

NOTICE OF MEETING

Audit Committee

MONDAY, 12TH MAY, 2008 at 19:30 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, N22 8LE.

MEMBERS: Councillors Rahman Khan (Chair), Bull, Davies, Gorrie, Mallett (Vice-Chair),

Vanier, Whyte and Wilson

AGENDA

1. APOLOGIES FOR ABSENCE

To note any 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 17 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 judgement 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, licence, 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 28 January 2008.

- 5. DEPUTATIONS AND PETITIONS
- 6. COMPREHENSIVE PERFORMANCE ASSESSMENT USE OF RESOURCES 2007/08 (PAGES 11 44)
- 7. COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA): USE OF RESOURCES AUDITOR JUDGEMENTS 2007 ACTION PLAN REPORT (PAGES 45 52)

Report of the Chief Financial Officer to inform the Committee of the Auditor Judgements 2007 and of the Council's proposed action plan arising from the CPA Use of Resources auditor's assessment.

8. THE ANNUAL AUDIT AND INSPECTION LETTER 2008 (PAGES 53 - 72)

With a covering report of the Chief Executive and Chief Financial Officer to consider the Council's response to the issues set out in the Audit Commission's annual audit and inspection letter.

- 9. AUDIT COMMITTEE UPDATE FROM GRANT THORNTON (PAGES 73 76)
- 10. PROGRESS REPORT ON COUNTER FRAUD ACTIVITY RELATING TO HOUSING BENEFIT AND COUNCIL TAX BENEFIT (PAGES 77 92)

Report of the Chief Financial Officer to advise and update Members on the Counter Fraud performance of the Benefits and Local Taxation Service from the 1st January 2008 – 31st March 2008 and obtain approval for the Counter Benefit Fraud Strategy.

11. INTERNAL AUDIT PROGRESS REPORT - 2007/08 QUARTER 4 (PAGES 93 - 146)

Report of the Head of Audit and Risk Management to inform the Audit Committee of the work undertaken by the Internal Audit Service for the fourth quarter 2007/08 and reports outstanding from 2006/07.

12. ANNUAL INTERNAL AUDIT PLAN AND AUDIT STRATEGY 2008/09 (PAGES 147 - 182)

Report of the Head of Audit and Risk Management to inform Members of the proposed Annual Internal Audit Plan for 2008/09 and to advise Members of the internal audit strategy.

13. RISK MANAGEMENT - PROGRESS REPORT AND CORPORATE MANAGEMENT OF RISK STRATEGY (PAGES 183 - 224)

Report of the Head of Audit and Risk Management to:

- a) Inform the Audit Committee of the current position on risk management implementation across the Council and provide a revised risk management strategy for consideration and approval;
- b) Provide a revised register of corporate business risks for review and approval.

14. DRAFT ANNUAL GOVERNANCE STATEMENT 2007/08 (PAGES 225 - 268)

Report of the Head of Audit and Risk Management to:

- a) Inform the Audit Committee of the requirements of the statutory Annual Governance Statement (AGS) and provide a draft statement relating to 2007/08 for review and approval;
- b) Inform the Audit Committee of the supporting information used to produce the draft AGS and provide a copy of the revised management assurance and self-assessment statement, which will be completed and submitted by Directors and ACEs, for information.

15. DRAFT LOCAL CODE OF CORPORATE GOVERNANCE (PAGES 269 - 280)

Report of the Chief Financial Officer to inform Members about the background to the Local Code of Corporate Governance and the draft Local Code which is to be recommended to full Council in July for adoption.

16. THE REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT (PAGES 281 - 296)

Report of the Head of Audit and Risk Management to inform Members of the requirements of the Accounts and Audit (amendment) (England) Regulations 2006 and the action taken to address these.

17. NEW ITEMS OF URGENT BUSINESS

To consider any new items of urgent business admitted at Item 2 above.

18. DATE OF NEXT MEETING

Tuesday 24 June 2008, 19:30 hours.

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1st May 2008

PRESENT

Councillors Rahman Khan (Chair), Bull, Davies, Mallett (Vice-Chair), Vanier and

Whyte

Apologies Councillor Gorrie and Wilson

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PRAC40.	APOLOGIES FOR ABSENCE	
	Apologies for absence were received from Councillor Gorrie (due to attendance at a funeral in Scotland), and Councillor Wilson, and for lateness from Councillor Bull.	
	Apologies were also received from Ms Julia Parker – Director of Corporate Resources, and Mr Gerald Almeroth – Chief Financial Officer.	:
	NOTED	
PRAC41.	URGENT BUSINESS:	
	There were no items of urgent business.	
	NOTED	
PRAC42.	DECLARATIONS OF INTEREST:	
	Councillor Khan declared a personal interest in respect of Item 8 on the Agenda, because of his membership of the Haringey Council Pension Fund.	
	Councillor Mallet declared a personal interest in respect of Item 8 on the Agenda, because of her membership of the Haringey Council Pension Fund, and in Item 6 as a Member of the BSF Board.	
	NOTED	
PRAC43.	MINUTES:	
	RESOLVED	
	That the minutes of the meeting of the Audit Committee held on 29 October 2007 be agreed and signed by the Chair as an accurate record of the proceedings.	
PRAC44.	DEPUTATIONS AND PETITIONS	
	There were no deputations or petitions.	

NOTED

PRAC45. UPDATE ON 2007/08 AUDIT AND INSPECTION PLAN:

In a brief introduction of the report – Mr Lloyd – representing Grant Thornton advised, it had been felt useful to provide the Committee with an update on key areas of the 2007/08 Audit and Inspection Plan that Grant Thornton would be focusing on as part of it work for the year. Mr Lloyd referred to the Council's Best Value Performance Plan audit which had been prepared and published in accordance with legislation and statutory guidance and that Grant Thornton had been able to issue an unqualified opinion in December 2007.

In particular Mr Lloyd referred the Committee to the key audit risks table and highlighted the issue of potential conflict between the BSF and PFI. Grant Thornton had had a number of discussion updates with management in terms of options put forward by the Council, and also there were further discussions in relation to 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.

Mr Lloyd also referred the Committee to the entry relating to study on health inequality in conjunction with the Haringey PCT and the findings of this would be reported to the Audit Committee when this work was complete.

Mr Lloyd also referred to the entry in relation to IFRS - International Financial Reporting Standards that come into effect in 2008/09 and he reported the workshop that took place with all Local Government clients to ensure full awareness of the latest accounting developments though it should be noted that the timetable of IFRS had been pushed back to 2009/10 but with Whole of Government Accounts implications for 2008/09.

The Chair, in asking the Committee if there were any questions or points of clarification, referred to the issue of the BSF/PFI conflict and Grant Thornton's professional judgment that with issue this there would be a reasonable and satisfactory conclusion.

In terms of the entry in relation to Allocations policy the Chair commented that in respect of public perception the policy was not adequately serving people's needs and that this issue needed to be revised by the Council to ensure people's needs. In terms of the entry in relation to corporate control of the Council's capital projects there needed to be some understandable and clear scrutiny to ensure that projects were adequately monitored.

The Chair further referred to the entry relating to risks in restructuring the children's services as required by legislation and stated that the Council would look to professional guidance to overcome any risk associated.

Councillor Mallet advised at this point that she needed to declared a personal interest in this item as Board Member to BSF.

There being no further questions the Chair MOVED and it was:

RESOLVED

That the contents of the circulated update on the 2007/08 Audit Inspection Plan be noted together with comments and concerns expressed during consideration of the update.

PRAC46. QUARTER 3 PROGRESS REPORT FOR INTERNAL AUDIT:

In a brief introduction of the circulated report the Head of Audit and Risk Management – Ms Woods advised that the key issues of the report was the activity of Deloitte and Touche for the third guarter of 2007/08 to date, as detailed in Appendix A. Appendix A also referred to details of all reports outstanding from 2006/07. For 2007/08, a total of 64 projects had been planned for the first, second and third quarters, including school visits. To date, 36 projects had been completed and issued as final reports. A further 23 projects had been completed and draft reports issued. At this stage of the year, the percentage of completed projects and final reports issued to date was significantly above previous years' completion rates and it was anticipated that the 95% target would be achieved by the year end. Ms Woods also advised that the programme of planned follow up audits was also reported at Appendix A. For follow up work in relation to 2006/07 audits, a total of 141 recommendations had been subject to follow up, with 61 implemented including 12 out of 34 priority 1 recommendations. A further 35 were in progress and being implemented and 11 recommendations were no longer applicable. In total, a 76% compliance rate had been achieved, which was substantially higher than previous years. The higher profile of the work of internal audit and the new reporting requirements to the Audit Committee ensured that managers would take greater responsibility for implementing recommendations. In relation to outstanding Priority 1 recommendations from 2004/05 and 2005/06, the committee should note that only eight recommendations had not been fully completed, but all were in progress and had agreed deadlines for completion. Internal Audit and the Chief Financial Officer were satisfied with the responses from and actions by directors to address the remaining issues.

Ms Woods further advised that In accordance with the Council's Constitution, Internal Audit would investigate all cases that fell outside the remit of the Housing Benefit Fraud Investigation Team and the Information Security Policy. She referred the Committee to Appendix B which detailed 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. 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 was 12.6 weeks.

Ms Woods concluded that Appendix C detailed the number of disciplinary suspensions and/or action taken in the third quarter of 2007/08. The data was taken from SAP and the information was provided in line with council statistics reported elsewhere. Ms Woods also advised that in addition, better management information was now available to assist in monitoring and reviewing outstanding cases in order to improve processes across all directorates.

The Chair thanked Ms Woods for her succinct introduction. In asking if there were any questions from the Committee the Chair commented on the substantial elements of the report as detailed in Appendices A-C. He commented that it should be noted that reasonable progress had been made and officers had commented that they were happy with such progress. In terms of the recommendations before the Committee the Committee were being asked to note recommendations 2.1-2.2 which in his view were appropriate, and that in his view recommendation 2.3 was also reasonable to endorse. The Chair was satisfied that deadlines for outstanding recommendations had now been agreed and reported.

Councillor Mallet referred to the actions at page 21 (appendix A) regarding pro active fraud and the comment in respect of mileage claims and sought clarification as to action being taken.

In response Mr Evans (Deloitte and Touche) advised that in the main the issues were more to do with house keeping and the matter of unauthorised/authorised signatories and that it was a case of reinforcing key points. Further reports would be submitted on outcomes in due course.

There being no further questions on a MOTION by the Chair it was:

RESOLVED

- That the audit coverage and progress during the third quarter 2007/08 and on the reports outstanding from 2006/07 be noted;
- ii. That the progress and responses received in respect of outstanding audit recommendations be noted; and
- iii. That it be agreed that the actions taken to address outstanding priority 1 recommendations as detailed were considered reasonable.

PRAC47. AUDIT OF ACCOUNTS 2006/7:

In a brief introduction Mr Bartle – Head of Corporate Finance informed

Members that the purpose of the circulated report was to provide an update on the final outcome of the annual audit for 2006/07 and to report on those issues raised by the Audit Commission. Mr Bartle advised the Committee that 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. It was agreed at that meeting that any final issues were to be agreed between the auditors and the Chief Financial Officer, in consultation with the Chair of General Purposes Committee and that an update report would be brought back to a subsequent meeting of the General Purposes Committee and this Committee.

Mr Bartle further commented that 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. Mr Bartle advised that he was able to confirm that the Auditors delivered an unqualified audit opinion and concluded that the Council had proper arrangements in place to secure economy, effectiveness and efficiency in its use of resources.

Mr Bartle referred the Committee to the table at para 7.1.1 of the circulated report and advised that this highlighted key issues highlighted by the District Auditor in signing off the 2006/07 accounts. The Council's Chief Financial Officer had been working closely with the Audit Commission during the audit process to resolve the issues that arose, and it was the case that none of the issues reported on by the Audit Commission had impacted on the net spend of the Council or the level of reserves. In response to a query by the Chair in relation to para 8 Mr Bartle advised that the statements were not attached but a copy of them had been forwarded in hard form to all Members of the Authority for their information. - Mr Bartle concluded that he would respond to any specific comments in respect of key issues.

The Chair asked if there were any comments from the Committee. Councillor Bull referred to the number of copies produced of the statements, and in having it confirmed that in the region of 250 had been produced, commented that perhaps it would have been more prudent to email a PDF link for Members as in his view the exercise was a waste of resources.

The Chair responded that he disagreed entirely and that the document was necessary to be circulated both internally and externally and the public had a right to view it.

The Chair then referred to Committee to its terms of reference in relation to its duties in considering and signing off of the audit of accounts for 2006/07.

The Chair expressed concerns in respect of the valuation of assets and that there had had not been a proper independent scrutiny. He however commented on officer comments in relation to the signing off of the

accounts and that in their view all proper arrangements were in place and the sign off had been unqualified. He asked for clarification from the Head of Internal Audit and Risk Management - Ms Woods in relation to the implications of the key issues as detailed in para 7.1., and whether she was happy with the audit of accounts.

Ms Woods responded that these would form part of the risk assessment for 2008/09 -08 key issues. Ms Woods also confirmed that she was happy with the audit of accounts.

The Chair also referred to issues of Governance and advised that he was happy to accept the responses of officers. However in terms of ownership of assets he was concerned with the comments stated. The Head of Finance (Accounting and Control) Mr Oliver advised that officers were currently discussing the issue with valuers and the intention was to review property documentation in line with the 5 year cycle for asset revaluations.

Mr Dossett from Grant Thornton advised that in terms of Governance it was recommended that the issue of whether Audit Committee should actually sign off the accounts would be reviewed.

The Chair then summarised and MOVED and it was:

RESOLVED

- i. that the contents of the report and the actions proposed that arose from the matters raised by the Audit Commission be noted; and
- ii. that officers within the Authority's Valuation service be requested to ensure that there is a review of property documentation in line with the 5 year cycle for asset revaluations.

PRAC48. HOUSING BENEFIT QUARTER 3 PROGRESS REPORT:

In an introduction of the circulated report the Deputy Head of Benefits and Local Taxation - Mr Fisher – highlighted performance for the third quarter of 2007/08 which was summarised in table 1 at para 7.1 of the report, and commented that to date the Fraud Team had achieved 73 sanctions out of a total of 126 for the year and the Team were confident in meeting the remaining 53. The team had so far successfully identified 55 cases for sanction and would concentrate efforts on seeing these through to completion. Mr Fisher also referred to the successful outcomes for year to date for 2007/08 as detailed in para 7.4 – table 2, and that in comparison with the same period in 2006/07 the Fraud Team had increased it performance by an additional 8 cases as well as an increase in the number of successful prosecutions by 4 cases and an identical increase in the number of accepted Administrative Penalties.

Mr Fisher also reminded the Committee that counter fraud activity

contributed to the Benefits and Local Taxation Services' Comprehensive Performance Assessment and it was the case that The Department for Work and Pensions (DWP) currently used performance of sanctions activity to help judge the effectiveness of the Council's counter fraud performance and produced a performance score to rate performance. It was the case that there had not been Housing Benefit Data Match referrals from the DWP since November 2007. Because of this the DWP were only assessing performance over the first 6 months of the year which is a period when the teams performance was below the target profile. As a result it was unlikely that the Fraud Team would now score its set target of 3 under CPA however this was currently under review.

Mr Fisher further commented on the details of overpaid housing benefit as detailed at paras 7.5-7.7 of the report and advised that to date the counter fraud activity had identified £641,424 in overpaid benefit and a further £28,488 in Administrative Penalties. The Central Government subsidy paid in relation to overpayments was at a rate of 40p to the £1.00 or 40%, with a consequent estimate that £384,854 would be generated in subsidy, which would effectively result in a 60% shortfall against benefit expenditure. When combining subsidy paid, plus recovered overpayments for the year it was estimated that counter fraud activity could generate in the region of £729,235.

The Chair, in asking if there were any comments from the Committee reminded the Committee of its terms of reference in considering such matters.

Councillor Bull referred to the £729,235 projected income from counter fraud activity and sought clarification as to whether this amount would be received in instalments, together with clarification on recovery performance and how overpayment was taken back from recipients. In response Mr Fisher advised that the figure of £729,235 was a projected figure. In terms of recovery the subsidy arrangements were designed to incentivise local authorities to recover overpaid benefit, and the overpayment recovery performance was currently at 53.69%.

This percentage figure equated to £344,381 for overpaid housing benefit for quarter periods 1-3 in 2007/08. In terms of reclaiming payments it was a case of giving time for repayments, of which a number were taken at source by recovering monies from on going benefit payments to an individual. There were also cases of error in payments by the Local Authority which were a case of non fraud but these figures were not included as this report related to cases of fraudulent claim.

