



Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	24 September 2014
Classification:	For General Release
Title:	Internal Audit & Counter Fraud 2014/15 – Progress Report
Wards Affected:	All
Financial Summary:	Appx Value of audited areas: £258m
Report of:	City Treasurer (Section 151 Officer)

1. Executive Summary

Key outcomes from the Internal Audit & Counter Fraud work in the year to date:

- Audit work carried out by the Council's Internal Audit & Counter Fraud contractor, Baker Tilly Risk Advisory Services LLP (Baker Tilly), in the financial year 2014/15 to date found that in the areas audited, internal control systems were generally effective with 80% of the audits undertaken receiving a positive assurance opinion. There are a few areas where control improvements are required and compliance with agreed systems should be improved. In each case, action plans are in place to remedy the weaknesses identified and these will be followed up until they are considered to be complete.
- In addition to the audit work undertaken by Baker Tilly, eight audits have been completed in the year to date in respect of services provided within RB Kensington & Chelsea (RBK&C), LB Hammersmith and Fulham (LBHF) and Westminster City Council (WCC). These were in respect of Tri-Borough Services and were undertaken by the external contractor to LBHF/RBK&C or the in-house internal auditors at RBK&C. A positive assurance opinion was given in 75% of these audits. Where these audits have resulted in a limited assurance opinion, the findings are included in this report and will be taken into account by the Council when preparing the Annual Governance Statement.

- In the period to August 2014, Housing Benefit investigations resulted in seven prosecutions and ten “Cautions” or “Administrative Penalties” which related to overpayments and fines totalling nearly £94k of which approximately £4k has been recovered so far.
- General fraud investigation work during the year has resulted in twelve housing properties being recovered. In addition, investigations into the misuse of disabled parking badges have resulted in one prosecution.

2. Recommendation

That the Committee consider and comment on the internal audit and counter fraud work carried out during the period.

3. Background, including Policy Context

Baker Tilly Risk Advisory Services LLP (Baker Tilly) is the Council’s appointed internal audit and counter fraud specialist. Detailed reports on the performance of the Internal Audit and Anti-Fraud contract and the outcomes of the work undertaken by Baker Tilly are presented monthly to the Section 151 Officer. These can be made available to the Committee on request. Some of the audits in the annual plan are undertaken on a tri-borough basis by either Baker Tilly, the external contractor to RBK&C/LBHF or RBK&C’s in house audit team. These audits are managed by the Tri-Borough Director of Audit. The Audit & Performance Committee are provided with updates at each meeting on all RED or AMBER RAG limited assurance audits issued in the period.

4. Internal Audit Opinion

As the provider of the internal audit service to Westminster City Council, Baker Tilly are required to provide the Section 151 Officer and the Audit & Performance Committee an opinion on the adequacy and effectiveness of the Council’s governance, risk management and control arrangements. In giving our 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.

Our opinion is that at the time of preparing this report, the Council’s internal control systems in the areas audited in the year to date were adequate with the exception of those areas detailed as “amber” and “red” (paragraphs 5.1 1 to 5.1.5 below). This is a positive opinion which means that the Council generally has effective internal control systems with 78% of the audits issued in the period receiving a positive assurance opinion.

In the above context we stress that:

- This opinion is based solely upon the areas reviewed and the progress made by the Council to action our recommendations;
- Assurance can never be absolute neither can our work be designed to identify or address all weaknesses that might exist;
- Responsibility for maintaining adequate and appropriate systems of internal control resides with council management, not internal audit;
- We have not placed reliance on other agencies' work in carrying out our audits.

Follow up reviews confirmed that the implementation of “fundamental” (high) and “significant” (medium) recommendations has generally been consistent. The exceptions to this are detailed in paragraphs 5.2.1 and 5.2.2 below.

Appendix 1 to this report contains an indication of advisory work completed in the period;

Appendix 2 to this report contains a summary of the performance indicators for the internal audit service; and

Appendix 3 to this report details the school audits planned during 2014/15.

