Audit and Performance Committee Report

City of Westminster

Meeting:	Audit and Performance Committee
Date:	12 May 2016
Classification:	For General Release
Title:	Internal Audit 2015/16 – Progress Report (January to March 2016)
Wards Affected:	All
Financial Summary:	The Council's budget
Report of:	Steven Mair, City Treasurer (Section 151 Officer)
Report author:	Moira Mackie, Senior Manager; email: moira.mackie@rbkc.gov.uk Tel: 020 7854 5922

1.   Executive Summary

1.1   The work carried out by the Council's Internal Audit Service in the reporting period found that, in the areas audited, internal control systems were generally effective although six limited and one no assurance audits have been issued.

1.2   Follow up reviews completed in the period confirmed that the implementation of medium and high priority recommendations has been consistently effective.

1.3   The Appendices to this report provide the following information:

- **Appendix 1** Audit reports finalised in the year to date, showing the assurance opinion and RAG status;

- **Appendix 2** - Additional information on the audited areas;

2.   Recommendation

That the Committee consider and comment on the results of the internal audit work carried out during the period.

3. Background, including Policy Context

With effect from 1 April 2015, the Council's internal audit service has been provided by the Tri-borough Internal Audit Team which is managed by the Tri-borough Director for Audit, Fraud, Risk and Insurance. Audits are undertaken by the in house audit team or by the external contractor to the service. Reports on the outcomes of audit work are presented each month to the Council's Section 151 Officer and to Members of the Audit & Performance Committee. The Audit & Performance Committee are provided with updates at each meeting on all limited and no assurance audits issued in the period.

4. Internal Audit Opinion

4.1 As the provider of the internal audit service to Westminster City Council, the Tri-borough Director for Audit, Fraud, Risk and Insurance is required to provide the Section 151 Officer and the Audit & Performance Committee with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. In giving this opinion it should be noted that assurance can never be absolute. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

4.2 No internal audit work has been undertaken on the Council's key financial systems due to the implementation of the Managed Services Programme. In order to obtain assurance on the accuracy of the information being processed through the Managed Services environment and feeding into the Council's financial management system, the Council's Finance Team has undertaken a very significant amount of transaction testing in a number of the key financial areas. Internal Audit has reviewed this testing and it has been confirmed as thorough and focused on the key areas of risk. Corrective action is being undertaken by both Council staff and by the Managed Service provider and mitigating actions have been taken by the Council to minimise the impact of any errors identified on the Council's financial management information. Although the Council has been proactive in identifying errors and weaknesses to the Managed Services provider, it should be noted that until robust controls and systems are embedded, the potential for further related or unrelated errors, cannot be ruled out.

4.3 The results of the audit reviews undertaken in the reporting period concluded that generally systems operating throughout the Council are satisfactory. Six limited and one no assurance reports have been issued:
   - Tri-borough - Contracts Register (no assurance);
   - Housing Repairs Service;
   - MSP – High Level Controls;
   - IT – Third-Party Remote Access;
   - St George's Primary School

- St James' & St John's Primary School;
- St Vincent de Paul Primary School.

The details of these audits are contained in paragraphs 5.1.1 to 5.1.5 below.

4.3   The Finance leads at Westminster, Kensington & Chelsea and Hammersmith & Fulham requested an advisory review of the bank reconciliation process following the implementation of Agresso and Managed Services. The review identified some areas of improvement to the process which are being considered for implementation by the Finance leads and the Shared Service Centre.

5.   Audit Outcomes (January to March 2016)

5.1   Since the last report to Members twenty-five audits have been completed, eighteen of which did not identify any key areas of concern:

Audit	Assurance	RAG
Adult Social Care – Community Independence Service*	Substantial	Green
Adult Social Care – Developing Systems (Customer Journey)*	Substantial	Green
Children's Services – Soho Parish School	Satisfactory	Green
City Management & Communities – Licensing*	Satisfactory	Green
City Management & Communities – Leisure Services Procurement*	Substantial	Green
City Management & Communities – Mayor of London Grant*	Substantial	Green
Corporate Services - Housing Benefit	Substantial	Green
Corporate Services - Capital Programme / Accounting	Satisfactory	Green
Corporate Services – Council Tax	Substantial	Green
Corporate Services - NNDR	Satisfactory	Green
Growth, Planning & Housing - Housing Rents	Satisfactory	Green
Growth, Planning & Housing - Planning – Enforcement (Appeals)*	Substantial	Green
IT Cyber Security*	Satisfactory	Green
Adult Social Care – Health Services Integration*	Satisfactory	Green
IT Software Licensing*	Satisfactory	Green
Public Health – Joint Strategic Needs Assessment*	Satisfactory	Green
Growth, Planning & Housing – Procurement of Major Works*	Satisfactory	Green
Children's Services – Semi-Independent Living*	Satisfactory	Green

*Further information on these audits is contained in Appendix 2.

The findings from the limited and no assurance audits are summarised in paragraphs 5.1.1 to 5.1.5 below:

5.1.1 **Tri-borough Contracts Register (Red)**

All Council procurement with an estimated value exceeding £10,000 must be conducted through capitalEsourcing which promotes a standardised and structured method of managing procurement exercises, acts as a repository and central record for all contracts and helps to ensure that a complete audit trail is maintained, including a record of governance processes and communications with suppliers. The audit identified that capitalEsourcing was not consistently updated including:

- contracts were not being entered onto the system in a timely manner;
- not all of the mandatory fields in the system were being completed;
- changes in contract status were not being updated;
- contract extensions were not always clearly recorded;
- contract performance assessments were not always completed on capitalEsourcing.

The recommendations to improve the accuracy of information on the capitalEsourcing system have been addressed by the Council's Procurement Team who are working with the service areas to improve compliance. A follow up review is currently being undertaken.

5.1.2 **Housing Repairs (Amber)**

CityWest Homes (CWH) currently manages approximately 21,000 homes for the Council. At the time of the audit, the method for procuring housing repairs was under review prior to the expiry of the current provider's contracts. In addition, CWH was in the process of implementing the Agresso system and this has caused delays in the invoicing of rechargeable works.

CWH employs external contractors to undertake repairs with one contractor undertaking approximately 55% of the repairs raised by CWH. The contractor invoices for work on the basis of an Average Order Value. CWH employ the services of an independent firm to undertake audit of these works to ensure that CWH are receiving value for money. The independent firm are expected to sample jobs and analyse their findings to confirm the appropriateness of the Average Order Value level and identify any substantiated cost from missing or incorrect invoices. At the time of the audit, no independent reviews had been undertaken for 2015/16 and the results of previous year's reviews were not delivered in a timely manner and included a number of unsubstantiated costs. Two high priority recommendations were made in respect of these issues.

In addition two medium priority recommendations were made in respect of improvements required to the post inspection of repairs work.

5.1.3 MSP - High Level Controls (Amber)

This objective of this audit was to review the key controls in place as a result of the transfer from the previous financial systems to Agresso Business Work and the Managed Service. However, a number of the elements of the systems were not live at the time of the audit and, in some cases, audit were not able to access the staff required to walkthrough the systems and controls. As such, testing has not been completed in all areas of the agreed scope and no assurance can be provided in some areas where audit was unable to gain access. The audit took place over a period of several months and further changes were being made to the system as the fieldwork progressed. A total of four high and six medium priority recommendations have been made with the acknowledgement and awareness that the project team has been engaged in delivery a key programme of transformation to the tri-boroughs which has presented unique technical and logistical challenges due to the nature of the Shared Services as well as being subject to programme staffing changes and time limitations.

5.1.4 IT – Third-Party Access (Amber)

In order to provide a secure and robust IT service, it is essential that 3rd party access to key operational devices and/or systems is conducted through a robust framework. This framework should ensure that access is permitted only where appropriate controls are in place to restrict access to authorised 3rd party organisations, any changes are done in accordance with agreed Change Management procedures and there is a robust accountability framework present.

A third party is defined as any individual or organisation that is not part of the three Councils (Hammersmith and Fulham, the Royal Borough of Kensington and Chelsea, and Westminster City Council) or an employee who requires access to any aspect of the Councils IT infrastructure for a specified purpose.