In response to comments from Councillor Mallet in relation to the clamp down of information to Local Authorities as a result of the recent occurrence, Mr Fisher explained that this was due to lapses in data security which had affected Government Departments. This had resulted in the DWP suspending both collection and distribution of electronic data. Nevertheless, the Fraud Team were confident that there had sufficient work in progress to meet their targets as set at the

beginning of the year. and the subsequent point from Councillor Whyte asked whether enough had been put in place to prevent fraud from occurring in the first place — In response Mr Fisher stated that the Benefits and Local Taxation Service has verification procedures in place. These had been tested by the Benefit Fraud Inspectorate during their inspection of the Service in June 2007. This had found some lapses in procedure with new claims for Housing Benefit, but none during the assessment of changes. Procedures were sound and were lapses were found these were reiterated to staff so they could be followed properly.

The Chair referred the Committee to paragraph 8.4 of the report in relation to the new sanctions policy and endorsement of this policy by the Cabinet member for corporate resources. The Chair asked that any comments that Members may have be referred to the Cabinet Member directly.

There being no further comments it was:

RESOLVED

That the contents of the report, and the work being carried out by the Benefits and Local Taxation Service in relation to Counter Fraud activity be noted.

PRAC49. RISK MANAGEMENT UPDATE:

The Head of Audit and Risk Management – Ms Woods – advised Members that the Committee at its previous meeting in October 2007 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. The report before the Committee provided an update on progress since October 2007, and identified those processes which would continue during 2008/09 as part of the annual audit plan. Ms Woods further advised that the Council's revised Risk Management strategy was due to be approved by CEMB, and would be presented to the Audit Committee in April 2008. This document was reviewed on an annual basis, with consultation on a revised and updated strategy currently ongoing. Ms Woods stated that the final version would be brought to the next Audit Committee for final approval.

Ms Woods further commented that during 2007/08 Internal Audit had 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 would be an ongoing process in 2008/09 to ensure the key controls to manage identified risks were effective and would operate as intended. This would also ensure compliance with the agreed strategy.

The Chair, in asking if there were any comments from the Committee, commented that whilst the comments expressed by officers were

positive he advised that he was not able to fully accept that all risk registers had been updated and agreed and that from the detail in the report stated that they were in draft. He therefore felt it imperative that the matter be reported to the next meeting of this Committee for consideration and agreement.

Mr Evans from Deloitte and Touche advised that it was a matter of semantics and that the drafts were in fact final reports and officers were in possession of those finalised versions. Ms Woods responded that the revised version of the corporate risk register would be submitted to the next scheduled Audit Committee in accordance with the agreed procedure.

On a **MOTION** by the Chair it was:

RESOLVED

- That the progress made during 2007/08 to date in respect of Risk Management be noted, and the approach set out in section 6 of the report in relation to the planned programme be agreed; and
- ii. That all revised and agreed risk registers that had been updated be reported to the next Audit Committee.

PRAC50. INTERCEPTION OF COMMUNICATION COMMISSIONER'S OFFICE INSPECTION REPORT:

In a brief introduction of the report by the Head of Audit and Risk Management — Ms Woods advised that the report informed the Committee of the inspection visit made to Haringey by the Inspector from the ICCO and the recommendations made as a result. The report also advised Audit Committee of the actions taken to address the ICCO recommendations in order to ensure that these are appropriately addressed. Ms Woods also referred the Committee to the letter and report from the ICCO which had been marked 'restricted' and she wanted to allay the Committee's fears that this report was not actually exempt and none of the information contained therein was of an exempt nature. Ms Woods advised that she had been in discussion with the Inspector who wrote the report to clarify this and he had advised that it was a standard mechanism of the ICCO, though this was not the case in other parts of the Inspectorate.

There being no comments from the Committee it was:

RESOLVED

- i. That the content of the ICCO inspection report be noted; and
- ii. that the action plan to address the recommendations made by

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MINUTES OF THE AUDIT COMMITTEE MONDAY, 28 JANUARY 2008

	the ICCO inspector be noted.	
PRAC51.	NEW ITEMS OF URGENT BUSINESS:	
	There were no items of urgent business.	
	NOTED	
PRAC52.	DATE OF NEXT MEETING:	
	The next scheduled meeting of the Audit Committee would take place on Monday 28 April 2008 at 19.30hrs at the Civic Centre, Wood Green, London N22.	

The meeting ended at 20.25hrs

COUNCILLOR GMMH RAHMAN KHAN

Chair

February 2008



Use of Resources Auditor Judgements

Haringey London Borough Council

Audit 2007-2008

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

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Introduction

- 1 The Use of Resources (UoR) assessment evaluates how well councils manage and use their resources. The assessment is carried out each year and focuses on the importance of strategic financial management, sound governance and effective financial reporting arrangements. These should support councils in the achievement of their priorities and improving services, whist delivering value for money.
- 2 This is the third assessment we have undertaken at the London Borough of Haringey (the Council). Our assessment is based on the key lines of enquiry for 2007. These include new requirements for councils as part of the Commission's approach to phasing in those elements that need more lead in time and to supporting improvement by gradually raising the standard of the assessment. The period assessed for 2007 has also been aligned with the financial year 2006/07. Councils may, however, provide evidence that becomes available after the end of the financial year, to demonstrate their arrangements are working effectively and are embedded.
- The overall use of resources assessment is made up of five themes. Judgements have been made for each theme using the Audit Commission's scale as shown in Table 1. This scale is used across its inspection and performance assessment frameworks.

Table 1 Standard scale used for assessments and inspections

1	Below minimum requirements – inadequate performance
2	Only at minimum requirements – adequate performance
3	Consistently above minimum requirements – performing well
4	Well above minimum requirements – performing strongly

- In forming our assessment, we have used the methodology set out in the Use of Resources Guidance for Councils 2007, which can be found on the Commission's web site. We have also taken account of our findings and conclusions from previous years' assessments and updated these for any changes and improvements to the Council's arrangements.
- 5 The five theme scores for the Council are outlined overleaf. The scores were subject to national quality control to ensure consistency across all suppliers and on a national basis. The Audit Commission notified the scores to the Council on 10 December 2007.
- 6 This summary sets out our key findings in relation to each theme and key areas for improvement.

Use of resources judgements

Summary of scores at theme and KLOE level Table 2

Key lines of enquiry (KLOEs)	Score 2007	Score 2006
Financial reporting	2	3
1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	2	2
1.2 The Council promotes external accountability.	3	4
Financial management	3	3
2.1 The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.	3	3
2.2 The Council manages performance against budgets.	3	2
2.3 The Council manages its asset base.	3	3
Financial standing	3	3
3.1 The Council manages its spending within the available resources.	3	3
Internal control	3	3
4.1 The Council manages its significant business risks.	2	2
4.2 The Council has arrangements in place to maintain a sound system of internal control.	3	3
4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	3	3
Value for money	3	3
5.1 The Council currently achieves good value for money.	3	3
5.2 The Council manages and improves value for money.	3	2

Theme summaries

7 The key findings and conclusions for each of the five themes are summarised in the following tables.

Financial reporting

Table 3

Theme score - 2

Key findings and conclusions

Overall, the Council's arrangements for Financial Reporting have been assessed as adequate. Last year's higher assessment reflected in particular the notable practice identified in respect of the promotion of external accountability. This has not been sustained this year.

The Council's accounts were submitted for audit on time and did not contain any material errors although some non-trivial errors were identified and subsequently amended during the audit process. Working papers were of a satisfactory standard, although there were weaknesses in the initial audit trail supporting various items of account, including fixed asset additions, provisions, the cashflow statement, the collection fund and the group accounts. Overall, we saw an improvement in the audit process as a whole, but there were still issues around delays in receiving information and responses to queries on some material items, such as fixed assets additions, single status, and payroll analytical review. The Council remains over-reliant on its key contact to respond to audit queries in some cases. Both accounts and audit staff worked to resolve issues arising, but an opinion could not be issued by the 30 September deadline. An unqualified opinion was, however, issued on 16 October 2007. Due to a delay in receiving the Whole of Government Accounts consolidation pack, the opinion was not given until 30 November 2007.

The Council promotes external accountability through publishing reports and financial information in a variety of formats. Whilst the Council continues to perform well, it has not achieved the 'notable practice' status achieved last year. Although the public are able to register their views on the publication of the Annual Report online or via a questionnaire within the report, the Council has not refreshed its consultation processes with the other agencies and organisations it works with such as the Haringey Strategic Partnership.

KLOE 1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers. Working with external audit, improve further arrangements for producing the accounts and associated working papers by, for example:

- continuing to reduce the number of errors in the accounts, possibly through a greater use of quality assurance;
- continuing to improve the processing of required amendments;
- continuing to ensure that working papers always provide a clear audit trail from the statements to source records:
- reviewing the delegation of tasks within the Corporate Finance team to allow team members to gain a greater knowledge of the closedown and accounts preparation process;
- continuing to review the arrangements for incorporating the Trust accounts; and
- ensuring that Whole of Government accounts and working papers are ready for submission to audit at the same time as final accounts or by the agreed date.

KLOE 1.2 The Council promotes external accountability.

Refresh consultation with external partners such as the Haringey Strategic Partnership on the format of financial information included in the annual report and summary accounts.

Financial management

Table 4

Theme score - 3

Key findings and conclusions

Overall, financial management arrangements are assessed as performing well. Budgets are clearly linked to the three year Medium Term Financial Strategy (MTFS) and are regularly and formally monitored. Significant business risks are considered but the MTFS could be enhanced by a wider analysis of the potential financial effects of future developments.

The MTFS is developed through the Pre Business Plan Review (PBPR) process which provides the link between strategic and operational priorities and budgets. Whilst the MTFS acknowledges significant partnerships and joint projects, greater clarity on the financial implications of all partnerships should be provided.

Strong systems are in place to monitor performance against budgets and the planning and reporting process has been strengthened by the inclusion of risk assessments. Both financial and non financial information is provided through the use of the balanced scorecard and progress against savings and efficiency targets is reported. There is scope to extend further the benchmarking and performance information available to members of the public. Financial systems are regularly reviewed and reconciled. The Council needs to extend consultation with system users to ensure that their needs are being met.

There are benchmarking exercises carried out on the management of the Council's asset base and performance measures are available. The arrangements for publishing the results of these are not fully developed.

Improvement opportunities	
KLOE 2.1 The Council's medium-term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities.	Enhance the Medium Term Financial Strategy by developing further the consideration of wider financial effects of future developments and significant emerging pressures and proactively managing these. Clearly explain within the MTFS, the financial plans of joint working with partners and stakeholders and any financial implications for the Council.
KLOE 2.2 The Council manages performance against budgets.	Develop the training provided on financial systems to include consultation with system users as to their information needs. Review the results of these consultations against system outputs to ensure that user needs are being met.
KLOE 2.3 The Council manages its asset base.	Review arrangements for publishing the results of benchmarking exercises and performance measures to ensure that these are made available to all stakeholders, such as council tax payers, where appropriate.

Financial standing

Table 5

Theme score - 3

Key findings and conclusions

The Council is managing its spending within budgets and there is a formal process for setting targets and monitoring progress against them. Performance against key financial indicators, both income and expenditure, is reported to Cabinet and this information is made available to users throughout the organisation. There has been some improvement in setting targets for capital projects and monitoring work against these but there continues to be a substantial underspend against the capital budget at the year end.

Whilst the Council has a policy on reserves and balances, it does not formally consider and evidence any benefits or opportunity costs associated with holding reserves above target levels.

Improvement opportunities

KLOE 3.1 The Council manages its spending within the available resources.

Embed the improvements made in the forecasting and monitoring of capital expenditure.

Consider and evidence formally the benefits and opportunity costs of holding reserves above target levels.

Internal control

Table 6

Theme score - 3

Key findings and conclusions

The Council has put in place an assurance framework and has continued to strengthen this through the use of its PBPR process. Significant business risks are being considered and improvements are being made in the way that partnerships are managed; these arrangements need to continue and become embedded. Risk management champions are in place but their role needs to be extended to developing and reviewing new initiatives pro-actively within their directorates.

The Council has put in place processes to maintain a sound system of internal control and an effective Audit Committee is operating. It should now ensure that all significant partnerships and joint projects have been identified and that formal arrangements are in place to control the risks associated with these.

The Council has a publicised counter fraud and corruption policy and arrangements are in place to investigate breaches of regulations. Work on the National Fraud Initiative (NFI) is taking place but the Council should ensure that it continues to maximise the potential available from NFI through appropriate joint working agreements.

Improvement opportunities	
KLOE 4.1 The Council manages its significant business risks.	Ensure that arrangements to identify and manage risks relating to significant partnerships are operating and are embedded. Strengthen the role of risk management champions.
KLOE 4.2 The Council has arrangements in place to maintain a sound system of internal control.	Review and self assess annually, the activities of the Audit Committee against CIPFA guidelines. Ensure that all significant partnerships have been identified and that governance arrangements are in place to cover these.
KLOE 4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	Continue to work with other bodies to ensure that data matches from the NFI project are followed up appropriately. Continue to embed the consideration of fraud and corruption in the Council's overall risk management process.

Value for money

Table 7

Theme score - 3

Key findings and conclusions

Compared to nearest neighbours spending is around average or below for overall and key service areas. Social services are the exception which has slightly above average spending, although the relative position has improved between 2006 and 2007. Service unit costs compare well with nearest neighbours and are at average or below average levels. Cost reductions have been achieved in high spending areas such as home care and looked after children. Performance continues to improve and the overall performance of services is generally good. Both the cost position and performance improvement must be seen in the context of external and contextual factors that do impact on costs, for example high deprivation levels, diverse and transient population and economic disparity. The Council is aware of these factors; however, the impact in value terms not been fully assessed. Unintended high spending is identified and addressed through the various systems and processes in place. For example, regular budget monitoring at a corporate and directorate level identifies areas where projected spend is above budget and includes management action to address this. The business planning process ensures that investments and savings are in line with the Council's priorities for both capital and revenue expenditure.

Key findings and conclusions

The Council has continued to embed systems and processes put in place last year to monitor and review VFM and has built on these systems through, for example, developing the VFM section in the business plans and adding more unit cost information into the balance scorecard. The approach to VFM is further embedded this year and is clearly recognised across the Council by both service and finance staff as a key element of what the Council is about. Corporate systems and processes for managing and reviewing VFM are in place and are helping to develop a consistent approach to understanding costs across directorates. Members are increasingly challenging about understanding comparative cost and performance information and will challenge the position presented to them. Judgements are made on the comparative VFM of all services using a cost performance and perception matrix with each service prioritised in terms of requiring a review. These internal reviews have led to service improvements; for example, street cleaning has led to reduced littering and higher satisfaction. The Council has been successful in planning for and achieving efficiency savings; over £27 million has been achieved over the last four years. It is on target to achieve its annual efficiency savings. There is a clear procurement strategy in place and there are examples of procurement exercises that have resulted in savings, such as the agency contract with Hays and the construction framework agreement. The Council's approach to whole life costing is developing but this is not yet fully implemented. The Achieving Excellence programme will take forward the VFM agenda into 2007/08.

Improvement opportunities	
KLOE 5.1 The Council currently achieves good value for money.	Continue to focus on reducing costs and improving performance. Assess fully the monetary impact of external and contextual factors.
KLOE 5.2 The Council manages and improves value for money.	Maintain the focus on collating unit cost information so that year on year comparisons can be made in all areas.
	Ensure that there is application of the arrangements for understanding costs and challenging VFM Council-wide.
	Develop and implement the approach to whole life costing.

Conclusion

- The Council's performance demonstrates that it has maintained its position in four of the five themes and has arrangements in place around Financial Management, Financial Standing, Internal Control and Value for Money that are performing well.
- The Council has sustained and embedded the developments it made in incorporating risk management into its budget setting and monitoring exercises and has also shown improvements in the way it manages and improves value for money. There are strong arrangements in place in the use of the PBPR process and this continues to link the Council's strategic and operational objectives to its financial plans, commitments and performance.
- The Council's arrangements for Financial Reporting are now assessed as adequate. The notable practice in respect of the Annual Report consultation processes introduced in 2005/06 has not been sustained and developed in 2006/07. We recommend that this exercise is refreshed for 2007/08 and that all significant external partners are included. The Council should also continue to develop its arrangements for the production of its annual accounts.

