AUDIT COMMITTEE

MONDAY 28 JANUARY 2008 at 19:30 HRS
Civic Centre, High Road Wood Green N22

MEMBERS: Councillors Rahman Khan (Chair), Bull, Davies, Gorrie, Mallett (Vice-Chair), Vanier, Whyte and Wilson

AGENDA

1. **APOLOGIES FOR ABSENCE**

2. **URGENT BUSINESS:**
    The Chair will consider the admission of any late items of urgent business. (Late items will be considered under the agenda item where they appear. New items will be dealt with at item 12 below).

3. **DECLARATIONS OF INTEREST:**
    A member with a personal interest in a matter who attends a meeting of the authority at which the matter is considered must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.

    A member with a personal interest in a matter also has a prejudicial interest in that matter if the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the member's judgment of the public interest **and** if this interest affects their financial position or the financial position of a person or body as described in paragraph 8 of the Code of Conduct **and/or** if it relates to the determining of any approval, consent, license, permission or registration in relation to them or any person or body described in paragraph 8 of the Code of Conduct.

4. **MINUTES: (PAGES 1 - 10)**
    To confirm and sign the minutes of the Audit Committee held on 29 October 2007.

5. **DEPUTATIONS AND PETITIONS**

6. **UPDATE ON 2007/08 AUDIT AND INSPECTION PLAN: (PAGES 11 - 12)**
    Report of Grant Thornton UK.

7. **QUARTER 3 PROGRESS REPORT FOR INTERNAL AUDIT: (PAGES 13 - 64)**
    Report of the Chief Financial Officer to inform the Audit Committee of the work undertaken by the Internal Audit Service for the third quarter 2007/8 and reports outstanding from 2006/7.

8.   AUDIT OF ACCOUNTS 2006/7: (PAGES 65 - 72)
Report of the Chief Financial Officer to update the Committee on the final outcome of the annual audit for 2006/7 and report on issues raised by the Audit Commission.

9.   HOUSING BENEFIT QUARTER 3 PROGRESS REPORT: (PAGES 73 - 80)
Report of the Chief Financial Officer to advise and update Members on the Counter Fraud performance of the Benefits and Local Taxation Service from 1 October 2007 to 31 December 2007.

10.   RISK MANAGEMENT UPDATE: (PAGES 81 - 84)
Report of the Chief Financial Officer to inform the Audit Committee of the work undertaken to implement the Council's risk management strategy during 2007/8.

11.   INTERCEPTION OF COMMUNICATION COMMISSIONER'S OFFICE INSPECTION REPORT: (PAGES 85 - 112)
Report of the Chief Financial Officer to:

(i)   Inform the Audit Committee of the inspection visit made to Haringey by he Inspector from the ICCO and the recommendations made as a result.

(ii)   To inform the Audit Committee of the actions taken to address the ICCO recommendations in order to ensure that these are appropriately addressed.

12.   NEW ITEMS OF URGENT BUSINESS:
To consider any new items of urgent business admitted at Item 2 above.

13.   DATE OF NEXT MEETING:
Monday 28 April 2008, 19:30, Civic Centre

YUNIEA SEMAMBO
Head of Local Democracy & Member Services
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18 January 2008

MINUTES OF THE AUDIT COMMITTEE
MONDAY, 29 OCTOBER 2007

Councillors: Rahman Khan (Chair), Bull, Davies, Gorrie, Mallett (Vice-Chair), Vanier, Whyte and Wilson

Apologies: None.

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PRAC27.	**APOLOGIES FOR ABSENCE** There were no apologies for absence received.	
PRAC28.	**URGENT BUSINESS:** None.	
PRAC29.	**DECLARATIONS OF INTEREST:** None.	
PRAC30.	**MINUTES:** **RESOLVED** That the minutes of the previous meeting, held on 23 July 2007, were agreed and signed by the Chair as a true and accurate account.	
PRAC31.	**DEPUTATIONS AND PETITIONS** None.	
PRAC32.	**PROGRESS REPORT TO THE AUDIT COMMITTEE FROM THE AUDIT COMMISSION: (TO FOLLOW)** The Committee was given an update on work undertaken since the last Audit Committee, as outlined in the Report. The Committee was advised that there continued to be a smooth handover of external audit measures between the Audit Commission and the Robson Rhodes (now Grant Thornton). The Committee noted that future progress reports would now come from Grant Thornton unless there was a specific need for an Audit Commission report. **Committee was also advised about the harder test framework for 2007 (single tier authorities), stating that the AC believe that the minimal changes to the existing framework and a consolidation of the approach will ensure that CPA continues to provide clear picture of councils' performance and support continuous improvement over the few years prior to the implementation of Comprehensive Area Assessment from April 2009** **RESOLVED**	

MINUTES OF THE AUDIT COMMITTEE
MONDAY, 29 OCTOBER 2007

	(i)	That the report be noted	
	(ii)	That thanks be expressed to Sheila Hill and the Audit Commission for their assistance over the last period.	

PRAC33.	**AUDIT COMMITTEE UPDATE FROM GRANT THORNTON** The Committee was advised of the process for handing over external auditing from the Audit Commission to Grant Thornton. Grant Thornton, as highlighted in their report to the Committee, noted that discussions continued between them and senior officers of the Council with particular focus on risks in the 2007/8 period especially on health inequalities and the ALMO. The Committee was also advised that progress made with the deed of variation on the PFI contracts would continue to be fed-back to the Committee and that close working between Grant Thornton and the Council on this issue was on-going. The Committee noted that all tangible outputs from this working relationship would be highlighted in future update reports from Grant Thornton. **RESOLVED** That the report be noted.
PRAC34.	**PROGRESS REPORT ON COUNTER FRAUD ACTIVITY RELATING TO HOUSING BENEFIT AND COUNCIL TAX BENEFIT - REPORT OF THE CHIEF FINANCE OFFICER:** The Committee was given an update on the counter fraud performance of the Benefits and Local Taxation Service (BLTS) between 1 July 2007 and 30 September 2007. This included details of the May 2007 DWP Benefit Fraud Inspection which had made 20 recommendations for improvements in the fraud investigation process and benefit administration. The Committee was advised of counter fraud activity in the second quarter against its targets. In respect of overpayments, the Committee was informed that this figure stood at £413,545 to date related to fraud. There were a number of questions put before the Committee and in the response the Committee was advised that the three assessed performance measures that are used to score the effectiveness of the BLTS security performance was as follows: PM10 - There would be shortfall on the target of 30090, likely to be 21818 during 20078. This was reduction only, not including change of benefit. PM11 - This target of 90% would be comfortably achieved PM16 - Target was on-target to be met by the end of the year, currently at 2.65 against a target of 3.4 successful sanctions per 1000 caseloads. In respect of the Inspection's 20 recommendations, the Committee was informed that the BLTS would go through a restructure to ensure value for money and quality work is achieved in order to ensure targets are met. Further, the Committee was informed that the current IT databases were being gradually replaced and that a robust

procurement/specification exercise was taking place to achieve this. In respect of QB50 notebooks, the Committee was informed that a business case had been made in April 2007 for these.

The Committee was further advised that in respect of work to avoid prosecutions, the BLTS had measures in place to target this with a proactive approach. It was reported that current arrangements were reasonably well managed to ensure pro-activeness, but that the resources in place were set within the budgets given which are paid for by the Council. The benefits of countering fraud and overpayments went to the Department for Work and Pensions (DWP). From April 2008, when the Benefit Fraud Inspectorate merges with the Audit Commission, these wider aspects would be looked at centrally.

Majority of the members of the committee expressed concerns over the emphasis of targets on fraud rather than on increasing benefit take-up. The Committee was informed that the DWP were setting the targets and that there were some 19 altogether – the three reported on relating specifically to fraud. Further, upon merger with the Audit Commission, it was unlikely that all of the targets would change despite the Council lobbying the DWP over its target setting policies. The Committee was informed that income maximisation in respect of benefit take-up was a Council priority and that processes to increase this were being looked at by the Director of Urban Environment who would report back to the Committee as necessary. The Committee was assured that progress on 20 recommendations would be reported back in due course.

RESOLVED

That the report and work being carried out by the BLTS in relation to counter fraud activity, upon being considered, be noted.

PRAC35.	**INTERNAL AUDIT 2ND QUARTER PROGRESS REPORT - REPORT OF HEAD OF AUDIT AND RISK MANAGEMENT:**

While taking up this report, the Chair stressed to the meeting that this report is very important for this committee as through various appendixes it outlined the position/ progress etc in respect of the following issues on the basis of internal Audit Reports by the external & internal professionals:-

a) The activity of Deloittee & Touche for the 2nd Quarter to date.

b) Position of outstanding priority 1 recommendations from 2004/05 and 2005/06.

c) In-house Team Fraud Investigation / irregularities/ claims of non-receipt of Council cheques.

d) Details of disciplinary suspensions / And or actions taken.

The Chair then asked the Head of the Audit to formally present the Report and after her presentation the Committee Members were asked

to come forward with their queries & comments on the report.

The Committee was informed of work undertaken by the Internal Audit Service for the second quarter 2007/8 which involved a total of 25 projects completed to final report stage against 29 planned for this period as detailed in the report before the Committee. The Committee was advised that in respect of fraud investigation/irregularities, the second quarter had seen a number of allegations from fraudulent applications for housing, misuse of position for personal gain, and misuse of a disabled parking badge. The Committee noted that major issues for the attention of senior management highlighted in the Quarterly Report' Priority One recommendations list and a number of questions were answered on various entries within the Report and the statement of responsibilities.

The Committee was informed that equalities data was monitored by HR management for trends and policy development. Further, that reports on irregularities were turned around within a given time-frame and that this was monitored for performance purposes. The Committee noted that disciplinary cases were high and this was being monitored by risk managers. In respect of Value for Money (VFM) entry on the Audit Report, the Committee was informed that this would report back to the Committee in due course once all issues had been resolved. It was also informed that the external auditors continually looked at VFM on all resources matters. In respect of energy supply, the Committee was informed that the level of un-metered electricity supply to the Council would be fed back in due course. The Committee thanked the Acting Director of Finance and the Head of Audit and Risk Management for reducing the number of outstanding Priority One recommendations from 25 to 12, noting that the remaining 12 would be reported back to the Committee in due course. In future, these recommendations would need to be listed with target dates.

At the end, the Chair highlighted particularly the following points from the Auditors report on different heads, which he commented as not representing good practices and thus fraught with serious risks that needed to be monitored by the respective officers of the council, such as:-

a) **Project Management Assurance Work**: - "The governance structure for the project has not been formalised-- no risk register is in place & there are no change control procedures in place"—"A formal change control process should be developed."

b) **Cash Receipting**: "Monthly Bank Reconciliations are not always signed by a second officer as evidence of review."

c) **Creditors**: "Authorised signatory form are not updated regularly."

d) **Debtors**: "Invoices and credit notes are not always evidences as authorised."

MINUTES OF THE AUDIT COMMITTEE
MONDAY, 29 OCTOBER 2007

e) **Compliance with Council's Procurement Procedures-Parks:** The internal audit noted that," we are unable to provide assurance over the Tendering Procedures and Assessment of best value- registers are not maintained for tenders, quotations and waivers."

f) **Unannounced Spot Checks & Establishment Audits- Adult Culture & Community Services**: Internal Audit reported that "no asset register is maintained."

g)**Building Schools for the Future Procurement**:-**Finance** Auditor reported that "there were no terms of reference for the Board."

h) A**ccounting & General Ledger: The Auditor noted that, "Line Managers do not always notify the Finance systems team—when an agency or temporary member of staff leaves the employment of the Council."**

i) **Sure Start Early Years: "There are no minutes of meetings undertaken by the Local Partnership Board for this financial year."**

From the above, the Chair concluded that the lapses, mentioned above, some of them he believed were of the same nature of the lapses, as detected by the Audit Commission in their Tech Refresh Review Report, which caused massive overspends. As such needed careful attention by the appropriate authorised officers of the Council.

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RESOLVED

(i)   That the audit coverage and progress during the second quarter 2007/8 and on the reports outstanding from 2006/7 be noted.

(ii)   That the progress and responses received in respect of outstanding audit recommendations be noted.

(iii)   That the appropriate officers of the Council should guard against happening of the referred lapses henceforth, as pointed out by the chair from the reports itself.

iv) In the Quarterly reports, the positions of the outstanding recommendations be outlined, with target dates of any one remained outstanding.

PRAC36. **REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE - REPORT OF HEAD OF AUDIT AND RISK MANAGEMENT:**

The Committee was advised that the level of compliance with the IPF Toolkit in relation to local authority audit committees and their effectiveness was high. It was also provided with the results of the Review and options for discussion and approval to ensure that the requirements of the IPF guidance were fulfilled, and that the Audit Commission feedback in relation to the Use of Resources assessments

was appropriately addressed. There were a number of actions drawn from the Review as highlighted in bold within the Report before the Committee. The Committee received a summary of the main comments from Members during the Review as well as the timetable for implementing the outcomes of it. In respect of the external audit fee, the Committee was advised that this would be considered by the Committee in future once it had been negotiated by officers.

The Chair **quoted from the toolkit for Local Authority Audit Committees, page-35, Section 8- Heading-Administration, that, "for an audit committee to make effective use of its limited time it needs to have a secretary, who ideally should be a senior officer of the organisation so that the audit committee's influence continues between meetings."**

He also of the firm conviction that for proper scrutiny of the budget , a committee, independent of the Cabinet should be engaged for the proper certification stating the affairs of the authority were managed economically, effectively and effectively

RESOLVED

(i)   That the outcomes of the Review and current level of compliance with the IPF Toolkit be noted;

(ii)   That the actions to address the outstanding issues be agreed as the product of the Review, conducted by the Head of the Audit and as suggested by the Acting Director of Finance to agree an Action Plan **the meeting agreed the following course of actions:-**

(a) **to get advance clear time table and agenda,**

(b)**to make use of more informal meetings,**

© **to send out the summaries of the audit reports on a monthly basis,**

(d)**to use members' interest/skills/specialists knowledge etc,**

(e) **to make reports more user friendly,**

(f)**to use the audit strategy as a discussion item, enabling members to have an input into the audit planning process,**

(g) **to publicise the work of audit committee, in addition to annual report to full council and**

(h) **to have the support and cover of a dedicated secretary for the Audit Committee, in conformity with** the best practice guidance as set out by CIPFA and IPF.

PRAC37.	**RISK MANAGEMENT - PROGRESS REPORT - REPORT OF HEAD**	

OF AUDIT AND RISK MANAGEMENT:

Apart from the circulated report, the Committee received a presentation by the Head of the Audit ,outlining the progress made in implementing the Council's risk management strategy and was referred to the CIFPA guidance and IPF Toolkit in this respect. Members of the Committee noted that there would be Risk Management training for them on 19 November 2007. In respect of the Council's risks registers, the Committee was informed of the key issues facing risk registers at the business unit, departmental, and corporate levels. Before allowing members to ask questions / comments on the officers' report & presentation, the Chair gave his own presentation to the Committee, (quoting from the CIPFA Solace current guidance booklet", Section 7, particularly 7.3, Section 8.2 & 8.7 and reported to the meeting that in order to scrutinise the authority's' risk management, it was required by the committee to examine the corporate risk register along with the supporting series of departmental/ services risk registers to understand in a totality the logical and systematic method of risk management to minimise loses and maximise gains for the authority. In this task, as total picture was not available to the committee, he said that he was getting the impression that the Councils' departments/ business units as a whole had not yet developed appropriate Risk Registers, without which it was not possible for the Committee to scrutinise the Councils' Risk Management, as required under the guidance and Terms of Reference of the Audit Committee. So as a way forward, he suggested that the present Committee Clerk would write to the councils' designated officer for risks management to reply on the formatted questions, as per page-22 of the Toolkit, as supplied to the Committee Clerk at the meeting & on receipt of reply from the Councils' Officer to the questions laid around to them (Appendix A of these minutes), would write to all members of the Committee.

The Committee was informed by the Head of the Audit that all risk registers were now in place, but more revisions were needed.

At this, the Chair requested that all registers be inspected by Internal Audit and submit reports to the Committee, enabling the committee to discharge its duties and responsibilities, as laid down in the terms of reference of the Committee . The Head of the Audit advised that there would have to be objective assessments of the registers in order to make them valuable and effective. There would also need to be proper monitoring and feed back from relevant Corporate Directors on specific risks highlighted within each register. In reply, the Chair maintained the position that the Report outlined in point 6.3 stated that all current Risk Registers, in hard copy format would be over 500 pages register, but when a copy of that 500 pages register was forwarded to chair, the chair found only 281 pages of the 500 pages register, in that circumstances, the position became confused to him. However, some member wanted a brief report, outlying the full picture. As a way forward the Acting Director of Finance assured the Committee that in due course he would present a report, outlying the full picture of the strategic registers, supported by the other registers. The meeting agreed with that suggested way forward.

MINUTES OF THE AUDIT COMMITTEE
MONDAY, 29 OCTOBER 2007

	RESOLVED (i) That the full picture of the Councils' entire Risk Registers be presented to the Audit Committee at the earliest, meanwhile the latest version of the corporate risk register, as presented to the committee be noted; (ii) That any changes, new risks and actions be reported to the Committee; (iii)That meanwhile, the committee clerk would write, with the formatted questions to the Councils' designated officer for risk management and would circulate the contents of the reply letter, as and when received to all members of the Audit Committee; (iv) However, on the basis of assurances by the Head of the Audit, the Committee expected that the Council Officers were managing the risks of the council adequately & effectively. However, an update of the risks management be reported to each quarterly meetings of the Committee.	
PRAC38.	**NEW ITEMS OF URGENT BUSINESS:** None.	
PRAC39.	**DATE OF NEXT MEETING:** **RESOLVED** That the following dates were confirmed: • Monday 28 January 2008, 7:30pm • Monday 28 April 2008, 7:30pm	

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Councillor Gmmh RAHMAN KHAN
Chair, Audit Committee 2007/8

Date:

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Agenda Item 6

Grant Thornton

Update on 2007/08 Audit and Inspection Plan

As the 2007/08 Audit and Inspection Plan was issued in July 2007, we thought it would be helpful to provide you with an update of the key areas that we intend focussing upon as part of this year's work. Given that many of the risks detailed within the 2007/08 Plan remain relevant, these have been included in this document with an update on their status. In addition, we have included any new risks relevant to our audit work that have been identified since this Plan was presented to the Audit Committee.

The 2007/08 Use of Resources scoring and Data Quality work will be reported to the Council by the Audit Commission as this was part of their remit as the outgoing auditors.

We are required to carry out an audit of the Council's Best Value Performance Plan and also to report whether it has been prepared and published in accordance with legislation and statutory guidance. We are pleased to report that we were able to issue an unqualified opinion on this by the end of December deadline.

