

## APPENDIX 1 –Amber (Moderate Assurance) Audit Review Outcomes

### **Audit: Open Spaces Department – Cemetery and Crematorium ICT Review (4 Amber and 4 Green priority recommendations)**

#### **Audit Scope and Background:**

This assurance review was requested by the Open Spaces department due to on-going problems with key systems and general systems availability. Particular focus was placed on the assessment of the key Cemetery and Crematorium (C&C) systems (Epilog System) and the Information and Communications Technology (ICT) areas of Business Continuity Planning (BCP), Disaster Recovery (DR) and system resilience.

#### **Audit Findings:**

Although the Epilog system provides the required functionality, performance of the system has been slow since implementation. Gower Consulting (ICT Consultants for Registration, Cremation and Burial Authorities) has acknowledged the latency problems but has been unable to resolve some of the issues thus far.

Two amber recommendations actions arose from the implementation of the Epilog system. Poor data quality has resulted in increased workload for the staff and user dissatisfaction because of the manual checks and corrections that are necessary; however, a data correction exercise has commenced and is to be fully completed by Spring 2015. The poor performance of the system was initially assumed to be caused by the technical infrastructure at the C & C. However, following investigation by City of London Information Systems (IS) department and Agilysis, improvements are being made to the ICT infrastructure; the area of slow response now appears to be specific to the Epilog application and certain functions within. A request is to be made to Gower Consulting to investigate the poor performance of the system itself.

Two amber recommendations were agreed following review of the Business Continuity arrangements. Elements of the BCP have been tested but the document needs updating to reflect organisation and infrastructure changes and followed up with a BCP test in earnest. An annual review of the Business Continuity area has been advised to ensure all content remains relevant and current. Elements of a Business Impact Assessment (BIA) were found in the BCP document however not all critical systems were included. C&C have agreed to draft a BIA document in consultation with the Town Clerk's Security and Contingency Planning Group.

Support for the Epilog system is provided by a combination of Gower Consulting, the City's IS department and Agilysis. The system expertise resides with a few individuals in small teams within the IS department and at Gower Consulting, therefore, at times the support is stretched and is noticeable in the service provided.

The general ICT review revealed DR is in place and backups are performed in accordance with City of London policy. With regard to resilience, the infrastructure was found to have single points of failure such as a single router and firewall, however, full resilience is not essential in this instance and the costs associated with full resilience are prohibitive and unjustifiable at present.

The remaining areas of the review established that appropriate physical security controls are in place on site. The configuration and infrastructure (under the control of the IS department and Agilysis) is controlled in line with industry standard practice. Account administration is managed appropriately with adequate segregation of duties in place.

Epilog system penetration testing was performed by an external company in April 2013 which highlighted several risks; however, all these risks have been mitigated thus confirming security from external attacks.

**Management Response:** All recommendations were agreed by Management; they will all be implemented by April 2015.

**Audit: Department of Community and Children's Services – Public Health Contracts - ( 2 Amber and 3 Green priority recommendations)**

**Audit Scope and Background:**

In April 2013, the City's Health and Wellbeing Board took over the statutory responsibility for commissioning public health services which were previously commissioned by NHS East London and City Primary Care Trust (NELC). The City currently commission 42 public health services and the authority to commission and manage 37 out of the 42 public health contracts has been delegated to the London Borough of Hackney (LBH) for a management fee of approximately £39k in 2013/14. This is the first year that the City has responsibility for commissioning public health services and we recognise that work is in progress to review services previously commissioned by NELC.

The audit review focused on the commissioning and contract management of services and the overarching Service Level Agreement with LBH. The LBH's Internal Audit Section were carrying out a similar review of Public Health Contracts so a joint-working approach has been adopted, co-ordinating efforts where appropriate.

**Audit Findings:**

Legislative compliance was confirmed in that a Joint Strategic Needs Assessment (JSNA) covering the City of London (CoL) has been carried out as required. We noted that work is in progress to update the 2011/12 JSNA which sets out the health needs and priorities of the CoL. Good practice we identified was in respect of the development of a three year Joint Health and Wellbeing Strategy (JHWS) which sets out how the health needs and priorities identified in the JSNA (but not limited to the JSNA) will be met.

Internal audit noted that the authority to commission public health contracts has been largely delegated to the LBH and only two of a sample of 10 had been commissioned directly by COL. One of the two CoL contracts had been developed but not signed for which an amber recommendation was agreed to address.

Of the sample of 8 LBH-led public health services reviewed, a contract is not in place in respect of three. These exceptions relate to services provided by Homerton University Hospital (HUH) NHS Foundation Trust who are the City and Hackney's biggest public health services provider. We were informed that LBH has not entered into a formal agreement with HUH because of a dispute over a £1.3m funding gap.