Seven medium and one low priority recommendations have been made to address the control weaknesses identified including:
- the need to update the detailed procedure note for this area and to ensure that an approved policy for third-party access is established
- ensuring that appropriate evidence is retained for persons applying for third-party remote access with a unique account allocated to each user, records available to monitor user access and accounts disabled in a timely manner;
- maintaining appropriate evidence of the timely application of antivirus solutions and the outcomes of the annual Penetration Testing.

5.1.5 Schools (Amber)

Three schools were audited in the period that received limited assurance:
- St George's, Hanover Square, Primary School;
- St James' & St John's, Primary School;

- St Vincent de Paul, Primary School.

Recommendations were made to address weaknesses in the governance and control frameworks at these schools including:
- Ensuring that the frequency of Governor's and Committee meetings is agreed by the governors;
- Ensuring that the register of pecuniary interests is completed by all Governors and relevant staff every year;
- Undertaking a review of Governor's skills on a regular basis;
- Ensuring policies, including financial limits, are reviewed and approved on a regular basis (at least annually);
- Maintaining evidence of annual review by the governors of school expenditure, the budget monitoring process and school contracts;
- Ensuring that the Head Teacher's pay is reviewed and approval each year by the Governing Body;
- Maintaining an adequate separation of duties in the procurement and income systems;
- Ensuring that purchase orders are raised for the procurement of goods and services and appropriate checks are made on goods/services received prior to payment;
- Reconciling financial systems on a regular basis;
- Ensuring the asset register is kept up to date;
- Ensuring that changes to payroll are managed in a timely manner to avoid payroll errors.

5.2 **Implementation of Audit Recommendations**

Three follow up audits were undertaken in the period (January to March 2016):

Audit	No of Recs Made	No of Recs Implemented	No of Recs In Progress
Children's Services - Two-year old offer	3	2	1
Corporate Services - DBS Checks	9	8	1
Adult Social Care - Risk Management	7	6	1
	19	**16**	**3**

Progress is being made on the recommendations not yet fully implemented.

In 2015/16, a total of twenty-four follow up reviews found that the implementation of recommendations was generally good with 96% of high and medium priority recommendations implemented or being implemented at the time of the review. Further follow up work will be undertaken to ensure that outstanding recommendations are implemented.

The recommendations made following the review of the Contracts Register are currently being followed-up and initial findings indicate that implementation is good.

If you have any queries about this Report or wish to inspect any of the Background

Papers please contact:

Moyra McGarvey or Moira Mackie on 020 7854 5922,

Email: moyra.mcgarvey@rbkc.gov.uk or moira.mackie@rbkc.gov.uk

BACKGROUND PAPERS
Internal Audit Reports;
Monthly monitoring reports.

Performance Indicators – 2015/16

Internal audit performance is summarised below against a range of performance indicators:

Performance Indicators	Target	Actual	Comments
Delivery			
Percentage of audit jobs completed by 31 March 2016	85%	87%	
Percentage of draft reports issued within 10 working days of fieldwork being completed	90%	94%	
Percentage of audits finalised within 10 days of a satisfactory response	95%	100%	
External audit conclude they can place reliance on Internal Audit work (annual)	Yes	Yes	*Liaison with external auditors to provide evidence of internal audit work.*
Percentage of jobs with positive feedback from client satisfaction surveys	90%	100%	
Percentage of high and medium priority recommendations accepted by management	95%	100%	
Percentage of high and medium priority recommendations implemented by management	95%	96%	

Additional Information on Audits (Main report – Paragraph 5.1)

Adult Social Care:

1.   **Community Independence Service Project Management**

The Community Independence Service (CIS) is one of five projects under the Customer Journey Programme and aims to reshape the Adult Social Care (ASC) Service. The CIS was formed to enable adults to regain independence should they suffer from an illness or be discharged from hospital and aims to reduce the need to be readmitted to hospital by offering treatments at home and provide support. The support that will be offered varies and covers assessing needs, support in offering care services, helping with medical care, medical conditions and treatment plans, support in referrals and providing health and fitness support. As part of the programme to offer an improved customer journey and experience, a target operating model (TOM) was developed to show what the newly redesigned service would look like. This includes how referrals are made to the service through either GPs, triage, hospital etc. and will enable the customer to 'walk through one door' and receive the same service and support regardless of where the referral was made from. In addition to the TOM, the project has designed how the customer will be using the service by illustrating this on a process map.

