

# Thurrock Council

## Internal Audit Progress Report

[Audit Committee meeting 17 March 2015]

## Introduction

The internal audit plan for 2014/15 was presented to the Standards & Audit Committee on 5<sup>th</sup> March 2014. This report provides an update on progress against that plan. Those reports in italics have already been reported to the Standards & Audit Committee.

### Summary of Progress against the Internal Audit Plan

Assignment	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
<b>Audits to address specific risks</b>					
Leaseholder Charges	Final	Green	0	2	1
Thurrock Registrars Office	Final	Green	0	1	2
Environmental Health (Pollution Control)	Final	Green	0	1	0
Change Control Process (Serco)	Final	Amber/Red	1	1	1
Charges for Non-Residential Services	Final	Green	0	2	0
Community Hubs	Final	Green	0	1	2
<i>Members' Allowances</i>	<i>Final</i>	<i>Green</i>	<i>0</i>	<i>1</i>	<i>1</i>
<i>Electrical Testing</i>	<i>Final</i>	<i>Amber/Green</i>	<i>1</i>	<i>0</i>	<i>2</i>
<i>Econogas</i>	<i>Final</i>	<i>Green</i>	<i>0</i>	<i>0</i>	<i>4</i>
<i>Public Health</i>	<i>Final</i>	<i>Green</i>	<i>0</i>	<i>0</i>	<i>1</i>
<i>Building Control</i>	<i>Final</i>	<i>Amber/Green</i>	<i>0</i>	<i>4</i>	<i>0</i>
<i>LiquidLogic Adults System (LAS)</i>	<i>Final</i>	<i>Amber/Green</i>	<i>0</i>	<i>3</i>	<i>3</i>
<b>Core Assurance</b>					
Housing Rents	Final	Green	0	2	1
National Non Domestic Rates	Final	Green	0	1	0
<i>Treasury Management</i>	<i>Final</i>	<i>Green</i>	<i>0</i>	<i>0</i>	<i>1</i>
<i>Cash Receipting</i>	<i>Final</i>	<i>Amber/Green</i>	<i>0</i>	<i>3</i>	<i>1</i>
<i>General Ledger (Oracle)</i>	<i>Final</i>	<i>Green</i>	<i>0</i>	<i>0</i>	<i>1</i>
<i>Accounts Payable</i>	<i>Final</i>	<i>Green</i>	<i>0</i>	<i>1</i>	<i>3</i>
<i>Housing Benefits</i>	<i>Final</i>	<i>Amber/Green</i>	<i>0</i>	<i>0</i>	<i>6</i>
<i>Bank Reconciliation</i>	<i>Final</i>	<i>Green</i>	<i>0</i>	<i>0</i>	<i>1</i>
<i>Payroll</i>	<i>Final</i>	<i>Green</i>	<i>0</i>	<i>1</i>	<i>4</i>
<i>Council Tax</i>	<i>Final</i>	<i>Green</i>	<i>0</i>	<i>1</i>	<i>1</i>
<b>Advisory</b>					
<i>Troubled Families Programme</i>	<i>Final</i>	<i>Advisory</i>	<i>8</i>	<i>2</i>	<i>0</i>
<i>Extra Care</i>	<i>Final</i>	<i>Advisory</i>	<i>5</i>	<i>3</i>	<i>0</i>

Those reports receiving an amber/red assurance opinion have been included in more detail at the end of this progress report.

## Other Matters

### Planning and Liaison

Fieldwork is currently being undertaken on the following reviews:

- Educational Visits
- Passenger Transport
- Accounts Payable
- Accounts Receivable
- Deneholm Primary School

The following reports are at draft stage or debrief meetings are being arranged with the client and will be reported when they are finalised:

- Contract Procedures (Response received from client. Report being updated).
- Adoption (Further small piece of work requested to clarify processes).
- Performance Management (Awaiting 1 response from client).
- Sickness Management (Draft)
- Disabled Facilities Grants (Draft)
- Corporate Purchase Cards (Draft)
- Asset Management (Draft)
- Stifford Clays Primary School (Draft)

Of the above, the Educational Visits review was substantially completed but due to in-service issues, Internal Audit was asked to temporarily suspend the work. It has now been agreed that this work can now recommence.