Use of resources 2008

- The Commission has published its key lines of enquiry for 2008 on its website. There is an annotated version of the key lines of enquiry available which show all the changes from 2007. This should assist you in pin-pointing the changes. Grant Thornton, who will carry out the assessment in 2008, will be reporting their scores and findings to you at a similar time next year. A summary of the changes from 2007 is also included as an appendix to this report.
- The Commission consulted on the changes to the key lines of enquiry for 2008 during April to June 2007. The Commission's response to the consultation can be found on its website. The key lines of enguiry for 2008 reflect some of the changing priorities for councils as they respond to the major challenges facing them and the higher expectations of them. Making further improvements in efficiency will be critical for councils in responding to: the changing demographic profile of communities, increasing public expectations of public services and expected constraints on funding from Government.
- 13 The key lines of enquiry give more emphasis, mainly at level 4, to areas such as: sustainability, working in partnership and using IT to secure service and value for money improvements; strategic asset management and joint procurement. These areas signal the changes which will be given more emphasis in the use of resources assessment under Comprehensive Area Assessment, the new performance framework for local services.

Appendix 1 – Revisions to Use of Resources KLoE for 2008

The listing below sets out the revisions, additions and deletions made to the Use of Resources Key Lines of Enquiry (KLoE) for 2008 compared to the 2007 set against which the Council was assessed in this report. A full listing of the 2008 KLoE is available on the Audit Commission's website at:

http://www.audit-commission.gov.uk/localgovernment/useofresources/consultation.asp?CategoryID=english%5E576

Table 1

1. FINANCIAL REPORTING

How good are the Council's financial accounting and reporting arrangements?

Key line of enquiry

1.1 The Council produces annual accounts in accordance with relevant, standards and timetables, supported by comprehensive working papers

Evidence that:

- the Council's accounts are compiled in accordance with statutory and professional reporting standards;
- the Council's accounts are supported by comprehensive working papers; and
- the accounts and supporting working papers are prepared and approved in accordance with relevant timetables.

Level	KLoE	New	Now bold	Revised
2	The auditor gave an unqualified opinion in the published statements.			7

1.2 The Council promotes external accountability Key line of enquiry

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Evidence that:

the Council publishes its accounts in accordance with statutory requirements; and

the Council publishes summary accounts/annual report in a way that is accessible to the public.

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Level	KLoE	New	Now bold	Revised
7	The agenda, reports and minutes for meetings of full council, committees and scrutiny panels are made available to the public) on a timely basis and in accessible formats appropriate to comply with duties under the equalities legislation.			7
೮	The most recent published accounts, annual audit letter, agenda, reports and minutes for meetings of council, committees and scrutiny panels are made available to the public on the Council's website on a timely basis and inaccessible formats appropriate to comply with duties under the equalities legislation.			7
4	The Council publishes in accessible formats an annual report or similar document which includes summary accounts and an explanation of key financial information/technical terms designed to be understandable by members of the public.			7
4	The annual report or similar document includes information and analysis about the council's environmental footprint.	7		

2. FINANCIAL MANAGEMENT

How well does the Council plan and manage its finances?

Key line of enquiry

2.1 The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.

Evidence that:

the Council's corporate business plan (that sets out its aims and objectives) is linked to its financial planning and management;

• the Cc	the Council's budgets and capital programme are based on robust medium-term tinancial projections and risk assessments.	n-term tinancial	projections and risk a	assessments.
Level	KLOE	New	Now bold	Revised
7	The Council is undertaking equalities impact assessments of its strategies and understands the effect and impact these will have on its diverse population.	7		
7	The medium-term financial strategy models income and expenditure and resource requirements over a minimum of three years and is reviewed and updated at least annually.			7
ო	The corporate business plan projects forward at least three years and takes account of each of the following: • stakeholder and partner views; • external drivers, including funding variations; • and requirements to improve efficiency; • capital investment plans and their revenue implications; • risk assessments and financial contingency planning; • sensitivity analysis; and		>	
	 expected developments in services. 			

Haringey London Borough Council

Level	KLoE	New	Now bold	Revised	
3	Budgets are linked to :		~		
	 the medium-term financial strategy and high level budgets for future years within this; 				
	 business and activity plans; 				
	 operational activity indicators that are lead; 				
	 indicators of spend; and 				
	 risk assessments of material items of revenue and capital 				
	income and expenditure.				
က	The Council regularly reviews financial management arrangements to ensure that they remain 'fit for purpose', and		~		
	keeps the financial services function under review to consider				
	capacity, resourcing and training needs.				

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Key line of enquiry

2.2 The Council manages performance against budgets.

Evidence that:

the Council has arrangements in place for monitoring performance against budgets, taking corrective action where appropriate, and reporting the results to senior officers and members; and

the Council's financial information systems meet users' needs.

Level	KLoE	New	Now bold	Revised
ဇ	The Council's financial information systems have flexible reporting tools to enable specialist reports to be designed.		7	
က	Informative profiled financial monitoring reports are received by all budget holders soon after the month end enabling managers to respond to issues in a timely way.			7
က	 The Council's budget monitoring is: related to operational activity indicators that are lead indicators of spend; and informed by a risk assessment. 			7

Key line of enquiry	
2.3 The Council manages its asset base.	

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Ević	Evidence that:
•	the council has a capital strategy and fixed asset management plan; and
•	the council reports to members on asset management.

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Level	KLoE	New	Now bold	Revised
м	The Council's asset management plan provides clear forward looking strategic goals for its property assets that shows how the council's land and buildings will be used and developed to help deliver corporate priorities and service delivery needs, now and in the future. The plan shows how property assets will be maintained, modernised and rationalised to ensure that they are fit for purpose.	7		
ဇ	The Council maintains a record of all of its land and buildings that contains accurate data on its efficiency, effectiveness, asset value and running costs which can be used to support decision making on investment and disinvestment in property.	7		
4	Performance measures and benchmarking are being used to describe and evaluate how the Council's asset base contributes to the achievement of corporate and service objectives, including improvement priorities, sustainability objectives and set challenging targets for improvement.			7

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Level	KLoE	New	Now bold	Revised
4	The Council fully integrates asset management planning with business planning at corporate and service levels. The role and contribution of property is explicit in business plans such as flexible working policies, ICT plans and customer access strategies.	7		
4	The Council uses its property portfolio as an enabler of change. It understands the opportunity cost of its property and exploits this to deliver better value for money and benefits for the local community.	7		
4	The Council integrates the management of its asset base with others for example, third sector and local public agencies to identify opportunities for shared use of property and to deliver seamless cross-sector, cross-agency and community based services to users.	~		
4	The Council challenges whether all its assets are required, are fit for purpose and provide value for money to meet current and future needs by monitoring property performance and undertaking periodic property reviews. The Council rationalizes or disposes of under-performing or surplus assets.	7		

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Use of Resources Auditor Judgements | Appendix 1 - Revisions to Use of Resources KLoE for 2008 23

How well does the Council safeguard its financial standing?

Key line of enquiry 3.1 The Council manages its spending within the available resources.

Evidence that:

the Council is financially sound;

the Council manages its levels of reserves and balances; and

current spending plans match available resources.

	-			
Level	KLoE	New	Now bold	Revised
2	The Council keeps its treasury management strategy under review and monitors performance against it. The strategy reflects the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services.			~
က	The Council's policy for reserves and balances is based on a thorough understanding of its needs and risks, which is properly and clearly reported to and agreed by members. The approved level of balances is adhered to and ensures the Council's financial standing is sound and supports the Council in the achievement of its long term objectives.			~

24 Use of Resources Auditor Judgements | Appendix 1 - Revisions to Use of Resources KLoE for 2008

Level	KLoE	New	Now bold	Revised
က	The Council's targets for income collection and recovery of arrears stretch performance and their achievement is monitored with appropriate corrective action taken during the year to achieve the targets.	7		
4	The Council sets challenging targets for a comprehensive set of financial health indicators, monitors performance and has a good track record of achieving these targets.			7

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business risks linking them to strategic business objectives and The Council maintains and reviews a register of its corporate

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assigns named individuals to lead on the actions identified to

mitigate each risk.

4. INTERNA How well do	4. INTERNAL CONTROL How well does the Council's internal control environment enable it to manage its significant business risks?	s significant bus	iness risks?	
Key line of enquiry 4.1 The Council ma	Key line of enquiry 4.1 The Council manages its significant business risks.			
Evidence that:	at:			
• the Co	the Council has a risk management process in place; and			
• the ris	the risk management system covers partnership working.			
Level	KLoE	New	Now bold	Revised
2	The risk management strategy/policy requires the Council to:			7
	 identify corporate and operational risks; 			
	 assess the risks for likelihood and impact; 			
	 identify mitigating controls; and 			
	 allocate responsibility for the mitigating controls and is 			
	complied with.			

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Level	KLoE	New	Now bold	Revised
4	All members receive risk management awareness training appropriate to their needs and responsibilities.			<i>></i>
4	Reports to support strategic policy decisions, and initiation documents for all major projects, require a risk assessment including a sustainability impact appraisal.			

	l control.
	olace to maintain a sound system of interna
Key line of enquiry	4.2 The Council has arrangements in p

Use of Resources Auditor Judgements | Appendix 1 - Revisions to Use of Resources KLoE for 2008 27

Key line of enquiry 4.2 The Council ha	Key line of enquiry 4.2 The Council has arrangements in place to maintain a sound system of internal control.	ial control.		
Evidence that:	at:			
• the Cc	the Council reviews and reports on its system of internal control; and the Council has an audit committee or equivalent and an internal audit function.	tion.		
Level	KLOE	New	Now bold	Revised
ALL	All references to SIC now amended to 'governance statement'			7
8	There are procedure notes/manuals in place for key financial systems and these are reviewed and updated as appropriate.			7
7	The Council has a business continuity plan in place which is reviewed and tested on a regular basis.			7
2	There are standing orders, standing financial instructions and a scheme of delegation in place and these are reviewed and updated as appropriate.			7
က	The Council has an effective scrutiny function to ensure constructive challenge and enhance performance overall.			
4	The Council obtains assurance on a risk basis of the viability of its significant contractors'/partners business continuity plans.			

Key line of enquiry

4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.

Evidence that:

the Council has adopted codes of conduct and monitors compliance; and

the Council's arrangements to prevent and detect fraud and corruption are effective.

Level	el KLoE	New	Now bold	Revised
7	The Council has put in place arrangements for monitoring			7
	compliance with standards of conduct across the Council			
	including:			
	codes of conduct;			
	 register of interests; 			
	 register of gifts and hospitality; 			
	complaints procedure; and			
	 use of IT resources. 			
7	The Council can demonstrate that members of the standards	~		
	committee are preparing for their role in local investigations and determination and there are arrangements in place to support			
	effective local investigations and determinations.			

Level	KLOE	New	Now bold	Revised
7	The Council has provided the required data for the National Fraud Initiative (NFI), has notified data subjects of this use of data, and has established a comprehensive process to followup NFI data matches that covers all match types and all levels of report (ie high, medium and same address).			7
ဧ	The work of the standards committee is communicated openly to a wider public. Where appropriate, the council has taken effective action, learning from issues arising from local investigations and determinations.	7		
ဇ	The Council has made effective use of the NFI application functionality to identify data matches for review. These were investigated promptly to prevent prolonged exposure.		~	7
3	The Council works with other bodies such as DWP when following-up data matches from NFI. Details of proven frauds relating to public sector employees are shared with other bodies as per the NFI Information Exchange Protocol.		~	~
೯	Weaknesses revealed by instances of proven fraud and corruption, including NFI data matches, or data quality issues (due to capture or extraction) are reviewed to ensure that appropriate action is taken to strengthen internal control arrangements.		~	~
4	Successful cases of proven fraud/corruption are routinely publicised to raise awareness.			7

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30 Use of Resources Auditor Judgements | Appendix 1 - Revisions to Use of Resources KLoE for 2008

Level	KLoE	New	Now bold	Revised
4	There are effective arrangements for receiving and acting upon fraud and corruption concerns and disclosures from members of the public.			7
4	The Council can demonstrate its staff, and staff within contracting organisations, have confidence in the whistleblowing arrangements and feel safe to make a disclosure.	7		
4	All application forms for services and benefits have an appropriate fair processing notification permitting data sharing for prevention and detection of fraud and corruption (both acting as a deterrent to fraudsters and facilitating the extension of NFI into new areas).	7		
4	The Council can demonstrate that effective action has been taken to maximise the potential savings available through NFI.			

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How well does the Council demonstrate that it achieves good value for money?

Use of Resources Auditor Judgements | Appendix 1 - Revisions to Use of Resources KLoE for 2008 31

Key line of enquiry

5.1 The Council currently achieves good value for money.

Evidence that:

costs compare well with others allowing for external factors;

costs are commensurate with service delivery, performance and outcomes achieved; and

costs reflect Council priorities.

	_			
Level	KLoE	New	Now bold	Revised
2	The Council has a well managed capital programme linked to priorities and supporting service improvements. Projects are usually completed on time and on budget, and deliver outcomes which are fit for purpose.			7
೮	The Council ensures that a range of quality services is delivered appropriate to statutory duties and local needs, while maintaining relatively low overall costs including overheads and capital, within the council's overall context.			7
ಣ	The Council has a well managed capital programme linked to priorities and supporting service improvements, with projects completed on time, within budget, and delivering outcomes which are fit for purpose.			~

32 Use of Resources Auditor Judgements | Appendix 1 - Revisions to Use of Resources KLoE for 2008

Level	KLOE	New	Now bold	Revised
4	High performance is achieved across a range of key services while costs, including unit costs and transaction costs demonstrate best value compared to others.			7
4	The Council can demonstrate that it uses its capital programme, with partners where appropriate, to challenge existing service models to achieve a transformation in service for users			7

Key line of enquiry

5.2 The Council manages and improves value for money NOTE: Due to high number of revisions only new KLoEs highlighted.

Evidence that:

the Council monitors and reviews value for money;

the Council has improved value for money and achieved efficiency gains; and

procurement and other spending decisions take account of full long-term costs and benefits, including environmental and social

Level	KLOE	New	Now bold	Revised
2	The Council has adequate arrangements to produce reliable data.	>		
2	The Council has some understanding of its long-term costs and benefits, including environmental and social. There is some evidence of these being taken into account in decision making.	7		
7	The Council is making some use of partnership working to improve VFM. It has some understanding of the total resources at the disposal of its significant partnerships.	7		
2	The Council makes some use of IT both to improve its own VFM and to improve access to services for users.	^		
3	The Council has good arrangements to produce reliable data.	\nearrow		
က	The Council has evaluated its use of partnerships to improve VFM. It has an understanding of total resources at the disposal of its significant partnerships which it is using to support clearly identified outcomes.	~		
ဇ	The Council uses IT to drive and enable business process change to improve both its own VFM and access to services for users.	7		

Haringey London Borough Council

34 Use of Resources Auditor Judgements | Appendix 1 - Revisions to Use of Resources KLoE for 2008

Level	KLOE	New	Now bold	Revised
4	The Council has exemplary arrangements to produce reliable data. It has an agreed approach with partners to produce reliable data.	7		
4	The Council has implemented arrangements for partnership working. It has a clear understanding of the total resources at the disposal of its significant partnerships. It is on track to deliver planned improvement in outcomes.	7		
4	The Council has a strong track record of using IT and can demonstrate examples of significant service improvements, including access to services for users, or efficiency savings through using IT.	7		



Agenda Item:

Audit Committee	On 12 May 2008	
Report Title: Comprehensive Performand Use of Resources – Auditor	ce Assessment (CPA) r Judgements 2007 action plan report	
Report of: Chief Financial Officer		
Wards(s) affected: All	Report for: Non-key decision	
Purpose 1.1 To inform the Committee of the Auditor Judgements 2007 and of the Council's proposed action plan arising from the CPA Use of Resources auditor's assessment.		
2. Recommendations2.1 To note the CPA Use of Resources Audaction plan in response.	ditor Judgements 2007 and the Council's	
Report Authorised by: Gerald Almeroth, C	Chief Financial Officer	
6.01		
Contact Officer: Kevin Bartle, Head of Co	orporate Finance, 020 8489 3743	
3. Executive Summary		
3.1 The report sets out the CPA Use of Res	sources Auditor Judgements 2007 and outlines	

the Council's proposed response by way of updating and revising our on-going action

- plan. Progress has been made since 2005; the overall score of 3 (performing well) achieved in 2006 has been maintained again in 2007 against the 'harder test'. Most of our improvements in important Key Lines of Enquiry (KLOEs), such as Internal Control and Value for Money, have maintained the improved score of 3 in 2007.
- 3.2 The Council's CPA UoR action plan is now an on-going document and has been updated for 2008 to reflect the 2007 assessment and to give particular attention to areas that need strengthening and improvement. A summary version is attached to this report as Appendix 1 which highlights areas where it is felt there is a risk that a score of 3 may not be achieved or where areas have been specifically targeted where a 4 could be achieved.
- 4. Reasons for any change in policy or for new policy development (if applicable)
- 4.1 This report develops existing policy.
- 5. Local Government (Access to Information) Act 1985
- 5.1 Background documents used in the preparation of this report: CPA Use of Resources Key Lines of Enquiry (KLOE) descriptors Haringey Council – Use of Resources Auditor Judgements 2007

6. Background

- 6.1 The CPA Use of Resources judgement by the Audit Commission assesses how well the Council manages and uses its financial resources. It focuses on the importance of having sound and strategic financial management to ensure that resources that are available support the Council's priorities and improve services.
- 6.2 In 2006 the CPA framework was revised again and in particular the Use of Resources section was developed to become a stronger measure of cost-effectiveness and value for money. The Use of Resources blocks in both 2006 and 2007 were the 'harder test'.
- 6.3 The Audit Commission in November 2006 scored the Council 3 out of 4 for the use of resources and in December 2007 we maintained that 3 out of 4 score. This is very much in line with expectations and positively contributed to the Council as a whole achieving three stars overall.
- 6.4 The Audit Commission has provided some specific feedback and, where appropriate, elements of the action plan have been amended.