The Better Care Fund (BCF) Plan went to the three Councils' individual Cabinets between October and November 2014, to seek approval to commence a programme to deliver the objectives. The proposals were agreed and the Programme initiated to begin delivering the objectives. At present, the CIS project is further ahead than the others and was therefore the focus for this audit.

The Project reports to the Customer Journey Programme Board as well as being monitored by the Portfolio Delivery Steering Group, ASC Steering Group and Better Care Fund (BCF) Steering Group. This programme is funded by the BCF. The audit confirmed that the project was being managed effectively with one medium and one low priority recommendations made in respect of updating project documentation and risk management records.

2.   **Developing Systems, Customer Journey**

The Customer Journey programme has been set up with a view to consider alternative ways in which the Adult Social Care Service can offer efficient and effective service to its customers. The programme aims to deliver a range of changes to improve the delivery of preventive care services, including reablement, occupational therapy and social work. Prior to the programme initiating, a project was set up to research the areas that were most important to customers. These were then used as designed principles for the Customer Journey Programme. The five areas of great importance to customers were Independence, Control, Clarity, Co-Ordination and Quality.

The Customer Journey is a programme with a number of projects and is funded by the Better Care Fund. A Programme Board has been set up to enable an appropriate control and assurance mechanism for all projects, and to ensure decisions are made by an agreed set of stakeholders. There are a number of boards which the programme report to including departmental management and the Better Care Fund (BCF) Steering Group.

The Programme had agreed to use the London Council's Programme Management Approach (PMA) Lifecycle to deliver the Programme to provide consistency with other Programmes across the Council. The PMA is a generic Programme Management guide aimed at supporting Local Government Authorities to deliver Change and Transformation Programme and incorporates elements of Prince 2 and Managing Successful Programmes (MSP) but is tailored to meet the needs of its users.

The Programme was generally managed effectively with two medium and one low priority recommendations made to strengthen the process.

3.   **Health Services Integration**

Section 75 of the National Health Service Act 2006 (formerly Section 31 of the Health Act 1999) and the Regulations provide powers for local authorities and NHS bodies to set up joint working arrangements. Partners enter into an agreement in exercise of the powers in Section 75 of the Act and the Regulations in order to establish a framework for the delegation of management responsibility of the services to be provided to eligible people within the Council's administrative area in accordance with the terms of the agreement. The partners wish to ensure that services for people with health, wellbeing and social care needs are planned, commissioned and provided in an integrated manner. The primary aim of these agreements is to ensure the most cost-effective use of the combined resources of the partners to address the health and care needs of people who are their responsibility.

The audit noted that the Schedules of Agreed Services for 2015/16 had not been agreed and finalised at the time of the audit. In addition, monitoring reports for the progress against agreed service objectives and targets were not consistently reported to the Joint Finance Oversight Group (JGOG) and no Terms of Reference for the JFOG could be provided. Two medium and one low priority recommendations were made to address these weaknesses with actions agreed to be implemented before the end of the financial year.

City Management & Communities:

4.   **Licensing**

Westminster City Council is the largest licensing authority in the United Kingdom. It receives and processes in excess of 10,000 licence applications per year, and issues licences and other permissions under the provisions of over 60 different statutory licensing regimes.

The council has established Licensing policies for some of the licensing regimes it is responsible for. Some of these policies have been produced as a statutory requirement of the relevant legislation governing that particular licensing regime. The council has also established its own fees to cover processing and determination of applications as well as ensuring compliance with the relevant licensing regime. Some fees are set by statute and those fees cannot be amended by the council, however the council is responsible for setting other fees to cover processing and determination of applications as well as ensuring compliance with the relevant licensing regime. The council reviews the fees that it can set at regular intervals to ensure that the fee being charged recovers the cost of the application process and ensuring compliance. The fee level must be set to not generate income in excess of the cost associated with delivery. Details of fees are available on the Council's website.