In respect of the three internal investigations where Internal Audit was providing an information gathering and support role, we can now provide a summary of the conclusion of two of these pieces of work.

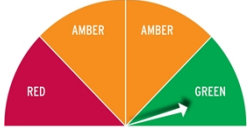
- As a result of some concerns the London Borough of Havering had on the management of the Schools Catering contract, the management of which they provided to Thurrock Council under a Service Level Agreement, a joint review was carried out across both Councils with Havering leading as the employer of the management team. An in-depth review of the service provision covering several years identified that financial procedures had not been complied with in the awarding of contracts and works. The evidence collected by Thurrock was passed to Havering who interviewed staff and as a result, all of the management providing the service resigned. Due to the poor nature of record keeping by the Catering Service, financial impropriety could not be proven. As Havering could not now provide the service, the management was brought back in-house and the Council have appointed a permanent Catering Manager.
- Under the whistleblowing procedures, an accusation was made that a member of staff was working whilst off sick. Further checking revealed they were also a Director of a company and had not declared this in line with Officer's Code of Conduct. Internal Audit were involved in the information gathering for the service and provided a report of findings to the service and HR. This resulted in disciplinary proceedings being undertaken. The member of staff resigned before proceedings were completed.

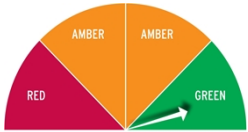
The third piece of work is still an on-going enquiry which is currently being undertaken by the Corporate Fraud Team.

Internal Audit was also requested to carry out an additional piece of work following allegations made by a member of staff against their managers. We assisted the service by providing some initial information but found nothing to substantiate the claims and the service resolved the issue internally.

In addition, Internal Audit has continued to provide the co-ordinating role to set up and assist contacts as part of the work for the National Fraud Initiative. Data matches have now been identified and services will be contacted to investigate matches in their areas.

**Key Findings from Internal Audit Work**

<p><b>Assignment: Leaseholder Charges</b></p>	<p><b>Opinion: Green</b></p>	
<p><b>Headline Findings:</b> Our review of Leaseholder Charges identified that there were 2 medium recommendations around the design of the control framework. There was also 1 low recommendation made around the application of the control framework. The 7 recommendations from the previous review, which included 2 high and 2 medium recommendations, had all been implemented. The previous report was a red report so progress has been very encouraging.</p>		
<p><b>Action and Response</b></p>	<p><b>Responsible Officer</b></p>	<p><b>Date</b></p>
<p><b>Action</b> - It is recommended that where the job description is not clear, further clarification is sought as to the works invoiced for. This will help to ensure that the leaseholders are being charged fairly for work carried out and enable the Council to reflect the full repair costs in their charges to Leaseholders.</p> <p><b>Response</b> - New repairs contract starting in April 2015, new processes will be in place. We have already completed the statutory consultation process to recover the actual costs from the leaseholders. The leasehold team will be working with the Repairs team to validate the communal responsive repairs before the notification of the final costs.</p> <p>Sometimes errors do occur in the processing and posting of orders. We are endeavouring to introduce ever more rigorous validation procedures but given the quantity of repairs that are processed annually, it is inevitable that occasional errors may slip through the system. In future we are looking to send out repair listings to leaseholders and we hope that this additional transparency will assist in highlighting any areas of weakness in the validation process. <b>(medium)</b></p>	<p>Home Ownership Service Manager</p>	<p>April 2015</p>
<p><b>Action</b> - Debtors should raise service charge bills promptly when properties are sold as billing in arrears could create financial difficulty for the leaseholders and increase the risk of the Council not being able to recover amounts due.</p> <p><b>Response</b> - There were some issues raised relating to raising of these charges, and various meetings held to address the situation. Liz Gordon is now raising these requests in a timely manner, and raising any issues or points of clarity when these requests are made.</p>	<p>Debt Manager</p>	<p>Immediate</p>