Our testing of contract monitoring arrangements identified that these vary from contract to contract depending on their nature, complexity and value. In the majority of the contracts in our sample (nine out of 10 services), CoL (or LBH on behalf of CoL) assesses performance report/information submitted by providers at least on a quarterly basis. Three LBH led contracts were identified where contract review meetings are not held on a regular (i.e. quarterly) basis as required.

The overarching SLA with LBH stipulates that CoL and LBH representatives should hold monitoring meetings on a quarterly basis to review the performance of the agreement between the two local authorities. However, we found that CoL and LBH have not met formally prior to our audit. This issue was addressed during the audit and the first contract meeting between CoL and LBH was held in January 2014.

Our sample testing indicated that any areas of under-performance and/or development are discussed in the contract review meetings and a plan of action is noted in the minutes. There was one exception (counselling service) where we could not find evidence that corrective action(s) for areas of underperformance have been developed and agreed with the provider.

The public health contracts reviewed stipulates that the commissioner may carry out occasional planned or unplanned visits to the provider's base. Of the 10 services reviewed, we identified only one service (Exercise on Referral service) where CoL carries out inspection visits to the provider's base. However, the providers of five regulated services in our sample are the subject of the Care Quality Commission (CQC)'s annual inspection. We were unable to find any evidence that CoL (or LBH on behalf of CoL), have carried out an inspection visit to providers of four services in our sample within the last year for which an amber priority recommendation was agreed.

The internal audit review noted that there has been an initial review of all public health commissioned services that were transferred from the NELC on their dissolution in April 2013 and this was reported to the Health and Wellbeing Board in January 2014 and Community and Children's Services Committee in February 2014. We are also advised that a small number of services are to be decommissioned at the end of March 2014 and full service reviews are to be completed in respect of five services. A green priority recommendation was agreed for the commissioning team to ensure that CoL public health contract opportunities are open to competition where the value of the contract deems it necessary.

**Management Response:** All recommendations were agreed by Management; they are all due to be implemented by November 2014.

**Audit: Mansion House – Income Review - (7 Amber and 5 Green priority recommendations)**

**Audit Scope and Background:**

The Mansion House hosts a number of events each year, for which a hierarchy of hire fees are payable, depending on the client. A number of tours of the House are carried out by House staff or City Tour Guides for which some income is collected. The income target for the 2013/14 financial year was £310k. Actual income was £375k, exceeding target by 21%. The objectives of this audit were to ensure that all income is identified, received, accounted for and banked intact, having been securely held. The audit also considered the fairness, consistency and cost recovery of the charging policy and income generation potential.

**Audit Findings:**

Charges are agreed by the General Purposes Committee of Aldermen subject to a report submitted by the Private Secretary and Chief of Staff reviewing past charges and recommending charges for the forthcoming financial year. Whilst this provides a policy basis for the setting of charges, it is not underpinned by a detailed review of the costs of running the House, which would indicate the level of charges to be made depending on the pricing policy for different categories of customer or service. The last detailed review of costs was undertaken 5 year ago.

The Mansion House relies on a benchmarking exercise carried out by the Remembrancer to analyse costs of similar operations in the City. It then compares Lent Hall charges to ensure it is competitive, without having carried out an analysis of its own costs. The benchmarking exercise is therefore useful but the Mansion House does not take full advantage by considering both their costs and charges in relation to similar venues. Four amber recommendations relating to clarifying the income generation objectives, reviewing charging policy, undertaking a full costing review and benchmarking were agreed. These actions will mitigate the risk that hiring charges are not set appropriately to recover full costs where appropriate and that income generation potential from commercial lettings is maximised. The Mansion House agreed to develop a budget costing model to assist in the determination of charges by October 2014.

Testing confirmed that all income recorded as generated by operations at the Mansion House is adequately accounted for. It was noted, however, that cash was not banked intact in contravention of Financial Regulations for House Tours conducted by City Tour Guides where income was used to reimburse Tour Guide fees. This is in contravention of HMRC rules and could risk the payment of financial penalties to HMRC. An amber and green priority recommendation was made and agreed to cease this practice from 1st April 2014.

Two further amber priority recommendations were made and agreed to streamline the income collection process where two members of staff were duplicating income collection processes and improve the separation of duties and reconciliation of Lent Hire income to minimise the risk of fraud and errors in the collection and coding of income.

**Management Response:** Eleven of the twelve recommendations made were agreed by Management; the green recommendation rejected related to publishing Mansion House fees and charges in a brochure. All recommendations are due to be implemented by December 2014.