6.5 The key lines of enquiry are set out in five key judgement areas and the scores achieved are as follows:

Judgement Areas	Assessment 2006 (out of 4)	Assessment 2007 (out of 4)
Financial Reporting	3	2
Financial Management (including asset management)	3	3
Financial Standing	3	3
Internal Control (including Risk Management and Governance Arrangements	3	3
Value for Money	3	3
Overall score	3	3

- 6.6 The detailed analysis of the above shows that two specific areas showed a marked improvement and individuals scores of 2 in 2006 scored a 3 in 2007:-
 - Financial Management: ref. 2.2 The Council manages performance against budgets; and,
 - Value for Money: ref 5.2 The Council manages and improves value for money.
- 6.7 In Financial Reporting, the overall score dropped from 3 to 2; within this the individual score for KLOE; ref 1.2 (the Council promotes external accountability); dropped from 4 to 3. This is due to the Audit Commission's assessment that the Council had not maintained the 'notable practice' status achieved last year through the Annual Report consultation process, specifically with the Haringey Strategic Partnership. This process will be refreshed for 2008.
- 6.8 Additionally within Financial Reporting, the Council had aspirations of achieving some improvements in KLOE ref.1.1 (production of the annual accounts), however the score remained at a 2. This area is being specifically addressed within the action plan and a separate report on the audit of our annual accounts 2006/07 brought to this Committee also set out plans for improvement in this area.
- 6.9 For future reference, in order to achieve an overall score of 4, the Council must receive no elements with scores of 2 and at least two elements with scores of 4.

7. Action plan

- 7.1 The extract from our action plan attached at appendix 1 highlights some of the key areas that are identified for further development and improvement. Set down below are examples of areas of specific attention:-
 - The Annual Report consultation process with key partners such as the Haringey Strategic Partnership has been refreshed.
 - Last year's external audit report on the Council's Annual Accounts has been scrutinised in detail and improvements put in place;
 - A Haringey carbon footprint has been produced for inclusion in our Statement of Accounts.

7.2 The area of value for money is difficult to judge as no set criteria are published for scoring and no benchmark data is available in respect of previous years or with other authorities. The need for managers in the organisation to focus clearly on planning to demonstrate and improve value for money within their own services has been emphasised and is already embedded. This is being carried out through the business planning process, at senior manager seminars and with a rolling programme of value for money reviews within the Council's Achieving Excellence programme.

8. Consultation

8.1 This is a corporate issue for the Council and there will be consultation with partners where it is necessary.

9. Summary and Conclusions

9.1 Satisfactory progress is being made against most of the actions in the plan and there is confidence that a score of 3 will be maintained. The aim is to improve all areas to move towards scores of 4 where possible in the 2008 assessment.

10. Recommendations

10.1 To note the CPA Use of Resources Auditor Judgements 2007 and the Council's action plan in response.

11. Legal Comments

11.1 The Head of Legal Services has read the report. The report considers improvements to governance arrangements. The use of resources audit includes a strong element of improving the ethical governance of the organisation. There are no specific legal implications.

12. Equalities Implications

12.1 The improvements detailed will enhance the aspects of considering equalities included in the corporate processes.

13. Use of Appendices / Tables / Photographs

13.1 Appendix 1 – Extract from CPA Use of Resources Action Plan 2007-2008.

Use of Resources – Extracts from Key Actions for Improvement 2007/08

	Level	Key Actions	Completion	Owner
1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	vith rele	want standards and timetables, supported by comp	rehensive workin	g papers.
1.1.6 The auditor gave an unqualified opinion in the published statements.	2	List of errors from 06/07 and action plan from auditors in place and being reviewed regularly.	July 08	Graham Oliver
	<u>-</u>	 Weekly meetings with final accounts team and fortnightly meetings with Head of Corporate 		
		Finance to monitor progress and discuss issues. Process being managed on Project Management		
	-	Action plan for new Statement Of Recommended Practice in place		
		Discussions being held with new auditors to		
	***************************************	ascertain their views on items to ensure we		
		comply with their standards including key areas		
	-	Relationship management with auditors – issued		
		resolved prior to accounts publication		
1.1.7 The accounts submitted for audit presented fairly	"	07/08 position not available until June 2008 - but	July 08	Graham
and contained only a small number of non-trivial errors		actions are as above		Oliver
1.1.11 The accounts submitted for audit presented fairly and contained only errors considered 'clearly trivial'	4	07/08 position not available until June 2008 – but actions are as above	July 08	Graham Oliver
1.1.12 The quality of the working papers provided was	4	Quality Assurance process to be documented	July 08	Graham
everripiary.	-	Changes to working papers proposed for 07/08		Oilver
		יס מס מסיים ופוונפת		
		Training sessions being held		

Kevin Bartle 2.1 The council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities Pelekanos/ Graham Owner Oliver Completion April 08 July 08 date Meeting is being held on the design and presentation side – Lambeth is being used as an letter and a copy of last years annual report was The consultation with external partners through Annual report to be published in July Haringey efreshed, views sought and taken account of he Haringey Strategic Partnership has been For the consultation with external partners a where appropriate in producing the annual Footprint has been calculated Key Actions presented and minuted. example. People report. Level က 4 the views of a range of stakeholders in making its decision 1.2.4 The council can demonstrate that it is considering 1.2.8 The annual report or similar document includes 1.2 The Council promotes external accountability information and analysis about the council's whether to publish an annual report. Descriptor environmental footprint

Appendix 1

2.1.20 The medium-term financial strategy models	4		Best and worst case scenarios should be	2008/09 MTFS	John Hardy
balances, resource requirements, and revenue items			performed on the larger riskier budgets	and Budget	
using different planning scenarios (for example best			Example scenarios already used in the budget	Book 2008/09	
and worst case and most likely) and links this to its risk			process - children/adults forecasting models,	end of April	
management and financial reports.			within the capital bidding process worst cases	2008.	
			are requested, models used for equal pay		
			calculations, BSF, Decent Homes		
		•	To be included in the Medium Term Financial		
			Strategy.		
2.2 The Council manages performance against budgets					
2.2.13 The council's financial information systems have	က		The Council's financial management training	July 2008	Graham
flexible reporting tools to enable specialist reports to be			package is being reviewed to ensure the needs		Oliver/
designed.			of financial systems users are being taken into		lan Andrews
		*****	account. The planned training sessions will be		

Owner Completion Key Actions Descriptor

Appendix 1

	ב רמא		Actionis	date	
		appropriately updated.	pdated.		
2.2.21 There is a timely reporting 'traffic light' system (or similar) in place to focus the Executive on key variances, and there is evidence that these are acted upon.	4	 Budget savings to be giv summarised for Cabinet. 	Budget savings to be given a RAG status and summarised for Cabinet.	June 08	Kevin Bartle
		 Risk managem savings 	Risk management to be performed on planned savings		
2.3 The Council manages its asset base.					
2.3.11 The council makes investment and disposal decisions based on thorough option appraisal and whole	က	 Plans are in place to full costing during 2008/09. 	Plans are in place to fully embed whole life costing during 2008/09.	July 08	Dinesh Kotecha/
		 Sustainable Proci agreed March 08 	Sustainable Procurement Policy and Strategy agreed March 08		
2.3.13 The council maintains a record of all of its land and buildings that contains accurate data on its efficiency, effectiveness, asset value and running costs which can be used to support decision making on investment and disinvestment in property.	က	 Line by line and evidence of each 	Line by line analysis to be completed showing evidence of each of the descriptors.	July 08	Paul Williamson
2.3.14 Performance measures and benchmarking are being used to describe and evaluate how the council's asset base contributes to the achievement of corporate and service objectives, including improvement priorities, sustainability objectives and set challenging targets for improvement.	4	 Work to be carr clear between objectives. 	Work to be carried out to ensure the links are clear between the asset base and corporate objectives.	July 08	Paul Williamson
4.1 The Council manages significant business risks					
4.1.15 Reports to support strategic policy decisions, and initiation documents for all major projects, require	4	The Hays Vend to risk evaluation	The Hays Vendor Neutral contract was subjected to risk evaluation and impact evaluation e.g. on	August 08	Sharon Kemp
a itsk assessinelli iliciudilig a sustalliability litipaci		ure Sivic Suppri	lile Sivie supply crialit and veridor domination.		

Appendix 1

Descriptor	Level	Key Actions		Completion	Owner
appraisal.		The contract was designed with a 50% split.	% split.		
		 Project briefs, PIDs and the capital bid process to (continue to) include (some) of this. 	d process		
4.2 The council has arrangements in place to maintain a s	s punos	sound system of internal control			
4.2.22 Governance arrangements with respect to partnerships are subject to regular review and updating.	4	 Partnership lists have been reviewed and will be undergoing further analysis following additional information gathering. 	and will be additional	April 08	Anne Woods/ Sharon Kemp/
		 Review of partnership arrangements was completed as part of 2006/07 audit plan in September 06. 	vas an in		Yunlea Semamba
		 A full review of Partnerships incorporating some of the aforementioned points is due to complete before the start of the new Municipal Year. 	ting some complete		
5.1 The Council currently achieves good value for money.					
5.1.10 The council has a well managed capital programme linked to priorities and supporting service improvements, with projects completed on time, within budget, and delivering outcomes which are fit for purpose.	က	 Self Assessment Evaluation process of Capital spend – end of year review 	of Capital	July 08	Frances Palopoli
5.2 The Co	uncil ma	uncil manages and improves value for money			
5.2.36 The council understands and evaluates the	4	Pilot contract		May 08	Michael
including environmental and social, and takes account of		 vnole life costing paper Preparation work was undertaken in 07/08 	80/2		Wood/ Sharon Kemp
these when making decisions. All policy proposals have in built cost analyses.		 Impact assessment for policies being developed by the end of May 2008 	developed		



Agenda item:

Background papers

Resources

Audit Committee	On 12 May 2008	
Report Title: The Annual Audit and Inspe	ection Letter 2008	
Report of: Chief Executive and Chief Fina	ancial Officer	
Wards(s) affected: All	Report for: Non-key decision	
1. Purpose1.1 To consider the Council's response to the issues set out in the Audit Commission's annual audit and inspection letter.		
2. Recommendations2.1 To note the letter and to agree the response and actions as set out in the report.		
Report Authorised by: Gerald Almeroth, Cl	nief Financial Officer	
Contact Officer: Gerald Almeroth, Chief Fi	nancial Officer	
3. Head of Legal Services Comments 3.1 The annual letter records that the Counc of transactions with financial consequence legal implications raised by the report.	cil's arrangements for maintaining the legality ces are adequate. There are no other specific	
I. Local Government (Access to Information	tion) Act 1985	

Annual Audit and Inspection Letter London Borough of Haringey, Audit Commission, March 2008

Comprehensive Performance Assessment (CPA) for 2007 including Use of

5. Strategic Implications

5.1 The annual audit and inspection letter is part of the formal process of external audit and inspection and reflects the Council's progress and position in terms of meeting its strategic objectives.

6. Annual Audit and Inspection Letter

- 6.1 Haringey Council has continued to work positively with District Audit and the Audit Commission during the last year and good progress has been made by the Council. This is recognised in the overall CPA score in December 2007, with the Council achieving 3 'stars' (good), and a positive Direction of Travel statement that categorises the Council as 'improving well'.
- 6.2 Within the CPA scorecard it is recognised that good progress has been made in priority areas such as children and young people, environmental services and safer and stronger communities and that the majority of performance indicators have shown improvement. All elements of the CPA scored at a three for the Council other than the score for Social care (adults), which remained at two.
- 6.3 The two separate service inspection areas in the last year were for Homes for Haringey and Benefits Fraud. Both inspections recognised the services being delivered were sound and a number of recommendations were made to improve services further.
- 6.4 The Use of Resources score, including value for money, maintained an overall assessment score of three, although one of the five elements, financial reporting, has reduced to a two. This is mainly in respect of the need to refresh our statement of accounts consultation process.
- 6.5 In the area of accounts and governance the comments are generally positive and this is reflected in the important auditor opinions that the accounts for 2006/07 are unqualified and that the value for money conclusion is also unqualified.
- 6.6 The key areas for action from the Audit and Inspection letter are set out in the table together with the Council's response and proposed actions:

	Recommendation	Response
	The Council needs to:	
1	Improve adult social care and accelerate the pace of improvement in housing	An action plan is in place for adult social care and is now being implemented; the housing service improvements continue to be monitored and further stretching targets are part of the business planning process.
2	Develop its arrangements for the production of the annual accounts	A detailed action plan has been jointly agreed with the auditors and is being implemented; refreshed consultation with our partners has taken place at the HSP on the format of the annual report and summary accounts for 2007/08.

3	Continue to enhance risk management across the Council and its partnerships	The Council is continuing to enhance its risk management processes and this is a key feature of business planning and decision making.
4	Maintain focus on improving its understanding of costs and their relationship with its priorities and, in particular, on ensuring that costs are commensurate with performance levels	The Council will continue its drive for improving value for money. It is a key component of the business planning process and a separate rolling programme of value for money reviews, including zero based budgeting, is progressing under the Achieving Excellence programme.

7. Financial Implications

7.1 There are no direct financial implications arising from the recommendations in this report. The resources for implementing the actions set out above will be contained within existing approved budgets.

8. Equalities Implications

8.1 The CPA assessment has a strong emphasis on user focus and diversity. The Council performs well in this area and will continue to develop equalities impact assessments as part of its service planning process.

9. Consultation

9.1 This report was considered by the Cabinet on 22 April. There is no other wider consultation planned.

10. Background

- 10.1 The Annual Audit and Inspection Letter from the Audit Commission is an important external assessment of the council's position. Proposals for responding to the issues raised are included in this report for consideration.
- 10.2 The Annual Audit and Inspection Letter is compiled by the council's external auditor. It summarises the conclusions and significant issues arising out of the audit and inspection work for the council in the preceding year and from the audit of the Council's accounts. It includes information from the Direction of Travel statement and from the Comprehensive Performance Assessment (CPA) scorecard.

11. Conclusion

11.1 The response and proposed actions will contribute further to the plans for continuous improvement.

12. Use of Appendices / Tables / Photographs

12.1 Annual Audit and Inspection Letter for 2008 – Audit Commission (attached as an appendix).

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March 2008



Annual Audit and Inspection Letter

Haringey London Borough Council

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External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- · any third party.

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Key messages

- 1 The letter's main messages are:
 - the Council is improving well and has been assessed as a three-star authority under the Comprehensive Performance Assessment (CPA) framework;
 - the Council received an unqualified opinion on its 2006/07 accounts; and
 - the Council received an unqualified conclusion on its arrangements for securing value for money during 2006/07.

Action needed by the Council

- 2 The Council needs to:
 - improve adult social care and accelerate the pace of improvement in housing;
 - develop its arrangements for the production of the annual accounts;
 - continue to enhance risk management across the Council and its partnerships; and
 - maintain focus on improving its understanding of costs and their relationship with its priorities and, in particular, on ensuring that costs are commensurate with performance levels.