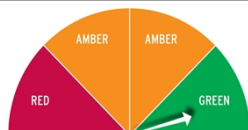
<p><b>Assignment: Thurrock Registrar's Office</b></p>	<p><b>Opinion: Green</b></p>	
<p><b>Headline Findings:</b> Our review of Thurrock Registrar's Office identified 1 medium and 2 low recommendations around the application of the control framework. The 6 medium recommendations from the last review had all been implemented.</p>		
<p><b>Action and Response</b></p>	<p><b>Responsible Officer</b></p>	<p><b>Date</b></p>
<p><b>Action</b> - An amendment to the Scale of Charges to ensure the correct fees are being applied should be submitted to Cabinet at the earliest opportunity. Failure to have the</p>	<p>Superintendent Registrar/Finance Officer</p>	<p>Actioned</p>

<p>correct fees listed in the Scale of Charges could result in lost income to the Council.</p> <p><b>Response</b> - The Finance Officer (budgets) stated that the slight difference was as a result of the 3% inflation uplift. The figures for 2015/16 have already been agreed and were submitted to Cabinet in December 2014. These agree.</p>		
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<p><b>Assignment: Environmental Health (Pollution Control)</b></p>	<p><b>Opinion: Green</b></p>	
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**Headline Findings:** Our review of Environmental Health (Pollution Control) identified 1 medium recommendation around the application of the control framework. There has been no previous review in this area.

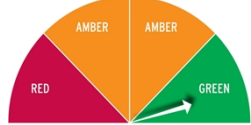
<p><b>Action</b> - It is recommended that a decision be made whether the team need to use Uniform. If all the required information can be supplied by the EPA software, consideration should be given to updating the procedures to reflect that Uniform is no longer used. In addition, it should be recorded on the EPA system when the Inspection Report and covering letter were sent to the Operator. This ensures there is an audit trail to show the correct procedures have been followed.</p> <p>A check should be carried out between the EPA system and the Public Register to ensure all inspections and risk assessments have been correctly recorded.</p> <p><b>Response</b> - Procedures will be updated to remove any references to 'UNIFORM'. Copies of all reports were given to the Operators; EPA will be updated to reflect this.</p> <p>Public Register will be updated to record all inspections.</p>	<p>Principal Officer/ Environmental Health Officer</p>	<p>March 15</p>
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<p><b>Assignment: Charges for Non-Residential Services</b></p>	<p><b>Opinion: Green</b></p>	
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**Headline Findings:** Our review of Charges for Non-Residential Services identified 2 medium recommendations around the application of the control framework. There has been no previous review in this area.

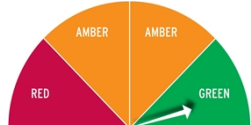
<p><b>Action</b> - Consideration should be given to increasing charges each year in line with inflation. This would assist the Authority in being able to set a balanced budget whilst still meeting the needs of service users.</p> <p><b>Response</b> - Agreed. Consideration would need to be given to any on-going contractual obligations that may drive unit cost prices as the Authority cannot charge more than the cost of the service nor can they run a tiered or inequitable charging regime.</p>	<p>Service Manager Commissioning</p>	<p>November 15</p>
<p><b>Action</b> - It is recommended that the charges for day care sessions, transportation and respite care for adults with disabilities be reviewed and compared to the actual cost of providing the service. If charges are not periodically reviewed and uplifted, increased uptake could result in funds having to be diverted from other areas within the Social Care budget to meet these escalating costs.</p> <p><b>Response</b> - There is on-going work that is basing the unit</p>	<p>Service Manager Commissioning</p>	<p>November 15</p>

<p>cost values of day care session at present that will assist in the review of these charges. Respite / short break contracts are also being reviewed to aid marketplace diversity and provide a more transparent charging regime. Recommendations on charging increases are unlikely to be considered until after the elections thus delaying any implementation.</p>		
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<p><b>Assignment: Community Hubs</b></p>	<p><b>Opinion: Green</b></p>	
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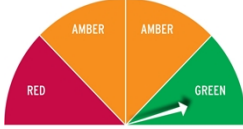
**Headline Findings:** Our review of Community Hubs identified 1 medium and 2 low recommendations around the application of the control framework. There has been no previous review in this area.