5. Audit Outcomes

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

- Provision of Temporary Accommodation – Statutory Requirements (substantial assurance, Green RAG);
- Libraries Service Cost Apportionment (satisfactory assurance, Amber RAG);
- IT Hardware Asset Management (satisfactory assurance, Amber RAG);
- Westmead/Carlton Dene Establishment Reviews (satisfactory assurance, Amber RAG);
- Street Trading (satisfactory assurance, Amber RAG);
- CCTV (satisfactory assurance, Green RAG);
- Mortuary (substantial assurance, Green RAG);
- Queens Park Primary School (substantial assurance, Green RAG);
- Robinsfield Primary School (substantial assurance, Green RAG);
- St Barnabas' Primary School (satisfactory assurance, Green RAG);
- St Mary's (Bryanston Square) Primary School (satisfactory assurance, Green RAG);
- Westminster Cathedral Primary School (satisfactory assurance, Green RAG);
- Tri-borough Adult Social Care Procurement & Commissioning (satisfactory assurance, Green RAG);

- Tri-borough IT Project Management & Standards (satisfactory assurance, Green RAG);
- Tri-borough Project Management – Multi-Agency Safeguarding Hub (MASH) (satisfactory assurance, Green RAG);
- Tri-borough Project Management – Early Help (satisfactory assurance, Green RAG);
- Tri-borough Capital e-sourcing (satisfactory assurance, Green RAG);
- Tri-borough Information Sharing & Data Management (satisfactory assurance, Green RAG).

Four limited assurance audits were issued in respect of Public Health Governance, Troubled Families, Total Facilities Management (TFM) and Members IT. In addition, a limited assurance audit has been issued in respect of a high level review of the Managed Services Project. The findings of these audits are summarised in paragraphs 5.1.1 to 5.1.5 below:

5.1.1 Tri-borough Public Health - Governance (Red)

Since the transition of the Public Health team to the tri-borough councils in April 2013 the service has faced a number of difficulties including resources not reflecting the size of the budgets and complexity of the services being provided and having a number of Interim Directors for the service, although a permanent Director is now in post. An audit was undertaken on the governance arrangements within the service and at the time of the audit, a number of areas of weakness were identified and recommendations made to address these including:

- Improving the focus and detail in the Business Plans/ Service Delivery Plans to ensure that Members receive sufficient information on matters that may impact on the achievement of agreed objectives;
- Implementing robust systems to monitor contracts and to monitor performance against the achievement of the objectives identified within the Business Plan;
- Ensuring all matters identified with the Public Health Transition Programme Board Lessons Learnt Report are addressed with residual activities followed up and resolved where appropriate.

The permanent appointment of a Director of Public Health together with the allocation of a designated Business Partner should provide stability for the service and lead to improvements in the overall stewardship of the Public Health service.

5.1.2 Tri-borough Troubled Families (Amber)

The Department for Communities and Local Government (DCLG) published a 'Financial Framework for the Troubled Families programme's payment by results scheme for local authorities' in March 2012. The programme aims to encourage local authorities and their partners to develop new ways of working with families which focus on lasting change. It was recognised that these approaches are likely to incur extra costs but the result should reduce costs in the long term and

improve outcomes for the families. The local authority has to submit a self-declaration of results and payments will be made on the basis of these declarations. An early review of the service (July 2013) provided satisfactory assurance and noted the following:

- Procedures needed to be drafted covering the data collection and support process to provide guidance and assist with staff continuity;
- There were some specific non-compliant errors identified in the collation of data, which were found to be human error rather than a result of ineffective processes; and
- Internal spot checking of data needs to be undertaken in order to detect errors which may be a result of system failure or non-compliance.

A second review of the service has now been undertaken which has resulted in a limited assurance opinion and additional recommendations have been made to improve the controls and to ensure compliance with the payment by results scheme:

- A training programme is required so that all staff are clear on the systems and processes in place;
- A robust system is required for collecting and managing data, which is consistently complied with and in the absence of key officers a suitable officer is identified to continue with this work;
- The recently produced local procedures need to be finalised, subject to regular review and update, so that they provide a robust guide to the team and ensure compliance with the DCLG's guidance;
- Robust checks need to be established so that the employment status of families, who are being claimed for as a result of no longer claiming state benefits, can be validated. Claims under this criteria carry the highest financial reward and therefore any incorrect claims could have financial implications for the programme; and
- The format and timescales for reporting on the performance of the team should be harmonised across the 3 boroughs to enable officer time to be utilised efficiently and effectively.