Key audit risks	Update at January 2008
There is a potential conflict between Building Schools for the Future programme and existing PFI schemes that are in place.	The Council has evaluated the options in place due to the conflict between the BSF programme and the PFI scheme and is currently working hard towards finding a solution with Central Government. We have had several updates with management to discuss the options that the Council has put forward and assessed the impact of these as part of our Accounts and Use of Resources work. We are also currently discussing some of the detailed accounting entries in the context of both the 2007/08 accounts and the future years implications on PFI of the introduction of International Financial Reporting Standards.
A strategy for improving the health of the community that brings together the initiatives that are taking place, such as ensuring health inequality issues are being addressed.	We are currently undertaking a study on Health Inequalities in conjunction with the Haringey PCT, and will report our findings to the Audit Committee when this work is completed.
There is a risk that the ALMO in charge of Housing services may not deliver its objectives and offer value for money.	The Housing Inspection report has been issued and concluded that the services provided were good with promising prospects for improvement.
The Council has recently had an Allocation and Lettings Inspection undertaken by the Audit Commission.	We will review the results of this inspection as part of our 2007/08 audit work.
We understand there have been complications over the granting of a lease to the current service provider at Alexandra Palace.	We will continue to monitor developments in this area as part of our 2007/08 audit work as there is a risk that this could have a financial impact upon the Council.
Ensuring better use is made of the investment in customer services and ICT.	As part of our interim audit work we will undertake a high level review of the controls operating within the IT systems. We will discuss the results of this with management and, if appropriate, will look to

Key audit risks	Update at January 2008
	undertake a more detailed review as part of our 2007/08audit work.
International financial reporting standards (IFRS) will come into operation from 2008/09 and there will be a requirement also to restate the 2007/08 comparatives. Also, there are changes in the SORP 2006 that will apply to the 2007/08 accounts such as the introduction of the revaluation reserve.	We have undertaken a workshop for all our Local Government clients to ensure they are fully aware of the latest accounting developments. However we would note that the timetable for the implementation of IFRS has been pushed back to 2009/10 but with Whole of Government Accounts implications for 2008/09.
An overarching approach to regeneration brings together key quantifiable outcomes to enable the Council and partners to measure progress.	The Council recognise that an overarching approach to regeneration should continue to develop and we will continue to monitor progress made by the Council in this area as part of our 2007/08 audit work.
The Council has a significant capital programme and will need to continue to develop corporate control over all capital projects.	We will consider the adequacy of controls over the capital programme as part of our interim audit work and will also seek to place reliance on the Use of Resources scoring judgments undertaken by the outgoing auditors.
The comprehensive spending review is likely to impact upon the Council and put additional pressure on budgets that are already stretched, such as the costs of housing asylum seekers.	We have discussed the results of the Comprehensive Spending Review with management and we understand that this has been incorporated into the financial and business planning process. We will continue to monitor progess and in particular the arrangements for delivering the 2008/09 budget.
The Council is required to restructure children's services as required by legislation. There is a risk that these arrangements may not meet the requirements.	We understand from management that there has been good progress on integration within the Children and Young People's Directorate. We will also take into account the implications of the most recent CSCI assessment as part of our Use of Resources work.
Recruitment and retention is a risk in some areas of the Council such as youth service and children's social care.	We will continue to monitor the Council's progress in ensuring that this risk is mitigated.

We hope the Audit Committee finds the contents of this letter useful and the audit team are happy to discuss any of the matters raised.

Haringey Council

Agenda item:

[No.]

| Audit Committee | On 28th January 2008 |

Report Title: **Internal Audit Progress Report – 2007/08 Quarter 3**

Forward Plan reference number (if applicable): **N/A**

Report of: **Head of Audit and Risk Management**

| Wards(s) affected: **All** | Report for: Non-key decision |

1. Purpose

1.1 To inform the Audit Committee of the work undertaken by the Internal Audit Service for the third quarter 2007/08 and reports outstanding from 2006/07.

2. Recommendations

2.1 That the Audit Committee notes the audit coverage and progress during the third quarter 2007/08 and on the reports outstanding from 2006/07.

2.2 That the Audit Committee notes the progress and responses received in respect of outstanding audit recommendations.

2.3 That the Audit Committee confirms that the actions taken to address outstanding priority 1 recommendations is appropriate.

Report Authorised by: **Chief Financial Officer**

Contact Officer: Anne Woods, Head of Audit and Risk Management
Tel: 020 8489 5973
Email: anne.woods@haringey.gov.uk

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3. Local Government (Access to Information) Act 1985

3.1 For access to the background papers or any further information please contact Anne Woods on 0208 489 5973.

4. Background

4.1 The purpose of this report is to advise the Audit Committee of the audit activity for the third quarter of 2007/08. In addition, the report updates the position on those reports from 2006/07 which remained outstanding at 31st March 2007.

5. Performance Management Information

5.1 Although there are no national or Best Value Performance Indicators, local performance targets have been agreed for Audit and Risk Management. These form part of Corporate Resources' reporting processes, but are detailed below for information. The table shows the targets for each area of audit activity monitored and gives a breakdown between the quarterly and cumulative performance.

PI Ref.	Performance Indicator	3rd Quarter	Year to date	Target
A1	Audits completed vs. Planned programme	90%	92%	95%
A2	User satisfaction (1 = low, 5 = high)	3.4	3.4	3.75
A3	Time taken to complete investigations (2007/08 referrals)	10.5 weeks	12.6 weeks	12 weeks

6. Deloitte and Touche

6.1 The activity of Deloitte and Touche for the third quarter of 2007/08 to date is detailed at Appendix A. This also includes details of all reports outstanding from 2006/07, which are separately identified. For 2007/08, a total of 64 projects was planned for the first, second and third quarters, including school visits. To date, 36 projects have been completed and issued as final reports. A further 23 projects have been completed and draft reports have been issued. At this stage of the year, the percentage of completed projects and final reports issued to date is significantly above previous years' completion rates and it is anticipated that the 95% target will be achieved by the year end.

6.2 The programme of planned follow up audits is also reported at Appendix A. For follow up work in relation to 2006/07 audits, a total of 141 recommendations have been subject to follow up. Of these, 61 have been implemented including 12 out of 34 priority 1 recommendations. A further 35 are in progress and being implemented and 11 recommendations are no longer applicable. In total, a 76% compliance rate has been achieved, which is substantially higher than previous years. The higher profile of the work of internal audit and the new reporting requirements to the Audit Committee have ensured that managers take greater responsibility for implementing recommendations.

6.4 At the previous Audit Committee, further details of all outstanding recommendations reported when the follow up work was undertaken were provided. Since July 2007, work has been ongoing, in conjunction with the Chief Financial Officer, to ensure that Directors were aware of the required actions necessary. As a result, Appendix A also contains a detailed explanation of the status of all priority 1 recommendations from

2004/05 and 2005/06 which were reported as 'not implemented' when the original follow up work was completed.

6.5 At the last committee in October 2007, there were a total of 12 priority 1 recommendations which had not been implemented. As a result of work undertaken during quarter 3, this has now reduced to 8. Of these, which have been agreed by managers, all of them were in the process of being implemented and a revised deadline for completion has been provided. Directors have been kept informed of progress at all stages and Internal Audit are satisfied that managers are taking appropriate action to address the issues raised in the original recommendations.

7. In-house Team – Fraud investigation/Irregularities

7.1 In accordance with the Council's Constitution, Internal Audit investigates all cases that fall outside the remit of the Housing Benefit Fraud Investigation Team and the Information Security Policy. Appendix B details the individual cases that were completed by the In-house Team during the first three quarters of 2007/08 and brought forward from 2006/07.

7.2 Within the third quarter, eight new cases were referred to Internal Audit for investigation, and six cases were completed during the quarter involving Council employees. To date in 2007/08, 24 new cases have been referred to internal audit for investigation, and 18 cases were brought forward from 2006/07. The cases investigated during quarter three covered a number of allegations from fraudulent application for housing and council tax benefits, identity fraud and fraudulent extension of PSL leased properties. During 2007/08, the average length of time taken to investigate all allegations is 12.6 weeks.

7.3 The In-house Team also investigates claims of non-receipt of Council cheques. To date in 2007/08, there has been one new referral for investigation. Improvements in procedures, including the introduction of 'positive pay' whereby the council's banking team receives information on cheques before they are cleared, and new cheque security measures have substantially reduced the level of fraudulent activity in this area. When a cheque fraud, or attempted encashment of a fraudulently altered cheque, is reported to or by the bank, the total is classified as a 'saving' as this is the potential amount which could have been lost. The council has not lost any money, as the fraud was detected and the cheque was not cashed.

7.4 Appendix C details the number of disciplinary suspensions and/or action taken in the third quarter of 2007/08. The data is taken from SAP and the information has been provided in line with council statistics reported elsewhere. In addition, better management information is now available to assist in monitoring and reviewing outstanding cases in order to improve processes across all directorates.

APPENDIX A

Internal Audit
Quarter 3 Internal Audit Report
2007/2008
London Borough of Haringey

Deloitte & Touche Public Sector Internal Audit Ltd.

January 2008

APPENDIX A

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

Contents

APPENDIX A

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

Audit Highlights

Introduction

This is our third quarter report to the Audit Committee for the 2007/08 financial year including details of all reports which are now at final stage. The audits for 2007/08 are reported in line with the new directorate structure, while the audits for 2006/07 are reported in the previous directorate structure.

All recommendations are agreed with Council officers, and any disputes are discussed prior to the final report being issued. All recommendations to address any control weaknesses highlighted within this report have been agreed. Officers' actions to address the recommendations, including the responsible officer and the deadline for completion, are fully detailed in the individual final audit reports.

The attached summaries reflect the status of the systems at the time of the audit, and recommendations may already have been implemented by Council officers by the time the final report is issued and reported to the Audit Committee. The summaries only highlight what Internal Audit judge to be the key findings and include any Priority 1 recommendations made, although the summary will state if other, lower priority, recommendations have been made. The audits highlighted in **bold** are those not previously reported to the Audit Committee.

In line with our 'Draft Internal Audit Plan and Strategy for 2007/08', we will include the following details for each of the completed internal audits:

- Objectives of the audit;
- Overall conclusion about the level of assurance;
- Number of recommendations in each priority category;
- Full details of all Priority 1 recommendations;
- Summary of all Priority 2 and 3 recommendations;
- A note about any management responses which are of concern to the internal auditors; and
- A note about any failures by the management to fulfil the actions agreed in earlier internal audit reports.

As a reminder, our recommendations are prioritised according to the following categories:

Priority 1 - major issues for the attention of senior management
Priority 2 - other recommendations for local management action
Priority 3 - minor matters

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08 **APPENDIX A**

Members of the Committee will also be provided with full copies of our audit reports upon request.

Follow Up 2006/07

We have followed up on 141 recommendations and found that 43% have been implemented, 25% have not been implemented, 24% have been partly implemented and 8% were no longer applicable.

APPENDIX A

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

DETAILED FINDINGS: QUARTER 3 - 2007/08

Audit area	Scope	Status/key findings	Assurance
		ALL DIRECTORATES	
Project Management Assurance Work	The audit work will consider key projects, as identified by the Council as part of the overall delivery of the council plan and achieving excellence programme. Each audit will seek to identify and assess the application of the following key processes: • Application and understanding of the Council Project Management; • Project monitoring and reporting; • Link to capital budget and monitoring and identification of early signals of projects being under/over spent or delayed; • Impact of risks and issues, and the distinction between the two; • Delegation of responsibility; • Monitoring of the Critical Path; and • Actions to ensure delivery of the project, and contingency reporting and actions. Individual audits will consider the following areas with regards to the set up of projects: • Overview of the project organisational structure at a high level, i.e. project sponsors, project board etc.;	**Community Care Strategy (Residential)** This project falls within the Adult, Culture & Community Services Directorate. Audit fieldwork has been completed and a draft report was issued to management on 8 January 2008. The management response is due by 28 January 2008. **Improving Green and Open Spaces** This project falls within the Urban Environment Directorate. Audit fieldwork has been completed and a draft report will be issued in January 2008. **Primary Capital Programme** This project falls within Children and Young People Directorate. Audit fieldwork has started and is due to be completed by the end of January 2008. A draft report will be issued in early February 2008.	

APPENDIX A

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

Audit area	Scope	Status/key findings	Assurance
	• Understanding of the criticality of the project to the business, and get a feel for the business case; • Brief overview of the project to date, and the key risks within the project; • Details of the project team and relevant skills; • Key third party involvement; • Process of management and the managements' views on risk management; • Role of the project office; • Change management and enablement controls and procedures; • Technology used in the project / programme; and • Issues with implementing the solution.		
Pro-active Anti-fraud	Our work will include completion of the Fraud Profiling exercise covering key areas across all Directorates of the Council, and will also include schools and Homes for Haringey. We will also complete testing on high risk areas within individual Directorates, to be agreed with the Council, to attempt to identify fraudulent practice across the Council. Our work will cover high risk areas, where there have been previous fraud cases. We will also take into account the National Fraud Initiative and the Audit Commission and London wide view of high risk areas. Pro Active Fraud:	**Expenses** We have completed our work with regard to testing a sample of expense claims from 1 April 2006 to date, across the Council. The summary of our findings is detailed below: *Petty Cash Vouchers* A total of 20 petty cash expense claims under £250 were sampled. The following weaknesses were identified: • In seven cases, the approvers did not have any authority, within the Authorised Signatory Record, to approve petty cash expenses; • In four cases, the approvers had exceeded their approval limits; and • There is a general lack of supporting documentation, with 17 of	N/A

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
	A number of potential areas of work have been scoped out. These include: • Concessionary fares; • Carry forward of our data matching exercise relating to Residents Parking permits and Council Tax single occupancy discounts; • Testing of expense claims across the Council; • Testing a sample of "blue badges" for validity; and • Continuation of our work on Abandoned Vehicles.	the claims having no receipts or invoices attached. *Mileage Claims* A total of 10 mileage claims were sampled. The following weaknesses were identified: • In two cases insufficient details were provided to confirm the reasons and justification for the journey; • In two cases, duplicate claims were made for the same journey; • One claim was made seven months after the completion of the journey; • In five cases, the mileage for the journey on which the claim was based was in excess of that obtained from the AA website; and • In one case, relating to attendance at a conference, there was no deduction of the mileage from home to work. *Travel Expenses Claim* Six travel expenses claims over £250 were sampled. The following weaknesses were identified: • In two cases there was no supporting documentation, such as receipts, to back up the claim; and • In one case, there was no evidence of approval by an authorised officer, prior to the claim being processed for payment. As a result of our work, we have raised three priority 1 and two priority 2 recommendations, which should help to improve controls in this area.	

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		The Priority 1 recommendations are as follows: • A Council-wide policy covering the processing, approval and payment of expense claims, should be developed and made available on Harinet; • All authorising officers should be reminded to ensure that mileage claims are checked for accuracy and completeness prior to the claim being approved, which should include the reasons for completing the journey; and • Expense claims should only be approved for payment by an officer who is included in the Authorised Signatory Record as having the authority to approve expense transactions and who is allocated a limit for that purpose.	
		Abandoned Vehicles This is a continuation of our work on Abandoned Vehicles which was completed in 2005/06. Audit fieldwork will start on 21 January 2008 and a draft report will be issued in February. The audit is designed to establish the effectiveness of procedures within Abandoned Vehicles and will focus on: • Policies and procedures at Haringey Council; • Policies and procedures of the Contractor; • Key controls and operational issues; • Contractual agreement; and • Benchmarking Activity.	

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
Risk Management Development and Support	During the year we will liaise with the nominated officers for each Department across the Council with regard to facilitating the update of risk registers, as a result of the restructure of the Council's Directorates. This will also involve the facilitation of Control Risk Self Assessment workshops across Departments, where appropriate. We will agree a programme of work with regard to the key risks. Where appropriate, we will either provide advice regarding controls to manage the risk, assess the adequacy of the controls identified and/or assess the effectiveness of the controls identified.	We continue to provide support to individual business units within each directorate to assist them with updating their existing risk registers and, where appropriate, develop new risk registers in line with the new Council structure. Upon completion and approval by management of the business unit registers, individual Directorate risk registers will be prepared showing the 10 highest residual risks for each Directorate. The following Directorate risk registers have been drafted: • Corporate Resources; • Children & Young People; • Adult, Culture & Community Services; and • Urban Environment.	
Customer Services	Key areas to be covered by the audit include: • Staff Induction and training; • Monitoring of service provision; • Performance monitoring; and • Management reporting.	There is a basically sound system. There are weaknesses, which put some of the system objectives at risk. A number of controls were observed to be operating satisfactorily, some of which are listed below: • Staff training is completed within their three-month probation period; • Results of one-to-one meetings and performance appraisals are used to determine training needs; and • The Service completes weekly performance monitoring and produces reports for management. Within the system there are weaknesses which put the system	**Substantial**

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		objectives at risk. The areas where weaknesses were found include:	
		• At the time of the internal audit fieldwork, the Service Level Agreements between Customer Services and Homes for Haringey and Streetscene had not been finalised and signed;	
		• For nine new starters sampled, there was no documentary evidence to confirm that they had passed the Customer Relationship Management (CRM) test; and	
		• There are no induction procedure in place for the Service for the benefit of new starters.	
		As a result of our work, we have raised one priority 1 and two priority 2 recommendations, which should help to improve the control environment.	
		The Priority 1 recommendation is as follows:	
		• All Service Level Agreements with service partners should be finalised and signed by all responsible parties as soon as possible.	
Data Protection Act	The audit will cover the Council's central Data Protection Policy and will include testing compliance with the policy within individual departments across the Council.	Audit fieldwork has been completed and a draft report was issued to management on 4 December 2007. The deadline for the management response has been extended, at the request of management, to 31 January 2008.	
Building Schools for the Future – Follow-up	This will involve following up the recommendations raised in the 2006/07 internal audit report. The areas covered by the audit included: • Programme Organisational and Governance	We followed up the four recommendations raised in 2006/07 and found that two Priority 2 recommendations have been implemented, one Priority 2 recommendation has been partly implemented and one Priority 3 recommendation is no longer applicable, resulting in	N/A

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
	Structure; • Reporting and Accountability Arrangements; • Financial Arrangements (including monitoring of spend to date); • Risk Management (including financial risk); • Project Management Framework; and • Monitoring of Haringey Sixth Form Centre.	one re-raised recommendation. The re-raised Priority 2 recommendation is as follows: • The draft terms of reference for the Board, detailing its scope, roles and responsibilities, should be presented to the Board for approval. The approved terms of reference should then be communicated to all Board members. The management response states that suggested terms of reference will be resubmitted for the Board to use as an input to determine their scope, roles and purpose at one of the Board meetings in early 2008.	
IT Insourcing – Follow-up	This will involve following up the recommendations raised in the 2006/07 internal audit report. The areas covered by the audit included: • Determination of the Programme's budget, including budget compilation and approval; • Monitoring of the Programme's budget; • Reporting of the Programme's budget; • Change control procedures; • Application of Change Control procedures; and • Delegation of authority. In addition, as part of the Council wide work on Project Assurance the audit sought to identify and assess the application of the following key processes: • Application and understanding of the Council	We followed up on the seven recommendations raised in our 2006/07 Internal Audit report and found that five Priority 2 recommendations have been implemented and one Priority 1 and one Priority 2 recommendations are no longer applicable. As a result of our work, we have not raised any further recommendations.	N/A

APPENDIX A

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

Audit area	Scope	Status/key findings	Assurance
	• Project Management; • Project monitoring and reporting; • Impact of risks and issues, and the distinction between the two; • Delegation of responsibility; • Monitoring of the Critical Path; and • Actions to ensure delivery of the project, and Contingency reporting and actions.		
	CORPORATE RESOURCES – KEY FINANCIAL SYSTEMS		
Strategic Financial Management & Budgetary Control	Audit work was undertaken to assess the control environment in the following areas: • Budget Setting; • Budgetary Control and Variance Analysis; • Departmental Management Reporting; Virements; • Corporate Management Reporting; • Close Down Procedures; and • Follow Up of 2006/07 Internal Audit Recommendations	There is a basically sound system. There are weaknesses, which put some of the system objectives at risk. A number of controls were observed to be operating satisfactorily, some of which are listed below: • A timetable is in place for the 2008/09 budget setting exercise and progress is monitored through the Corporate Finance Management Team meetings; • Guidance on budget preparation is communicated to budget holders; • A pro-forma budget agreement form is used by budget holders to agree the budget at the start of the financial year; • A monthly budget management report is produced, identifying variances and detailing action points where applicable; this is reviewed at the budget management meetings and the Chief Executive Management Board meeting on a monthly basis; and • The year-end close down procedures are detailed in the Final	**Substantial**

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		Accounts notes and training is provided to budget holders on close down procedures by the Finance Team. Within the system there is a weakness which puts one of the system objectives at risk. The area where the weakness was found is: • The current procedures on virements do not cover virements within business units. As a result of our audit work in this area we have raised one Priority 3 recommendation, which will help improve controls in this area.	
Treasury Management	Audit work was undertaken to cover the following areas and control objectives: • Legislation, policy and procedures; • Security of assets; • Cash flow forecasting; • Reconciliation of loans and investments; • Reporting; • IT security; and • Follow up.	A number of controls were observed to be operating satisfactorily, some of which are listed below: • There is a system in place to help ensure compliance with legislative requirements; • There are controls in place to help protect Council assets; • Relevant financial information is produced on a regular basis to assist with the maximisation of the Council's net cash flow performance; • The sample of reports selected during the internal audit complied with legislation; and • Logical system access controls to data were observed. Within the system there are weaknesses which put some of the system objectives at risk. The areas where weaknesses were found	Substantial

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		include: • Five monthly bank reconciliations were sampled and although all are signed by the reviewers, the review date is not always shown. As a result of our audit work in this area we have raised one Priority 3 recommendation which will help improve controls in this area.	
Payroll & Expenses	High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and significant controls covering the following areas: • Policies, procedures and legislation; • Reliability & integrity of transactions and records; • Payments; • Joiners; • Leavers; • Performance Management; • Variations & adjustments to pay; • Payroll deductions; and • System reconciliation.	Fieldwork for the audit has been completed and a draft report has been issued to management. The management response is due by 5 February 2008.	
Accounting & General Ledger	High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and significant controls covering the following areas: • Data entry; • Completion & recording of journals;	Fieldwork for the audit has been completed and a draft report has been issued to management. The management response is due by 4 February 2008.	