Purpose, responsibilities and scope

- 3 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent CPA, the findings and conclusions from the audit of the Council for 2006/07 and from any inspections reported since the last annual audit and inspection letter.
- 4 We have addressed this letter to members as it is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. We have made recommendations to assist the Council in meeting its responsibilities.
- 5 This letter also communicates the significant issues arising from our work to key external stakeholders, including members of the public. We will publish the letter on the Audit Commission website at www.audit-commission.gov.uk. In addition, the Council will publish it on its website.
- 6 Your appointed auditor Grant Thornton from 2007/08 is responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, the auditor reviews and reports on:
 - the Council's accounts;
 - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion); and
 - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 7 This letter includes the latest assessment of the Council's performance under the CPA framework, including our direction of travel report and the results of any inspections carried out by the Audit Commission under section 10 of the Local Government Act 1999. Inspection reports are issued in accordance with the Audit Commission's duty under section 13 of the 1999 Act.
- 8 We have listed the reports issued to the Council relating to 2006/07 audit and inspection work at the end of this letter.

How is the Council performing?

9 The Audit Commission's overall judgement is that the Council is improving well and is three star in terms of its current level of performance under the CPA framework. These assessments have been completed in all single tier and county councils with the following results.

Figure 1 CPA results for single tier and county councils



Source: Audit Commission

10 The detailed assessment for the Council is as follows.

Our overall assessment - the CPA scorecard

Table 1 **CPA** scorecard

Element	Assessment 2006	Assessment 2007	Change
Direction of travel judgement	Improving well	Improving well	-
Overall	3 star	3 star	-
Corporate assessment/capacity to improve	3	3	-
Current performance	(out of 4)	(out of 4)	
Children and young people*	3	3	-
Social care (adults)*	2	2	-
Use of resources*	3	3	-
Housing	3	3	_
Environment	3	3	-
Culture	3	3	-
Benefits	3	3	-

(Note: * these aspects have a greater influence on the overall CPA score) (1 = lowest, 4 = highest)

The improvement since last year - our direction of travel report

11 The Council is improving well. The Council has made good progress in priority areas such as children and young people, environmental services and safer and stronger communities. Just under three-fifths of performance indicators have shown improvement in 2006/07. Key achievements include significant improvements in GCSE attainment and recycling rates, although these are coming from a low base and improvement in some areas, for example in housing, remains below average. The Council works well with its partners and has achieved clear benefits for the community. New approaches to tackling worklessness, such as the Haringey Guarantee Programme, have been successful in securing employment. Initiatives to improve community safety are leading to fewer crimes and a new drug service has been established, helping to increase the number of drug-using offenders entering treatment. The neighbourhood management service is responsive to local needs and allows residents to influence how services are delivered. The Council continues to make good use of its resources and to focus on value for money. Clear improvement plans are in place and the Achieving Excellence Programme supports the Council's capacity to deliver further efficiencies and improvements.

Service inspections

12 Two service inspection reports have been published since the last annual audit inspection letter.

Homes for Haringey

- 13 The Audit Commission reported the findings of the inspection of the new arms length management organisation (ALMO), Homes for Haringey (HfH), in August 2007. The service received a two-star assessment (out of a possible three stars), with promising prospects for improvement.
- 14 Services have improved substantially since the ALMO was established in April 2006 and also since a previous inspection of the Council's repairs and maintenance service, published in May 2005, when it was scored as 'fair', with 'promising' prospects for improvement. HfH has demonstrated the ability to deliver improvements in a number of key service areas. This has been achieved through close working with residents, including tenants and leaseholders, an effective board, the support of the Council and dedicated staff across the organisation.
- 15 The inspection made a number of recommendations to improve the service further, specifically with regard to the aids and adaptions service for physically disabled residents, access to services and standards of customer care, the performance of tenancy management and the management of the capital and repairs programme.

Benefits fraud

16 The Benefits Fraud Inspectorate carried out an inspection in May 2007, reviewing the measures in place to deal with benefits fraud. Its report, issued in October 2007, concluded that, overall, the Council had effective measures in place. A number of recommendations were made to address required improvements in the fraud investigation process and benefits' administration.

10 Annual Audit and Inspection Letter | The audit of the accounts and value for money

The audit of the accounts and value for money

- 17 We reported the findings of the 2006/07 audit in the annual governance report that was presented to the General Purposes Committee on 11 September 2007 and in a follow-up letter to the Chief Financial Officer that was copied to the Chairs of the General Purposes and Audit Committees. Following the finalisation of our work, we issued an unqualified opinion on the accounts and an unqualified conclusion on the arrangements for securing value for money on 16 October 2007.
- Overall, we saw an improvement in the Council's processes for the production and audit of its accounts this year, although further improvements are still required in responding to audit queries. Our follow-up letter also highlighted a number of issues of ongoing application, including the need to obtain updated valuations where appropriate to support the accounting treatment of asset disposals, to improve the accounts' disclosures of subsidiaries and related parties (including HfH and Alexandra Park and Palace), and to review potential single status liabilities and the Council's processes for identifying and accounting for capital expenditure.
- 19 The 2007/08 audit is now in progress. As reported to the Audit Committee, two areas of potential risk are being monitored carefully as part of Grant Thornton's ongoing audit:
 - the Council has faced a challenging operational conflict between the delivery of the Building Schools for the Future Programme and the existing schools PFI scheme. The Council has evaluated the options to resolve this matter with central government and has opted to bring the facilities management function back in-house. Central government is currently considering its overall approach to addressing similar issues in other PFI schemes and there may be implications for the Council in due course. Grant Thornton is discussing this issue with Council management on an ongoing basis and is assessing the implications for its accounts and use of resources work for 2007/08; and
 - Alexandra Park and Palace: there are ongoing challenging operational and financial issues to be resolved in respect of the management of Alexandra Park and Palace by the Trust which is, for all practical purposes, financially underwritten by the Council. Grant Thornton will continue to review the Council's progress to oversee the resolution of these issues as part of its 2007/08 audit work.

Use of resources

- The findings of the auditor are an important component of the CPA framework described above. In particular, the use of resources score is derived from the assessments made by the auditors in the following areas:
 - financial reporting (including the preparation of the Council's accounts and the way these are presented to the public);
 - financial management (including how financial management is integrated with strategy to support Council priorities);
 - financial standing (including the strength of the Council's financial position);
 - internal control (including how effectively the Council maintains proper stewardship and control of its finances); and
 - value for money (including an assessment of how well the Council balances the costs and quality of its services).
- 21 For the purposes of the CPA, we assessed the Council's arrangements for the use of resources in these five areas as follows.

Table 2 Use of resources assessment

Element	Assessment 2006 (out of 4)	Assessment 2007 (out of 4)	Change
Financial reporting	3	2	1
Financial management	3	3	-
Financial standing	3	3	-
Internal control	3	3	_
Value for money	3	3	-
Overall Audit Commission assessment	3	3	-

(Note: 1 = lowest, 4 = highest)

The detailed findings from our work are highlighted in the use of resources auditor judgements report. The Council continues to perform well. Our report highlights a number of key areas for the Council's consideration, as set out in table 3 below.

12 Annual Audit and Inspection Letter | The audit of the accounts and value for money

Table 3 Use of resources' improvement opportunities

Element	Improvement opportunities
Financial reporting	Refresh the annual report consultation processes introduced in 2005/06, ensuring that all significant external partners are included.
	Continue to develop the arrangements for the production of the annual accounts.
Financial management	Enhance the Medium Term Financial Strategy by developing further the consideration of wider financial effects of future developments and significant emerging pressures and proactively managing these.
Internal control	Ensure that arrangements to identify and manage risks relating to significant partnerships are operating and are embedded.
	Ensure that all significant partnerships have been identified, together with the associated risks, and that governance arrangements are in place to cover these.
Value for money	Maintain focus on improving the Council's understanding of its costs and their relationship with the Council's priorities and service performance, and in particular on ensuring that costs are commensurate with performance levels.

Financial standing

The Chief Financial Officer reports monthly on financial monitoring. The report to the February 2008 Cabinet for the period ended 31 December 2007 forecast a net revenue underspend of £0.2m for 2007/08. Pressures are, however, continuing into the medium to longer-term. The Council should therefore continue to maintain tight budgetary control to deliver financial balance for 2007/08 and the medium to longer-term.

Data quality arrangements

We tested the Council's arrangements to secure quality performance information to support our value for money conclusion. The Council's overall management arrangements for ensuring data quality are satisfactory. All six performance indicators selected for detailed testing were found to be fairly stated.

Best value performance plan

25 Grant Thornton issued its audit report on the Council's 2007/08 best value performance plan on 18 December 2007. There are no matters to draw to members' attention.

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Annual Audit and Inspection Letter | The audit of the accounts and value for money 13

Grant claims

The certification of grant claims submitted by the Council is undertaken in accordance with instructions from government departments. The largest of these is the housing benefit claim, with a value of some £240m. The Council has improved its arrangements for the production of grant claims in 2007, but needs to ensure that this improvement is maintained going forward.

Certification

- The audits for 2004/05 and 2005/06 were certified as complete on 7 November 2007 following the issue of our decision on an objection to the Council's 2004/05 accounts with regard to expenditure incurred in reimbursing the costs of the Coroner's service. The objection was not upheld, although a number of necessary improvements to systems for the authorisation and payment of Coroner expenditure were identified. Progress to date in addressing these has been inconsistent and requires management follow up.
- 28 Although the 2006/07 opinion and conclusion have been issued (see paragraph 17 above), the audit for that year remains uncertified as an objection to the accounts has been received in relation to Council expenditure on Alexandra Park and Palace. Our consideration of that objection is currently in progress.

Looking ahead

- The public service inspectorates are currently developing a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 30 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate annual area risk assessment and reporting performance on the new national indicator set, together with a joint inspectorate annual direction of travel assessment and an annual use of resources assessment. The auditors' use of resources judgements will therefore continue, but their scope will be widened to cover issues such as commissioning and the sustainable use of resources.
- The first results of the work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new Local Area Agreements.

Closing remarks

- 32 This letter has been discussed and agreed with the Leader and Chief Executive. The letter will be presented to Cabinet on 22 April 2008.
- 33 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Council since the last annual audit and inspection letter.

Table 4 Reports issued

Report	Date of issue
Audit and inspection plan 2007/08	June 2007 (issued jointly by the Audit Commission and Grant Thornton)
Homes for Haringey	August 2007
Annual governance report	September 2007
Opinion	October 2007
Value for money conclusion	October 2007
Certificate 2004/05	November 2007
Certificate 2005/06	November 2007
Best value performance plan 2007/08	December 2007 (issued by Grant Thornton)
Opinion summary report	January 2008
Data quality	January 2008
Use of resources auditor judgements	February 2008
Benefits grant report	February 2008
Direction of travel assessment	February 2008
CPA scorecard	February 2008
Grants report	March 2008

The outturn fee is set out in table 5. This shows a total audit and inspection fee for 2006/07 of £637,750.

Table 5Fee update

Audit area	Plan 2006/07 £	Actual 2006/07 £
Accounts*	345,000	348,750
Use of resources	142,000	142,000
Total audit fee	487,000	490,750
Inspection	147,000	147,000
Total audit and inspection fee	634,000	637,750
Grant claim certification** (estimated outturn)	115,000	150,000
Objection to the 2004/05 accounts	-	14,710
Objection to the 2006/07 accounts	-	Too early to assess

^{*} Reflects additional work on the audit of the Council's Whole of Government Accounts return.

The Council has taken a positive and constructive approach to audit and inspection work during 2007. Jacqui Barry-Purssell becomes your CAA Lead from 1 April 2008. I would therefore like to thank officers and members for their support and cooperation during the year and over the course of my tenure as your Relationship Manager.

Michael Haworth-Maden Relationship Manager

March 2008

^{**} Costs compare to £152,000 (2004/05) and £158,500 (2005/06). The estimate for 2006/07 was based on a greater reduction in the number of claims than was actually experienced and more time spent on those submitted than expected.



Grant Thornton work progress update to Audit Committee – 12 May 2008

1. Corporate Governance review

We are in the process of undertaking a review of the Corporate Governance arrangements at the Council. The review focuses specifically upon an assessment of the arrangements that the Council has in place for ensuring probity and propriety in the conduct of its business. Areas covered by the review include:

- compliance with codes of conduct, including use of registers of interest and hospitality
- role of management in ensuring governance processes are working effectively
- roles and effectiveness of the Standards Committee and Monitoring Officer at the Council
- roles, functioning and effectiveness of the Council's Scrutiny and Audit Committees
- review of the Council's confidential reporting processes
- management of the risk of fraud and corruption
- Council's response to cases of proven fraud.

The results of this work will feed into the 2008 Use of Resources assessment work that will be undertaken in July and August this year. Subject to the satisfactory progression of this work, we will report our findings to the next meeting of the Audit Committee.

2. Ongoing Audit work

We commenced the interim audit work in early April 2008. This involves a review of the key systems that are in place at the Council, enhancing our understanding of how these work and what controls are in place around these systems. This involves a detailed review of internal audit work to ensure we avoid duplication in this area. We also involved IT specialists from Grant Thornton who are reviewing the IT general control environment at the Council. This covers areas such as ensuring that IT operates in a secure environment to enable us to place reliance on this area as part of our final audit work. Our findings from this work will be reported within the ISA 260 report on the accounts in September 2008. More detailed findings will if necessary be reported to a subsequent Audit Committee meeting.

As part of our interim work we involved our technical specialists at Grant Thornton who undertook a review of the 2006/07 accounts detailing areas where these could be improved upon. This should be useful for finance staff as it will help to enhance further the quality of the 2007/08 financial statements.

We have also undertaken a presentation to finance staff at the Council detailing how the audit process works, what our expectations are in terms of deliverables such as

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working papers and also what the key accounting developments are likely to be for the 2007/08 audit. This was undertaken in conjunction with the Corporate Finance team at Haringey.

3. Health Inequalities

We are undertaking a joint study on health inequalities in conjunction with Haringey PCT auditors. This has involved a review of documentation detailing the processes and actions that are in place in relation to Health Inequalities at a strategic level, interviews with staff members, evaluation of surveys sent to key stakeholders in Health Inequalities, and attendance at Committees such as Wellbeing Chairs Executive and the Wellbeing Partnership Board. We are presenting our findings to stakeholders on 12 May and when these are agreed and accepted by all parties will report these back to the Audit Committee in June 2008.

4. Pension Fund Audit

For the 2007/08 pension fund audit we have developed an audit strategy document that will consider the key risks in relation to the pension fund and the work that we will undertake in this area. We have commissioned sector specific staff within the firm to carry out the work and we are aiming for this work to be undertaken in July this year and reported at the end of September 2008. The team will carry out the audit, seek to place reliance on the work of Internal Audit where possible, and draw on experience at other organisations to consider the Authority's overall pension fund management arrangements. It is likely that for 2008/09 there will be a separate audit opinion for the pension fund and there are also likely to be some changes in the 2008 SORP. The work undertaken this year will therefore act as a sound basis of preparation for the potential changes to be introduced in 2008/09.

5. Other work

PFI - We have been in close liaison with Officers over the past few months with regard to developments over the schools PFI. We detailed some preliminary thoughts to management as to how this should be accounted for and these were forwarded to the Council for consideration. The Council then undertook a detailed review of the proposed accounting arrangements and we have agreed in principle the main areas where treating the scheme as on balance sheet will impact on the 2007/08 accounts. Thus will be reported in September 2008.

Alexandra Park and Palace - there are ongoing challenging operational and financial issues to be resolved in respect of the management of Alexandra Park and Palace by the Trust which is, for all practical purposes, financially underwritten by the Council. Grant Thornton will continue to review the Council's progress to oversee the resolution of these issues as part of our 2007/08 audit work and report on this in September 2008.

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2008/09 audit planning

The Audit Commission requires us to issue a joint audit and inspection plan for 2008/09 to the Authority by 30 May 2008. We are currently carrying out some detailed planning work and have had initial discussions with the Chief Financial Officer. At this stage we are not proposing to increase the core audit fee in 2008/09. Clearly we will need to reflect on this when we have completed the 2007/08 audit of accounts and use of resources work at the end of September 2008.

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MARINGEY COUNCIL M

Agenda Item

Audit Committee

On 12th May 2008

.(Signature)

Report title: Progress Report on Counter Fraud Activity Relating to Housing Benefit

and Council Tax Benefit.

Report of: The Chief Financial 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 January 2008 – 31st March 2008 and obtain approval for the Counter Benefit Fraud Strategy.