It was noted that the service management had identified some of the issues prior to the second audit commencing and were taking action to address these. In addition, the service reported that resourcing issues had impacted on the team's ability to undertake the spot checks recommended in our earlier audit review.

5.1.3 Tri-borough Total Facilities Management (TFM) (Red)

This audit was undertaken by the in-house audit team at RBK&C.

The facilities management services for more than two thousand building assets across the tri-borough were outsourced through a contract with Amey from October 2013. The contract runs for ten years with the first year cost estimated to be

£18.4m. Amey's in-house staff and officers of the tri-borough LINK team are responsible for monitoring Amey's performance. An audit has been undertaken on the adequacy of the controls in place within the LINK team for monitoring the Amey contract and for managing the service migration into a fully outsourced service during the 6-month mobilisation and transition period. Three fundamental (high) and seven significant (medium) priority recommendations have been made to address the weaknesses identified which are summarised below:

- The tender process operated by Amey for ad-hoc projects should be reviewed to ensure that it is in line with the procurement regulations within the three councils;
- Improved monitoring and costing information is required which is expected to be available when Amey upgrade their IT system;
- Performance Indicators for the LINK team need to be fully developed and introduced;
- Formal risk management processes and a risk register for the contract need to be developed with regular updates provided to senior management;
- The standard of supporting evidence required to support requests for payments for variable works needs to be defined.

All recommendations have been accepted and are due to be fully implemented by April 2015.

5.1.4 Members' IT (Amber)

Members are provided with Council network and email resources for communicating and sharing of information, some of which will be confidential and sensitive.

The audit identified well designed controls in the following areas:

- Requests for Member email and network accounts are made by the Member Support Team using the new user request form on the intranet and forwarded to IT for authorisation. This reduces the risk of unauthorised access to Council systems and data;
- Robust password and lockout controls are applied to members' network accounts in line with the standard Council policy and this reduces the risk of unauthorised access to Members' network and email accounts;
- The Information Governance Manager registers Members with the Information Commissioner's Office as Data Controllers in their own right to comply with the Data Protection Act 1998.

However, four significant (medium) recommendations have been made to address the following:

- Although a policy has been designed to deter users auto-forwarding emails to external email addresses, the implementation of this policy in respect of Members needs to be discussed and, if appropriate, technical controls

implemented to ensure compliance. Non-compliance with Council policy increases the risk of unauthorised access or data loss of personal data or Council confidential data;

- No IT training or awareness sessions have been provided to Members which increases the risks of data loss or breach as Members may not be aware of the Council's data security and protection measures;
- The majority of Members have not completed Personal Commitment Statements regarding confidentiality agreements and compliance with IT policies. This increases the risk of unauthorised disclosure of data and could expose the Council to other business risks;
- Email management privileges delegated by Members were not revoked when the staff changed roles or left the council. This increases the risk of unauthorised access to sensitive data in Members' mailboxes;
- While technology controls ensure access accounts are disabled upon prolonged lack of use, the "Leavers" process was not formally followed for three ex Councillors. There is an increased risk of non-compliance with DPA, leading to financial penalties or loss of reputation for either the Council or the Member.

Management actions have been proposed to address the recommendations which will be followed up later in the year.

5.1.5 Managed Services Implementation – High Level Controls (Amber)

A high level review of the Managed Services Programme was undertaken in the period with the final report being issued in July 2014. In order to provide timely information to Committee members we have included information in this report.

A Limited assurance opinion report was issued with three fundamental (high) and four best practice (low) recommendations being made. It should be noted that this is a fast moving programme and the audit findings are those identified at a point in time during the audit. Whilst a total of seven recommendations for potential improvement were identified and agreed with management in the course of this audit, the Limited Assurance status of the control environment reflects the normal condition of a complex business transformation change programme and system implementation at this stage of its development and delivery cycle. Four of the recommendations raised have been reported as implemented and one is not yet due.'