<p><b>Action</b> - It is recommended that partnership working with the commercial sector is explored and widened to bring greater expertise and potential funding and training opportunities to the Hubs and the community. This would improve their skills and expertise and assist in sustaining the Hubs for the benefit of all citizens in the longer term.</p> <p><b>Response</b> - Community Hubs, to date have been developed at an individual local level. It has been recognised by the Programme that efficiencies and extended benefits could be achieved through a different approach and therefore as reported to Cabinet, it has been proposed that a parent company be set up to manage the delivery of Hubs and their ongoing support, including supporting back-office functions and providing management support and mentoring. A key element of this is the involvement of larger businesses from across the borough.</p>	<p>Community Development and Equalities Manager</p>	<p>Superseded</p>
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<p><b>Assignment: Housing Rents</b></p>	<p><b>Opinion: Green</b></p>	
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**Headline Findings:** Our review of Housing Rents identified 2 medium and 1 low recommendations around the application of the control framework. The 2 recommendations from the previous review had been implemented.

<p><b>Action</b> - It is recommended that in future, all former tenants' debts are referred to the Debt Recovery team in a timely manner. By not referring debts under £1,000 promptly, these debts could escalate and may become more difficult to recover, particularly if people move.</p> <p><b>Response</b> - These are now being monitored and chased by the Rents Team. There is an on-going discussion with the Head of Service on whether all debts should be transferred to the debt recovery team, not just those over £1,000.</p>	<p>Head of Housing</p>	<p>March 15</p>
<p><b>Action</b> - The procedure for carrying out the weekly cash reconciliation between the Paris Cash Receipting system and the Saffron Rents system should be documented so staff can follow the process in the event of someone being absent or leaving.</p> <p><b>Response</b> - Agreed. Procedures to be developed.</p>	<p>Housing Rents and Welfare Manager</p>	<p>March 15</p>

<p><b>Assignment: NNDR (National Non Domestic Rates)</b></p>	<p><b>Opinion: Green</b></p>	
<p><b>Headline Findings:</b> Our review of NNDR identified 1 medium recommendation around the application of the control framework. The 2 recommendations from the previous review had been implemented.</p>		
<p><b>Action</b> - Care should be taken to ensure all Mandatory and Discretionary Reliefs are properly authorised and adequate documentation to support the awarding of the discount is received. This reduces the likelihood that discounts will be awarded at the wrong rate.</p> <p><b>Response</b> - Accept your comment this is an unusual occurrence. In future more attention will be given to details and authorisation.</p>	<p>Revenues Officer</p>	<p>Immediate</p>

# CHANGE CONTROLS (SERCO)

## 1 Executive Summary

### 1.1 Introduction

An audit of Change Controls (Serco) was undertaken as part of the approved internal audit periodic plan for 2014/15.

The Authority has a fifteen year Strategic Services Partnership (SSP) agreement which commenced with Vertex in April 2005 covering ten service streams: Administration, Customer Services, ICT, HR and Payroll, Property, Procurement, Facilities, Highways Engineering, Financial Services and Revenue/Benefits. In June 2012, Vertex was acquired by Serco Public Services Ltd and is now known as Serco. In August 2013 Property Services and Highways & Engineering were transferred back in-house to the Authority.

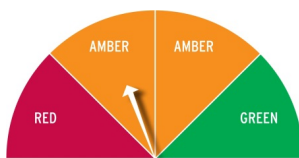
The Partnership Operations Board (POB) is the formal point for approval of change controls. Change controls should be used for all activities relating to the Strategic Services Partnership with Serco that result in changes to workloads, variation of service agreements and additional one-off items to support short term activities. POB meets on a monthly basis.

Commercial Services has responsibility for managing the change control mechanism. The service has published the governance arrangements for the partnership and has created the procedures for completing and complying with the change control process. This review looked at the robustness of the change control mechanism and compliance with the process.

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

<b>Objective</b>	Review the Change Control process to confirm whether the mechanism in place is complied with and fit for purpose.
<b>Risk</b>	If there is not a formal, open process to action change controls with the strategic partner, the Authority could incur additional charges which may not be due or merited.