APPENDIX A

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

Audit area	Scope	Status/key findings	Assurance
	• Management information & reports produced; • Feeder system and input to the Ledger; • Control account reconciliation; • Structure of the ledger; and • IT access, security & disaster recovery.		
Council Tax	High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and significant controls covering the following areas: • Organisational structure; • Methods of payment • Reconciliation between debit and valuation list; • Discount & reduction applications; • Billing; • Receipts from taxpayers; • Suspense accounts; • Debt recovery action; • Write off; • Monitoring of collection rates; • Reconciliation with general ledger; • Refunds; • Void allowances; • Benefits assessments; • Policies and procedures; and • IT access, security & disaster recovery.	Fieldwork for the audit has been completed and a draft report will be issued to management in January 2008.	
	CORPORATE RESOURCES – CORPORATE PROCUREMENT		
E-Procurement – TEAM	This audit will look at controls over the raising of electronic purchase orders from the TEAM system	Weaknesses in the system of controls are such as to put the system objectives at risk. There is also evidence that the level of non-	**Limited**

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
	(Energy billing and administration system - invoices received electronically from utility suppliers, processed and paid. Process includes charge-out to schools); This audit will cover the following areas: • Processing of orders; • Processing of invoices; • Payment of invoices; • Interface with SAP (including reconciliation); and • Processing of recharges. Note: In October 2006 the Energy Management Team within Corporate Procurement entered into a contract on behalf of the Council for the provision of an Energy Management function from TEAM (Energy Auditing Agency Ltd). Energy bills from each of the suppliers are sent to TEAM by an Electronic Data Interchange (EDI) file, rather than a traditional paper bill. The EDI files contain details of energy consumption by all Haringey Council sites and are uploaded into TEAM's Energy Management software, SIGMA. The software validates the EDI files to ensure the reasonableness of amounts billed.	compliance may put some of the control objectives at risk. As part of our internal audit we visited TEAM premises to ascertain the systems in place. We identified existing controls which would help to achieve the control objectives, and completed the evaluation and testing of controls within the systems. A number of controls were observed to be operating, some of which are listed below: • The Journal Recharge Files for the three months sampled were reconciled to the supplier summary invoices and VAT checks were completed; • The SAP interface log was up-to-date and interface failure reports were produced; and • Validation of supplier information was being carried out by TEAM. Within the system there are weaknesses which put some of the system objectives at risk. The areas where weaknesses were found include: • The Service Level Agreement with TEAM was not signed; • There are a lack of procedures in place regarding the processing and checking of Journal Recharge Files and Invoice Creation Files; • Postings to SAP are not checked against the Journal Recharge Files; and • There is a lack of reconciliation between the Invoice Creation	

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		Files and the number of schools and external units to be recharged. As a result of our audit work we have raised one Priority 1 recommendation and nine Priority 2 recommendations which will help improve controls in the area. The Priority 1 recommendation is as follows: • The SLA between Haringey Council and TEAM should be signed by both parties as soon as possible.	
CORPORATE RESOURCES – IT AUDITS			
Environmental Enforcement (PPWHIZ)	Audit work was undertaken to cover the following areas and control objectives: • User access structure; • Logical access controls and security configuration of the system; • Input, output and processing controls; • Interfaces; • Audit trail; • Backup procedures; and • Business continuity / disaster recovery arrangements.	Audit fieldwork has been completed and a draft report was issued to management on 4 December 2007. At the request of management, the deadline for the management response has been extended to 31 January 2008.	
URBAN ENVIRONMENT			
Waste Management/ Recycling	Key processes to be covered by the audit include: • Establishing service requirements; • Monitoring of service delivery;	There is a basically sound system. There are weaknesses, which put some of the system objectives at risk. A number of controls were observed to be operating satisfactorily,	**Substantial**

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
	• Progress reports and meetings; • Customer satisfaction; • Verification of works; • Contract payments; • Contract variations; • Compliance with BVP 199; and • Recycling schemes.	some of which are listed below : • The Waste Management contract identifies roads within the Borough and determines the frequency by which all refuse collection and street cleaning are conducted; • The Contract Monitoring Officers complete daily checks on the quality of refuse collection, street cleaning and recycling schemes; • Monthly meetings are held between the Council's Waste Management Service and Haringey Accord Limited; • Surveys of customer satisfaction are completed on the Council's behalf annually by Mori; and • The Council offers a range of doorstep and on-street recycling schemes to residents of the Borough. Within the system, there are weaknesses which put the system objectives at risk. Some of the areas where weaknesses were found are : • Where a dispute is raised on the monthly invoice submitted by Haringey Accord Ltd, the disputed amount is paid by the Council and, only when this is agreed by Haringey Accord is the amount deducted from a later invoice; • The Haringey Accord invoices between March and May 2007 have not yet been certified by the Council; • At present only 6,000 of 15,000 Homes for Haringey properties are served by a recycling scheme; and	

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		• Monthly statistics of materials collected and recycled are produced, but this is not compared with the previous year's figures, nor do they show the amount collected from individual Bring Banks and Newspaper Bins. As a result of our audit work in this area we have raised one Priority 1 and nine Priority 2 recommendations which will help improve controls in the area. The Priority 1 recommendation is as follows: • The Council should review the results of the pilot scheme for the introduction of doorstep recycling and recycling bins to Homes for Haringey housing estates, and determine appropriate actions for implementation. We have also followed up the 14 recommendations raised in the 2006/07 internal audit report and we found that nine have been fully implemented, one has been partly implemented and four have not been implemented, resulting in five re-raised recommendations, including two Priority 1 recommendations. The Priority 1 recommendations re-raised are as follows: • 'Household' information should be uploaded on the Mayrise system at Haringey Accord to assist with the production of performance reports; and • Management should ensure that Haringey Accord retains a documentary record of data recorded manually in the event of failure of the Avaya telephone system, which displays figures on an LCD screen. Consideration should also be given by Haringey Accord to backing up the data so that this can be restored.	

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
Parking, including Enforcement	Key processes to be included: • Policies and procedures; • Issuing of PCN's; • Issuing of tickets for unregistered vehicles; • Identification of income due; • Issue of reminder notices; • Income collection; • Follow up of outstanding debt; • Escalation of action to recover income; • Accounting for income; and • Write off's.	The audit fieldwork has been completed and a draft report will be issued to management in January 2008.	
ADULT, CULTURE & COMMUNITY SERVICES			
Recreation Services – Risk Register Testing	This will be based on direct testing of a sample of key controls on the Recreation Services risk register to gain evidence that control processes are applied in practice. It will take account of our knowledge of the current status of the identified controls, for example whether they are established processes or "work in progress". We will discuss the assessments on the matrix with management to check our understanding of controls identified and assessments made by management. For the control processes that are assessed as being suitable for testing, we will seek to gain evidence as to the application of the controls.	The audit fieldwork has been completed and a draft report was issued to management on 15 January 2008. The management response is due by 4 February.	

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		CHILDREN & YOUNG PEOPLES SERVICE	
Formula Funding/ Fair Funding	Key processes to be covered by the audit include: • Application of DfES procedures; • Monitoring of information supplied by schools; • Verification of calculations; and • Consultation.	There is a basically sound system. There are weaknesses, which put some of the system objectives at risk. A number of controls were observed to be operating satisfactorily, some of which are listed below: • 2007/8 school budgets were calculated using the funding formula; • Pupil number data was obtained from the most recent PLASC and used in the funding formula for 2007/8; • Checks were carried out to ensure that the funding allocations were correctly transferred from the formula spreadsheet to the individual school budgets; and • The Schools Forum was consulted prior to the 2007/8 funding allocation round. Within the system there are weaknesses which put some of the system objectives at risk. The areas where weaknesses were found include: • Lack of formal approval of school budget allocations for 2007/8 by senior management; • Incomplete records detailing follow-up action for incorrect or delayed budget and quarterly returns; • Responsibilities for follow-up action were not clearly defined	**Substantial**

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

Audit area	Scope	Status/key findings	Assurance
		resulting in uncertainty over follow-up action taken;	
		• Lack of evidence to support checks carried out on the formula to ensure the accuracy of calculations made; and	
		• Lack of procedure notes covering the school funding allocation procedure.	
		As a result of our audit work we have raised one Priority 1 and three Priority 2 recommendations which will help improve controls in the area.	
		The priority 1 recommendation is as follows:	
		• Senior management (Head of Children's Service Finance) should formally approve all school budgets for each financial year.	
	CHIEF EXECUTIVE – PEOPLE & ORGANISATIONAL DEVELOPMENT		
Haringey Temporary resource Centre	Audit work was undertaken to cover the following areas and control objectives: • Contractual completion; • Management information; • Contract monitoring; • Payments to Hays; • SAP interface; • Identification of need and role requirements; • Job and process specification; • Requisition and authorisation; • Placement of advertisements and liaison with recruitment agencies; • Short-listing of candidate;	There is a basically sound system. There are weaknesses which put some of the system objectives at risk. A number of controls were observed to be operating satisfactorily, some of which are listed below: • A signed contract is in place between Haringey Council and Hays; • Contract variations are documented and approved; • Weekly operational meetings and quarterly contract monitoring meetings are held and minuted, with action plans developed to	**Substantial**

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
	• Interviewing; • Selection of candidates; • Appointment of candidate; • CRB checks; and • Renewals and extensions.	address poor performance; • Requests for CRB disclosure, when ordering temporary resource, are made in line with Council policy; • The policy on the use of temporary staff includes procedures with regard to extending staff employment; and • Monitoring of extensions and re-bookings is done by the Head of Personnel. Within the system there are weaknesses which put the system objectives at risk. The areas where weaknesses were found include: • There is no process in place for the electronic matching of orders and timesheets against invoices for temporary staff charges; • There is no Council-wide policy with regard to the interviewing and selection of temporary staff; • There was one instance identified where the incorrect individual had authorised the job vacancy; and • All extensions to temporary staff employment were not authorised in line with Council policy. As a result of our audit work we have raised one Priority 1, four Priority 2 and two Priority 3 recommendations which will help improve controls in the area. The Priority 1 recommendation is as follows: • An electronic interface between the Council's SAP system and	

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		Hays' workflow system should be put in place as part of the reconciliation of orders, timesheets and invoices for temporary staff.	
	REQUEST WORK		
Civica Disaster Recovery Exercise 2007	The audit approach was developed following a request from ICT for Internal Audit involvement in the Back Up recovery Process and to provide an independent opinion on the recovery exercise. We completed this using the following methodology: • Identification of the recovery objectives; • Discussion with key staff involved in the exercise; • Attendance at NDR Birmingham for the testing exercise; and • Review of system testing.	The Disaster Recovery test involved the recovery of the Civica Parking application. The system was restored to a full state at the Disaster Recovery test by NDR and the server was built on the day prior to the Disaster Recovery test. As part of the testing process we selected seven reports from the Haringey system and a sample of audit records. Six of the reports were an exact match to the records taken from the live Haringey system. In the case of one report, which details the number of cases in the system at various stages of progression, there was a difference of 13 records which were marked as paid. We were able to identify that the difference was due to payments received through the automated telephone payment system which would have updated case records prior to the back up being run. This was reconciled on site and resolved during the test. As a result of our work we have raised no recommendation from the DR test exercise.	N/A
CCTV Systems	Audit work was undertaken to cover the following areas and control objectives: • Policies and Procedures (including Training);	The audit has been completed and a draft report was issued to management on 17 October 2007. The management response has now been received and the report has been finalised. The final report has been forwarded to the Assistant Director of Streetscene	

APPENDIX A

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

Audit area	Scope	Status/key findings	Assurance
	• Legislation and Regulation; • Access to Control Room; • Tape Management; and • Incident Reporting and Recording.	for approval prior to being issued.	

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Schools Audits

Financial Management Standard in School (FMSiS)

Our work during 2006/07 and 2007/08 has focused on checking compliance with the requirements of the Financial Management Standard in Schools (FMSiS).

All Secondary schools were visited in 2006/07 to provide management with assurance that the Financial Management Standard in Schools (FMSiS) is being achieved. It is a requirement of the Department for Education and Skills (DfES) that all Secondary schools achieve the standard by the 31st March 2007.

All Primary, Infants, Junior and Special Schools are to be assessed as to whether they meet the requirements of the standard by 31st March 2010. To achieve this it is planned that these schools will be assessed over the three years as follows:

- 40% of schools by the 31st March 2008;
- 40% of schools by the 31st March 2009; and
- 20% of schools by the 31st March 2010.

Our schedule of visits to Primary Schools in 2007/08 covers 27 schools (41%). Of these, 17 schools have already been visited and four schools have been assessed as meeting the standard. Thirteen schools have been assessed as not meeting the standard, although in accordance with FMSiS guidance, further time is being allowed to enable schools to provide the required evidence which would ensure that they achieve the standard.

We are liaising with relevant Secondary and Primary Schools that have not yet met the Standard to ensure that key recommendations are implemented as soon as possible. We are planning a follow-up visit at these schools in February and March to assess whether the Standard is being met.

A full summary of schools' performance against the FMSiS requirements will be provided to the next Audit Committee.

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Follow Up 2006/07

AUDIT AREA	Assurance Level	Recommendations											Comments
		Category				Implemented				N/A	Not Imp.	In Progress	
		1	2	3	Total	1	2	3	Total				
Chief Executives.													
Contract and Document Management	Substantial	1	4	1	6	0	1	0	1	0	1	4	
Programme Budget & Budget Control Reporting Independent Challenge	Substantial	1	6	0	7	0	4	0	4	3	0	0	
Equalities	Substantial	0	6	0	6	0	1	0	1	1	1	3	
Finance													
Debtors	Substantial	1	5	0	6	0	1	0	1	0	4	1	
Cash Receipting	Substantial	0	5	0	5	0	4	0	4	0	1	0	
Creditors	Substantial	0	4	1	5	0	3	1	4		1	0	
Treasury Management	Substantial	0	3	0	3	0	2	0	2	0	1	0	
Strategic FM & Budgetary Control	Substantial	0	1	2	3	0	1	1	2	0	0	1	
Payroll & Expenses	Limited	0	9	2	11	0	4	1	5	0	6	0	
Council Tax	Substantial	0	1	1	2	0	1	1	2	0	0	0	
Social Services													
Haringey Integrated Community Equipment Services (HICES)	Limited	4	9	1	14	2	2	0	4	2	5	3	
Temporary Housing Repairs	Substantial	2	5	0	7	0	1	0	1	1	3	2	
Housing Association Leasing Scheme	Limited	6	3	1	10	0	2	1	3	0	0	7	Dependant on timing of appointment of Private Sector Team Contract manager
Environment													
Waste Management	Limited	7	7	0	14	5	3	0	8	0	4	2	
Health and Safety-Environmental	Limited	3	3	0	6	0	0	0	0	0	1	5	

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

AUDIT AREA	Assurance Level	Category				Recommendations Implemented				N/A	Not Imp.	In Progress	Comments
		1	2	3	Total	1	2	3	Total				
Services													
Parking Control and Enforcement	Substantial	1	4	0	5	0	3	0	3	0	0	2	
Children's Services													
Sure Start: Early Years	Substantial	2	4	2	8	0	1	0	1	2	4	1	
Financial Monitoring of Schools	Substantial	0	3	1	4	0	2	0	2	1	0	1	
Building Schools for the Future – Project Management	Substantial	0	3	1	4	0	2	0	2	1	0	1	
IT Audits													
Email Usage	Substantial	0	3	1	4	0	2	0	2	0	2	0	
Request work													
New Deal for Communities	N/A	6	5	0	11	5	4	0	9	0	0	2	
Total		34	93	14	141	12	44	5	61	11	34	35	

Implemented – officers has indicated through self-certification the progress of recommendations. We have verified a sample of responses.

N/A – the recommendation is no longer applicable due to changes in the system, or alternative action has been taken to address the risk.

Not implemented – the recommendation has not been addressed, alternative action has not been taken.