Since the audit was completed, the delivery date for implementation of the Managed Services Programme has been extended to 1 April 2015, with re-planning of the Programme and restructuring of the governance arrangements.

5.2 Implementation of Audit Recommendations

Follow up audits were undertaken in the following areas in the period:

Audit	No of Recs Made	No of Recs Implemented / In Progress	Assurance Opinion
Tenant Service Charges	5	4	Satisfactory
Disaster Recovery/Business Continuity	11	11	Satisfactory
Tri-borough Treasury Management	7	7	Satisfactory
Tri-borough Safeguarding Children	22	18	Limited – see para 5.2.1 below
Parks & Open Spaces Contract	8	8	Substantial
Abbots Manor Residents' Association	5	3	Limited – see para 5.2.2 below
Procurement Cards	5	5	Substantial
Right to Buy	9	9	Substantial
Records Management Centre	10	10	Satisfactory
NNDR	4	4	Substantial
Lessee Charges	5	5	Satisfactory
CWH-Business Transformation Delivery	6	6	Satisfactory
Waste Disposal Contract	5	5	Substantial
St Augustine's High School	15	15	Satisfactory
Hampden Gurney Primary School	11	11	Substantial
St Augustine's Primary School	17	17	Satisfactory
Barrow Hill Junior School	5	5	Substantial
St Vincent's Primary School	10	10	Substantial
Burdett Coutts Primary School	7	7	Substantial
Totals	167	160	

Follow up audit work found that the implementation of recommendations was generally good (96%) with 92% of fundamental (high) and significant (medium) recommendations implemented by their due date. Two follow up reviews indicated that insufficient progress had been made to implement recommendations by the due date and these are summarised in paragraphs 5.2.1 and 5.2.2 below. Further follow up work will be undertaken to ensure outstanding recommendations are implemented.

5.2.1 Tri-borough - Safeguarding Children (Limited Assurance)

A tri-borough audit was undertaken in 2013/14 which identified different levels of assurance at each of the three councils. Substantial assurance was given to the systems operated at RBK&C, satisfactory assurance was given to the systems operated at LBHF and limited assurance given to the systems operated at

Westminster Council. The audit noted that the Council had recently implemented a new case management system (Framework) and a number of the recommendations related to the information held on the new system. Three fundamental (high), seventeen significant (medium) and two best practice (low) recommendations were made to address the identified weaknesses.

An initial follow up was attempted in the latter part of 2013/14 but due to issues in gaining access to systems, the follow up could not be completed at that time. A further follow up review has now been undertaken and testing identified that two fundamental (high) and two significant (medium) recommendations have not yet been fully implemented. A further follow up review will be undertaken later to confirm that the recommendations have been fully implemented.

5.2.2 Abbots Manor Residents' Association (Limited Assurance)

As previously reported to the Committee (February 2014) a review was undertaken on the operational and financial management practices within the Abbots Manor Residents' Association (AMRA). The audit identified that the control framework was inadequate with one fundamental (high), two significant (medium) and two best practice (low) recommendations made.

A follow up review was recently completed and it was noted that one fundamental (high) and one best practice (low) recommendation had not been implemented with two significant (medium) and one best practice (low) recommendations partially implemented.

5.3 Performance of the Internal Audit Contractor

The key performance indicators for the internal audit contractor are contained in Appendix 2. As shown by the performance indicators, the recommendations made are accepted and implemented in a timely manner and positive satisfaction surveys received from auditees. Improvement is required in the following areas:

- Percentage of audit plan complete;
- Delivery of draft report within 10 days of the exit meeting.

The contractor anticipates that these performance indicators will improve during the next quarter.