### 1.2 Conclusion



**Taking account of the issues identified, whilst Thurrock Council can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.**

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:

#### Effectiveness

The new change control system appears to be far more robust than previous methodologies. However, the assessment of benefits to the Authority and its ability to obtain value for money is hampered by non-compliance.

Sample testing demonstrated that the supporting documentation for proposals was at best incomplete or, in some cases, non-existent. A lack of evaluation and risk assessment means that proposals cannot be adequately impact assessed.

Costings are often fragmented and a lack of projected costs over the lifetime of the project means that the Authority is not able to plan for additional expenditure or cost savings accurately.

In addition, some change controls appear to involve applications for temporary support staff. The Authority is monitoring the extensions to temporary posts and implementing an approval for funded posts only, which do not result in additional costs. However, the Authority also operates a contract for temporary staff with Comensura Ltd.



### **Design of control framework**

We have identified one '**Medium**' category recommendation relating to the design of the control framework:

- Although Commercial Services have produced two reports for Director's Board this year detailing the volume and type of change controls, there has not been a consistent approach to reporting headline financial data and trends analysis.

The following controls were identified as designed adequately:

- The change control template was available on the intranet, supported by a process flowchart and a pre submission checklist. This was confirmed as fit for purpose, with a few minor amendments suggested.
- The governance arrangements were confirmed as adequate and published on the intranet.
- Roles and responsibilities were identified and terms of reference outlined in the arrangements.
- Commercial Services manage the change control mechanism and record the detail of all change controls submitted.

### **Application of and compliance with control framework**

We have made one '**High**' category recommendation addressing the following issues relating to the application of and compliance with the control framework:

- In the majority of cases sampled, there was a lack of documentation, including risk assessments, to support the change control. A checklist was available to guide the sponsor through this but compliance was an issue. It was also noted that not all parts of the form were completed e.g. level of approval sought such as Cabinet, Directors Board, Directorate Management Team etc. There was also evidence to show that, in some cases, the template forms were being adapted to suit the Sponsor i.e. some fields removed.
- In 4 cases out of the sample of 25, it was difficult to determine whether on-going costs had been calculated correctly and over what period they would be charged. This was particularly noted for ICT projects where costs were highlighted in one major proposal sampled, but with a proviso that it was dependent upon a number of factors and subject to change. It was also common practice to apply for add-ons, upgrades and additional work required by the sponsor as a separate change control. It was also noted that a significant number of business administration applications were put through the change control process, despite the existence of a corporate contract with Comensura Ltd for temporary and agency staff. Some applications may have related to Serco positions but an increasing number related to existing, or new, Council establishment posts.

The following controls were identified as compliant:

- Minutes of Operational meetings were confirmed as evident and demonstrated a review of the change controls presented. Significant issues were discussed and action points raised.
- All change controls were presented to POB each month, therefore a prioritisation scheme was not required. A minimum of two Clients and two representatives of Serco were required to approve changes.
- Commercial Services carried out a financial analysis each month and reconciled invoices submitted by Serco. The reports support change control activity and also monitored Europa payments.
- Proposals for contractual changes were recorded and actioned at POB. Challenges were minuted demonstrating open debate rather than a rubber stamping exercise.

## **1.3 Scope of the review**

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:**

- Governance, Approvals Hierarchy, Application guidance.

#### **Limitations to the scope of the audit:**

- This audit will focus on the information presented to us at the time of the review and will not identify if additional relevant information exists in the Council.
- The scope of the work will be limited to those areas examined and reported upon in the areas for consideration in the context of the objectives set out in for this review.
- It should not, therefore, be considered as a comprehensive review of all aspects of non-compliance that may exist now or in the future.

- Any testing undertaken as part of this audit will be compliance based and sample testing only.
- The audit is limited to the evaluation of the Change Control Mechanism and will not cover partnership working, performance indicators or escalation matters.
- Our work does not provide an absolute assurance that material errors, loss or fraud do 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	1	0
Application of control framework	1	0	1
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>

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

Risk	Priority		
	High	Medium	Low
If there is not a formal, open process to action change controls with the strategic partner, the Authority could incur additional charges which may not be due or merited.	1	1	1
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>

## 1.5 Additional Feedback

### Good Practice Identified During the Audit

The pre submission checklist and flowchart was a useful tool to guide sponsors through the change control process.