Partly impmeneted – officers have started implmentation of recommendations

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Follow Up of Priority 1 Recommendations: 2004/05

Audit Area	Recommendation	Management Response	Original Deadline	Status	Revised Deadline	Management Action required	Update
1. Creditors	The Central Payments unit closely should monitor and record the use of Purchase Orders by departments. A documented exemption list confirming the instances where Purchase Orders are not required should also be present.	Corporate Procurement have worked to improve compliance with this requirement and are currently rolling out SRM – an improved ordering interface that addresses many of the difficulties identified by users with existing systems. Corporate procurement will be monitoring very closely the correct use of the system by department. This coupled with the planned ownership of the vendor master database will improve both monitoring and compliance.	31/03/06	Ongoing	N/A	N Responsible officer: **Mary Gavriel** *(Payment of Accounts Manager)* **Guy Wren** *(officer responsible for overseeing the implementation of the BIW reporting tool)*	The SAP Procurement modules have now been fully implemented and include: - SRM for the majority of purchasing undertaken by some 900 users across the Council; - R3 for Adult Services client are where contributions are involved; and - SWL for project based orders. The use of purchase orders are being monitored, as required. Reports are produced to identify instances where purchase orders should be used and where these are not needed.
2. Payroll Expenses	It is recommended that all expense claim payments should be processed through the payroll system.	It was agreed as part of the SAP Project that Expenses should be paid through the payroll but no actual decision was made on what the process would be. The whole process is to be included in the Business Process Review that is currently ongoing. The outcomes from that will assist in formulating a plan for the implementation of this	31/3/06	Not Implemented	2008/09 (previously Not Indicated)	Y Responsible officer: *Originally* **Eric Bird** *(Pay Support Manager) – has left Haringey Council* **John O'Brien** *(Manager Pay Control)*	An online process is being developed for Payroll to manage the claims. The process flow would be: - The employee completes an online form and prints it out; - The employee attaches the receipts to the form and sends these to the manager;

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit Area	Recommendation	Management Response	Original Deadline	Status	Revised Deadline	Management Action required	Update
		recommendation.					- The manager verifies the claim; - The manager confirms that this has been done on the online; - The manager emails the form to a specific HR/Payroll mailbox; and - HR/Payroll process the claim – payment is received by the employee through their next pay. **Update 11.01.08** John O'Brien stated that the proposed online process will be part of a whole new package of changes to the SAP system, which will provide better access to managers and staff. The project is being run by IT (IT contact: Kamla Chetty – Project Manager) and no definitive timescale can be provided, except that it will be completed in the financial year 2008/09. The project is called ESS (Employee Self Service)/ MSS (Management Self Service) and will cover expenses, as well as other areas. In the meantime, the Payroll Service is drafting advice to be communicated to

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit Area	Recommendation	Management Response	Original Deadline	Status	Revised Deadline	Management Action required	Update
							managers on what on what they should do to reduce expense claims through petty cash and to ensure that the SAP Procurement system is used to raise orders.
3. Haringey Park Children's Home	The service should complete a comprehensive inventory of all assets held at the establishment and maintain an up to date asset register. The service should consider the following when completing and maintaining the inventory: ● Materiality for inclusion of assets on inventory; ● Detail of each asset to be recorded, description, serial number, quantity, location, cost, supplier and date acquired; ● Responsibility for maintenance of the inventory; ● Responsibility for completion of an annual check; ● Authority for approving disposals; ● Methods of disposal of assets; ● Recording of reasons for disposals; and ● Security marking of assets and recording on inventory.	We are still in discussion with management	None Given	Implemented	N/A	N Responsibility: **Neil Harriott** *(Manager – Haringey Park Children's Home)* *Original responsibility from the report was with Jale Veli, Site Manager*	An inventory list of assets held at the establishment has been developed. Neil Harriott has confirmed that this will be updated on an ongoing basis to reflect details of all assets held.

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Follow Up of Priority 1 Recommendations: 2005/06

Audit Area	Recommendation	Original Deadline	Status	Revised deadline	Management action required	Update
4. Personnel	It is recommended that a circular is sent out to all managers reminding them of the importance of referring all employees that work in high risk areas to the Occupational Health team for inoculations. There should be a policy with clearly stated guidelines for managers to follow in order to decipher when inoculations would be relevant.	31/03/06	Ongoing	Subject to approval of Immunisatio n Policy by HPA.	N Responsible officer: **Siobhan Sharpe** *(Occupation Health Officer)*	**Update 11.1.08** The immunisation Policy has been approved by HPA S.Sharpe confirmed that the policy will be communicated to all relevant managers over the next few weeks.
5. Sustainability	It is recommended that Corporate Procurement should formalise the draft Sustainable Procurement Strategy and Procurement Policy. This should address the following issues: ● Sustainable Procurement; ● Aims; ● Programme Development; and ● Supporting Processes.	Oct 06	Partly Implemented	March 2008 (previously January 2008)	Y Responsibility: **Michael Wood** *(Head of Procurement)*	**Update 11.1.08** A draft Procurement Policy, as well as Procurement Strategy, which cover sustainable issues, have been developed and will be presented to the Haringey Members Working Group in the week commencing 14 January 2008. In line with the Forward Plan, these are due to be presented to CEMB/Cabinet in March 2008 for sign-off. The draft documents will be amended to include benchmarks and the identification of minimum

APPENDIX A

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

Audit Area	Recommendation	Management response	Original Deadline	Status	Revised deadline	Management action required	Update
							standards. The Procurement Strategy will also be validated against the Greenest Borough Strategy, in line with public consultation and to help ensure that the two strategies support each other.
	It is recommended that Corporate Procurement should develop procedures on Sustainable Procurement which should include the following: • guidance with regards to sustainability issues; • contract conditions and monitoring; and • fit for purpose specification and evaluation. All procedures should be distributed to relevant officers and reviewed on an annual basis, or sooner, to reflect any changes in regulation or legislation.	Sustainable development guidance is already included in the procurement manual and should be followed. This could be extended to Harinet, with links to other relevant sources on information on the internet. Contract conditions will be developed, where important regulations apply they should be included, otherwise standard regulatory compliance clauses should be sufficient. However, rigid specifications can stifle innovation, so it is recommended that outcome specifications should be developed and used. Some of these are already available externally, e.g. WRAP, have highways specifications that can be followed. Monitoring contract conditions should be the responsibility of the client officer, not Sustainable Development Manager.	Contract conditions, specifications December 2006 & ongoing development	Partly Implemented	April 2008 (previously November 2007)	Y Responsibility: **Key Business Unit Managers /** **Michael Wood** *(Head of Procurement)*	**Update 11.1.08** The Procurement manual will be updated, to include all relevant sustainability requirements, on the back of the approval of the Procurement Policy and the Procurement Strategy. A meeting will be held with the Council's construction consultant in order that relevant standards can be built within the contract with the consultant, whish starts from April 2008.
	It is recommended that the Sustainable Development	An environmental checklist and evaluation model are in	Jun 06	Not implemented	In place by April 2008	Y	**Update 11.1.08**

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit Area	Recommendation	Management response	Original Deadline	Status	Revised deadline	Management action required	Update
	Manager should perform a monthly check on a sample of environmental checklists completed by Project Managers. The check should be evidenced by an initial and date. The checklist identifies Sustainability policy requirements, responsibilities and compliance with legislation and regulation. Consideration should also be given to include the monitoring of conditions set by the Project Managers that are approved by the Procurement Committee.	the procurement manual and should be followed. This will be developed to cover other aspects of sustainable development. In terms of environmental and other regulatory compliance issues, the same consideration should be given as financial, equal opps. and H&S. There is insufficient resource for the SDM to take on a compliance role. Project managers, using information provided by their consultants / contractors should report back to members as required on sustainable development undertakings.				Responsibility: **Business Unit Project Managers/** **Michael Wood** *(Head of Procurement)*	The Head of Procurement confirmed that the required actions under this recommendation will be discussed with the new construction consultant due to be appointed in April 2008.
	It is recommended that the Sustainable Development Manager should be involved in projects above the threshold value of £500,000, from initiation, prior to the project being presented to the Procurement Committee, until its completion so as to ensure that sustainability issues have been addressed.	This is a very important point, particularly if the project officer is inexperienced in sustainable development matters as it is very difficult to ensure sustainable development aspects are included retrospectively. A protocol or early engagement and a process of sign-offs should be established.	Immediate	Not implemented	In place by April 2008	Y Responsibility: **Business Unit Project Managers/** **Michael Wood** *(Head of Procurement)*	**Update 11.1.08** The Head of Procurement confirmed that a protocol document, including early engagement and a sign-off process, will be developed in consultation with the new construction consultant due to be appointed in April 2008.
6. **Telecommuni cation**	We recommend that a telecommunications strategy should be drawn up to reflect the current and future needs of the Council. All relevant issues should be included in the strategy, including:	IT Services is currently undergoing a restructure and it is anticipated this will address resource issues within the Telecommunications Team. Training and membership will be agreed with management & provided to relevant	Dec 06	Ongoing	June 2008 (previously Quarter 4 2007/08)	Y Responsible officers: **Albert Oliver** *(Senior Telecoms Support Advisor)*	**Update 10.01.08** James Harding (Quality Assurance & Data Manager) confirmed the following by email: "As previously reported, the

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit Area	Recommendation	Management response	Original Deadline	Status	Revised deadline	Management action required	Update
	• Links to an IT strategy (e.g. VoIP); • Links to a communications strategy or plan; • Links to any accommodation reviews; • Use of mobile telephones; • Any e-government developments such as contact centres; • Ability to control and monitor costs (e.g. through use of extension features such as Personal Identification Numbers); and • Connections to smaller Council premises and schools.	Telecommunications staff as per individual staff work plans and the People Plan. Documented procedures will be written during the IT Services in sourcing project and BS 7799 transition project to ISO 27001.				**Rod Murray** *(Operations Manager for IT)* Response received from: **James Harding** *(Quality Assurance & Data Manager)*	new IT Strategy is a key deliverable for the IT Management Team, with an estimated publication date of March 2008. The strategy will be identifying the technology direction for the next three – five years and will include the telecommunications strategy, which will be based around IPT telephony. Implementing IPT telephony is a large project that has to maintain the current daily operation while migrating staff to the new technology. To assist in identifying the scope and scale of the project a pilot is now planned to commence in January (slightly later than originally scheduled to take advantage of the supplier's latest product) and will run to the end of end June 2008. Following completion of the pilot a capital bid and business case will be submitted for approval".
7. iPlan application and e-Planning	We recommend that improved Logical Access Controls should be put in place within the e-Planning Application. These should conform to BS7799 standards and include the following:-	Agreed. Already in hand with Northgate IS. Acknowledged prior to the audit and raised with Northgate awaiting audit report. Raised – addressed - e-mail	Not given	Ongoing	June 2008 (previously After October 2007)	Y Responsible officer: **Bob McIver** *(Head of Building Control)*	At the moment it is acknowledged that the password security is not BS7799 compliant. Currently there are plans by management to implement an upgraded version of the system (version 2.7), which is

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit Area	Recommendation	Management response	Original Deadline	Status	Revised deadline	Management action required	Update
	• password required to access the system and minimum length of 6 characters; • enforced Password Change of 60-90 days; • password history of 6 passwords; • user account lock out after three unsuccessful attempts; and • passwords comprised of both alphabetic and numeric characters.	correspondence obtained. *Upgrading to version 2.6.1.2 – Darren Colthrust (leave until 4th June) – been out for a year.* *2.7 to come out this week with new security. Keep until release – released within two weeks.*					BS7799 compliant. The implementation of this control is wholly dependent upon the development of password controls on the Northgate programs. **Update 10.01.08** Bob McIver (Head of Building Control) confirmed the following: - The upgrade to Northgate 2.7 is complex and this required consultation with Haringey IT. The upgrade is in place but has not yet been tested. - A meeting is planned with IT for next week when the upgrade will be discussed. - A new upgrade to Northgate 2.8 will be put in place and the two upgrades should result in the full implementation of the recommendation. - Expected timing for the upgrades to be implemented is Quarter 1 in 2008/09. - There is already security within the system, although this will be tightened further with the upgrades 9access need to be through the Council system first before accessing the

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit Area	Recommendation	Management response	Original Deadline	Status	Revised deadline	Management action required	Update
							system). Also no managers have raised this as an issue. Please Note: compensatory controls are in place i.e. all passwords are required to be at least 8 characters long which should be a mixture of numeric, alpha numeric, capital and small letters.
8. **TOREX** **Leisure** **Management** **System**	It is recommended that management should request the software suppliers to correct the system in order to fully prevent access following repetitive invalid logon attempts.	Agreed in principle. We have previously sought improvements to login in security via the Torex User Group and are pleased to note that this has now been included in their product 'road map'. We have subsequently forwarded the specific suggestions noted here and requested their incorporation into the development plan.	Dependen cy on software supplier and Leisure implement ing new release of Torex software – under review.	Ongoing	May 2008	Y Responsible officer: **Andy Briggs** *(Interim Head of Leisure Centres)* Delegated to **Richard Clarke** *(Business Development Support Officer)*	**Update 10.1.08** Richard Clarke re-communicated the requests for enhancements regarding password security to the TLMS user group representative. These are the same as the specifications originally submitted but have been sent again due to the change of ownership of the software supplier. The development specifications submitted include Recording and Review of Failed Logons and Enforcing User Lockout.
	It is recommended that management should consider how, and on what basis, the business of the Leisure Centre(s) should / can be continued in the event of a disaster affecting the TOREX	Agreed. Business Continuity Planning (BCP) is a corporate requirement therefore a meeting has been arranged and guidance will be sought on the procedures and documentation	Draft at the end of Dec 06	Implemented	N/A	N Responsible officer: **Andy Briggs** *(Interim Head of Leisure Centres)*	**Update 10.01.08** Andrew Meek (Emergency Planning & Business Continuity Manager has confirmed the following:

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit Area	Recommendation	Management response	Original Deadline	Status	Revised deadline	Management action required	Update
	Servers. These arrangements should then be formally documented, including responsibilities and actions in such situations.	required.				Delegated to **Richard Clarke** *(Business Development Support Officer)*	- The Business Continuity Plan covering Sports Centres has been developed and submitted by Andy Briggs (Note: a copy of the document was obtained by Internal Audit). - There is one part of the BCP that still requires completion – the meeting points for the Business Continuity incident management team. Andrew Meek also stated that, apart from the section that is not completed, the BCP is satisfactory.

APPENDIX A

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

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 internal audit 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 internal audit 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 internal audit 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. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit 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 audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Deloitte & Touche Public Sector Internal Audit Limited

London

January 2008

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APPENDIX B

IN-HOUSE INTERNAL AUDIT – IRREGULARITIES INVESTIGATED 01/04/07 – 31/12/2007 & B/F FROM 2006/7

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/12/07	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Adults, Culture and Community Services	Misuse of blue badge B/F	1	1	1	Dismissed Dismissal Upheld at Appeal ET Lodged	
	Irregular Car Mileage Claims B/F	1	1	1	No action due to mitigation Repayment actioned	£500
	Allegation of housing fraud	1	0	0		
	Allegation of favouritism in awarding of overtime and contract discrepancies	1	0	0		
	Fraudulent Housing Application	1	1	1	Trainee contract terminated	
	Allegation of housing fraud	1	1	1	Dismissed	
	Unauthorised removal of stock	1	1	1	Appeal Pending Pending	

APPENDIX B

IN-HOUSE INTERNAL AUDIT – IRREGULARITIES INVESTIGATED 01/04/07 - 31/12/2007 & B/F FROM 2006/7

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/12/07	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
	Alleged Misuse of Resources	1	1	1	Pending	
Children & Young Peoples Service	Working whilst off sick	2	2	2	1 x Dismissed 1 x Dismissal upheld at Appeal 1 x ET Found in favour of the Council 1x No Action Taken	
	Alleged misconduct	1	1	1	Awaiting Disciplinary Outcome	
	Allegation of misuse of funds	1	0	0		
	Allegation that monies were not banked at time of receipt	1	1	1	Employee Resigned	
	Allegation of personal gain	1	1	1	Pending	
Corporate Resources	Irregular HB payment processing	2	2	2	Resigned pending disciplinary action	

APPENDIX B

IN-HOUSE INTERNAL AUDIT – IRREGULARITIES INVESTIGATED 01/04/07 – 31/12/2007 & B/F FROM 2006/7

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/12/07	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
	Allegation that estate parking permit was fraudulently altered	1	1	1	Dismissed	
	Allegation of irregular recruitment	1	0	0		
	Allegation of misuse of disabled badge	1	1	1	Pending	
	Misuse of Resources	1	1	1	Pending	
Urban Environment	Allegation of private work during work time B/F	1	1	1	Dismissed Dismissal upheld at Appeal ET Pending	

IN-HOUSE INTERNAL AUDIT – IRREGULARITIES INVESTIGATED 01/04/07 - 31/12/2007 & B/F FROM 2006/7

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/12/07	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
	Alleged Irregular housing application B/F	1	1	1	Dismissed Dismissal Upheld at Appeal ET Lodged	
	Misuse of Resources	2	2	2	Pending	
	Alleged Irregular housing application B/F	1	1	1	Dismissed ET Lodged Settled	
	Alleged Irregular Housing Allocation	1	1	1	Final Written Warning and Relegation	
Non-specific	LBH cheques claims of non-receipt	1	1	N/A	N/A	£450
Total		27	23	22		£950

APPENDIX
C

Haringey Council – Audit Committee

Disciplinary Case Analysis October 2007 to December 2007

Introduction

The information in this report is taken from SAP. It covers the period 01 October 2007 – 31 December 2007.

The data is based on Haringey Council employees who

- hold Permanent, Temporary or Fixed Term Contracts
- are considered as Supernumerary (employees that have been on a Temporary Contract for more than 52 weeks)

Note that this data excludes:

- Casual or Sessional Workers
- Schools
- Agency Workers

Legend	
Adults, Culture & Community Services	AS
The Children & Young People's Service	C
Corporate Resources	CR
People & Organisational Development	PO
Policy, Performance, Partnership & Comms	PP
Urban Environment	UE
Haringey Council	HGY

The Council's Disciplinary Procedure is considered as a tool to assist in good management and not solely as a means of imposing sanctions or setting out procedures leading to dismissal.

The procedure aims to:
- Allow managers to address issues of unsatisfactory conduct and seek improvements in behaviour
- Ensure that employees covered by the procedure are treated fairly and consistently
- Ensure that proper and adequate procedures are observed before any disciplinary decisions are taken
- Help and encourage all employees to achieve and maintain standards of conduct, attendance and job performance
- Maintain discipline essential to the delivery of high quality services
- Protect the health, safety and well being of staff, service users and members of the public
- Safeguard the integrity and good reputation of the Council
  (*Disciplinary Procedure July 2005*)

Disciplinary Cases

This section looks at the number of formal actions taken against employees under the disciplinary procedure based on data retrieved from SAP.

Disciplinary Cases by Directorate

Directorate	Cases Closed	Cases Open	No of cases	No of employees
AS	8	16	24	22
C	5	5	10	10
CR	5	4	9	8
PO	0	0	0	0
PP	0	5	5	5
UE	2	9	11	11
HGY	20	39	59	56

Please, note that the total number of cases is 59, but this only represents 56 employees.
The reason being, that one employee can have more than one case running concurrently.
For example, an employee's dismissal could count as one case and their appeal as another.

- Policy, Performance, Partnerships & Comms has the highest percentage of disciplinary cases against its workforce at 2.12%

- **39** cases remain 'open' at the end of this period.

The following table looks at the stages of Disciplinary cases.

Stages of Disciplinary Cases

Stage	Cases Closed	Cases Open	Total	%
Invest. - not suspended	13	11	24	41
Invest. - suspended	7	19	26	44
ET	0	6	6	10
Appeal	0	3	3	5
Total	20	39	59	100

The following table identifies the outcomes of the 20 cases that were concluded.

Disciplinary Case Outcomes						
Outcome	Invest. - not suspended	Invest. - suspended	Invest. - appeal	Invest. - ET	Total	%
Appeal dismissed	0	0	0	0	0	0
Appeal upheld	0	0	0	0	0	0
Dismissal	1	4	0	0	5	25
No action	3	0	0	0	3	15
Other	1	0	0	0	1	5
Part upheld	0	0	0	0	0	0
Verbal warning	3	0	0	0	3	15
Written warning	2	0	0	0	2	10
Final writ warning	3	2	0	0	5	25
Resigned	0	0	0	0	0	0
Suspension lifted	0	0	0	0	0	0
Relegation/Demotion	0	1	0	0	1	5
Total	13	7	0	0	20	100

- In 25% of cases the employee received a Final Written Warning

- 25% of cases resulted in Dismissal

This table displays reasons for Disciplinary action against employees.