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, and approve the Counter Benefit Fraud Strategy.

Report authorised by:

Gerald Almeroth

Chief Financial Officer

Contact Officer: Tim Fisher

Designation : Deputy Head of Benefits and Local Taxation

Telephone: (020-8489-1954)

- 3. Executive Summary The Benefits and Local Taxation Service through the activity of the Fraud Investigations Team maintained an effective approach to counter benefit fraud activity. It achieved 124 successful sanctions against those found to be committing benefit fraud. In so doing it was able to attract a Comprehensive Performance Assessment rating of 4 (excellent). In a further response to the Benefit Fraud Inspectorates (BFI) report, published October 2007, a Counter- Benefit Fraud strategy has been developed for which member approval is sought.
- **4. Reasons for any change in policy or for new policy development** Approval for the Counter Benefit Fraud Strategy is sought following a recommendation by the BFI.

5. Local Government (Access to Information) Act 1985 -

The background working papers are located within the BLT Fraud Section, 10 Station Rd, Wood Green. The BFI Report was published in October 2007 and is available on the internet under www.bfi.gov.uk

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 Following last years inspection by the Benefit Fraud Inspectorate the Benefits and Local Taxation Service have reviewed and amended the Prosecution Policy relating to counter benefit fraud and produced a Counter Benefit Fraud Strategy for benefit fraud for which Audit Committee approval is sought.

7. COUNTER FRAUD ACTIVITY

7.1 Performance of the Fraud Investigation Team for the fourth quarter of 2007/08 is summarised in table 1.

Successful outcomes for 4th quarter 2007/08

Sanction Type	Number Issued	Target	Status
Caution	28		Accepted
Admin Penalty	20		Accepted
Prosecution	3	Village States	Guilty
Total	51	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 (DWP) 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 set an annual target for 2007/08 of 126 sanctions. Against this target the Fraud Team achieved 124 sanctions, narrowly missing the set target. Nevertheless, the performance of the Fraud Team has been sufficiently good enough to attract a score of 4 (excellent) under the revised CPA rating which takes the first 6 months performance into account.
- 7.4 The revised CPA score reflects the DWP's decision to suspend the supply of Housing Benefit Matching Service referrals from November 2007. This followed the DWP's decision to implement a review of data security due to the loss of child benefit records by the HM Revenues and Customs.
- 7.5 Performance for the year to date is summarised in table 2. In comparison with the end of year performance for 2006/07 the Fraud Team improved its performance by an additional 8 cases.

Successful outcomes for year to date 2007/08

Sanction Type	Number Issued	Target	Status
Caution	60		Accepted
Admin Penalty	48		Accepted
Prosecution	16		Guilty
Total	124	126	

Table 2

Overpaid Housing Benefit

- 7.6 To date the counter fraud activity has identified £1,033,088 in overpaid benefit and a further £38,974 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 £413,235 has been generated in subsidy, this effectively results in a 60% shortfall against benefit expenditure.
- 7.7 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 the year could amount to £554,665.
- 7.8 When combining subsidy paid, plus recovered overpayments for the year it is estimated that counter fraud activity could generate in the region of £967,900.

8. Counter Benefit fraud Strategy

- 8.1 Approval is sought from The Audit Committee for the Counter Benefit Fraud Strategy (appendix 1). This follows the recommendation made by the Benefit Fraud Inspectorate (BFI) that this be developed to accompany the Council's existing Fraud Strategy.
- 8.2 The Strategy, once approved will be published on the Council's website and will contain links to Benefits website, the Council's Sanctions Policy (appendix 2) and advice on how to refer suspected benefit fraud cases to the Fraud Team.
- 8.3 The Strategy includes changes to the reporting arrangements to the Audit Committee. In future details of cases taken forward for sanction will be included in the reports to the Audit Committee so that Members are able to review the effectiveness of the Counter Fraud Strategy and Sanctions Policy.
- The additional information will be included as an appendix to the main report presented quarterly to the Audit Committee. A blank example of this report is included as appendix 3 to this report. This new reporting format will cover activity relating to 2008/09 and will be presented in full at the next Audit Committee meeting.

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Anti –Fraud and Corruption Strategy – relating to Housing Benefit and Council Tax Benefit

Statement of Intent

Haringey Council ("The Council") is responsible for administering public funds. The Benefits and Local Taxation Service has a key role in this function and must ensure that the right benefits go to the right people in accordance with their entitlement.

Our responsibility for administering Housing and Council Tax Benefits includes a duty to ensure that the system is not open to abuse by any person or group.

The Council will ensure that effective policies and procedures are implemented to prevent and detect benefit fraud either internally or externally and we place a high regard on maintaining confidence in our Service and the benefit system as a whole.

The Council will use the criminal and civil powers available to it to take action against those who have committed benefit fraud. Prosecutions may either be undertaken by the Council through its own legal service or in partnership with the Department for Works and Pensions Solicitors Office or the Crown Prosecution Service.

Measures we will take to tackle benefit fraud

- 1. We will employ a dedicated team to investigate suspected benefit fraud
- 2. We will have a published Sanctions Policy
- 3. We will inform our customers of their responsibility to tell us about any changes in their circumstances and the standards of evidence that they must provide
- 4. We will have clear means by which members of the public can refer cases of suspected benefit fraud to us
- 5. We will participate in the National Fraud Initiative schemes
- 6. Benefits and Local Taxation staff and any other staff involved in benefits administration will be expected to attend periodic fraud awareness training
- 7. We will work with other organisations such as other local authorities, the police and the Department for Work and Pensions on joint investigations
- 8. We will publicise successful prosecutions in the local media

Who is affected by this strategy

This strategy will be applied to anyone who applies for Housing Benefit and Council Tax Benefit, or anyone who assists a person make a claim for benefit which they know is false or dishonest.

It will also apply to any person who receives payments of Housing Benefit and Council Tax Benefit, either in the capacity of claimant, or partner of the

claimant, appointed representative, landlord or managing agent or employee of the Council where they are found to be complicit in the commission of an offence.

Deterring benefit fraud

The Council recognises that the vast majority of people who claim Housing Benefit are completely honest.

However, in order to safeguard public funds it will maintain a level of standards necessary to prevent fraud from entering the benefits system when new claims for benefit are made.

The Council also recognises that no system is foolproof and will therefore periodically request anyone in receipt of benefit to confirm their details. It will also participate in regular data-matching exercises with other organisations.

Any person found to be engaged in benefit fraud will be subject to the Council's Sanctions Policy. The Council will also make use of the full range of available opportunities to publicise the details of anyone found guilty of benefit fraud. In this way the Council will seek to increase fraud awareness amongst the community and the consequences of acting dishonestly.

Data Protection Act and other relevant legislation

Those responsible for investigating benefit fraud will be required to comply at all times with the relevant legislation relating to the investigation of criminal offences. Investigators will also be required to obtain the relevant professional qualifications to ensure that they understand the legislation applying to counter fraud activity and act with integrity at all times.

The Council is registered under the Data Protection Act 1998 for 'the purposes of preventing and detecting crime, the prosecution of offenders and the collection of any tax.

Where appropriate the Council will use section 29 of the act to exempt those organisation, from the provisions of the Act, who may have information which will help in the prevention and detection of crime. The appropriate data disclosure forms will be used at all time and a register of disclosures maintained to audit this activity.

The Council will require Investigators to work within the guidelines of the:

- 1. The Police and Criminal Evidence Act (PACE) 1984
- 2. Regulation of Investigatory Powers Act 2000
- 3. Criminal Procedures and Investigations Act 1996

- 4. The Human Rights Act 2000
- 5. The Social Security Administration and Fraud Acts 1992 2008

Staff integrity

Through it's existing recruitment and appointment procedure the Council will always seek to maintain the highest standards when appointing staff to the Benefits and Local Taxation Service. In addition to this the vetting of successful candidates will take place to ensure benefit is not being wrongly claimed.

All Benefits and Local Taxation staff are required to work within the Council's general code of conduct. A supplementary code (under development) will also apply to Benefits and Local Taxation to include guidance to staff on declarations regarding the processing of their own, a relatives or close family friends benefit claim. There will also be guidance relating to staff who are a landlord or who have relatives or close family friends who are a landlord.

Any member of Council staff found to be involved in benefit fraud, whether relating to the Council or any other local authority or public body will be subject to the requirements of this strategy and where appropriate the Council's disciplinary procedures.

Referral of benefit fraud

The Council will have an open referral policy, any person who suspects benefit fraud can refer their suspicion personally or anonymously to the Council's Benefits Fraud Investigation Team.

- In writing to Benefits Fraud Investigation Team, PO Box 22727, Wood Green, London, N22 7WS
- Fraudwatch Telephone Hotline (24 hours/ 7 days a week) 0500 500
 777
- Benefit Fraud report line (9.00 5.00 Mon-Fri) **020 8489 2868**
- Councils website www.haringey.gov.uk/benefits
- E-mail benefit.fraud@haringey.gov.uk

The Council's Fraud Investigation Team will investigate those cases where there is a reasonable suspicion, based on the available evidence, that fraud is taking place.

Investigations undertaken by the Council's Fraud Investigation Team are confidential. Officers are unable to engage with third parties in discussion about the conduct and nature of their investigations.

Accountability

Operational responsibility for the counter benefit fraud function rests with the Head of Benefits and Local Taxation Service. As with any council service the conduct of the fraud Investigations Team is covered by the Council's Complaints Procedure.

To ensure that the Council is maintaining effective measures to counter benefit fraud performance will be reported to elected members through the Audit Committee on a quarterly basis. These reports will be available on request to members of the public.

Sanctions Policy

Statement of Intent

Haringey Council ("The Council") is responsible for administering public funds. The Benefits and Local Taxation Service has a key role in this function and must ensure that the right benefits go to the right people in accordance with their entitlement.

Our responsibility for administering Housing and Council Tax Benefits includes a duty to ensure that the system is not open to abuse by any person or group.

The Council will ensure that effective policies and procedures are implemented to prevent and detect benefit fraud either internally or externally and we place a high regard on maintaining confidence in our Service and the benefit system as a whole.

The Council will use the criminal and civil powers available to it to take action against those who have committed benefit fraud. Prosecutions may either be undertaken by the Council through its own legal service or in partnership with the Department for Works and Pensions Solicitors Office or the Crown Prosecution Service.

Sanction Policy

This policy is intended to provide clear guidance on what sanctions are available against those who commit benefit offences and when the use of a sanction is suitable. The guidelines contained within this policy must be implemented in a fair and consistent manner and apply equally to members of the public, Council staff, and members of the Council.

When deciding to apply a sanction the decision should not be based entirely on the level of overpayment as a result of the offence. Instead, all cases will be looked at on their own merit and any mitigating circumstances taken into account on a case by case basis.

Sanctions Available to the Council

The Council has the power to impose three forms of sanction on those whom it believes have committed benefit offences namely:-

- 1. Prosecutions
- 2. Simple Cautions
- 3. Administrative Penalties

Prosecutions

Prosecutions will be reserved for those cases which in the opinion of the Council are the most serious.

Prior to any decision to prosecute being made the Evidential Test and then the Public Interest Test, as set out in the *Code for Crown Prosecutors* should be satisfied.

Evidential Test

Whilst not an exhaustive list, officers should consider the following:-

- Is the evidence of sufficient quality and reliability to support a prosecution
- Is the reliability of the evidence affected by such factors as the defendant's age, mental capacity or understanding?
- What explanation has the defendant given? Is the court likely to find it credible in light of the evidence as a whole?
- If the identity of the defendant is likely to be questioned is the evidence about this strong enough?
- Is the reliability of the evidence likely to be compromised by the accuracy or credibility of a witness?

Public Interest Test

Only once the Evidential Test has been met should the Council consider whether or not a prosecution would be in the public interest as defined by the *Code for Crown Prosecutors.*

Factors that apply will depend on the facts in each case. They are not exhaustive but may include the following:-

- Whether the defendant was a ring leader or an organiser of the offence;
- Whether there has been any abuse of position or privilege;
- Whether there are grounds for believing that an offence is likely to be continued or repeated, based on the person's previous history;

 Whether the offence, although not serious in itself, is widespread in the area where it was committed and so prosecution may act as a deterrent;

When considering a case for prosecution in addition to the Evidential and Public Interest Tests outlined above the following should also be taken into consideration; -

- Whether there was a degree of planning in the process that was more than minimal
- Whether a false, counterfeit or forged instrument was used in the commission of the offence
- Whether offences have been committed against more than one agency, authority or government department
- Whether the defendant has a previous history of benefit fraud
- The duration of the alleged offence
- Whether the person has refused to accept a Formal Caution or Administrative Penalty?

Simple Cautions

A Caution is a formal written warning that can be administered as an alternative to prosecution. Details of the Caution are retained for a period of five years and may be cited should further benefit fraud offences occur.

The Authority may consider issuing a Simple Caution as an alternative to a Prosecution if:

- The claimant has been Interviewed Under Caution ("IUC")
- To our knowledge the claimant has never previously offended
- There was little or no planning involved in the process of committing the offence
- The person has fully admitted the offence during an IUC.
- The person expresses genuine remorse for what they have done.

If the person refuses the Caution the case will usually be referred for prosecution.

Administrative Penalties

Section 115 of the Social Security Administration Act 1992, as amended by Section 15 of the Social Security (Fraud) Act 1997, allows the authority to apply an Administrative Penalty as an alternative to prosecution. The penalty is fixed to 30% of the total overpayment.

The Authority may consider issuing an Administrative Penalty if:

- The claimant has been Interviewed Under Caution.
- To our knowledge the claimant has never previously offended
- There was little or no planning involved in the process of committing the offence

If the person refuses the Administrative Penalty the case will usually be referred for prosecution.

Decision to Administer a Sanction.

It is for the Investigating Officer to identify potential cases and what sanction should be imposed. Once the relevant evidence has been obtained the Investigating Officer, using the above criteria, should make a recommendation to the Fraud Investigations Manager ("FIM"). It will be for the FIM or deputy FIM to make a final decision on what sanction to impose and whether to proceed. Once this has been received the case can be passed to the relevant prosecuting authority for the sanction to be proceeded with.

Publicity

Benefits Services will seek to publicise cases identified for prosecution. The final decision to publicise will rest with the Council's Communications & Consultation Unit.

Recovery of Overpayments

Regardless of whether or not any sanction action is taken the Council will endeavour to recover all overpayments. This action is taken by the Enforcement Team who will pursue all available methods of recovering the debt when necessary.

Proceeds of Crime

The underpinning principle of the Proceeds of Crime Act 2002 (POCA) is to demonstrate that crime does not pay. In addition to the recovery of monies obtained directly through criminal activity (i.e. the overpaid benefit) the use of POCA ensures that the full scope of the financial gain is identified and confiscated as appropriate.

The Council refer all suitable cases for financial investigation. These investigations will be carried out in conjunction with accredited Financial Investigators from the Department of Work and Pensions, Asset Recovery Agency, Serious and Organised Crime Agency, or the Metropolitan Police Service.

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Counter Fraud Performance

Anonymised details of cases successfully sanctioned for period:

Appendix 3

Quarter 1 2008/09

FRD Ref	Referral	Date Inv closed	Total OP	Date Sanction Opt created Agreed	Type of fraud Sanction discovered Type	Sanction Type	LA Ad Pen amount
8100ad	HBMS	01/05/08	500.00	27-Apr-08		Caution	
8102ac	Anon	02/05/08	1,250.00	27-Apr-08	12/03/08 False identity	Prosecution - 6 month suspended sentence	
8103aa	Benefit Team	03/02/08	750.00	29-Apr-08	Undeclared capital	Ad Pen	£225.00
			£2,500.00				\$225.00

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Agenda item:

[No.]

Audit Committee

On 12th May 2008

Report Title: Internal Audit Progress Report – 2007/08 Quarter 4

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 fourth 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 fourth 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 considers whether any further action is necessary to address outstanding priority 1 recommendations.