6. Anti-Fraud Work Outcomes

6.1 Summary of Housing Benefit Fraud Investigations

6.1.1 The table below illustrates the sanctions achieved in the period April to August 2014. From a total of two-hundred and eighty-nine investigated cases there have been sixteen sanctions. The investigations have identified nearly £94k in overpaid

Housing Benefit of which approximately 5% has been recovered to date. The remaining amounts are subject to continuing recovery action. It has always been the case that recovery has been slow due to the constraints on the action that can be taken, although eventually the majority of the money will be recovered. Internal Audit continues to work with the relevant sections of the Council to improve the speed of recovery.

Year 2014/15 Sanction	No of Cases	Overpayments/ Fine	Recovered to Date	Recovery Rate	Comparison Recovery Rate Previous Year
Prosecution	7	£67,566	£ 2,882	4.27%	9.74%
Official Cautions	6	£ 6,589	£ 0	0%	0%
Administrative Penalties (overpayments & fines)	3	£19,812	£ 2,000	10.09%	1.1%
Totals	16	£93,967	£ 4,882	5.2%	0.68%

6.1.2 The outcomes for the seven prosecution cases are as follows:

- A benefit claimant from SW1 was sentenced to a 12 month prison sentence suspended for 1 year at Thames Magistrates Court after pleading guilty to four offences of failing to declare changes in circumstances during claims for Jobseeker's Allowance and Housing Benefit. This case was a joint investigation involving investigators from the Council and the DWP. The defendant had fraudulently obtained £6,203 Jobseeker's Allowance and £17,741 Housing Benefit after failing to declare her student status whilst receiving undeclared loans and grants between September 2011 and June 2013;
- A benefit claimant residing in SW1 was sentenced to a 80 hour Community Punishment Order to be served over 12 months at Thames Magistrates Court after pleading guilty to two counts of failing to declare changes in circumstances during claims for Jobseeker's Allowance and Housing Benefit. This case was a joint investigation involving investigators from the Council and the DWP. The defendant had fraudulently obtained £1,714 Jobseeker's Allowance and £3,284 Housing Benefit after failing to declare his earnings from employment between August 2012 and February 2013;
- A benefit claimant from the W2 area was sentenced to 150 hours in a Community Punishment Order at Westminster Magistrates Court after pleading guilty to three fraud offences in relation to his claim for Housing Benefit. The defendant advised the Council's Benefits Service that his wife had started work in October 2012 but investigators established that she had been working for two years prior to this. This resulted in the defendant fraudulently obtaining £14,976 Housing Benefit between December 2010 and December 2012. The court also

passed a Compensation Order for the full value of the loss to the Council and awarded costs of £1,749;

- A benefit claimant from W9 was sentenced to a four month prison sentence suspended for 2 years at Southwark Crown Court after pleading guilty to a number of offences of failing to declare changes in circumstances during claims for Income Support and Housing Benefit. This case was a joint investigation involving investigators from the Council and the DWP. The defendant had fraudulently obtained £11,534 Income Support and £17,034 Housing Benefit between August 2009 and July 2013 after failing to declare that her partner who was living with her was in full-time employment. The defendant was also sentence to a 100 hour Community Order and costs of £250 were awarded;
- A benefit claimant who resides in NW8 was given a 24 month Conditional Discharge after being found guilty of two offences relating to claims for Income Support and Housing Benefit. This case was a joint investigation involving investigators from the Council and the DWP. The defendant had fraudulently obtained £5,593 Income Support and £780 Housing Benefit between 2010 and 2013 after failing to declare his employment and his partner's occupational pension;
- A benefit claimant from W9 was sentenced to a 2 year Conditional Discharge at Westminster Magistrates Court after being found guilty after her trial of one fraud offence of failing to report a change in her circumstances in relation to her claim for Housing Benefit. The defendant failed to declare that she had moved to an address in Harrow and Housing Benefit continued to be paid to her bank account. This had resulted in the defendant fraudulently obtaining £10,813 Housing Benefit between December 2011 and February 2013. The court also passed a Compensation Order for £1,600;
- A benefit claimant residing in W9 was sentenced to a 12 month Community Order with a requirement of 80 hours unpaid work after pleading guilty to two benefit fraud offences in relation to her claims for Housing Benefit and Income Support. The defendant failed to declare that she had become a full-time student in receipt of student loans and grants. This had resulted in the defendant fraudulently obtaining £2,157 Housing Benefit and £2703 Income Support.