Reasons for Disciplinary Cases				
Reason	Cases Open	Cases Closed	Total	%
Assault	0	0	0	0
Attendance	2	5	7	12
Behaviour	9	6	15	25
Fraud / Theft	9	3	12	20
Misuse of resources	8	2	10	17
Negligence	4	1	5	8
Other	7	3	10	17
Total	39	20	59	100

- The highest cause for disciplinary action was for Behaviour at 25%

This table looks at the ethnic breakdown and gender split for Disciplinary cases

Disciplinary Cases by Ethnicity and Gender						
	Female		Male		All	
Ethnic Class	Total	%	Total	%	Total	%
B & M E	19	42.2	24	53.3	43	76.8
White	9	69.2	4	30.8	13	23.2
Total	28	50	28	50	56	100

- 27% of the workforce is male, but the male representation of the disciplinary cases is significantly higher at 50%

The following table looks at the ethnic breakdown per Directorate and across grade bands.

	Disciplinary Cases by Ethnicity and Grade Band (T = Total no. in grade band, WF = % of workforce)													
Dir	Ethnic Group	MANUAL		SC1-SC5		SC6-SO2		PO1-PO3		PO4-PO7		PO8+		TOTAL	
		T	WF	T	WF	T	WF	T	WF	T	WF	T	WF	T	WF
AS	B & ME	3	18.4	5	15.2	5	13.3	2	4.3	0	3.7	0	0.1	15	54.9
	White	2	11.8	1	8.1	0	12.0	2	6.7	2	4.9	0	1.3	7	44.8
	Total	5		6		5		4		2		0		22	
C	B & ME	0	16.1	4	10.4	2	13.1	0	6.1	2	8.2	0	1.5	8	55.4
	White	0	7.4	0	6.3	0	12.5	0	4.7	2	9.0	0	4.6	2	44.4
	Total	0		4		2		0		4		0		10	
CR	B & ME	3	18.0	0	6.7	5	19.9	0	6.4	0	5.1	0	1.8	8	58.0
	White	0	1.8	0	5.5	0	13.9	0	7.4	0	7.7	0	5.1	0	41.5
	Total	3		0		5		0		0		0		8	
PO	B & ME	0	0	0	4.9	0	14.8	0	11.7	0	5.6	0	1.2	0	38.3
	White	0	0.6	0	4.9	0	19.1	0	14.2	0	17.9	0	4.9	0	61.7
	Total	0		0		0		0		0		0		0	
PP	B & ME	0	0.4	0	4.7	2	13.6	2	14.0	0	11.0	0	1.3	4	44.9
	White	0	0.4	1	3.8	0	7.2	0	19.5	0	16.9	0	6.8	1	54.7
	Total	0		1		2		2		0		0		5	
UE	B & ME	0	2.9	3	13.5	1	18.9	2	10.7	1	4.1	1	1.2	8	51.3
	White	0	2.6	2	8.9	0	10.9	0	12.1	1	8.3	0	5.4	3	48.3
	Total	0		5		1		2		2		1		11	
HGY	B & ME	6	14.7	12	12.6	15	11.7	6	5.1	3	3.9	1	0.7	43	48.8
	White	2	9.7	4	14.7	0	11.1	2	6.0	5	5.6	0	2.7	13	49.9
	Total	8		16		15		8		8		1		56	

Suspensions

This table shows a summary of suspension cases.

| Summary of Suspension Cases	
Case status	Total
No. of cases heard	7
No. of cases not concluded	19
No. of cases not concluded - leaver	0
Total	26

Of the 26 suspensions, 7 cases have been heard.

The table below looks at the 26 suspension cases and identifies the no. of working days each case has taken. If the case has not concluded by the end of the period, the number of working days is calculated from the start date of the current disciplinary stage to the end of the quarter.

The table also identifies, by directorate, the average number of days suspension and the maximum days for a single case.

Timescales of Suspension Cases										
Directorate	1-60 days	61-120 Days	121-180 days	181-240 days	240+ days	Total cases	Total cases heard	Total no. of days taken for all cases	Avg. days	Max. days
AS	6	1	0	1	1	9	3	918	102	424
C	2	1	3	1	0	7	2	842	120	232
CR	0	4	0	0	0	4	1	413	103	120
PO	0	0	0	0	0	0	0	0	0	0
PP	0	0	0	0	0	0	0	0	0	0
UE	2	2	0	0	2	6	1	963	161	383
HGY	10	8	3	2	3	26	7	3136	121	424
Total cases heard	2	2	1	0	2	N/A	N/A	N/A	N/A	N/A

In this quarter, on average, 121 days were spent on each suspension case. This is a similar figure to the 1st and 2nd quarter of 2007/8.

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Average and maximum days taken for suspension cases by directorate
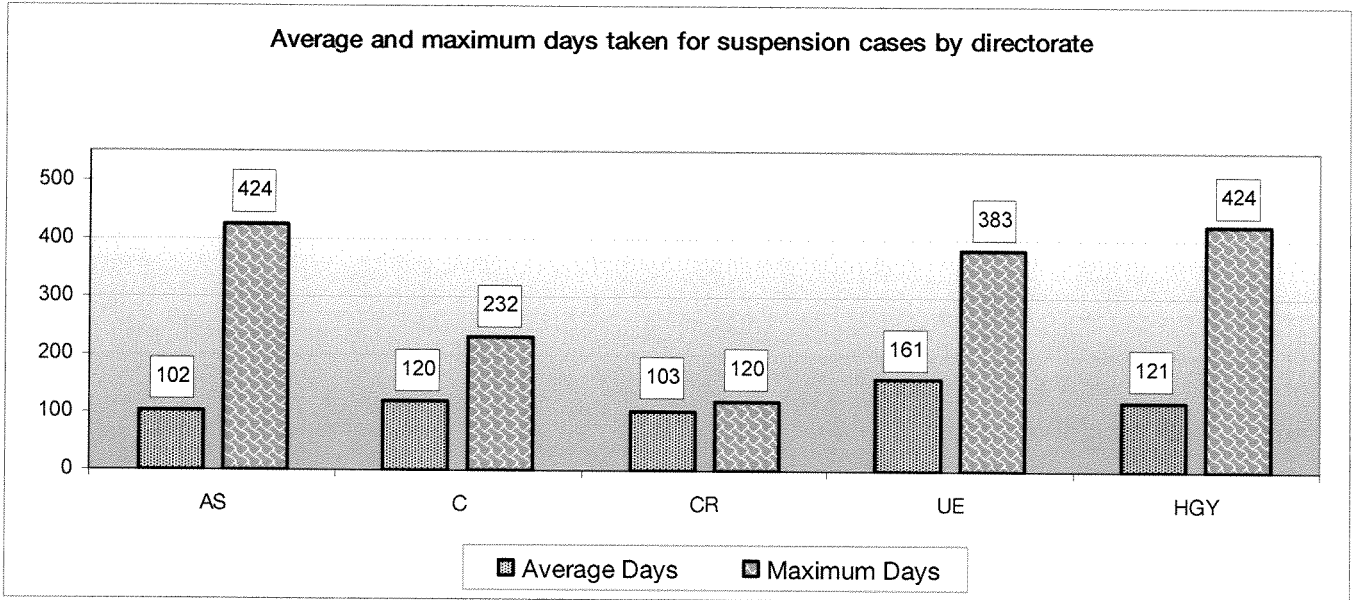
The chart below looks at the number of suspension cases per quarter and highlights Haringey Council's average number of days per case.

Average and maximum days taken for suspension cases per quarter
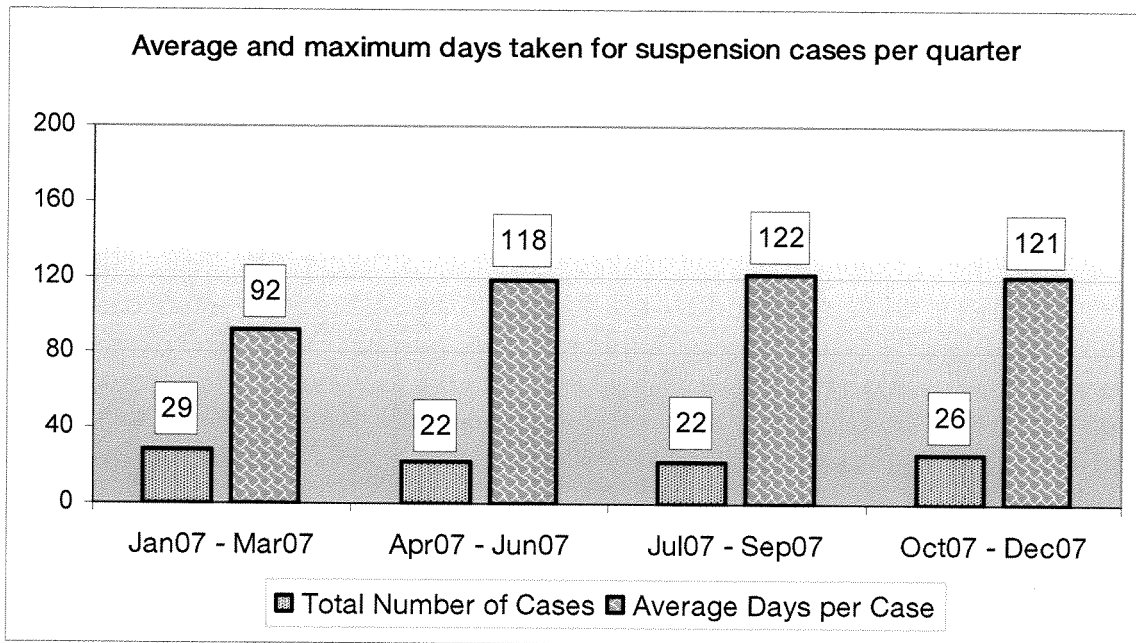
The average number of days taken per suspension case has fallen by 5 days since December 2006, showing the benefit of the extra scrutiny and focus on management action that is continuously ongoing.

Although this is good and reflects that we have made an improvement from this time last year, the Council still aims to lower the average number of days taken per case to 70 days.
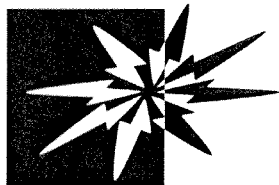
Haringey Council

Agenda Item

Audit Committee

On 28th January 2008

Report title: **Audit of Accounts 2006/07**
Report of: **Chief Financial Officer**

Ward(s) affected: All	**Report for**: Information

1. Purpose

1.1 To update the committee on the final outcome of the annual audit for 2006/07 and to report on issues raised by the Audit Commission

2. Recommendations

2.1 That the Committee note the contents of this report and the actions proposed that arise from the matters raised by the Audit Commission.

Report authorised by: Gerald Almeroth – Chief Financial Officer

Contact officer: Graham Oliver – Head of Finance –Accounting and Control
Telephone 020 8489 3725

3. Executive Summary

3.1 The statutory report of the Audit Commission on certain matters relating to the Council's governance responsibilities needs to be considered before a final opinion of the Council's financial statements for 2006/07 is given and a concluding statement on the Council's arrangements for securing economy, effectiveness and efficiency in the use of resources. The actions proposed arising from the report are detailed.

4. Reasons for any change in policy or for new policy development (if applicable)

4.1 None.

5. Local Government (Access to Information) Act 1985

The following background papers were used in the preparation of this report:

Report of Acting Director of Finance to General Purposes Committee on 28 June 2007 – Statement of Accounts 2006/07

Report of Acting Director of Finance to General Purposes Committee on 11 September 2007 – Annual Governance Report

6. Background

6.1 At the General Purposes committee meeting of 11th September 2007 the Audit Commission presented to members the initial findings from their audit of the accounts for 2006/07. However at that stage the audit was incomplete and the auditors were not able to give a complete picture.

6.2 It was agreed that any final issue were agreed between the auditors and the Chief Financial Officer, in consultation with the Chair of GP Committee and that an update report would be brought back to a subsequent meeting of the General Purposes committee and the Audit committee.

6.3 The statutory deadline for the signing off of the accounts by the Authority's auditors was 30th September 2007 and the final audit certificate was issued by the District Auditor on 16th October 2007. The reason for this delay was some late additional testing around the area of capital expenditure that the auditors needed to carry out in order to assure themselves that appropriate expenditure was being classified as capital spend.

6.4 The Auditors delivered an unqualified audit opinion and concluded that the Council has proper arrangements in place to secure economy, effectiveness and efficiency in its use of resources.

7. Annual Governance Issues 2006/07

7.1.1 Detailed below are issues that were raised by the District Auditor in signing off the 2006/07 accounts. The Chief Financial Officer worked closely with the Audit Commission during the audit process to resolve the issues that arose. None of the issues reported on by the Audit Commission had any impacted on the net spend of the Council or the level of reserves. A direct response to the issues raised is shown in the table below:

Audit Commission issue	Chief Financial Officer response
HfH pre-transfer pension costs The management agreement between the Council and HfH stipulates that pre-transfer pension costs should be borne by the Council, not the ALMO. Pre-transfer costs in the draft accounts were overstated by £3m because the Council had used the value as at 1 April 2006 and not 31 March 2007. Income to the Housing Revenue Account was therefore understated by £3m and the Pension Liability Account correspondingly overstated. There was, however, no impact on the Housing Revenue Account Reserve, as local authorities are required by statute to charge pensions costs to the Pension Reserve. The accounts have been amended accordingly.	This is an issue that came to light shortly after the accounts were closed. As soon as the Council became aware of this issue it was raised with the auditors in order that the Council, HfH and the respective auditors could work together to ensure the correct accounting treatment was put into place. The accounts were then amended accordingly. The council is now working with HfH and the pension fund actuaries to ensure this issue is properly resolved for future years.
Calculation of gains/losses on disposal of fixed assets Our testing of two fixed assets disposed of in year found that the Council had not obtained a revaluation at or near the date of disposal. The calculation of the gain realised on disposal was in both cases £1.1m and was calculated based on a revaluation carried out two years prior to disposal when the original decision to dispose	This was a new requirement for the accounts in 2006/07. The sale of the 2 assets in question took place in June 2006 and the detailed CIPFA accounting guidance notes on how to present this information in the accounts was not issued until January 2007. The two sales in question took an exceptionally look time to conclude and therefore in normal circumstances a valuation would have taken place nearer the time of conclusion to the sale. However

of the assets was made. SORP guidance requires assets to be revalued to open market value prior to their disposal. In this case, where some considerable time passed between the initial decision to dispose and the actual disposal date, an updated valuation should have been obtained. No valuation was, however, obtained nearer the time of disposal (or retrospectively). The effect of such a revaluation would have been to take the gain direct to reserves rather than via the income and expenditure account. As such, the gains on disposal included in the income and expenditure account may be overstated by up to £2.2m, although there is no potential impact on the reported general fund balance carried forward. The Council market tested both disposals. As such, this is a technical accounting issue that does not highlight any failures in the Council's arrangements to agree a fair sale price for the assets concerned. However, officers have agreed to ensure that updated valuations are obtained for accounting purposes where appropriate in future.	procedures are now in place with the valuers to ensure any future sales have an up to date valuation.
Disclosures of related businesses and companies and related parties The Council's disclosure of related parties continues to require improvement. The note presented for audit did not include the value of income and expenditure between the Council and related parties. Our testing also found that HfH and Alexandra Park and Palace (AP&P) were not disclosed as related parties, and that the information disclosed in general with regard to these two interests could be improved. Whilst amendments have been made for these items, further improvements in	The Council's disclosures within this area are compliant with the requirements governing the production of accounts. This has also been improved from previous years accounts. However these disclosures will be reviewed as part of the closing process for 2007/08 and discussions held with our auditors in order to bring about further improvements.

disclosure can be achieved in future years. The Council should therefore review for 2007/08 the disclosures made in its accounts: - for related parties, in general, against the requirements of the SORP; and - for HfH and AP&P, specifically, to improve the consistency of the disclosures between information in different parts of the accounts and also with the information presented with the accounts (for example, the AP&P memorandum accounts).	
Group Accounts The purpose of the group accounts is to present a full picture of the Council's economic activities and financial position, including that of its subsidiaries. The Council is required to prepare group accounts for 2006/07 as a result of the creation of the ALMO on 1 April 2006. Our work found that aspects of the Council's group accounts could be improved. For example, no disclosure was made of the material items of income and expenditure included in the group accounts, but excluded from the Council's accounts. In addition, no disclosure was made of the acquisitions basis on which the group accounts were prepared. Amendments have been made that address these issues.	The omissions in the group accounts highlighted by the auditors are acknowledged and as stated the accounts were amended accordingly. The points raised will be incorporated into the action planning for the 2007/08 closure of accounts.
Single Status The Council has disclosed a contingent liability in the accounts in respect of single status. It is the Council's view that a provision under FRS 12 should not be made at this stage, having regard to the uncertainty in ascribing a value to the liabilities potentially arising at this time. For the same reason, it is the Council's view that it is also not possible to ascribe a reasonable value	As stated by the Audit Commission, the CFO had a different view on the interpretation of the accounting standard and therefore the disclosure in the accounts. Therefore the accounts were not changed for this issue. When the 2007/08 accounts are closed this issue will be re-examined in the light of the status of the on-going negotiations, which will have hopefully reached their conclusion, and the accounting treatment applied

to the disclosed contingency. From the evidence presented to us, we consider that the Council has made considerable progress in its negotiations on single status. From our review of that evidence, we do not consider that the Council has demonstrated its case that it is unable to ascribe a value to its potential liabilities having regard to the guidance set out in FRS 12, either with regard to the requirement to make a provision, or, if not, with the requirement to estimate and disclose the potential contingency. The Council has reviewed its approach, but remains of the view that the disclosure of a contingent liability, with no ascribed value, is correct. We have concluded that, whilst the amounts involved are potentially very large they do not of themselves preclude the issue of an unqualified opinion on our part having regard to the concept of materiality. Any liabilities would also only become chargeable to the general fund at the point at which they are paid, rather than when provided. We have, however, required specific management representations on this issue. The Council will also need to review its potential single status liabilities carefully for 2007/08.	accordingly.
Ownership of assets As a result of testing of ownership of a sample of fixed assets using the Land Registry, we identified two properties where title was not registered to the London Borough of Haringey, but to Middlesex County Council, a defunct body. The values of these properties, as shown in the balance sheet as at 31 March 2007, were £6.3m (a primary school) and £802k (a dwelling). We made enquiries of the Council's Legal Department and received further	As stated the two properties in question were transferred to LBH from one of its predecessor authorities, whose name is still on the title deeds. This is not an unusual occurrence and we would not expect title deeds to be amended, as a sale/purchase has not taken place. We are discussing with the Auditors what measures to put in place to properly address this issue.

information to support the validity of the inclusion of these assets in the Council's balance sheet. Nevertheless, the Council needs to undertake a full review of the information held to support the ownership of the assets carried in its balance sheet and, as in the case of the two properties identified at audit, ensure that that information is brought up to date where required.	
Fixed Assets – HRA additions Our testing of HRA fixed asset additions identified some items that did not initially appear to result in the acquisition, construction or enhancement of a fixed asset and as such did not meet the SORP definition of capital expenditure. This included the costs (including recharges) of some routine repairs to void HRA properties and the costs of repairs to fire-damaged HRA properties. Officers have provided further evidence to demonstrate that the repairs tested had been carried out as part of a larger programme of refurbishment that resulted in the enhancement of the assets concerned (and hence the capitalisation of the related costs). Officers have, however, agreed to keep the Council's processes for identifying capital expenditure under review in 2007/08 to ensure all such expenditure (including HRA recharges) is classified accurately and in accordance with SORP requirements.	The Council will be reviewing its procedures and guidance for the capitalisation of expenditure. Discussions will be had with the Council's new auditors to ensure they are satisfied that the Council's process is compliant with accounting regulations.

