

Final Internal Audit Report

Top 50 Families Review: Lessons Learned and Deliverables

March 2017

Distribution: Executive Director People (Final only)
 Director of Gateway and Welfare
 Head of Gateway Service Development
 Family Link Manager

| Assurance Level | Recommendations Made | |
|------------------------------|----------------------|---|
| Substantial Assurance | Priority 1 | 0 |
| | Priority 2 | 3 |
| | Priority 3 | 0 |

Status of Our Reports

This report ("Report") was prepared by Mazars Public Sector Internal Audit Ltd at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

Contents

Page

Executive Summary

| | |
|----------------------|---|
| 1. Introduction..... | 3 |
| 2. Key Issues..... | 3 |

Detailed Report

| | |
|---|---|
| 3. Actions and Key Findings/Rationale | 4 |
|---|---|

Appendices

1. Audit Terms Of Reference
2. Definitions Of Audit Opinions And Recommendations
3. Statement Of Responsibility

1. Introduction

- 1.1 During 2015 the Council conducted 'Think Family: a review of the top fifty most expensive families to Croydon Council'. This consisted of a desk-based review in November 2015, followed by 3 panel reviews and the report being produced in December 2015. The report identified the cost of the top 50 families to be £6,271m pa, with a number of opportunities to reduce this by £1,123m pa. The report also identified a number of 'Next Steps' to be completed by the end of March 2016 and recommendations.
- 1.2 Subsequent update reports have been provided to the People Departmental Leadership Team (DLT), with the last update report being in August 2016. This highlighted that Phase 1 (Jan to Jun 2016) was on track to deliver a gross saving of £876k and that Phase 2 (Jul to Dec 2016) was forecast to deliver a gross saving of £632k.

2. Key Issue

| Priority 2 Recommendation |
|--|
| The last update report to the People Department DLT, dated 25 July 2016, was in August 2016 with no subsequent reports being issued to the People Department DLT, (Rec 1) . |
| Examination of the actions log arising from the 'Think Family: Top 50' analysis identified that a number of the individuals assigned responsibility for actions have now left the Council and that responsibility has not been reassigned. There is no evidence that these actions, which are incomplete, have been recently followed up, (Rec 2) . |
| Examination of the membership of the Think Family Panel identified that some of the Panel no longer work for the Council. Discussion established that membership of the 'Think Family' panel was being reviewed and that an updated terms of reference had been drafted, which was in the process of being approved, (Rec 3) . |

3. Actions and Key Findings/Rationale

| Control Area 1: Achievement of savings | | Detailed Finding/Rational |
|--|--|---|
| Priority | Recommendation 1 | |
| 2 | An updated progress report against the delivery of savings arising from the 'Think Family: Top 50' analysis should be provided to the People Department DLT. | <p>Regular reports were provided to the People Department DLT to detail the progress against the delivery of savings arising from the 'Think Family: Top 50' analysis.</p> <p>The last update report to the People Department DLT, dated 25 July 2016 was in August 2016. This highlighted that Phase 1 (Jan to Jun 2016) was on track to deliver a gross saving of £876k and that Phase 2 (Jul to Dec 2016) was forecast to deliver a gross saving of £632k. No subsequent reports have been issued to the People Department DLT.</p> <p>Where progress against the delivery of savings arising from the 'Think Family: Top 50' analysis is not regularly reported to the People Department DLT, there is a risk that the Department may lose oversight of these and that these may not be fully achieved.</p> |
| Management Response | | Agreed/Disagreed |
| Post August updates progressing the work against the various project lines was expected to be picked up within each division. However, it is acknowledged there has not been a co-ordinated update. This has been assigned to the Family Link Manager to progress. | | Agreed |
| | | Responsible Officer |
| | | Family Link Manager |
| | | Deadline |
| | | April 2017 |

Control Area 3: Delivery of next steps and recommendations

| Priority | Recommendation 2 | Detailed Finding/Rational | | |
|---------------------|--|--|---------------------|------------|
| 2 | <p>The actions log arising from the 'Think Family: Top 50' analysis should be reviewed to ensure that appropriate individuals are assigned responsibility and that these are being progressed.</p> | <p>Arising from the 'Think Family: Top 50' analysis were a number of recommendations, including cross departmental actions to help improve outcomes for families and individuals and improve services.</p> <p>Examination of the actions log arising from the 'Think Family: Top 50' analysis identified that a number of the individuals assigned responsibility for actions have now left the Council and that responsibility has not been reassigned. There is no evidence that these actions, which are incomplete, have been recently followed up.</p> <p>Where actions arising from the 'Think Family: Top 50' analysis are not assigned to appropriate individuals and are not actively followed up, there is a risk that full benefits of the analysis will not be realised and potential service improvements will not be effected.</p> | | |
| Management Response | | Agreed/Disagreed | Responsible Officer | Deadline |
| Agreed | | Agreed | Family Link Manager | April 2017 |