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 purpose of this report is to advise the Audit Committee of the audit activity for the fourth 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	4 th Quarter	Year to date	Target
A1	Audits completed vs. Planned programme	100%	84%	95%
A2	User satisfaction (1 = low, 5 = high)	3.1	3.2	3.75
A3	Time taken to complete investigations (2007/08 referrals)	17.0 weeks	13.4 weeks	12 weeks

6. Deloitte and Touche

- 6.1 The activity of Deloitte and Touche for the fourth 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 91 projects was planned for the year, including school visits. To date, 76 projects have been completed and issued as final reports. A further 3 projects have been completed and draft reports have been issued.
- 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 171 recommendations have been subject to follow up. Of these, 84 have been implemented including 15 out of 35 priority 1 recommendations. A further 40 are in progress and being implemented and 14 recommendations are no longer applicable. In total, a 57% compliance rate has been achieved, which is higher than previous years.
- 6.3 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. The percentage of outstanding priority 1 recommendations from 2006/07 remains high and internal audit will continue to work with managers to ensure these are addressed.
- 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

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- 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 January 2008, there were a total of 8 priority 1 recommendations which had not been implemented from previous years. 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 2007/08 and brought forward from 2006/07.
- 7.2 Within the fourth quarter, eight new cases were referred to Internal Audit for investigation, and two cases were completed during the quarter involving Council employees. In 2007/08, a total of 26 new cases were referred to internal audit for investigation and 23 cases have been completed. Eighteen cases were brought forward from 2006/07 all of which were completed in 2007/08. The cases investigated during quarter four covered a number of allegations from fraudulent Right to Buy application and working for another borough whilst off sick. During 2007/08, the average length of time taken to investigate all allegations was 13.4 weeks.
- 7.3 The In-house Team also investigates claims of non-receipt of Council cheques. In 2007/08, there were three referrals 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.

Annual Internal Audit Report 2007/2008 London Borough of Haringey

Deloitte & Touche Public Sector Internal Audit Ltd. April 2008

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Audit Highlights

Introduction

This is our final report to the Audit Committee for the 2007/08 financial year and includes details of all reports which are now at final stage, a number of which were previously reported during Quarter 3 whilst in draft. All recommendations are agreed with 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 officer responsible and the deadline for completion, is 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 officers at 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.

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

Priority I
 Priority 2
 Other recommendations for local management action
 Priority 3
 Minor matters

Also, the levels of assurance are defined as follows:

While there is a basically sound system, there are weaknesses, which put some of the system objectives at risk. Weaknesses in the system of controls are such as to put the system objectives at risk. Control is generally weak leaving the system open to significant error or abuse. There is a sound system of control designed to achieve the system objectives. Substantial Assurance Limited Assurance Full Assurance No Assurance

Follow Up 2006/07

We have followed up on 171 recommendations and found that 49% have been implemented, 19% have not been implemented, 21% have been partly implemented, 9% were no longer applicable and 2% are currently subject to further testing.

DETAILED FINDINGS 2007/08

Audit area	Scope	Status/key findings	Assurance
	ALL DIRE	ALL DIRECTORATES	
Project	The audit work considered key projects, as	Community Care Strategy	Substantial
Management Assurance Work	delivery of the council plan and achieving excellence programme.	Weaknesses in the system of controls are such as to put the system objectives at risk.	
		A number of controls were observed to be operating satisfactorily, some of which are listed below:	٨
	 Application and understanding of the Council Project Management; Project monitoring and reporting; 	The Well-Being Stream Board reviewed progress on the project every month;	
	• Link to capital budget and monitoring and identification of early signals of projects	Project Initiation Documents were produced, agreed and communicated to relevant officers;	
	 Definition between the two; Impact of risks and issues, and the distinction between the two; Delegation of responsibility; 	Project Highlight Reports were produced on a monthly basis and were reviewed at Project Board level;	
	 Monitoring of the Critical Path; and Actions to ensure delivery of the project, 	Each sub-project has a separate SAP code with allocated budgets;	
	and contingency reporting and actions. Individual audits considered the following areas	An issue log is in place for recording and monitoring issues relating to the project;	
	with regards to the set up of projects: • Overview of the project organisational	Risk registers were in place and risks were reported in highlight reports; and	
	structure at a high level, i.e. project sponsors, project board etc.; • Understanding of the criticality of the	• Completion timetables were in place for contractors. Within the system there are weaknesses which put some	
	project to the business, and get a feel for the business case;	weaknesses were found was:	
	 Brief overview of the project to date, and the key risks within the project; 	Contracts for two of the four projects (Broadwater Lodge and Oshorne Grove) were not obtained from	

Audit area	Scope	Status/key findings	Assurance
	• Details of the project team and relevant skills;	Legal Services on request.	
	• Key third party involvement;	As a result of our audit work we have raised one Priority	
	 Process of management and the managements' views on risk management; 	I recommendation which will help improve controls in the area, as follows:	
	• Role of the project office;		
	 Change management and enablement controls and procedures; 	 Contracts for Broadwater Lodge and Osborne Grove should be located as soon as possible and kept 	
	Technology used in the project /	securely within Legal Services.	
	programme; andIssues with implementing the solution.	Open Spaces Improvement Programme	Substantial
		While 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:	
		 Job descriptions are in place for key roles; 	
		 Monthly Project Highlight reports are produced and reviewed by the Steering Group; 	
		 Performance against milestones is reviewed and appraised in monthly Highlight reports; and 	
		 Actions to improve performance are discussed at monthly meetings with the Programme Manager. 	
		Within the system there are weaknesses which put some of the system objectives at risk. The areas where weaknesses were found include:	
		 An approved Project Initiation Document was not available; 	
		 A signed funding agreement between the NRF/SSCF and the Council was not available; and 	
London Rorough of H.	ondon Rorough of Haringer Internal Judit - Junual Andit Danas 2007/08		7

Assurance				Substantial							
Status/key findings	There is no evidence to confirm that the Project Initiation Document (PID) has been reviewed, agreed and signed off by the Project Sponsor and Corporate Finance.	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:	 A funding agreement between the Council and NRF, signed by both parties, should be in place and a copy of the agreement should be retained by the Project Team. 	Primary Capital Programme	Weaknesses in the system of controls are such as to put the system objectives at risk.	A number of controls were observed to be operating satisfactorily, some of which are listed below:	 The Regeneration Board monitors and reviews progress of the programme on a monthly basis; 	 Performance against milestones is reviewed and appraised in monthly Project Highlight Reports; 	 Issue logs are maintained and reviewed on a monthly basis; and 	 Risk registers are reviewed, updated and reported to the Stream Board. 	Within the system there are weaknesses which put some of the system objectives at risk. The areas where weaknesses were found include:
Scope											
Audit area											

Audit area Scope	Status/key findings As	Assurance
Transfer to other countries;	comply with the requirements of the Act;	
Legitimate processing;Notification;	 Procedures were established for managing subject access requests and guidance on exemptions to data provision and third party data requests; 	
 Security of data; Management of electronic and manual data; Automated decision making; and Disposal of data. 	• Processes were established so that citizens were informed of the purpose, for which data was collected, their rights to have data corrected and provided with the option to opt out of marketing and related activities. Citizens were also informed when their conversations were recorded; and	
	• Information security policies and confidentiality agreements were documented; crime and disorder and health protocols were agreed; and sharing procedures were also documented.	
	Within the system there are weaknesses which put the system objectives at risk. The areas where weaknesses were found include:	
	• During our testing we identified that although data protection awareness was provided during staff induction and further training on the data protection principles was available, the training was not mandatory. As a consequence the Council depended on data protection policies and procedures which were published on the intranet 'Harinet' without confirmation that these documents were known by staff;	
	• There was no system of confirming that all data processing performed within the Council was as notified to the Information Commissioner and in compliance with the data protection principles, as a process of identification and regular confirmation of data processes occurring within the Council was not	

Audit area		Scope			Status/key findings	Assurance
					 A corporate data retention policy was not documented. We identified during our testing that a Social Care policy was documented however, this predated the separation of the Adult and Children's Services into separate directorates. Document retention guidance was held on the intranet however, there were no processes for data weeding from electronic systems; Policies and guidance on use of photographs and an approved list of photographers were not established. Although guidance was provided on the use of CCTV for enforcement purposes, testing identified that the guidance was not available for facilities management; Notification of purposes for which data was processed is provided to the Information Commissioner's office on an annual basis. However, there was no process for departments to confirm the accuracy of the purposes notified and review of the notification identified duplication of notification of the purposes were also notified to be shared world wide via the internet. This may be in excess to the needs of the Council and we have recommended that it be reviewed; and A privacy policy was not displayed on the Council's website. As a result of our internal audit work in this area we have raised seven Priority 2 and two Priority 3 recommendations which should help to improve the control environment 	
Anti-Fraud a Corruption	and	This audit erelating to	examined the Anti Fraud	following areas and Corruption	While there is a basically sound system, there are weaknesses, which put some of the system objectives at risk.	Substantial

Audit area	Scope	Status/key findings Assurance
Arrangements	Arrangements:	A number of controls were observed to be operating
	Identification, reporting and investigation of	satisfactorily, some of which are listed below:
	suspected fraudulent activity;	Processes are in place for managing the referrals of
	• Legislation and regulation;	suspicions of financial misconduct;
	 Training and compliance with professional standards; 	Processes are in place for the management of investigations of disciplinary misconduct offences with regards to breaches of internal financial policy:
	• Collection and preservation of information and evidence;	A positive approach to the implementation of a fraud policy for the organisation has been developed;
	 Promotion of the fraud function; Management and monitoring of the work of 	Positive steps have been taken for the promotion of fraud awareness:
	the fraud function; and	Induction information is in place for new staff;
	• Reporting. The audit included checking, for a sample of investigation files, that there is evidence on file that the relevant Council policy and procedures	Adherence to internal policy and local procedure for the arrangements that have been implemented to date with regard to the investigation of disciplinary misconduct on financial irregularities; and
	nave been adnered to, including, but not restricted to, Fraud Investigations, Whistleblowing and Code of Conduct.	• The National Fraud Initiative exercise is co-ordinated throughout the Council by the Head of Audit and Risk Management, including the dissemination of guidance issued by the Audit Commission
		to note is that on the informati rent team have made a signification ward over the last four years to updacties and procedures with regard to tuption arrangements.
		place.

Audit area Scope	Status/key findings	Assurance
Pro-active Anti-	Abandoned Vehicles	Substantial
fraud	Audit work was undertaken to cover the following areas and control objectives:	
	 Policy and Procedures at Haringey Council; 	
	 Policy and Procedures of the Contractor; 	
	 Key Controls and Operational Issues; 	
	Contractual Agreement;	
	Benchmarking Activity; and	
	• Follow-up of 2005/06 Internal Audit Recommendations.	
	While there is a system of control in place to achieve the	
	of the system objectives at risk. There is also evidence	
	that the level of non-compliance may put some of the control objectives at risk.	
	A number of controls were observed to be operating satisfactorily, some of which are listed below:	
	• From audit testing, there is evidence of monthly meetings taking place between the Council and Ontime;	
	• For all destroyed cars sampled, prior approval was obtained from the Parking Performance Manager;	
	• From audit testing, there was evidence of reconciliations being completed of the records held by the contractor to those held by the Council; and	
	• Benchmarking analysis has been undertaken in respect of two quarters sampled for 2007/08.	
	Within the system there are weaknesses which put some of the system objectives at risk. The areas where	
London Borouch of Haringey Internal Audit – Annual Audit Renart 2007/08		0

Audit area	Scope	Status/key findings Assurance
		and Ontime and and Ontime staff I procedures one Priority mmendation
		I he Priority I recommendation is as follows: A formally agreed, signed and dated contract between the Council and Ontime should be put in place as soon as possible.
We have also comple • Corporate G • Performance	/e also completed a number of audits which are at the draft stage Corporate Governance - Fieldwork in progress; and Performance Management - Fieldwork in progress. CORPORATE RESOURCES	 We have also completed a number of audits which are at the draft stage or are still ongoing, as follows, which will be reported in 2008/09: Corporate Governance - Fieldwork in progress; and Performance Management - Fieldwork in progress. CORPORATE RESOURCES - KEY FINANCIAL SYSTEMS
Accounting and General Ledger	This was a 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;	While 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:
	 Completion & recording of journals; Management information & reports produced; Feeder system and input to the Ledger; 	 System controls exist within SAP to reject journal entries which do not balance to zero; Cost Centre structure is reviewed and reconciled annually;

Audit area	Scope	Status/key findings	Assurance
	following areas:	satisfactorily, some of which are listed below:	
	Guidance and Training;	A Pension Fund Strategy Statement (FSS) has been	
	 Verification of Investment; 	prepared in collaboration with the Fund's actuary, Hyman Robertson. The FSS forms part of a statutory	
	 Purchases and Sales; 	framework that includes:	
	Income;Performance Monitoring:	1. The Local Government Pension Scheme Regulations (1997);	
	Tr. Access, Security and Disaster Recovery; and	2. The Rates Adjustment Certificate, which is appended to the Fund actuary's triennial valuation report;	
	Follow up of 2006/07 Recommendations.	3. Actuarial factors for valuing early retirement costs and the cost of buying extra service; and	
		4. The Statement of Investment Principles.	
		A quarterly reconciliation is undertaken between the values provided by the Fund Managers and the Master Custodian;	
		 Monthly analytical reports are provided by Northern Trust; 	
		London Borough of Haringey attends the London Pension Fund Forum, whose aims include facilitating the sharing of best practice, networking opportunities and general collaboration;	
		Access to Northern Trust 'Passport' system, which is a web based application, is restricted to specific authorised officers; and	
		• A Statement of Investment Principles is prepared. As a result of our audit work we have not raised any recommendation in this area.	
		As part of our work, we have also followed up the one recommendation raised as a result of the 2006/07 Internal Audit. The recommendation related to setting a deadline	
I ondon Borough of H	Tondon Rorough of Haringov Internal Audit - Ammal Audit Donout 2007/08		

Audit area	Scope	Status/key findings Assurance
		for the implementation of the EIRIS system. Through discussions with management, during the course of this audit, it was found that the Council have decided not to implement the EIRIS system and have instead become signatory to the United Nations Principles for Responsible Investment Initiative. Council officers also attend the London Pension Fund Forum, which is held every three months. As a result, the recommendation is deemed to be no longer applicable.
We have also comple Payroll & Ex Council Tax National Non Housing Ben	re also completed a number of audits which are at the draft stage or are still ongoing, as follows, whice Payroll & Expenses – Report finalised (awaiting sign-off); Council Tax - Audit completed (draft report to be issued in May 2008); National Non-Domestic Rates (NNDR) - Audit completed (draft report to be issued in May 2008); Housing Benefits – Audit completed (draft report to be issued in May 2008); Value Added Tax - Audit completed (draft report to be issued in May 2008).	 We have also completed a number of audits which are at the draft stage or are still ongoing, as follows, which will be reported in 2008/09: Payroll & Expenses – Report finalised (awaiting sign-off); Council Tax - Audit completed (draft report to be issued in May 2008); National Non-Domestic Rates (NNDR) - Audit completed (draft report to be issued in May 2008); Housing Benefits – Audit completed (draft report to be issued in May 2008). Value Added Tax - Audit completed (draft report to be issued in May 2008).
	CORPORATE	RPORATE RESOURCES - IT
LogoTech Treasury Management	Audit work was undertaken to cover the following areas and control objectives: • Access Control;	While there is a basically sound system, there are weaknesses, which put some of the system objectives at risk.
Application	Data Input;Data Processing;	A number of controls were observed to be operating satisfactorily, some of which are listed below:
	Output Controls;Interface Controls;	 All users require a unique username and password to log in to the application;
	Management Trail;Backup and Recovery; and	 Password tables are securely protected and not available to the system administrators; There are accuracy checks on fields in the application
	 Support Arrangements. 	
		Amendments of standing data in the application are subject to the Council's standard change management procedures;

Audit area	Scope	Status/key findings Assı	Assurance
		Data is backed up weekly, with daily incremental backups; and	
		A disaster recovery facility is in place and procedure documented.	
		Within the system there are weaknesses which put the system objectives at risk. The areas where weaknesses were found include:	
		 During our testing it was identified that passwords do not have to be a mixture of alpha and numerical characters; 	
		• Passwords can be 1 character in length and can be reused;	
		• There are a number of redundant user accounts which are active; and	
		• Whilst there is an audit trail facility that allows identification of the users that have input and made amendments to data in the application, only the last amendment is retained or can be viewed.	
		As a result of our internal audit work in this area we have raised one Priority 1 recommendation, three Priority 2 recommendations and two Priority 3 recommendations which should help to improve the control environment.	
		The Priority 1 recommendation is as follows:	
		• The users requiring access, particularly to higher level administrative functions, should be reviewed and any accounts not requiring such access deleted or locked.	
Active Directory (Corporate Network)	The 'Tech Refresh' has resulted in the migration of users to a new Active Directory' structure. This process is now completed. The user	While there is a basically sound system, there are weaknesses, which put some of the system objectives at risk.	Substantial
	administration process was reviewed in the audit year 2006/7 and a number of risk factors in	A number of controls were observed to be operating	