8. Revisions to the financial statements for 2006/07

9.1 Further to General Purposes Committee on 28 June 2007 when the Council's financial statements were approved it has been necessary to make some amendments mainly for non-trifling misstatements. None of these amendments materially effected the statements. These statements were formally published in December 2007 and are attached for information.

10. Financial Implications

10.1 There are no direct financial implications arising from the recommendations in this report; however, any adjustments to the accounts as a result of this process will be taken into account in the future financial planning process.

11. Recommendations

11.1 That the Committee note the contents of this report and the actions proposed that arise from the matters raised by the Audit Commission.

12. Head of Legal Services comments

12.1 There are no specific legal implications.

❄ HARINGEY COUNCIL ❄

Agenda Item

Audit Committee   On 28th January 2008

Report title: **Progress Report on Counter Fraud Activity Relating to Housing Benefit and Council Tax Benefit.**

Report of: The Chief Finance Officer

Ward(s) affected: All	Report for: Information
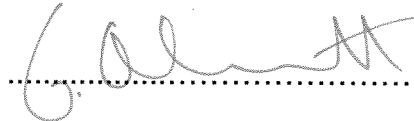
1. Purpose

1.1   To advise and update Members on the Counter Fraud performance of the Benefits and Local Taxation Service from the 1st October 2007 – 31st December 2007.

2. Recommendations

2.1   That Members consider and note this report and the work being carried out by the Benefits and Local Taxation Service in relation to Counter Fraud activity.

Report authorised by:
Gerald Almeroth
Chief Finance Officer

....(Signature)

Contact Officer: Tim Fisher
Designation   : Deputy Head of Benefits and Local Taxation
Telephone: (020-8489-1954)

3. Executive Summary   - N/A

.

4. Reasons for any change in policy or for new policy development   - N/A

5. Local Government (Access to Information) Act 1985

6.   BACKGROUND

6.1   Counter Fraud Performance is primarily judged against successful outcomes in respect of Prosecutions and Sanction based activity. Fraud Staff are empowered to investigate suspected benefit fraud and have a range of sanctions that can be applied to those who admit to fraud or where there is sufficient evidence to warrant a prosecution.

6.2   During May 2007 the DWP's Benefits Fraud Inspectorate (BFI) undertook an inspection of the Benefits and Local Taxation Services' Counter Fraud arrangements and performance. The report, published in October 2007, made 20 recommendations for improvements in the 'fraud investigation process and benefits administration'. An update on these recommendations is provided in this report.

7.   COUNTER FRAUD ACTIVITY

7.1   Performance of the Fraud Investigation Team for the third quarter of 2007/08 is summarised in table 1. This shows performance to be below profile for the second quarter

Successful outcomes for 3rd quarter 2007/08

Sanction Type	Number Issued	Target	Status
Caution	13		Accepted
Admin Penalty	6		Accepted
Prosecution	5		Guilty
Total	24	31	

Table 1

7. 2   Counter fraud activity contributes to the Benefits and Local Taxation Services' Comprehensive Performance Assessment. The Department for Work and Pensions currently use performance of sanctions activity to help judge the effectiveness of the Council's counter fraud performance and produces a performance score to rate performance.

7.3   The Benefits and Local Taxation Service has set an annual target for the year of 126 sanctions. To date the Fraud Team has achieved 73 sanctions which is a shortfall of 21 sanction across the year to date. To ensure that the Fraud Team meets its target a further 53 sanctions are required by the end of March 2008. The team have so far successfully identified 55 cases for sanction and will concentrate efforts on seeing these through to completion by the end of the financial year.

7.4   Performance for the year to date is summarised in table 2. In comparison with the same time last year the Fraud Team has increased it performance by an additional 8 cases. There has been an increase in the number of successful prosecution, up by 4 cases and an identical increase in the

number of accepted Administrative Penalties.

Successful outcomes for year to date 2007/08

Sanction Type	Number Issued	Target	Status
Caution	32		Accepted
Admin Penalty	28		Accepted
Prosecution	13		Guilty
Total	73	94	

Table 2

Overpaid Housing Benefit

7.5 To date the counter fraud activity has identified £641,424 in overpaid benefit and a further £28,488 in Administrative Penalties. Central government subsidy paid in relation to overpayments is at a rate of 40p to the £1.00 or 40%. Consequently, it can be estimated that £384,854 has been generated in subsidy, this effectively results in a 60% shortfall against benefit expenditure.

7.6 The subsidy arrangements are designed to incentivise local authorities to recover overpaid Housing Benefit. Currently, recovery performance in relation to all in-year created overpayments is approx 53.69%. Based on this figure the potential recovery of overpaid Housing Benefit arising through fraud during quarters 1 to 3 could amount to £344,381.

7.7 When combining subsidy paid, plus recovered overpayments for the year it is estimated that counter fraud activity could generate in the region of £729,235.

8. BENEFIT FRAUD INSPECTORATE

8.1 The Benefits Fraud Inspectorate (BFI) undertook a 2 week inspection during May 2007 of the Benefits and Local Taxation Services Security arrangements, which includes counter-fraud activity. The inspection report contained 20 separate recommendations covering a range of activities and requirements.

8.2 To address the recommendations made in the inspection report the Benefits and Local Taxation Service developed a Response Plan to address the issues identified, see appendix 1.

8.3 There remain several outstanding recommendations to be completed, of priority is the recruitment of a Fraud Team Manager (R1). Currently, there is adequate management cover to ensure that the team is being managed effectively. New job descriptions are being designed for both the manager position and the deputy/team leader role, this follows discussions over changes to the structure of the team. It is intended that an advert for the Fraud Manager post be placed during February.

8.4 A new Sanctions Policy (R6) has been developed and a report to the Lead Member for Corporate Resources has been produced seeking the endorsement of this policy. Once agreed this will be incorporated into a policy

and strategy for tackling benefit fraud which will be presented to the next Audit Committee meeting for endorsement (R3).

8.5 The replacement of the fraud database (R9) has been progressed in partnership with IT Services. A specification has been agreed and providers of alternative IT solutions have been sent a questionnaire to determine what suitable products are available.

8.6 The final recommendation outstanding is the requirement to introduce a system to ensure that annual declarations of interest are obtained from staff involved in the assessment of benefit. Advice is being sought from Human Resources on how to implement this across the Service.

BFI Recommendations – Response Plan
Appendix 1

Rec No	Recommendation	Response	Status	LO
	High priority			
1	Ensures that the vacancies for a Fraud Investigation officer and Fraud manager are filled as soon as possible to give assurance that the Fraud Investigation team are adequately resourced and effectively managed	A review of the Fraud Team's structure has taken place. A decision has been taken to advertise the Manager post as soon as the JD has been agreed. In place of an eighth Investigator post it has been proposed to create an Intelligence Officer post, and reduce the number of Special Project Manager from two to one. This is being consulted on.	Advert by Nov 07. Re-shape complete by Apr 08	TF TF
2	Ensures that investigators follow the council's guidance relating to the completion and maintenance of QB50 notebooks	There are clear procedures on the use of QB50 notebooks. The use of these are now monitored through regular management checks.	Completed	CG
3	Develops and publishes a policy and strategy for tackling benefit fraud which has the endorsement of Members	The Sanctions Policy has been revised and is being consulted on. Once agreed this will be incorporated into the Council's Fraud Strategy.	Complete by Oct 07	TF
4	Develops a robust management checking regime which provides adequate assurance on the progress, quality and outcome of investigations and monitors this against targets and objectives in its business plan	A case –callover timetable has been established as part of a more robust regime, this will also be combined with a 100% management sign-off of all closed cases. Performance against the main BVPI's will continue to be reported monthly to senior management and quarterly to Members via the Audit Committee.	Completed	CG
5	Develops effective procedures with the Department's Fraud Investigation Service to ensure that: • the offer of joint working is made in all appropriate cases and that each organisation notifies the other of ongoing investigations to avoid duplication	There are 19 current cases under joint investigation. Since April the team have achieved 13 successful joint sanction outcomes against an annual target of 21. The joint working protocol has been agreed which has a clear escalation process. The agreement is reviewed on a quarterly basis.	Completed	CG/ ST

BFI Recommendations – Response Plan
Appendix 1

	• a mechanism for monitoring joint working and an escalation process to resolve any joint working issues is put in place			TF
6	Reviews its sanctions policy, applies it consistently and seeks endorsement by Members	The Sanction policy has been fully revised and is being consulted on. Endorsement will be sought from members at the next available Audit Committee.	Complete by Oct 07	TF
	Medium priority			
7	Encourages quality fraud referrals by providing: • fraud awareness training as part of the staff induction process	Fraud Awareness Training will be incorporated into all future induction training. Too assist with this the Benefits and Local Taxation Service has purchased training software.	Completed	HT
	• an ongoing programme of fraud awareness training to all employees who are involved in HB and CTB administration, the effectiveness of which is monitored	A rolling 12 month refresher fraud awareness programme will be introduced for all employees involved in benefits administration.	Completed	HT
	• a single referral form with readily accessible guidance on how to complete it	Referral procedures have been reviewed and re-designed, these include a feedback process and a single referral form. The new approach utilises the benefits of the Comino W2 system and is supported by clear guidance.	Completed	ST
	• regular, formal feedback and information to all relevant council staff on the activities and success of fraud investigations			
8	Plans, initiates and sustains a comprehensive publicity campaign to raise the public profile of the council's counter-fraud efforts and encourage more referrals from the public through its dedicated fraud hotline	BLT will ensure that all prosecutions are publicised both internally and externally. Changes will be made to the Benefits website to increase the profile of counter-fraud activity giving the public a clear means by which to report suspected fraud.	Completed	CG/ST

BFI Recommendations – Response Plan
Appendix 1

9	Takes a positive decision on the business case submitted to replace its fraud database with a fraud-specific IT system	Currently working in partnership with IT to clearly specify the Fraud Teams requirements for the selection of a solution which ensures value for money.	Ongoing	TF
10	Reviews its processes relating to the recording of referrals and the raising of investigations to ensure that they are being conducted efficiently and effectively	Referral processes have been reviewed resulting in a single process for the recording and allocation of referrals.	Completed	CG/ ST
11	Obtains transcripts of taped interviews under caution where a caution or administrative penalty is being considered as an alternative to prosecution or routinely provides a comprehensive summary of the interview, including information about the demeanour the customer	Agreed that transcripts will be obtained.	Completed	CG/ ST
12	Develops procedures so that 'Do not Redirect' mail is referred without delay to the Fraud Investigation team for consideration of investigation in appropriate cases	All referrals will be passed to the Visiting Team for initial investigation, an onward referral to the Fraud Team will be made where VO involvement has been unable to resolve the case.	Completed	DG
	Low priority			
13	Ensures that all staff in Customer Service centres are trained in the requirements of the Department's HB/CTB Security Guidance and receive annual refresher training	Agreed – plan in place	Completed	HT/ LC
14	Ensures that Benefits assessors receive refresher training on the importance of fully establishing, and verifying, the capital and income of customers	The Training plan has been reviewed to include annual verification re-fresher training. Briefings on verification requirements for New Claims staff have also been arranged, this will particularly stress the requirements on capital and income.	Completed	HT

BFI Recommendations – Response Plan
Appendix 1

15	Ensures that Benefits managers validate Team leader accuracy checks and reviews its checking regime so that all aspects of verification work are covered	Agreed – Management checking procedures are being revised to ensure that verification processes are covered and that validation of Team leader checks take place.	Complete by Nov 07
16	Ensures that staff who receive and verify documents have access to up-to-date guidance on the correct procedures to follow	Agreed – Guidance has been re-issued to staff and will be backed up at 121 meetings.	Completed	HT/ TM
17	Develops and implements a staff retention policy and ensures that corporate policies and procedures are documented, regularly updated and subjected to version control	A review of the service structure and grades is taking place. Discussion with HR on now best to include this in a staff retention policy will be considered as the review takes place.	Ongoing	IB
18	Ensures that annual declarations of interest are obtained from all staff involved in the assessment of HB/CTB claims	Agreed	Complete by Nov 08	TF
19	Ensures that there is an up-to-date training needs analysis for Benefits staff, and an up-to-date record of completed training is maintained	Training records have been up dated to reflect courses attended, all teams have assessed their training needs, resulting in a training program during October on self-employed claims and overpayments procedures.	Completed	HT
20	Enhances its Internal audit arrangements by including an assessment of the performance of the Benefits team and Fraud investigation team against the Department's Performance Standards.	Internal Audit have an agreed managed audit plan, this is risk based. The Performance Standards have been passed to Internal Audit and will be incorporated into the risk based approach in future audits of the Benefits Service	Completed	AW

Haringey Council

Agenda item:

[No.]

| Audit Committee | On 28 January 2008 |

Report Title: **Risk Management Progress Report – 2007/08**

Forward Plan reference number (if applicable): **N/A**

Report of: **Head of Audit and Risk Management**

| Wards(s) affected: **All** | Report for: Non-key decision |

1. Purpose

To inform the Audit Committee of the work undertaken to implement the council's risk management strategy during 2007/08.

2. Recommendations

2.1 That the Audit Committee notes the progress made during 2007/08 to date and agrees the approach set out in section 6 of the report.

Report Authorised by: **Chief Financial Officer**

Contact Officer: Anne Woods, Head of Audit and Risk Management
Tel: 020 8489 5973
Email: anne.woods@haringey.gov.uk

3. Local Government (Access to Information) Act 1985

3.1 For access to the background papers or any further information please contact Anne Woods on 0208 489 5973.

4. Background

4.1 The Council's revised Risk Management strategy was approved by CEMB, and the Audit Committee, in October 2005. This document is reviewed on an annual basis. Consultation on a revised and updated strategy is currently ongoing and the final version will be brought to the next Audit Committee for final approval.

4.2 During 2007/08, Internal Audit has been working with business unit and departmental representatives to review, test and update the risk registers. The review and testing of risk registers formed part of the 2007/08 annual audit plan and will be an ongoing process in 2008/09 to ensure the key controls to manage identified risks are effective and operate as intended. This will also ensure compliance with the agreed strategy.

4.3 At the last Audit Committee, members requested a detailed summary of progress across the council to ensure that their responsibilities according to the committee terms of reference were being appropriately discharged. This report provides an update on progress since October 2007, and identifies those processes which will continue during 2008/09 as part of the annual audit plan.

5. Progress during 2007/08

5.1 The Council underwent a re-shaping exercise during the last quarter of 2006/07, with new directorates in place from April 2007. There were changes in the reporting arrangements for some business units as a result of the reshaping exercise. Internal audit worked with both business units and directorates to realign risk business unit and departmental risk registers within the new reporting arrangements during 2007/08.

5.2 Training was given and workshops held on risk management to managers and staff by Internal Audit during the year as responsibilities for risk management changed and/or new staff were appointed. Training on risk management was also provided to Audit Committee members during 2007/08 by an external facilitator.

5.3 Table 1 below shows the progress made to date during the current financial year in reviewing and updating the risk registers at corporate, departmental and business unit level. This is an ongoing process and business unit and departmental registers are updated in line with the business planning timetable to reflect current and ongoing priorities.

5.4 All Business Units' risk registers reflect the agreed 2007/08 business plans and departmental risk registers have been agreed by respective management teams. Managers are required to formally consider their key business unit risks as part of their Pre-Business Plan Review submissions (September) and again when they submit their final business plans (March). Table 1 below provides a summary of each risk register as at January 2008.

5.5 The testing of risk registers by Internal Audit has continued during 2007/08, based on the revisions and updates made by business units. During 2007/08 to date, Internal Audit has tested the controls specified for the risk register of recreation services and has provided advice and support as part of the compilation of the risk registers for various key council-wide projects including the re-tender and implementation plan for the new banking arrangements and the supporting people programme.

5.6 In addition to risk registers, the council has been working towards embedding risk management processes across all its key functions and processes. Risk management is part of the business planning process, including the pre-business plan review stage and the final business plans, where business units are required to consider the key risks to the achievement of their objectives.

Table 1 – as at January 2008

	Department	Level	Register Title	Risk Register status
1	Corporate - CEMB	Corporate	Corporate Register	Updated January 08 – for approval 29/01/08
2	CE – Policy Performance Partnerships & Communication	Dept	Policy Performance Partnerships & Communication	Updated & agreed by mgmt January 08
3	CE – PPPC	BU	Safer Communities	Updated & agreed by mgmt August 07
4	CE – PPPC	BU	Neighbourhood Management	Updated & agreed by mgmt January 08
5	CE – PPPC	BU	Communications	Updated & agreed by mgmt January 08
6	CE – PPPC	BU	Improvement and Performance	Updated & agreed by mgmt January 08
7	CE – Organisational Development	Dept	Organisational Development	Updated & agreed by mgmt January 08
8	CE – OD	BU	Human Resources	Updated & agreed by mgmt January 08
9	CE – OD	BU	Local Democracy and Member Support	Updated & agreed by mgmt January 08
10	CE – OD	BU	Organisational Development & Learning	Updated & agreed by mgmt January 08
11	Corporate Resources (CR)	Dept	Corporate Resources	Updated & agreed by mgmt January 08
12	CR	BU	Legal Services	Updated & agreed by mgmt August 07
13	CR	BU	IT Services	Updated & agreed by mgmt December 08
14	CR	BU	Customer Services	Updated & agreed by mgmt December 07
15	CR	BU	Benefits & Local Taxation	Updated & agreed by mgmt November 07
16	CR	BU	Corporate Finance	Updated & agreed by mgmt October 07
17	CR	BU	Audit & Risk Management	Updated & agreed by mgmt October 07
18	CR	BU	Corporate Procurement	Updated & agreed by mgmt August 07
19	CR	BU	Corporate Property Services	Updated & agreed by mgmt July 07
20	Children and Young People's Service (CYPS)	Dept	Children and Young People's Service	Updated & agreed by mgmt December 07
21	CYPS	BU	Children & Families	Updated & agreed by mgmt December 07
22	CYPS	BU	School Standards and Inclusion	Updated & agreed by mgmt December 07
23	CYPS	BU	Business Support & Development	Updated & agreed by mgmt December 07

	Department	Level	Register Title	Risk Register status
24	Adults Culture and Community Services (ACCS)	Dept	Adults Culture and Community Services	Updated & agreed by mgmt October 07
25	ACCS	BU	Commissioning & Strategy	Updated & agreed by mgmt October 07
26	ACCS	BU	Adult Services	Updated & agreed by mgmt October 07
27	ACCS	BU	Recreation Services	Updated & agreed by mgmt August 07
28	ACCS	BU	Adult learning, Libraries & Culture	Updated & agreed by mgmt October 07
29	Urban Environment (UE)	Dept	Urban Environment	Updated & agreed by mgmt December 07
30	UE	BU	Strategic & Community Housing	Updated & agreed by mgmt July 07
31	UE	BU	Street scene	Updated & agreed by mgmt December 07
32	UE	BU	Planning & Environment Control	Updated & agreed by mgmt October 07
33	UE	BU	Enforcement	Updated & agreed by mgmt December 07

6. The planned programme

6.1 Internal audit will continue with the programme of support and assistance to departments and nominated representatives to ensure that all risk registers are maintained appropriately. In addition, the annual audit plan has dedicated resources included to test the effectiveness of the controls identified in key areas. Resources will be included in the 2008/09 annual audit plan to continue with this work.