## 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
1.1	A member of Legal Services should periodically attend the Partnership Operation Board (POB) to provide guidance as the volume and nature of changes may be significant to the operation of the contract.	Low	N	A member of the legal services team is sent the papers related to POB for review and to provide advice as required.  <u>Audit Comment</u> – Accepted but If legal are not required to attend meetings they should be removed from the list of POB members.	N/A	Eldred – Taylor Camara
1.2	The headline data for change controls produced by the Commercial Services Team should be provided to the Directors Board (DB) and the Partnership Operations Board on a regular basis as it provides costs by type and nature. This would assist management in monitoring efficiency and analysing trends, as well as helping to identify opportunities to make further savings.	Medium	Y	A running total of all change control is maintained by Partnership and is available to all members of POB. In addition more regular briefings on SSP have been going to DB since July. The headline changes in the financial cost of the SSP as a result of change control will now in added to any further reports and briefings.	Implemented - November 14	Kathryn Adedeji

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1.3	<p>It is recommended that the sponsors are made aware that the change control will not be progressed to the client side senior manager until they provide the Commercial Services Team with a detailed business case and relevant supporting documentation. This must include a risk assessment, to evaluate the impact of the proposed changes. On-going costs or savings need to be more clearly documented on the forms. Only when all the documentation is fully completed and received, should it be passed to the client side senior manager for evaluation of the benefits and risks and then they will either approve or reject the proposal and sign off the change control. This will help ensure a robust process has been followed which allows the senior client side manager to make a decision based upon the full information available, including projected on-going costs. The risk assessment should reduce the likelihood of unforeseen costs being incurred in the future.</p> <p>In addition, the Authority should review its strategy with regards to temporary or permanent staff recruitment. It needs to determine whether the partnership contract can be used to recruit staff over and above those posts that transferred to Vertex originally or whether it should be using the Comensura contract. Approval to support or reject the change control proposals around staff posts should be taken through the Matching Panel and this should be documented on the form.</p>	High	Y	<p>The Council submitted to the partnership operations board in October, a revised change control template which will ensure sufficient information is provided for the Council to make informed decisions. This followed discussions and the presentation of this template to the Council Leadership Group in October. The further change suggested by this audit will also be implemented. The commercial services team will take responsibility for evaluation of all contractual and commercial information relating to change controls and service managers and budget holders will be asked to sign off only as it relates to their budgets.</p>	Implemented - November 14	Kathryn Adedeji

### 3 Findings and Recommendations

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all audit testing undertaken.

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
<b>Risk 1: If there is not a formal, open process to action change controls with the strategic partner, the Authority could incur additional charges which may not be due or merited.</b>					
1.1	Schedule 13 is available on the intranet under Commercial Services and outlines the roles and responsibilities of the Partnership Management Board and the Partnership Operations Board. It also outlines the terms of reference for both bodies and the escalation process.	Yes	A review of the governance arrangements confirmed that the roles and responsibilities and terms of reference were outlined. The approvals hierarchy was identified through schedule 13 and the supporting guidance to the change control process. It was noted from a sample of 2 month's minutes from POB, that the Deputy Monitoring Officer was not present although change controls were submitted to Legal Services when appropriate for comment. It was also noted in the recent minutes of POB, that SERCO are challenged and questioned if the Council need to clarify change requests. Some requests had been rejected.	A member of Legal Services should periodically attend the Partnership Operation Board to provide guidance as the volume and nature of changes may be significant to the operation of the contract.	Low
1.2	There is currently no regular reporting of change controls. Reports are only provided when requested.	No	An analysis of change controls was requested by Directors Board (DB) in February 2014 and an additional change control report was produced in June 2014. Reports were not formally produced monthly. A review of the reports created and maintained by the Council's Commercial Services Team showed they were monitoring the volume and detail of change requests. A log was kept recording the details of the request and the officer responsible for submitting it. If evidence was not provided to support the request, it was returned to the sponsor for further supporting documentation. The Commercial Services Team also recorded the payments and journals for Corporate Finance and as part of that process, carried out a reconciliation and data analysis. In addition, elements of financial controls were monitored such as	The headline data for change controls produced by the Commercial Services Team should be provided to the Directors Board and the Partnership Operations Board on a regular basis as it provides costs by type and nature. This would assist management in monitoring efficiency and analysing trends, as well as helping to identify opportunities to make further savings.	Medium