Following the introduction of the EU Service Directive in 2009 the council fees for sex establishment licences were challenged in the courts, commonly known as the Hemming case. The judicial review was made on the basis that they had not been set correctly, no surplus or deficits from previous years licence fees had been taken into account and that the fees incorporated costs for enforcement against illegal operators which was not part of the administrative process for determining a licence application. The outcome of this litigation process has established specific requirements that Licensing Authorities must consider and implement when setting its fees. This includes the consideration of surpluses and deficits, how fees are calculated, the regularity of the fee revision process and what can and cannot be included within the fee levels e.g. enforcement costs. The element of the Hemming case relating to the inclusion of the cost for compliance and enforcement within the licence fee has been referred to the European Court of Justice.

The fees that the Council can set for its Licensing regimes were reviewed in August 2015. The general Licensing fees for 2016 were approved by the Council Licensing Committee on the 18th November 2015. The Street Trading fees will be consulted upon in 2016 with a view to implementing any new fee levels following that consultation process.

Audit found that appropriate governance arrangements were in place and the accuracy of fee calculations could be verified. Three medium and three low priority recommendations were made to enhance the system of controls.

5.   **Leisure services procurement**

The Council owns 8 leisure centres and sites which are currently managed by one company under 3 separate contracts (due to historical reasons). The first contract was awarded in 1999 and all contracts are due to expire on 30 June 2016. When combined, the three existing contracts are surplus-generating and delivered £884k of income to the Council last year. The contracts largely consist of an agreed fixed fee payment to the Council, although there are 'over-performance' thresholds within the contract. These ensure that the benefit is shared if financial performance exceeds an agreed level. Performance is managed through an open-book arrangement. The contractor is responsible for all areas of operation including staffing, maintenance, marketing, activity programming and administration. The Council retains responsibility for setting fees and charges, service strategy and capital investment in the external fabric, structure and major plant for the buildings.

An audit review was requested of the tender evaluation processes followed as part of the Leisure Services contract relet to ensure that they are in accordance with the agreed Procurement Strategy and ITT document for the contract relet. No exceptions were found from this review and no recommendations were made.

6.   **Mayor of London Grant**

The Council applied for and receives funding from the London Crime Prevention Fund (LCPF) through the Mayor's Office for Policing and Crime (MOPAC). Grant claims for this total approximately £250,000 per quarter. The Council signed a LCPF grant agreement in 2013, this is a four year agreement however is reviewed and updated annually. The LCPF agreement sets out the projects which MOPAC will agree to fund as well as the outcomes expected and any match funding arrangements.

Grant claims are usually submitted to MOPAC shortly after the quarter to which they relate and are reviewed and validated by MOPAC before being paid, this process usually takes one month. MOPAC can decide to withhold part of a grant claim payment if they are dissatisfied with the outcomes achieved, the Council may still be required to fund third party providers – dependent upon any payment by results arrangements in place.

Generally the processes for managing the information required to complete the grant claims were effective although there had been some issues in obtaining the financial information required from Agresso. This resulted in the Lead Officers putting in place alternative solutions to ensure that the grant claims could be completed. Two medium and two low priority recommendations were made to enhance the systems of control.

Public Health:

7.   **Joint Strategic Needs Assessment (JSNA)**

JSNAs are developed jointly by local health and social care partners. The aim of JSNAs is to provide a detailed picture of the current and future health needs of the local population. This information is used to identify actions that local agencies need to take to improve the well-being of individuals and communities across the three boroughs. Although Local authorities and Clinical Commissioning Groups (CCGs) are responsible for producing JSNAs, many other partners are involved in the process, including service providers, voluntary organisations and bodies representing patients and service users.
As well as an overarching JSNA for the three boroughs, more specific JSNAs are also undertaken focusing on a specific theme.

Recent specific JSNAs published by the three boroughs cover topics including Childhood Obesity, End of Life Care and Dementia. Reporting of the key public health challenges and opportunities locally is used by the Health and Wellbeing Boards to develop their Health and Wellbeing Strategies, along with other key sources of information such as these JSNA documents on specialist areas, strategic plans, assessments and policy, and views from service users and the public.

The audit verified that the process for developing and maintaining JSNAs was generally effective with two medium and one low priority recommendations being made on improving the timeliness in finalising schedules of agreed services, reporting targets and information regularly to the appropriate oversight group and maintaining formal minutes for the oversight group to evidence effective review and approval.