6.2 In order to assess the progress made across the council, compliance with the overall risk management strategy and its implementation has been included in the 2007/08 audit plan and will be reviewed towards the end of the financial year. The outcome of this will be reported to the Audit Committee as part of the regular quarterly reporting process.

6.3 As part of the process to update and review risk management arrangements, the council's risk management strategy will be updated to reflect the progress made to date. The Audit Committee will be provided with the revised risk management strategy for approval. The revised strategy will incorporate recommendations made by the Audit Commission as part of their Use of Resources review.

6.4 Regular reports will be made to the Audit Committee and CEMB during 2008/09 on risk management and the implementation of the strategy. The Audit Committee will receive the corporate risk register for review twice per year and the Head of Audit will highlight any significant issues as a result of the testing of risk registers to the Audit Committee as part of the quarterly reporting process. Any urgent issues will be brought to members' attention in accordance with current reporting arrangements.

Agenda Item 11

Haringey Council

Agenda item:

[No.]
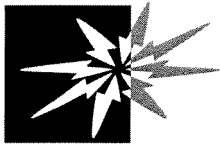
| Audit Committee | On 28 January 2008 |

Report Title: **Interception of Communication Commissioner's Office (ICCO) Inspection 2007/08**

Forward Plan reference number (if applicable): **N/A**

Report of: **Head of Audit and Risk Management**

| Wards(s) affected: **All** | Report for: Information |

1. Purpose

1.1 To inform the Audit Committee of the inspection visit made to Haringey by the Inspector from the ICCO and the recommendations made as a result.

1.2 To inform the Audit Committee of the actions taken to address the ICCO recommendations in order to ensure that these are appropriately addressed.

2. Recommendations

2.1 That the Audit Committee notes the content of the ICCO inspection report.

2.2 That the Audit Committee notes the action plan to address the recommendations made by the ICCO inspector.

Report Authorised by: **Chief Financial Officer**

Contact Officer: Anne Woods, Head of Audit and Risk Management
Tel: 020 8489 5973
Email: anne.woods@haringey.gov.uk

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3. Local Government (Access to Information) Act 1985

3.1 For access to the background papers or any further information please contact Anne Woods on 0208 489 5973.

4. Background

4.1 An inspection of the Council's policies and procedures relating to Part 1 Chapter 2 of the Regulation of Investigatory Powers Act (RIPA) 2000 was conducted by an Inspector from the Interception of Communication Commissioner's Office (ICCO). The ICCO is responsible for ensuring that organisations which are authorised to access communications data under Part 1 chapter 2 of RIPA comply with relevant legislation. The ICCO provides advice and guidance both on compliance with RIPA and good practice.

4.2 The ICCO acts independently to the Chief Surveillance Commissioner. Both Commissioners have statutory duties in relation to RIPA and the oversight of parts of the legislation, but their respective inspection teams act independently. Haringey has previously been inspected by the Chief Surveillance Commissioner and the reports together with the council's responses have been provided to the Audit Committee for information and approval. The Chief Surveillance Commissioner is primarily concerned with the issue of directed surveillance under RIPA.

4.3 The ICCO's primary objectives of inspections are to :
- Ensure that the system in place for acquiring and disclosing communications data is sufficient for the purposes of the Act and that all relevant records have been kept for annual inspection:
- Ensure that all accessing of communications data has been carried out lawfully and in accordance with the Human Rights Act, Part 1 Chapter 2 of RIPA and the associated draft code of practice;
- Provide independent oversight to the process and verify that the data which has been obtained is necessary and proportionate to the conduct being authorised
- Ensure that errors are being reported and that systems are reviewed and adapted in the light of any exposed weaknesses or faults;
- Identify good and bad practice and disseminate findings to local authorities; and
- Ensure that persons engaged in the acquisition of data are adequately trained and aware of the relevant parts of the legislation.

4.4 Haringey Council provides information to the ICCO on an annual basis in respect of data obtained via Part 1 Chapter 2 of RIPA. The ICCO in turn reports to Parliament via the Home Office and Secretary of State.

4.5 A report on the outcome of the inspection was received by the Chief Executive on 13 June 2007 from the ICCO. This is attached as Appendix A to this report. In summary, the report concludes that communications data is being obtained lawfully and for the correct purpose.

4.6 Whilst the ICCO Inspector stated that the council is obtaining communications data lawfully, the report at Appendix A does contain some suggestions for improving the applications of the required processes. An action plan has been completed and is attached at Appendix B to this report.

4.7 Conformation was sent to the ICCO in September 2007 that the recommendations raised would be accepted and implemented.

5. The Inspection

5.1 The ICCO Inspector met with the Head of Audit & Risk Management (the Council's lead officer for RIPA), together with representatives from Legal Services and the Enforcement Team within Urban Environment who are involved in RIPA processes for communications data across the council.

5.2 The ICCO Inspector reviewed and discussed the council's policy and procedures documentation in relation to their operation and good practice. A review of the applications made in respect of communications data under RIPA was also undertaken. Feedback from the ICCO Inspector during the course and at the end of the inspection indicated that the council and its officers understood its role and responsibilities under RIPA.

5.3 The recommendations which were made by the ICCO Inspector are detailed at Appendix B to this report. There were no significant weaknesses identified by the ICCO Inspector, therefore the recommendations focused on improving processes to make the best use of the legislation and ensure that good practice points were included within the existing procedures.

5.4 In some cases, recommendations could be implemented with immediate effect, and this was done as soon as the report was received from the ICCO. Implementation of recommendations in relation to new RIPA forms was delayed until the draft forms were approved by the Home Office and released for general use. This was completed in October 2007 and the new forms were integrated into the council's RIPA procedures. Copies of the revised procedures and new Home Office RIPA forms were then circulated to all authorising officers and details placed on the council's intranet.

INTERCEPTION
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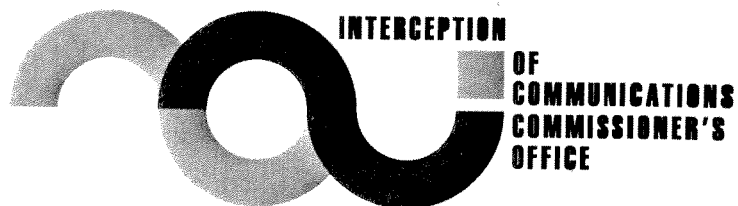
Dr Ita O'Donovan
Haringey Council
Civic Centre
High Road
Wood Green
N22 8LE

13 June 2007

Dear Madam,

INSPECTION BY THE INTERCEPTION OF COMMUNICATIONS COMMISSIONER'S OFFICE (IOCCO) – HARINGEY COUNCIL

Please receive the enclosed report which outlines the findings from the recent inspection of the arrangements which are in place in relation to the acquisition of communications data under Part I Chapter II of the Regulation of Investigatory Powers Act.

I have sent copies of the report to Anne Woods (Head of Audit and Risk Management), Joyce Golder (Principal Solicitor), Robin Payne (Assistant Director), Paul Boeuf (Team Leader for Trading Standards) and Robert Curtis (Environmental Crime Service). Please feel free to disseminate this report to any other members of your organisation, as you consider appropriate.

Sir Paul Kennedy, Interception of Communications Commissioner, has seen the report and approved its contents. As you will see from the report the Inspector was pleased with the quality of the one application form which had been submitted and was satisfied that it was necessary and proportionate. It is acknowledged that the current level of usage of RIPA powers is very low and we feel the Council should consider whether it can make more use of communications data as a powerful investigative tool to prevent and detect crime or disorder. It is hoped that the advice given during the inspection by Inspector Cloke will promote increased use. Adoption of the new application form should also streamline the processes and make them less bureaucratic.
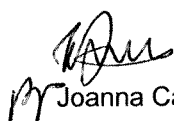
The inspection found that there were a number of omissions in relation to the role being performed by the SPoC and Inspector Cloke has made some recommendations in the report which should assist the Council to achieve the best possible level of compliance with the Act and draft Code of Practice in this respect. Furthermore, it is worthy of note that when RIPA was introduced undertakings were given to both Parliament and the Communications Service Providers (CSP's) that public authorities would have one Single Point of Contact per public authority. Therefore we have recommended that if another department, such as Environmental Crime Services needs to acquire communications data, that they use the SPoC within Trading Standards.

A number of other action points flow from the inspection and these are contained in the Action Plan appended to the report. I believe that most of the action points can be dealt with fairly easily and quickly and within two months from receipt of the report. However if more time is required please let me know. I should be grateful if you would acknowledge receipt of the report and indicate by 12 August 2007 or earlier whether you accept the findings. The completed Action Plan should be returned when all of the action points have been dealt with.

Any feedback you wish to provide regarding the conduct of the inspection would be most welcome. Currently it is our intention to carry out a further inspection in about 12 month's time. If you or a member of your staff requires any further information please do not hesitate to contact me at the address below.

Finally on behalf of the Commissioner I wish to thank you and your staff for the excellent assistance and cooperation which enabled Inspector Cloke to conduct the inspection in a positive and constructive manner.

Joanna Cavan
Acting Chief Inspector
IOCCO

Interception of Communications Commissioner's Office
Room P.5.51, The Peel Building, 2 Marsham Street, London SW1P 4DF
Telephone: 020 7035 1200 Facsimile: 0870 336 9505 Email: ch2.inspectorate@homeoffice.gsi.gov.uk

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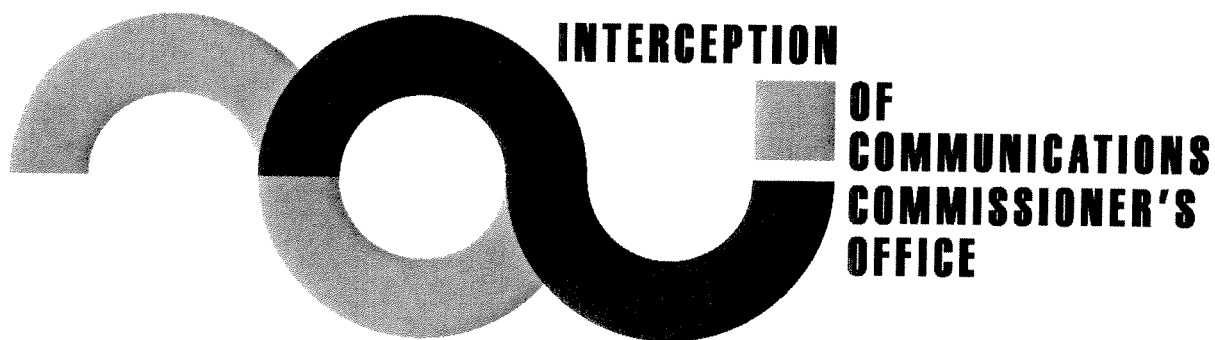
Local Authority Inspections
by the Interception of Communications
Commissioner's Office

London Borough Council of Haringey
20 March 2007

INDEX

Section   **Page**

1. Introduction

1.1 Between the hours of 10:00 hours and 13:30 hours on Tuesday 20th March 2007 I visited Haringey Council to inspect the arrangements in place in relation to the acquisition and disclosure of communications data under Part I Chapter II of the Regulation of Investigatory Powers Act. This was the first formal inspection of this Public Authority.

1.2 I was assisted throughout my visit by Anne Woods, the Senior Responsible Officer and Head of Audit and Risk Management. Also present for the first phase of the inspection was Joyce Golder, the Councils Principal Solicitor; Robin Payne, an Assistant Director and potential Designated Person (DP) and Paul Boeuf, the Team Leader for Trading Standards and accredited officer (AO) in the SPoC. There is a second AO, Robert Curtis, who is part of the Councils Environmental Crime Service, who was unavailable on the day of the inspection.

2. Haringey Council

2.1 The SPoC is located in the Trading Standards Department in the Haringey Council Offices in the Wood Green area of London. The SPoC services all of the Council departments who require access to communications data. The only users in the past have been Trading Standards and Environmental Crime Services. In preparing for the inspection the Council had supplied a nil return for the use of communications data in the current year and had reported two applications for data in the previous year. This had been a misunderstanding as there had only been one application for S21(4)(c) account information made by a member of the Trading Standards Department.

2.2 There is potential for the Housing Benefit Fraud Department to acquire communications data. The SRO confirmed during the inspection that the Housing Benefits staff had not acquired communications data and would be applying through the SPoC in Trading Standards if the need arises rather than using powers under the Social Security and Fraud Act. This would be supported by IOCCO as although the Social Security legislation is lawful the Council should bear in mind that following parliamentary debate the Government created a single regulatory regime under RIPA under which public authorities (including local authorities) would have the power to obtain communications data. The oversight of the exercise of these powers is the responsibility of the Interception of Communications Commissioner and the means of redress for complainants is through the Investigatory Powers

Tribunal. Furthermore the draft Code of Practice for Part I Chapter II of RIPA states that *"relevant public authorities for the purposes of Chapter II of Part I of the Act should not use other statutory powers to obtain communications data from a postal or telecommunications operator unless that power is conferred by a warrant or order issued by the Secretary of State or a person holding judicial office."* It should also be noted that under the SSFA local authorities are restricted to subscriber information only, whereas the power under RIPA is much wider and it enables investigators to obtain data relating to the use of a service which includes itemised call records. This could be quite valuable to the investigator providing he or she can justify that it is both necessary and proportionate to obtain it. I have been to other local authorities who have adopted the policy that they will only use RIPA to acquire communications data and I recommend that Haringey do the same (**Action Point 1**).

3. Opening Discussions

3.1 Initial discussions were held with Anne Woods, Joyce Golder and Robin Payne. The statutory oversight role of the Interception Commissioner Sir Paul Kennedy in relation to the acquisition of communications data was explained together with the role of the inspectors.

3.2 The primary objectives of the inspection were outlined, these being to:
   * Ensure that the system in place for acquiring and disclosing communications data is sufficient for the purposes of the Act and that all relevant records have been kept for annual inspection.
   * Ensure that all acquisition of communications data has been carried out lawfully and in accordance with the HRA, Part I Chapter II of RIPA and the associated Draft Code of Practice (the Code).
   * Provide independent oversight to the process and check that the data which has been obtained is necessary and proportionate to the conduct being authorised.
   * Ensure that errors are being reported and that the systems are reviewed and adapted in the light of any exposed weaknesses or faults.
   * Identify good and bad practice and disseminate our findings to the local authorities through LACORS, after consultation with the Home Office Covert Policy Group.
   * Ensure that persons engaged in the acquisition of data are adequately trained and are aware of the relevant parts of the legislation.

4. Systems and procedures in place for the acquisition of communications data

4.1   Currently applicants acquire an application form online. They complete this either electronically or print it off and complete by hand. The form is passed directly to the SPoC.

4.2   <u>Applications</u> - The application form used by the Council complies fully with the draft Code of Practice however it is based on the original form supplied by the Home Office therefore it does contain some extra requirements many of which add to the unnecessary bureaucracy. The current forms are considered to be overly complex and cause a lot of duplication of information. Before visiting the council I had recommended that they examine the new Home Office application form template which incorporates improvements on the original Home Office versions and combines the application, SPoC Report and Designated Persons considerations. I recommend that Haringey Council adopt this new application form as this will streamline the process considerably and, as will be outlined below, will address some current omissions in the SPoC process (**Action Point 2**). The SPoC can modify the template to suit the particular needs of the Council i.e. by deleting all of the statutory purposes other than Section 22(2)(b).

4.3   I can advise that the Commissioner is happy to support the use of e-mail to route the applications, provided a clear audit trail exists and the e-mail attachments are retained for this purpose. The application can be routed from the applicant to the accredited officer (AO), who then prepares the relevant S22(4) Notices and then forwards these with the application onto the DP. The DP can complete his considerations and approval, insert the time and date of issue on any S22(4) Notices, and return the documents to the AO. It would be appropriate to retain the records electronically and only print a hard copy when it is required.

4.4   <u>SPoC Arrangements</u> - There are two part time accredited officers (AOs) in the SPoC; Paul Boeuf, Team Leader for Trading Standards, operating out of the Civic Centre and Robert Curtis of the Environmental Crime Services operating out of offices in High Road, Tottenham.

4.5   It is worthy of note that when RIPA was introduced undertakings were given to both Parliament and the Communications Service Providers (CSP's) that public authorities would have one Single

Point of Contact per public authority. Given the low volume of applications dealt with I would suggest that it is not really necessary to have more than one SPoC office within the Council. Having one centralised SPoC within the authority placed under the control of one department (i.e. Trading Standards) would bring significant savings in costs and resources. It would also assist IOCCO to have one central SPoC (which can be made up of a number of AO's) because there is a requirement under the draft Code of Practice for each public authority to keep a central record of all applications and make them available for inspection. The SPoC within the Trading Standards Team needs to ensure it is achieving a fairly good level of compliance and in the future we would recommend that if another department, such as Environmental Crime Services, needs to acquire communications data, that they use the SPoC within the Trading Standards Team (**Action Point 3**).

4.6   The AOs were not maintaining a central record of applications and this is in part due to the low volume of applications. I explained the benefits of using a central record (preferably on a spreadsheet) to help manage the system if the number of applications increases as well as to make it more easy to provide the records and statistics to the Commissioner as outlined in the Code. Anne Woods demonstrated the spreadsheet in use for managing RIPA Part II applications and I agreed that a similar version for RIPA Part I applications would suffice. This record will ensure that the SPoC can supply the records required of the legislation as well as evidencing them performing their 'guardian and gatekeeper' role as defined in the Code (**Action Point 4**).

4.7   One of the first actions by the SPoC is to allocate a unique reference number (URN) to each application. The system in use by Haringey was a sequential number followed by the name of the CSP, for example 3/BT. I recommended that they apply the standard URN configuration that has developed in the majority of SPoCs. That is HARLBC (to identify the Public Authority), followed by a sequential number, followed by the year and in the case of a notice, the same URN followed by a sequential number for each notice. For example the first application for 2007 would be HARLBC/1/07 and the first notice emanating from that application would have the URN: HARLBC/1/07/N1. This should make it easier for the Council to keep track of applications which have more than one notice issued from them (**Action Point 5**).

4.8   If there are quality issues to be resolved the applicant is usually consulted as they are in a neighbouring office. There is no

record of these regular consultations and therefore no means of evidencing the SPoC performing their 'guardian and gatekeeper' role as outlined in the Code. The more comprehensive central record should identify applications returned for correction or development and the recommendation made in Para 4.9 below will ensure a record is made in relation to the content of these consultations.

4.9 The AO was not completing SPoC log sheets in relation to each application and therefore there was a lack of an audit trail in relation to the actions taken by the AO right from the start of the application process through to the completion. Often where the AO had spoken to the applicant or the CSP, this information was not being recorded. For example, SPoC log sheets are particularly useful to record the actions taken when it is discovered that a number has been ported to another CSP, i.e. 'first CSP replied and outlined number has been ported therefore second notice drafted, sent to DP for issuing and served on new CSP.' It would be difficult with the current format to understand the sequence of events which occurred in such a circumstance. A SPoC log sheet should contain information such as the date the application was received, date notices were drafted and sent to the designated person for approval, the date any notices were served on the CSP's, the date the result/s were received and any communication which has taken place between the SPoC and the applicant, CSP or designated person. The SPoC log sheet should identify the AO who has completed each entry. I recommend that the AO should maintain a SPoC log sheet for each application to ensure there is an audit trail of all of the actions taken by the AO from the start to the end of the process **(Action Point 6)**.