	<b>Controls (actual and/or missing)</b>	<b>Adequate Design (yes/no)</b>	<b>Test Result / Implications</b>	<b>Recommendation</b>	<b>Categorisation</b>
			indexation. The monitoring element now includes a log of staffing costs that extend beyond the original agreed timescales.		
1.3	Change controls are submitted by a sponsor (budget holder) through the change control mechanism and checked by the Commercial Services Team. The proposed changes, together with supporting documentation and business case, are submitted to the relevant client side senior manager for review and evaluation. The client side senior manager then evaluates the business case and change control form to determine the implications of the proposed change. The change is then approved or rejected. It was established that the requirement for risk assessments and identifying risks at the point of implementation were stated in the POB pre submission process checklist. The requirement for a risk assessment should be incorporated into the business case.	Yes	<p>A sample of 25 change controls submitted to the client side senior manager and the business cases associated with them were reviewed. It was found that:</p> <ul style="list-style-type: none"> <li>• As the change control system had recently been updated, it was difficult to assess compliance with the new forms. There were examples where the form was not fully completed. It was clear from sample testing that the presentation of supporting documentation by the change sponsor, to the Commercial Services Team, was not fully embedded in the process.</li> <li>• The introduction of the Client Team process to review and agree or reject change controls is new. The POB pre submission process requires a senior manager on the client side, who has been given specific responsibility for a business area, to carry out a formal evaluation of the business case and change control and approve or reject them, prior to submission to POB. The business case description on the forms was generally brief and sometimes lacked supporting documentation. Whilst there was some email evidence to support challenge of the benefits and costs in some business areas, in others, there was insufficient detailed evidence to support the vetting of the business case and change control application.</li> <li>• It was apparent from the sample that some proposals were challenged more than others. This may be due to the type of changes involved and the experience of the client. It was noted that the Council is looking to employ an ICT Client Manager who will be able to review the proposed changes on</li> </ul>	It is recommended that the sponsors are made aware that the change control will not be progressed to the client side senior manager until they provide the Commercial Services Team with a detailed business case and relevant supporting documentation. This must include a risk assessment, to evaluate the impact of the proposed changes. On-going costs or savings need to be more clearly documented on the forms. Only when all the documentation is fully completed and received, should it be passed to the client side senior manager for evaluation of the benefits and risks and then they will either approve or reject the proposal and sign off the change control. This will help ensure a robust process has been followed which allows the senior client side manager to make a decision based upon the full information available, including projected on-going costs. The risk assessment should reduce the likelihood	High

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
			<p>a technical and value for money basis.</p> <ul style="list-style-type: none"> <li>• The creation of new change controls to provide for additional expenditure, upgrades or add-ons to existing change controls was diluting the total costs involved. This means the Authority may not have a clear projection of the actual and expected costs for a whole project.</li> <li>• Some departments appear to be using Serco as a staff agency rather than utilising the Comensura contract, both in terms of administrative and other staff.</li> <li>• No formal risk assessments were available.</li> <li>• It was noted that the finance arrangements were not signed. It was assumed by the client that this has been discussed between the budget holder and Corporate Finance in advance. However, it was noted that the Head of Corporate Finance was a member of the Partnership Operations Board.</li> </ul>	<p>of unforeseen costs being incurred in the future.</p> <p>In addition, the Authority should review its strategy with regards to temporary or permanent staff recruitment. It needs to determine whether the partnership contract can be used to recruit staff over and above those posts that transferred to Vertex originally or whether it should be using the Comensura contract. Approval to support or reject the change control proposals around staff posts should be taken through the Matching Panel and this should be documented on the form.</p>	

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

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