6.2 Single Fraud Investigation Service (SFIS) - Update

6.2.1 The Fraud & Error Strategy: *Tackling fraud and error in the benefit and tax credits systems* contained a commitment to establish a Single Fraud Investigation Service (SFIS) to investigate Social Security welfare benefit and Tax Credit fraud across local authorities (LA), HM Revenue and Customs (HMRC), and DWP.

6.2.2 On 1 May 2014 the Department for Work & Pensions (DWP) wrote to the Chief Executive to confirm that the implementation date for the Tri-borough Councils is 1 March 2015 when the responsibility for the investigation of Housing Benefit fraud will transfer to the DWP. Staff whose work is solely or primarily the investigation of Housing Benefit will also transfer to the DWP.

6.2.3 An initial meeting has taken place with the DWP to discuss the transfer of Housing Benefit investigations to SFIS and a transition plan is being prepared by the Tri-borough Head of Fraud. A number of changes to the existing processes have been identified which will have an impact on the Council and the counter fraud service post SFIS which are summarised below:

- **Holistic approach to tackling fraud** - The Council will no longer be able to investigate Housing Benefit fraud matters and no agreement has yet been reached as to how cases, involving other Council services, will be dealt with. For example, when a Housing Benefit fraud occurs it often has implications for a possible breach of social housing tenancy (i.e. subletting). Currently the Counter Fraud Team are able to investigate the entire criminality, but when SFIS commences this may not be possible.
- **Powers to investigate** - The statutory powers associated with the investigation of Housing Benefit fraud, in accordance with the Social Security Fraud Act 2006, will also be removed. The evidence obtained by these powers is also used to bring charges against those who commit other or like offences against the Council.
- **Missed fraud referrals** - Referrals received in respect of Housing Benefit fraud often link the suspect to other Council services that may be being obtained illegally or unlawfully. These referrals may be lost to the DWP who will solely focus their efforts on DWP benefits.
- **New burdens** - No electronic transfer of data or access to Council systems has been set up by SFIS, and from the 1 March 2015 the officers responsible for the investigation of Housing Benefit fraud will no longer be located in Council offices. The burden of resourcing and responding to data requests (i.e. application forms, correspondence, screen prints) will be the responsibility of the Council.

6.3 Summary of General Fraud Investigations

6.3.1 In the period April to August 2014, seventy-eight general fraud investigations were completed. The outcomes include:

- twelve properties recovered for re-letting;
- one prosecution for the misuse of a disabled badge (see 6.3.2 below);

- eleven resident parking permits recovered/prevented from being issued, with an estimated saving of £59k;
- one disabled parking badge recovered/prevented from being issued, with an estimated saving of £6k.

6.3.2 A driver was successfully prosecuted in April for using his father's, Westminster issued, blue and white disabled badges whilst his father was not present. The driver was obtaining free parking on Curzon Street, W1 while working at a nearby jewellery shop. The gentleman pleaded guilty to an offence under section 115(1) of the Road Traffic Regulations Act 1984. He was fined £200 and ordered to pay costs of £300.

6.3.3 Three proactive exercises have been undertaken in the W1 and W2 areas primarily aimed at identifying abuse of disabled parking badges as well as providing a presence as a deterrent to those who may be considering misusing a parking permit or disabled person's badge.

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

Papers please contact:

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BACKGROUND PAPERS

Internal Audit Reports;

Monthly monitoring reports.

Advisory Reviews – 2014/15

In addition to the audits listed above, two advisory pieces of work have been undertaken during 2014/15 by Baker Tilly on behalf of the Council. The engagement partner for the Internal Audit Service ensured that there was no conflict in interest for Baker Tilly in undertaking these reviews.

