through Client meetings held on a regular basis.

- Public consultations are issued through Europa for each new Highways Scheme.
- Liaison meetings in 2010 were confirmed between Vertex, Europa and the Authority, covering commercial, strategic and operational issues.

1.3 SCOPE OF THE REVIEW

The objective of our audit was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls for review and limitations were agreed:

Control activities relied upon:

- Budget Management
- Performance Management
- Strategies and Policies
- Project Management
- Procurement Contract management

Limitations to the scope of the audit:

- The audit did not review all systems in place, but concentrated on procurement activity, contract formation and value for money.
- The scope of the audit did not include services provided by the DSO
- Conclusions are based upon sample testing of transactions
- Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

The approach taken for this audit was a Risk-Based Audit.

1.4 RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made, showing which have been brought forward from previous audits. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

Risk	Fundamental	Significant	Merits Attention
Budget monitoring and reporting does not take place regularly leading to limited management information such as costings and financial forecasts.	0	1	1
Poor governance arrangements results in inadequate communication and weak performance	0	0	1
Strategic aims are not managed and delivered effectively and output or outcomes are affected leading to poor service delivery	0	0	1
Value for money is not obtained from contracts procured on behalf of the Authority and savings are not achieved.	3	2	0
Total	3	3	3

1.5 ACKNOWLEDGMENTS

We would like to thank the following people for their kind cooperation during our review:

Name	Job Title
A. Millard	Head of Strategic Planning and Delivery
J. Game	Business Improvement Manager
D. Freestone	Acting Transport Manager
J. Devono	Principal Engineer
P. Thowney	Senior Engineer
A. Brock	Principal Engineer
L. Burns	Chief Highways Engineer
D. Parish	Street Lighting Engineer
N. Anderson	Senior Maintenance Engineer
J. Nelder	Principal Traffic Engineer
D. Langan	Road Safety Manger
S. Sangha	Contracts Solicitor
C. Wilkins	Admin Support officer (Legal)
M. Jones	Group Finance officer
A. Austin	SSP Commercial Manager

2 ACTION PLAN

The priority of the recommendations made is as follows:

Fundamental	Significant	Merits Attention
Action is imperative to ensure that the objective for the area under review is met	Requires action to avoid exposure to significant risk in achieving the objective for the area under review.	Action is advised to enhance control or improve operational efficiency

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1.1	Regular, monthly budget reporting requires further development to formalise the process for revenue and capital monitoring at a service level.	Merits Attention	Y	<p>Arrange accurate monthly reports from Finance</p> <p>Arrange monthly forecast reports from Europa</p> <p>Europa's comments:</p> <p>No current major schemes. Monthly reports provided for update on planned schemes. Gantt charts available for each scheme.</p>	<p>January 2011</p> <p>February 2011</p>	David Freestone
1.2	Longer term joint financial planning should be further developed through the	Significant	Y	<p>Europa's comments:</p> <p>Agree that long term budgeting</p>		Richard Waterhouse

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	Partnership, to better understand service costs, potential service improvements and efficiency savings.			<p>would provide benefits and allow improvements.</p> <p>Capital Schemes under spend includes allocations such as Devonshire Road which was not passed to Europa. Others such as Crown Road were on hold pending client decision.</p> <p>Options for service improvements have been proposed by Europa including large scale work such as TMA & TAMP as well as prioritisation, suggested process mapping and templates for dealing with community requests.</p>		
2.2	Meetings held between the Council and Europa Highways should include status updates to show progress against each project. This will assist in delivering schemes on time and within budget.	Merits Attention	Y	<p>Europa's comments:</p> <p>Information given on summary sheet. Gantt charts available</p> <p>Status updates supplied to Client.</p> <p>Planned works are delivered to time and budget.</p>		Mike Munro
3.2	Following implementation of the new risk assessment process for Highways schemes, the authority should consider a longer term strategy and planning process for future maintenance requirements, inline with the Well-	Merits Attention	Y	Risk assessments process to feed into reactive maintenance and formulating Capital programme and use in securing funding.	April 11	David Freestone

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	Maintained Highways Code of Practice 2005.			Europa's comments: Client activity.		
4.1	One central contracts register should be maintained which is updated on a regular basis to reflect corporate procurement activity and associated document retention.	Significant	Y	<p>Europa's comments:</p> <p>Contracts are a Client Function. Europa when instructed provide specification for Procurement and Legal and if required tender assessments.</p> <p>Europa Overall contracts sheet produced and Env Team action to inform. Client requested spreadsheet showing contracts and expiry dates which has been supplied with RAG indicators to show actions required.</p> <p>Client considering which contracts to pursue. Review of 13 Highways schemes? Current schemes are not large enough to warrant separate contracts but are delivered through the Env Team and/or Term Contractors.</p> <p>Procurement/Legal keeps Thurrock sealed copies. Europa has provided their copies to</p>		Mike Munro

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
				procurement and to James Game.		
4.2	<p>Contracts should be signed and dated before works can commence. Letters of intent should clearly specify the parameters of how and when a program of works is to commence prior to full contract being sealed by the council.</p> <p>Document retention needs to be an integral part of procurement process and contract formation. Documents should be retained and accessible inline with the Councils Document retention Policy.</p>	Fundamental	Y	<p>Europa's comments:</p> <p>Procurement carried out in consultation with Procurement and Legal.</p> <p>Record documents retained by legal who carry out the signing, sealing process etc.</p> <p>Thurrock official records held by Procurement and Legal. This problem is endemic throughout Thurrock Council.</p> <p>Europa working copies have been supplied to Procurement and to Client under instruction.</p>		Mike Munro
4.3	<p>a) All contracts with a value in excess of £150k must be passed to the Council's Legal Services to place contract under seal.</p> <p>b) Public Sector procurement must not only comply with the letter of the Local Government Act 1972 but also the spirit of the Act. In that there is compelling evidence that value for money has been achieved.</p> <p>c) Council officers must only authorise expenditure within their delegated authorised limit.</p>	Fundamental	Y	<p>Europa's comments:</p> <p>Procurement carried out in consultation with Procurement and Legal.</p> <p>Do not have info as to schemes audited but current schemes not large enough to warrant separate contracts and are delivered by Env Team and/or Term Contractors.</p>		Mike Munro

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
4.4	Where applicable, the EU regulations must be followed and complied with when tendering for schemes over and above the EU thresholds. This ensures the process is fair and transparent and reduces the risk of accusations of impropriety.	Fundamental	Y	<p>Europa's comments:</p> <p>Procurement carried out in consultation with Procurement and Legal. EU process is carried out when applicable.</p> <p>Confusion of schemes and contracts? Again no current schemes over the OJEC threshold.</p>		Mike Munro
4.5	Where consultants carry out price/invoice checking on behalf of the authority, they should ensure that the contractor submits an itemised invoice to ensure it is inline with the agreed schedule of rates. A copy should be retained by the consultant to enable the Council and Europa to determine that value for money is being achieved.	Significant	Y	<p>Europa's comments:</p> <p>Invoices are checked and signed before passing for payment.</p> <p>Agreed itemised invoices to be provided where required by contract payment mechanism.</p>		Mike Munro