Corporate Services:

8.   IT – Cyber Security

Effective cyber security arrangements are required for the protection of systems, networks and data stored or transmitted in cyberspace via the internet to eliminate or minimise the potential impact of a major breach in cyber security which includes operational disruption, legal and reputational implications from personal data loss and financial loss.

The Public Services Network (PSN), which superseded the Government Connect Secure Extranet (GCSx) and the Government Secure Intranet (GSi), is a UK government Wide Area Network, whose main purpose is to enable connected organisations, including local authorities and central government, to communicate electronically and securely.

The PSN Code of Connection (Co-Co) requirements provide a set of security standards that all organisations must meet when joining the PSN. Every Local Authority has to comply with the PSN requirements which each of the shared services Councils has successfully achieved.

The 2014 HMG Cyber Essentials Scheme identified the five core areas where cyber protection controls will help mitigate the risk and impact of cyber security threats. These five areas were determined following review of the successful cyber attacks made against UK businesses and citizens which identified that the vast majority of cyber attacks would have been mitigated or prevented by the effective controls in the five areas of the Cyber Essentials Scheme.

From this year onwards the Cabinet Office has agreed that a single code of connection compliance agreement can be made on behalf of all three shared service Councils (RBKC, H&F and WCC) and this Cyber Security audit was based on evaluating the extent to which the achievement of the PSN Code of Connection accreditation also mitigates against the potential risks and impacts of Cyber Attacks by also meeting the control requirements of the HMG Cyber Essentials Scheme. Whilst satisfactory compliance with the HMG Cyber Essentials Scheme provides some level of assurance that best practice is being complied with, the risk of cyber attack on any network cannot be fully mitigated against due to the nature of the activity within the cyber environment. However the layers of compliance to PSN Co-Co and Cyber Essentials Security control requirements help to minimise the risk of cyber breaches / hacks occurring within the three Councils.

Proactive management and governance of ICT risks and issues helps ensure that the potential impacts of cyber attack are being effectively and demonstrably addressed. Based on the audit work undertaken, the documented "information management and continuity risk" issues and opportunities for improvement were found being clearly identified and actioned.

Three medium priority recommendations were made to further enhance the systems of controls including:

- Consideration by the Head of Information Management and the Shared Services Management Board to seeking certification to the Cyber Essentials Scheme, which would enable the Councils to provide the public with greater assurance of the security of their data and transactions;
- The Head of Information Management and the Information Management Strategy Programme Board should establish a documented shared services information assets register to enable Information Asset Owner (IAO) responsibilities to be assigned across distinct business units; and
- Improved patch and vulnerability management reporting to help the Information Strategy Programme Management Board to ensure networks are adequately protected against known vulnerabilities.

9.   **IT Software Licensing**

Unlicensed software is the unauthorised use or distribution of copyrighted software. This includes the unauthorised downloading, sharing, selling, or installing multiple copies of licensed software. Unlicensed software use also includes license infringement by installing a piece of software more times than the license permits as well as sharing software license codes, uploading software codes to websites so others can download and use it, sharing software license codes or activation keys, as well as user IDs and passwords for web-based software applications.

Unlicensed software use is illegal and can result in both civil as well as criminal penalties. It exposes businesses and consumers to security threats including malware, ransomware, spyware and viruses, and leads to decreased efficiencies in organisations.

The Business Software Alliance, an international regulatory body protecting against software piracy, can impose financial penalties both public and private sector organisations that contravene software licensing laws and even incentivise employees to act as whistle-blowers. With the potential downloading of unauthorised software there is also the risk of viral infection.

Whilst IT arrangements at WCC are outsourced to both Agilisys and BT, the management of the software licensing function is managed in house through the Service Delivery Manager for WCC.

One high, three medium and three low priority recommendations were made to improve the systems of control including:

- Producing a comprehensive software licensing policy;
- Ensuring robust controls are in place to prevent installation of unauthorised software;
- Improved staff communications;
- Maintaining an up to date software media library;
- Implementing a formal process to remove unauthorised software in a timely manner.