Job Title	Scope	Date of Review	Comments
Corporate - Procurement	Due to the number of changes within the Strategic and Commercial Procurement service a review has been undertaken on the Council's Procurement control framework.	June 2014	<ul style="list-style-type: none"> • The Strategic and Commercial Procurement team have established a soundly based control framework for procurement across the Council. Category management has been introduced which is a procurement approach which relies on cross functional teamwork to generate procurement outcomes that fully satisfy agreed business needs; • A team of experienced and qualified procurement specialists has been established to drive forward changes whilst ensuring that these changes are supported by solid foundations in the form of a robust control framework; • A new Tri-borough procurement solution called capitalEsourcing was launched in January 2014 which provides a simple, secure and efficient means for managing procurement activities; <p>A number of recommendations have been made to assist the service to address any non-compliance risks and robust reporting and monitoring arrangements have been recommended.</p>
Housing – Regeneration Building Programme	At the request of the Strategic Director of Housing, Regeneration and Property a review has been undertaken on the governance arrangements in place for the Regeneration Building Programme.		<p>A number of issues were identified which could impact on the effectiveness of the control framework in place. These include the following:</p> <ul style="list-style-type: none"> • Not all of the projects had Project Initiation Documents (PIDs) in place, meaning that a robust and consistent approach to projects/programmes may not always be taken; • The Leaseholder and Decant Policies on the Council's website were still in a draft format; • A formal process is not in place which sets out how to undertake a financial evaluation; • Not all projects had risk logs in place. Additionally the risk log that was reviewed had not been updated for some time, meaning that a possible escalation of the risks stated, or new risks emerging, would not have been documented, assessed and mitigated against; and • Performance targets for the social aspects of projects should be established.

Performance Indicators – 2014/15

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

Performance Indicators	Target	Actual	Comments
Delivery			
Percentage of audit plan completed by 31 August 2014	44%	33%	This is behind target but expected to improve in the 2 nd quarter of the year.
Percentage of draft reports issued within 10 working days of fieldwork being completed	90%	68%	Delays in the quality review process due to leave will be addressed in the coming months.
Percentage of audits finalised within 10 days of a satisfactory response	95%	100%	
Quality			
External audit conclude they can place reliance on Internal Audit work (annual)	Yes	Yes	
Percentage of jobs with positive feedback from client satisfaction surveys	90%	100%	All scored 3 or above.
Percentage of priority 1 & 2 recommendations accepted by management	95%	100%	
Percentage of priority 1 & 2 recommendations implemented by management	95%	92%	Small number of recs not fully implemented at time of follow up (see paragraph 5.2 above).

School Audits

The internal audit strategy allows for the schools within Westminster to be audited on a three-year cycle. The audit programme has been reviewed by RBKC, LBHF and Westminster with the aim of adopting a common approach to school audits across the three boroughs and a revised programme is being used for school audits at the three boroughs.

During 2014/15, a total of 20 school audits are planned:

- 14 primary schools;
- 4 nursery schools; and
- 2 special schools.

Any school which is given a limited assurance opinion will be reported to the Audit and Performance Committee during the year. Follow up audits are undertaken on all schools where fundamental or significant recommendations have been made, regardless of the assurance opinion given.

The table below shows the schools due to be audited in 2014/15. This will be updated and reported to each meeting of the Committee:

School	Assurance	RAG	No of Recommendations	Follow Up Assurance	Follow Up RAG
Robinsfield Primary School	Substantial	Green	9		
Westminster Cathedral Primary School	Satisfactory	Green	14		
St Barnabas Primary School	Satisfactory	Green	12		
Queen's Park Primary School	Substantial	Green	4		
St Mary's Bryanston Square Primary School	Satisfactory	Green	18		

School	Assurance	RAG	No of Recommendations	Follow Up Assurance	Follow Up RAG
Queen Elizabeth II Special School					
College Park Special School					
St Joseph's Primary School					
Our Lady of Dolours Primary School					
George Eliot Primary School					
St Mary of the Angels Primary School					
Dorothy Gardner Nursery School					
Portman Nursery School					
Mary Paterson Nursery School					
Tachbrook Street Nursery School					
St Mary Magdalene Primary School					
Paddington Green Primary School					
St Matthew's Primary School					
St Saviour's Primary School					
St Clement Danes Primary School					