4.10 When an application is of the required standard the AO is carrying out a feasibility study. However this is not being recorded at present as the AO was unfamiliar with the concept of a SPoC Report. I explained the purpose of a SPoC Report and the duty of the AO to appropriately advise the DP in relation to cost and feasibility as well as recording any additional information for the designated person to consider when approving the application. The SPoC report is included within the new application form which streamlines this process and I recommend that the AO ensures that this section of the application is completed **(Action Point 7)**.

4.11 The AOs were passing the application, draft notice and blank considerations form to the DP. When approved the AO was requiring the applicant to fax the notice to the appropriate CSP

and the data was then returned by the CSP to the applicant. As outlined in the Code, it is the role of the SPoC to facilitate the lawful acquisition of communications data and effective co-operation between the public authority and the CSP. Therefore the SPoC should be acting as the conduit between the public authority and the CSP, not the applicant. Furthermore it is the role of the SPoC to provide assurance to the CSPs that notices are authentic and lawful and also to assess whether the communications data disclosed by a CSP in response to a notice fulfils the requirements of that the notice. If the data is going straight back to the applicant then the SPoC is not in a position to perform this important function. Consequently I recommend that AO should serve any Notices on the CSP and the data should be disclosed back to the SPoC. It is good practice for the SPoC to then hold the original or 'gold copy' of the data securely and the SPoC should forward a copy to the applicant. All these actions should be recorded on the SPoC log sheet (**Action Point 8**).

4.12   Designated Persons Considerations - Keith Betts, Group Manager acted as the designated person (DP) for the one application which had been made. In his absence it is suggested that Robin Payne, the Assistant Director may act as DP. This would comply with the statutory instrument which outlines that the prescribed officer within a Council must be an Assistant Chief Officer, Assistant Head of Service, Service Manager or equivalent.

4.13   Designated Persons should not be responsible for giving a notice in relation to investigations or operations in which they are directly involved. Anne Woods is aware of this requirement and considers that both potential DPs are independent of all the applications that may come to them. In the event of the DPs becoming directly involved in an operation I recommend that their involvement in the investigation and their justification for undertaking the role of the designated person must be explicit in their written considerations or alternatively the application could be passed to another DP for approval (**Action Point 9**).

4.14   In the only application submitted in the past twelve months the Group Manager, Keith Betts had recorded his considerations on necessity, proportionality and collateral intrusion in writing when approving the application. I found that his considerations were of reasonable quality. The DP signed the S22(4) notice, however he omitted to date the notice which is a requirement of the Code. I recommend that the DPs ensure in the future that they sign, date, and time if relevant, their approval of the application form and any S22(4) notices in order to comply with the draft

Code of Practice. Omission of this information constitutes an error (**Action Point 10**).

4.15 I offer the following advice to assist the DPs make their considerations robust and immune to challenge. Firstly it is fundamentally important that DPs must be able to evidence the fact that they have read and considered each application and based their considerations upon the principles of necessity and proportionality. Obviously it is a matter for the individual DP to decide how to demonstrate this effectively, bearing in mind that he or she could be called upon to justify the considerations at a later date in Court or at a Tribunal hearing. It may well be appropriate in some cases to merely record the fact that the DP has read and considered the application, examined the SPoC Report and Notice and that he or she believes that obtaining the data in question is necessary and that obtaining the data by the proposed conduct is proportionate to what is sought to be achieved by obtaining the data or words to that effect. This would largely depend upon the quality of the application and whether the DP is fully satisfied that the applicant has made out a strong case in all respects.

4.16 In practice the standard of applications will vary according to the knowledge and experience of the applicant and therefore the DP will often be required to make a more detailed judgement. Equally it may be that the application is for service use data such as billing information which is more intrusive data than the standard subscriber check. The DP comments can then be linked to other information on the application. The DP may be able to make a comment upon the wider strategic objective such as an operation against a team involved in illegal 'loan sharking' or in the case of service use data the DP should consider whether the timescales requested are proportionate. For these reasons IOCCO recommends that the DP should tailor their comments to the individual applications as this is the best means of demonstrating that they have been properly considered (**Action Point 11**).

4.17 I also make the point that adoption of the new application form template (as previously recommended in para 4.2 of this report) will streamline this process further as the DP only needs to record his considerations in one box.

4.18 Notices - The notice currently in use by Haringey Council is considered overly complex. It is recommended that the Council adopts the new Home Office template for the Notice which is available from the same source as the application form as it is

less complex and more streamlined. This can be modified to suit the particular needs of the Council i.e. by deleting all of the statutory purposes other than Section 22(2)(b). The AO should also ensure that the DP has recorded the date of issue (and where appropriate the time) on any S22(4) notices before they are served on the CSP (**Action Point 12**).

4.19 The Council have not found it necessary to cancel any notices to date. I am satisfied that the AOs and the DPs are fully conversant with the procedures surrounding cancellations. The local guidance notes at 1.11 state that a notice must be cancelled if it is no longer required.

5. Content of Applications

5.1 I would normally examine a larger sample of applications but due to the infrequent use of the powers this was not possible. The only application was made by Georgina Forde, a trading standards officer, and requested subscriber data under S2(4)(c). I examined this application and overall found it to be of good quality.

5.2 The 'nature of the enquiry' section of the application form contained good background information. It clearly specified the offence under investigation and named the suspect. The source of the telephone number obtained was given as an advertisement. In the 'necessity' section the application outlined that the subscriber information would assist in locating the suspect for a PACE interview, which although relevant information, it in fact addresses the principle of proportionality. The 'proportionality' section set out the investigative objectives as locating the subject to facilitate a visit or letter. Collateral intrusion stated that the only data sought was the correct address for the suspect, but did not outline what collateral intrusion there would be, if any.

5.3 To assist other applicants I spent some time clarifying with the staff present how each section of the new application form should be completed.

5.4 Firstly the new application form will merge the nature of enquiry and necessity sections into one which should reduce the repetition. I can advise that in essence necessity should be a short explanation of the crime (relevant Act or legislation), the suspect, victim or witness and the phone or communications address and how all these three link together. The source of the

telephone number or communications address should also be outlined.

5.5 I can advise that in the proportionality section on the new application form applicants should outline what they expect to achieve from obtaining the data and how the level of intrusion is justified when taking into consideration the benefit the data will give to the investigation. Applicants should give an explanation as to why specific date/time periods of data have been requested (how these are proportionate). An explanation of what is going to be done with the communications data once it is acquired and how that action will benefit the investigation or operation will assist with the justification of proportionality.

5.6 I can advise that although collateral intrusion is generally minimal on a subscriber check, it is still important for the applicant to consider what collateral intrusion may occur as a result of the request and how this will be managed. In some cases it will be clear that the suspect / trader has been contacted on the actual telephone number by the complainant or a Trading Standards Officer and therefore this reduces the potential for collateral intrusion. Applicants should also mention whether it is known that the telephone number (or other type of data) has been used to advertise the business, either in the press / internet or on business cards / flyers, as this would also be good evidence to show that the trader / suspect is actually using the telephone number and further reduce the potential for collateral intrusion. Collateral intrusion becomes more relevant when applying for service use data and applicants should outline how the time periods requested impact on the collateral intrusion, whether they are likely to obtain data which is outside the realm of their investigation and outline their plans for managing it.

5.7 I recommend that the SPoC should follow this guidance in the future when vetting applications and should provide advice to applicants where necessary (**Action Point 13**).

6. Record keeping and security & storage of documents

6.1 The Code outlines that certain records must be retained by the public authority and must be made available for annual inspection by the Interception of Communications Commissioner and retained to allow the Investigatory Powers Tribunal, established under Part IV of the Act, to carry out its functions. These records were made available to me during the inspection and therefore it is evident that the Council is complying with the items covered in the draft code of practice. The introduction of

a central record will assist further, particularly if there is an increase in the use of the powers.

6.2 The applications for communications data are currently stored in a locked cabinet within a secure office environment. This cabinet is kept permanently locked and access is limited. IT access is username and password protected.

7. Training of public authority staff

7.1 The Legal Services Department of the Council in cooperation with Greenwich have run RIPA training days which were attended by all staff, including the Chief Executive. The days raised awareness of RIPA issues including the acquisition of communications data. Investigators and Enforcement Officers also receive training which includes one day covering the RIPA powers.

7.2 Training for Haringey Council has been supplied to the SPoC officers by Bond Solon. Unfortunately I found that the SPoC officers were not aware of many of the vital procedures which should be followed, such as SPoC Reports, SPoC log sheets and the SPoC retaining the 'gold copy' of data received. A significant amount of time throughout the inspection was spent explaining these issues. It is also evident that the SPoC has been working in isolation and has not kept themselves up to date with developments, such as the changes to the application forms which were designed to streamline the process and reduce the bureaucracy. I would also advise the Council to regularly visit the Home Office website which contains the most up to date documents and also to contact the Home Office Covert Investigation Policy Team (who hold the SPoC accreditation list) if they require any advice on policy issues in this area. I would also recommend they liaise with neighbouring Councils to share good practice. They have worked closely with Surrey County Council on a regional 'Scam Busters' scheme supported by the Department of Trade and Industry and both Councils may benefit in sharing experiences in relation to the acquisition of communications data.

7.3 There are online local guidance notes available for applicants. I examined these and found them quite informative. There was information at 1.8 in the guidance which referred to S22(3) Authorisations and I recommended that this be amended due to the fact that the council is only acquiring data via Notices. In the same regard the references to the urgent oral process at 1.12 are not relevant to the work of the Council. There will be a

requirement to amend the guidance to include advice for the applicants and DPs in relation to the new application form and how it should be completed. This would also provide an opportunity to bring all departments who could benefit from the use of the powers together and promote appropriate use of this valuable investigative aide (**Action Point 14**).

7.4 The Council should acquire the latest version of the draft Code of Practice, ensure that AOs have possession of a copy and if possible provide a link from the guidance notes to it (**Action Point 15**).

8. Error reporting

8.1 There had been no errors reported by the Council. However the one application they made contained did contain an error as the S22(4) Notice did not specify the date of issue which constitutes non-compliance with the draft Code. I request that this error is reported to the Commissioner using the error reporting form. Reference should be made to the fact that this error was found during the inspection so that the IOCCO Secretariat appreciate this fact and do not follow it up unnecessarily (**Action Point 16**).

9. Summary and Requirement for Action

9.1 Any access to communications data by public authorities is an intrusion into someone's privacy. To be justified, such intrusion must satisfy the principles of necessity and proportionality derived from ECHR and embedded in RIPA. It is therefore vital that the correct procedures and rules are followed. If the procedures are not complied with, then any intrusion into a person's privacy may be unlawful by virtue of HRA and a possible action, through the courts (UK or ECHR, European Court of Human Rights), being brought by a member of the public. Additionally anyone who thinks their data has been wrongly acquired will have the right to go to the Investigatory Powers Tribunal.

9.2 Overall I was satisfied that communications data is being obtained lawfully and for the correct purpose. I was satisfied that the one application which had been made was necessary and proportionate. Furthermore I was satisfied with the considerations recorded by the DP when he approved the application. I have provided some advice in the report which should assist the applicants and designated persons in the future. Adoption of the

new application form should also streamline the processes and make them less bureaucratic.

9.3   There were a number of omissions in relation to the role being performed by the SPoC. Firstly I have recommended that the AOs should ensure that they are completing SPoC Reports and SPoC log sheets which will assist with the audit trail and ensure that they are carrying out their role as outlined in the Code. Secondly I have recommended that the SPoC should ensure that it acts as the conduit between the public authority and the CSPs, by serving the notices on the CSPs, receiving the data disclosed by the CSPs and storing the original data within the SPoC.

9.4   Furthermore, it is worthy of note that when RIPA was introduced undertakings were given to both Parliament and the Communications Service Providers (CSP's) that public authorities would have one Single Point of Contact per public authority. It is not for me to tell the Council how to run its business but a preferred solution would be to create a central SPoC which can administer the whole process on behalf of the Council. It would appear to me that the Trading Standards Department is perhaps best placed to do this as it is the more frequent user of the data. Given the current low volume of requests for data across the whole of the council it would probably be more efficient and cost effective to centralise the process. It would also assist IOCCO to have one central SPoC because there is a requirement under the draft Code of Practice for each public authority to keep a central record of all applications and make them available for inspection. I see no problem with the trained AO's in the two departments working together so long as they are using the same systems and processes to acquire and disclose the data. Therefore I have recommended that if another department, such as Environmental Crime Services, needs to acquire communications data, that they use the SPoC within the Trading Standards Team.

9.5   A number of other action points arise from the inspection and they are listed in the Appendix to the report. It would be appreciated if the report could be acknowledged and if you would indicate whether the findings and action points are accepted. It would be the intention of the Inspectorate to re-visit Haringey Council within a 12 month period to complete a further inspection.

9.6   It is clear that the current level of usage of RIPA powers is very low and the Council should consider whether it can make more use of communications data as a powerful investigative tool to

prevent and detect crime or disorder. It is hoped that the advice given during the inspection will promote increased use and improve the systems and procedures.

9.7   I am extremely grateful to Anne Woods and her colleagues for the excellent assistance and cooperation which I received during this visit.

Richard Cloke
Inspector

APPENDIX B

INTERCEPTION OF COMMUNICATIONS COMMISSIONER'S OFFICE – INPSECTION VISIT AND ACTION PLAN

No	Action Point	Agreed	Progress	Comments
	Haringey Council			
1.	Para 2.2 – I recommend that Haringey Council should consider adopting the policy that they will only use RIPA powers to acquire communications data during the course of its business.	Agreed	Implemented. RIPA Policy updated to confirm the adoption of this recommendation.	Updated policy circulated to all authorising officers and included on Harinet October 2007
	Applications			
2.	Para 4.2 – Recommend that Haringey Council adopt the new application form as this will streamline the process considerably and will address some current omissions in the SPoC process.	Agreed	Implemented. New form circulated to all relevant officers following the inspection visit and incorporated into updated RIPA procedures.	
	SPoC Arrangements			
3.	Para 4.5 – The SPoC within the Trading Standards Team needs to ensure it is achieving a fairly good level of compliance and in the future we would recommend that if another department, such as Environmental Crime Services, needs to acquire communications data, that they use the SPoC within the Trading Standards Team.	Partially Agreed	The Council will utilise the central record (outlined in the response to recommendation 4) as the means to manage the process.	The Council will continue to manage the applications for communications data using the most appropriate officers and authorising officers who will be able to complete the required forms in accordance with the

APPENDIX B

INTERCEPTION OF COMMUNICATIONS COMMISSIONER'S OFFICE – INPSECTION VISIT AND ACTION PLAN

No	Action Point	Agreed	Progress	Comments
				legislation. It is considered appropriate that two officers are appropriately trained in the SPoC requirements to provide and ensure continuity of cover in case of absence or urgency. The Enforcement Division will continue to act as lead department for the SPoC.
4.	Para 4.6 – Recommend that the Council maintains a central record (preferably on a spreadsheet) to help manage the system as to make it more easy to provide the records and statistics to the Commissioner as outlined in the Code.	Agreed	Implemented. A central record has been created and made accessible to all relevant staff to allow for completion of all necessary records and returns	
5.	Para 4.7 – Recommend that the SPoC applies the standard URN configuration that has developed in the majority of SpoCs. This should make it easier for the Council to keep track	Agreed	Implemented. Suggested URN of HARLBC/1/07 (as	Imple

INTERCEPTION OF COMMUNICATIONS COMMISSIONER'S OFFICE – INPSECTION VISIT AND ACTION PLAN

No	Action Point	Agreed	Progress	Comments
	of applications which have more than one notice issued from them.		e.g. the first application for 2007/08) and HARLBC/1/07/N1 (for e.g. first notice from the firs application) adopted.	
6.	Para 4.9 – Recommend that the AO should maintain a SPoC log sheet for each application to ensure there is an audit trail of all the actions taken by the AO from the start to the end of the process.	Agreed	Implemented. The Council will utilise the central record (outlined in the response to recommendation 4) as the means to manage the process.	
7.	Para 4.10 – The SPoC report is included within the new application to ensure there is an audit trail of all the actions taken by the AO from the start to the end of the process.	Agreed	Implemented. New form circulated to all relevant officers following the inspection visit and incorporated into updated RIPA procedures.	
8.	Para 4.11 – Recommend that AO should serve any Notices on the CSP and the data should be disclosed back to the SPoC. It	Agreed	Implemented. Procedures	

No	Action Point	Agreed	Progress	Comments
	is good practice for the SPoC to then hold the original or 'gold copy' of the data securely and the SPoC should forward a copy to the applicant. All these actions should be recorded on the SPoC log sheet.		amended to ensure compliance with the recommendation.	
	Designated Persons Approvals			
9.	Para 4.13 – In the event of the DPs becoming directly involved in an operation I recommend that their involvement in the investigation and their justification for undertaking the role of the designated person must be explicit in their written considerations or alternatively the application could be passed to another DP for approval.	Agreed	To be enacted if the designated person were to become involved in any investigation.	This situation has not arisen to date – both potential DP's are sufficiently independent of the applications which may require their authorisation, but this point will be taken into consideration when the need arises.
10.	Para 4.14 – Recommend that the DPs ensure that they sign and date their approval of the application form and any S22(4) notices in order to comply with the draft Code of Practice. If relevant at the time of the approval and issuing of notices should also be recorded. Omission of this information constitutes an error.	Agreed	Implemented. To be applied to all application forms and S22(4) notices following the inspection	
11.	Para 4.16 – IOCCO recommends that the DP should tailor their comments to the individual applications as this is the best means of demonstrating that they have been properly considered.	Agreed	N/A – already in place.	Haringey does not use standard wording or pre-populated forms. All applications are

INTERCEPTION OF COMMUNICATIONS COMMISSIONER'S OFFICE – INPSECTION VISIT AND ACTION PLAN

No	Action Point	Agreed	Progress	Comments
				completed according to the requirements of the investigation.
	Notices			
12.	Para 4.18 – Recommended that the Council adopts the new Home Office template for the Notice. The AO should also ensure that the DP has recorded the date of issue (and where appropriate the time) on any S22 (4) notices before they are served on the CSP.	Agreed	Implemented. See response to recommendation 2.	
	Content of Applications			
13.	Para 5.7 – Recommend that the SPoC should follow the guidance outlined in this section of the report in the future when vetting applications and should provide advice to applicants.	Agreed	Implemented. See response to recommendation 2.	
	Training of public authority staff			
14.	Para 7.3 – The information at 1.8 in the local guidance which refers to S22 (4) Authorisations should be amended due to the fact that the Council is only acquiring data via Notices. In the same regards, the references to the urgent oral process at 1.12 are not relevant to the work of the Council. There will be a requirement to amend the guidance to include advice for the applicants and DPs in relation to the new application form and how it should be completed. This would also provide an opportunity to bring all departments who could benefit form the use of the powers together and promote appropriate use of this valuable investigative aide.	Agreed	Implemented. Guidance notes amended to comply with the recommendation.	

INTERCEPTION OF COMMUNICATIONS COMMISSIONER'S OFFICE – INPSECTION VISIT AND ACTION PLAN

No	Action Point	Agreed	Progress	Comments
15.	Para 7.4 – The Council should acquire the latest version of the draft Code of Practice, ensure that AOs have possession of a copy and, if possible, provide a link from guidance notes to it.	Agreed	Implemented. Code of Practice obtained and circulated.	
	Error Reporting			
16.	Para 8.1 – Request that the error found during the inspection is reported to the Commissioner using the error reporting form.	Agreed	Implemented. Error reported to the Commissioner during the inspection visit.	Revised procedures put in place following the inspection to ensure all data is captured and appropriately reported.

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