Growth, Planning & Housing:

10.   **Planning Enforcement (Appeals)**

The Planning Enforcement Team (PET) receives approximately 2000 - 2500 complaints per annum issuing up to 150 formal notices for breaches of planning control. Where negotiation and the issue of warning letters do not resolve a breach of planning control and the PET considers it expedient and proportionate to issue an Enforcement Notice (EN), the recipient of the notice has a statutory right to appeal against the issue of the EN. From April 2015 to – February 2016, PET received approximately 30 appeals against the issue of formal notices. During this time 46 Enforcement Appeal decisions were made with 91% enforcement appeals determined in favour of the City Council. Appeals can be determined through Written Representations, at an Informal Hearing or at a Public Inquiry. The majority of Appeals reviewed during this audit were determined through Written Representations.

The Planning Service has been through a number of changes during 2015/16, and has adopted a more electronic way of working. The new process has allowed the service to de-clutter, free up floor space, improve officer productivity and aims to improve the customer experience through greater online access to information. The Service expects to deliver a fully online based service by April 2016.

The audit verified that the planning appeals service was operating effectively and in a controlled manner. Three low priority recommendations were made to enhance the existing systems of control including:
- Production of procedures or process maps for the Appeals process utilising the Uniform system;
- Introducing additional performance indicators to evaluate the effectiveness of the service;
- Updating links on the website to the Gov.Uk site.

11.   **Procurement of Major Works**

CityWest Homes (CWH) is responsible for the management of over 21,000 properties owned by Westminster City Council. Of these, approximately 9,000 properties are owned by leaseholders, who are liable to pay their portion of costs for any major works that are undertaken. CWH has a responsibility, on behalf of the Council, to award contracts and to manage the successful contractors and partners in the delivery of its major works schemes. Appointment of contractors by CWH is subject to the terms and conditions applicable to all Council procurement activity, as set out in the Procurement Code. A number of teams within CWH work together with the Council to ensure that projects are properly approved, leaseholder consultation undertaken where required, and projects are managed efficiently, effectively and within budget. Some projects can take some time from the initial scoping of the works to completion and lead officers can change due to staff turnover and changes to the CWH structure.

As part of this audit review the process for specifying, reviewing and approving major works schemes was considered along with how the schemes are managed in terms of both time and budget. It was found that previous processes and controls were not consistently well designed or effective to ensure that risks to the Council from procuring and managing major works schemes were well managed, however changes have now been made which should better manage these risks. From discussion with officers during the audit it was felt that CWH have learnt lessons from those schemes where things have gone wrong and schemes have been pulled where it is felt that the risk to the Council due to poor specifications, inaccurate/increasing budgets, and Section 20 requirements is too high to proceed.

One high, four medium and three low priority recommendation has been made to further improve the controls within the system which have been accepted by CWH

Children's Services:

12.   **Semi-Independent Living**

Under the Children (Leaving Care) Act 2000, Children's Services have a statutory duty to support young people aged 16 / 17 and Care Leavers aged 18 – 24, leaving care. The Tri-borough Children's Services provides Semi-Independent Living (SIL) services to enable young people to make a successful transition from being looked after to becoming a care leaver and then on to living independently. The aim of the service is to provide safe, secure and high quality accommodation and a range of Key Worker-led support services which enables young people leaving care, including unaccompanied asylum seeking young people, to make a smooth transition into independent living as an adult.

In September 2014, the Children Services CoCo Board agreed a proposed SIL commissioning strategy which recommended that block purchases of SIL places are made using the West London Alliance Framework Agreement using a mini-competition for core supported accommodation for Care Leavers in Hammersmith and Fulham and for a small dedicated Care Leaver pathway for RBKC. In addition, the CoCo Board agreed that a Framework Agreement made up of four Lots should be set up, from which additional SIL placements for young people from each of the 3 boroughs could be called off, based on the nature of the placement.

The review concluded that the controls over the development of a suitable strategy for procuring additional SIL placements using a framework contract for use across the tri-borough councils and tendering the opportunity to the market were applied throughout the process to the level expected. One high, two medium and one low priority recommendations were made to improve the controls including:
- Ensuring that all financial appraisals of providers are complete prior to the commencement of the framework and that all relevant documentation supporting the procurement exercise is held within Council's CapitalEsourcing system;
- The need to ensure that providers are advised of the outcome of the tender exercise in a timely manner.