Control Area 3: Delivery of next steps and recommendations

| Priority | Recommendation 3 | Detailed Finding/Rational | | | | | | |
|----------------------------|--|---|------------------|---------------------|----------|--------|---|------------|
| 2 | <p>The review of the 'Think Family' panel and approval of the updated terms of reference should be progressed.</p> | <p>The 'Think Family: Top 50' analysis is overseen by the Think Family Panel, which was responsible for reviewing each of the cases identified from the analysis and identifying and monitoring the actions arising.</p> <p>Examination of the membership of the Think Family Panel identified that some of the Panel no longer work for the Council, namely the Assistant Director Head of 0 to 65 Disability, Head of Disability Commissioning and Brokerage and the Head of Enablement and Welfare. Discussion established that membership of the 'Think Family' panel was being reviewed and that an updated terms of reference had been drafted, which was in the process of being approved.</p> <p>It was acknowledged that the results of the review of the action log (recommendation 2 above) may highlight actions already being taken, such as panel reviews in other Services, which may impact on the role of the Panel.</p> <p>Where a Think Family Panel is not in place, with appropriate membership and terms of reference, there is a risk that the 'Think Family: Top 50' analysis process is not properly overseen and that full benefits of the analysis will not be realised and potential service improvements will not be effected.</p> | | | | | | |
| Management Response | Agreed | <table border="1"> <thead> <tr> <th data-bbox="928 907 997 1214">Agreed/Disagreed</th> <th data-bbox="928 577 997 907">Responsible Officer</th> <th data-bbox="928 138 997 577">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="997 907 1125 1214">Agreed</td> <td data-bbox="997 577 1125 907">Family Link Manager / Head of Gateway Service Development</td> <td data-bbox="997 138 1125 577">April 2017</td> </tr> </tbody> </table> | Agreed/Disagreed | Responsible Officer | Deadline | Agreed | Family Link Manager / Head of Gateway Service Development | April 2017 |
| Agreed/Disagreed | Responsible Officer | Deadline | | | | | | |
| Agreed | Family Link Manager / Head of Gateway Service Development | April 2017 | | | | | | |

Audit Terms of Reference

Top Fifty Families Review - Lessons Learned and Deliverables 2016-17

1. INTRODUCTION AND BACKGROUND

- 1.3 During 2015 the Council conducted the 'Think Family: a review to the top fifty most expensive families to Croydon Council'. This consisted of a desk-based review in November 2015, followed by 3 panel reviews and the report being produced in December 2015.
- 1.4 The report identified the cost of the top 50 families to be £6,271m pa, with a number of opportunities to reduce this by £1,123m pa. The report also identified a number of 'Next Steps' to be completed by the end of March 2016 and recommendations.
- 1.5 This audit is part of the agreed Internal Audit Plan for 2016/17.

2. OBJECTIVES AND METHODOLOGY

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.1 The audit will for each area included in the scope:
- Document and evaluate the risks and key controls for each process;
 - Undertake sufficient testing of controls operating, on a sample basis; and
 - Reach a conclusion on the effectiveness of the controls operating and reporting.

3. SCOPE





- 3.1 The audit included the following areas and recommendations raised:

| Control Areas/Risks | Recommendations | | |
|--|----------------------|------------------------|---------------------|
| | Priority 1 (High) | Priority 2 (Medium) | Priority 3 (Low) |
| Achievement of savings | 0 | 1 | 0 |
| Completeness of next steps and recommendations | 0 | 0 | 0 |
| Delivery of next steps and recommendations | 0 | 2 | 0 |
| Further development | 0 | 0 | 0 |

DEFINITIONS FOR AUDIT OPINIONS AND RECOMENDATIONS

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

| | | |
|---|-----------------------|---|
|  | Full Assurance | There is a sound system of control designed to achieve the system objectives and the controls are consistently applied. |
|  | Substantial Assurance | While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance which may put this achievement at risk. |
|  | Limited Assurance | There are significant weaknesses in key areas of system controls and/or non-compliance that puts achieving the system objectives at risk. |
|  | No Assurance | Controls are non-existent or weak and/or there are high levels of non-compliance, leaving the system open to the high risk of error or abuse which could result in financial loss and/or reputational damage. |

Priorities assigned to recommendations are based on the following criteria:

| | |
|--------------------------------|---|
| Priority 1 (High) | Fundamental control weaknesses that require the immediate attention of management to mitigate significant exposure to risk. |
| Priority 2 (Medium) | Control weakness that represent an exposure to risk and require timely action. |
| Priority 3 (Low) | Although control weaknesses are considered to be relatively minor and low risk, action to address still provides an opportunity for improvement. May also apply to areas considered to be of best practice. |

STATEMENT OF RESPONSIBILITY

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Mazars Public Sector Internal Audit Limited

London

March 2017

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