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Audit area	Scope	Status/key findings Assurance
• Environmen	Environmental Enforcement System - Report finalised and aw	Report finalised and awaiting sign-off from Head of IT;
Radius CashSAP – Draft	Radius Cash Receipting System – Audit in progress; and SAP – Draft report issued (awaiting management response).	
	CORPORATE RESOURCES -	CORPORATE RESOURCES – CORPORATE PROCUREMENT
Change Control Processes	Audit work was undertaken to cover the following areas and control objectives: • Contractual Arrangements with regards to	While there is a basically sound system, there are weaknesses which put some of the system objectives at risk.
(Candaren and Young People's Service)	Change Control; Identification of Changes;	A number of controls were observed to be operating satisfactorily, some of which are listed below:
	Evaluation of Changes; andAuthorisation of Changes.	 Monthly site meetings are held with contractors to discuss identified changes and control processes;
		A Change Control procedure is in place across the Council, which provides guidance to Project Managers on how to manage changes to projects; and
		• The overall process by which Change Control is managed is currently under review, and a new Change Control Form has been devised to enhance the level of detail provided each time a change is proposed.
		It should be noted that a CYPS Project Change Authorisation Process has been developed in draft and is currently under review. This will seek to formalise the authority levels for approving changes
		to projects, although these are indicative and are to be set dependant on project value and available contingency.
		Within the system there are weaknesses which put the system objectives at risk. We sampled three Children's Centres for our testing: Plevna and Triangle; Coleridge and Tetherdown. Some of the areas where weaknesses

Audit area	Scope	Status/key findings Assurance
	• Contract payments;	conducted;
	Contract variations; and	
	Recycling schemes.	checks on the quanty of refuse conection, 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
		• 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

Audit area	Scope	Status/key findings Assu	Assurance
		ation are as follows: Id review the results of the pilot oduction of doorstep recycling and by Homes for Haringey housing ermine appropriate actions for internal audit report and we found fully implemented, one has been d four have not been implemented, aised recommendations, including commendations. The Priority 1 aised in this report 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. 	
We have also compl • Parking, inc	We have also completed a number of audits which are at the draft stage • Parking, including Enforcement - Draft report issued (awaitin CHILDREN & YOUR	the draft stage or are still ongoing, as follows, which will be reported in 2008/09: issued (awaiting management response). REN & YOUNG PEOPLE'S SERVICE	
Adoption	Audit work was undertaken to cover the following areas and control objectives: • Advertisement of the Service;	While there is a system of control in place to achieve the system objectives, there are weaknesses which put some of the system objectives at risk.	Substantial

Audit area	Scope	Status/key findings Assurance
	Receipt/Assessment of Preliminary Applications;	A number of controls were observed to be operating satisfactorily, some of which are listed below:
	 Assessment and Approval of Prospective Adopters; 	 Staff have access to up-to-date procedural guidance, including the Pan London Adoption Manual;
	Approval Review;Post Placement Support; andProcurement of Services under the Special	• For a sample of applicants selected during the Internal Audit, details of potential applicants were entered onto Framework I and a Framework I number had been allocated;
	Guardianship Grant.	 For a sample of adopters who receive Adoption Allowance, all had undergone means testing which was subsequently approved by the Head of Service; and
		A signed Service Level Agreement was in place with the Post Adoption Centre.
		Within the system there are weaknesses which put some of the system objectives at risk. The areas where weaknesses were found include:
		• For a sample of three Post Placement Support Plans, there was one instance in which the adopters had not formally signed the agreement.
		It should be noted that, due to the relevant staff not being available at the time of the audit, we were unable to test the following controls and no assurance is provided as to their operation:
		 Approval of adverts by the Campaigns Officer prior to these being set to press; and
		 Distribution of leaflets and flyers to an up-to-date targeted distribution list.
11. 1 1 1		

Audit area	Scope	Status/key findings As	Assurance
		it work we have raised one priority nelp improve controls in the area.	
We have also comple • Fostering - 1	re also completed a number of audits which are at the draft stage or are still ongoing, as Fostering - Draft report issued (awaiting management response); and Children with Disabilities – Audit completed (draft report to be issued in May 2008).	 We have also completed a number of audits which are at the draft stage or are still ongoing, as follows, which will be reported in 2008/09. Fostering - Draft report issued (awaiting management response); and Children with Disabilities - Audit completed (draft report to be issued in May 2008). 	.60
	ADULT, CULTURE &	ADULT, CULTURE & COMMUNITY SERVICES	
Recreation Services – Risk	This key risk review focused specifically on the individual key risk. It did not consider the	While there is a basically sound system, there are weaknesses, which put some of the system objectives at risk.	Substantial
	reporting risk assessments to the SMT, nor the SMT's monitoring of and neither response to these, nor the extent of business benefit	We assessed the risks identified in the risk register to ensure they were appropriate and relevant to Recreation Services.	
	acnieved. Areas Covered:	The adequacy assessment of key controls has been completed by Management when producing the risk register. We do not have any recommendations to add in this area.	
	Internal Audit work was undertaken to assess the adequacy and effectiveness of the controls in place to mitigate the following risks on the	We have evaluated and tested 30 controls identified from the risk register and found the following:	
	 Swimming pools are not operated within Public Health Codes; 	 Based on the samples within our testing 28 controls were operating effectively; 	ς ,
	• Deterioration of assets (risk of injuries, repair costs, insurance costs) – Parks/ Sports & Leisure;	 One control was partly effective; and One control was ineffective. 	
	 Lack of infrastructure to support objectives (budget, expenditure, income, personnel, investments); Recreation services not sustainable. 	As a result of our audit work in this area we have raised one Priority 2 recommendation which will help improve controls in the area. Details of our recommendations can be found in section 1 of this report.	
	NCCICALIOII SCIVICES HOL SUSTAINADIE,	It was identified during the audit that there is no lease	
London Borough of H.	London Boronoh of Haringey Internal Audit — Annual Audit Renart 2007/08		

Audit area	Scope	Status/key findings Assurance
	 Inadequate facilities (old or obsolete); and Inadequate funding for capital investments. 	agreement in place yet between Recreation Services and two user groups (London Metropolitan University and London Heathside Athletics Club), two of the main users of Finsbury Park Track & Gym. Income from the leasing of the facilities is not considered material relative to the other sources of income for the service. Moreover, management have indicated that options regarding the provision of the facilities are being considered and that the facilities will need to be upgraded before the main user groups are committed to formal leasing agreements. Currently, user groups are being charged on the basis of facilities used. As a result, we have not raised any recommendations with regard to leasing agreements for the use of Finsbury Park Track & Gym.
	CHIEF EXECUTIVE – POLICY, PERFORMA	PERFORMANCE, PARTNERSHIPS & COMMUNICATIONS
Partnership Grants and Funding	following areas and control objectives: Receipt of Funding; Identification of Spending Areas; Monitoring of Spending; Monitoring of Outcomes; and Completion of Grant Returns.	yst fft en on on vgr vgr vgr atii
		 The LAA Finance Officer undertakes monthly

Audit area	Scope	Status/key findings Assurance
		monitoring of expenditure, which is reported to Corporate Finance and the HSP Board; and
		 Grant returns are checked by Corporate Finance and approved by the HSP Board on a six-monthly basis.
		Within the system there are weaknesses which put some of the system objectives at risk. One area of weakness is:
		 SLAs, contracts with external providers and delivery agreements are not in place across all projects and services delivered through partnership grants and funding.
		As a result of our audit work we have raised one Priority 1 recommendation which will help improve controls in the area. The Priority 1 recommendation is as follows:
·		• SLAs, contracts and delivery agreements should be in place for all projects and should be signed by all parties.
We have also completed a number • Partnership Follow-up -	r of audits which are at t Audit in progress (draft	the draft stage or are still ongoing, as follows, which will be reported in 2008/09: treport to be issued in May 2008).
	REQUE	REQUEST WORK
Closed Circuit TV	Audit work was undertaken to cover the following areas and control objectives: • Policies and procedures;	While there is a basically sound system, there are weaknesses, which put some of the system objectives at risk.
	Compliance with Legislation;Access to Control Room;	A number of controls were observed to be operating satisfactorily, some of which are listed below:
	Tape Management; andIncident Reporting and Recording.	 Community Safety camera images are recorded onto a Hard Drive and retained for 31 days;
		 Parking Enforcement offences are recorded by CCTV onto two tapes – an evidence tape and a working tape;

Audit area	Scope	Status/key findings	Assurance
		• The evidence tapes for traffic offences are held securely in sealed bags in the Control Room and are then transferred to secure storage at the Council's Record Centre; and	
		• An Operators Log is kept to record all parking offences and is reviewed by at least one other officer to confirm the details before a Penalty Charge Notice is issued.	
		Within the system there are weaknesses which put the system objectives at risk. The areas where weaknesses were found include:	
		• In two instances of directed surveillance requested by the police, there was no evidence that these had been approved by an appropriate officer of the Council;	
		• While there is a log of requests for images recorded by Community Safety cameras, including details of when these were issued and to whom, there is no record of who approves each release;	
		• The Enforcement and Community Safety Codes of Practice were issued during 2004 and 2002 respectively and have not been updated since; and	
		• While the door to the Control Room is kept locked, and it has a facility for swipe card access, the cards have not yet been issued to the staff.	
		It should be noted that while images from Parking Enforcement cameras are currently recorded onto VHS tapes, there are plans by the Service to upgrade these to digital recordings.	
		As a result of our audit work in this area we have raised two Priority 1, two Priority 2 and one Priority 3	

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Audit area	Scope	Status/key findings	Assurance
		recommendations which will help improve controls in the area.	
		The Priority 1 recommendations are as follows:	a
		All requests for Directed Surveillance should be approved by an appropriate officer of the Council in consultation with the Head of Audit & Risk Management, in accordance with the Code of Conduct for Community Safety; and	
		• The release of visual images should be approved by the Security and Compliance Manager, in line with the requirements of the Code of Practice for Community Safety.	

Financial Management Standard in School (FMSiS) Schools Audits

SC2: Primary Schools	Our work during 2007/08 has focused on checking compliance with the requirements of the Financial Management Standard in Schools (FMSiS). It is a requirement of the Department for Children, Families and Schools (DCSF) that 40% of Primary Schools achieve the standard by the 31 st March 2008.
	We visited 26 Primary schools (40%) in 2007/08. It was found that, as at 31 March 2008, 23 Primary Schools had met the Standard, an overall pass rate of 88%. We are liaising with the three schools that did not meet the Standard to monitor progress on the implementation of the recommendations raised in our report.
	The table below summarises the status of individual Primary Schools with regard to compliance with the Standard at 31 March 2008.
	A separate report, summarising the levels of recommendations raised for each Primary School visited in 2007/08 has been prepared and is available upon request.
SC3: Secondary Schools	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.
	The table below summarises the status of individual Secondary Schools with regard to compliance with the Standard at 31 March 2008.
	A separate report, summarising the levels of recommendations raised for each Secondary School has been prepared and is available upon request.

Financial Management Standard in Schools - Summary Table as at 31 March 2008

Primary Schools	FMSIS Achieved
Weston Park	Met
Bruce Grove	Met
Chestnuts	Met
Coldfall	Met
Coleraine	Not Met
Coleridge	Met
Devonshire Hill Primary	Met
Earlham	Met
Earlsmead	Met
Ferry Lane	Not Met
Lordship Lane	Met
Our Lady of Muswell	Met
Risley Avenue	Met
Rokesly Infant	Met
South Haringay	Met
St Ann's	Met
St Francis de Sales Infants	Met
St Francis de Sales Junior	Met
St John Vianney	Met
St Martin of Porres RC	Met
St Mary's CE Infants	Met
St Mary's Priory RC	Met
St Michaels CE, N22	Not Met
St Michaels CE, N6	Met
Tiverton	Met
West Green	Met

Secondary Schools	FMSIS Achieved
Alexandra Park School	Met
Fortismere	Met
John Loughborough	Not Met
Northumberland Park	Met
Hornsey School For Girls	Met
Glademore Community School	Met
Highgate Wood	Met
Park View Academy	Not Met
St. Thomas More	Met
Woodside High	Met

Follow up Tables

Follow Up 2006/07: Quarter 1-4 Results

Chief Executives. Contract and Document Management Subs Programme Budget & Budget Control Subs Reporting Independent Challenge Equalities Subs													
lent ntrol			Category	ory			[mplemented	ented					
nent ntrol			2	<u>س</u>	Total		2	3	Total	N/A	Not Imp.	In Progress	Comments
lent htrol													
ıtrol	Substantial		4		9	0	_	0	-	0	_	4	
	Substantial	y	9	0	7	0	4	0	4	3	0	0	
	Substantial	0	9	0	9	0	-	0	-			3	
Finance													
Debtors Subs	Substantial		5	0	9	0	-	0	-	0	4		
Cash Receipting Subs	Substantial	0	5	0	w	0	4	0	4	0		0	
Creditors Subs	Substantial	0	4		w	0	3	-	4			0	
Treasury Management Subs	Substantial	0	3	0	3	0	2	0	2	0		0	
Strategic FM & Budgetary Control Subs	Substantial	0		2	e	0			7	0	0		
Payroll & Expenses Lir	Limited	0	6	2	11	0	4	П	'n	0	9	0	*****
Council Tax Subs	Substantial	0			2	0		_	2	0	0	0	ANALYS CONTRACTOR CONTRACTOR CONTRACTOR CONTRACTOR CONTRACTOR CONTRACTOR CONTRACTOR CONTRACTOR CONTRACTOR CONT
Accounting & General Ledger Subs	Substantial	0	3	0	6	0	3	0	3	0	0	0	TO AND THE PARTY OF THE PARTY O
NNDR Substantial	tantial	₩	-	2	4		0	2	3	0	0		Partly implemented
Housing & Council Tax Benefits Substantial	tantial	0	4	3	7	0	3	_	4	0	0	8	Status to be confirmed
Council Tax Substantial	tantial	0			2	0	0		1	0	0		Status to be confirmed
Corporate Procurement			·										
IT Procurement Subs	Substantial	0	2	3	S.	0	2	2	4	0		0	
Social Services													
Haringey Integrated Community Equipment Services (HICES)	Limited	4	6		41	4	2	0	9	2	3	3	

Category Implemented Comments 2 3 Total 1 2 3 Total N/A Not Imp. In Progress Comments 5 0 7 0 1 1 3 0 0 7 Dependant on timing propriets of propriet	Assurance Level
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1 9 0 5 1 6 3 0	N/A 6 5
	Substantial 0 8

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. In Progress- officers have started implmentation of recommendations.

Follow Up of Priority 1 Recommendations: 2004/05

No.	Page 128
Update	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; - The manager verifies the claim; - The manager confirms that this has been done online; - The manager emails the form to a specific HR/Payroll mailbox; and that this has been done online; - The manager employee attacks the form to a specific HR/Payroll mailbox; and that this has been done online; - The manager 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.
Management Action required	Responsible officer: Originally Eric Bird (Pay Support Manager) - has left Haringey Council John O'Brien (Manager Pay Control)
Revised Deadline	2008/09 (previously Not Indicated)
Status	Not Implemented
Original Deadline	31/3/06
Management Response	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 recommendation.
Recommendation	lt is recommended that all expense claim payments should be processed through the payroll system.
Audit Area	Payroll Expenses

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Audit Area	Recommendation	Management Response	Original Deadline	Status	Revised Management Action Deadline required	ction Update
						be completed in the
					relandinish	financial year 2008/09. The
					. Commission of the Commission	project is called ESS
					no contractor and	(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
					Assessment	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
V production of the state of th	TYPOOD TO COMPANY AND THE STATE OF THE STATE					orders.

Follow Up of Priority 1 Recommendations: 2005/06

Audit Area	Recommendation	Management response	Original Deadline	Status	Revised	Management action	Update
Sustainability	is recommended orporate Procurement shumalise the draft Sustain cocurement Policy. Sustainable Procurement Aims; Programme Developme and Supporting Processes.	CPU recognise that a sustainable procurement strategy should be developed and that a policy is required, which outlines the main aims of any procurement activity. The strategy is out for consultation and will then require CEMB and/or procurement committee approval.	Oct 06	Partly Implemented	March 2008 (previously January 2008)	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 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	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	Contract conditions , specificati ons December 2006 & ongoing developm ent	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.

Audit Area	Recommendation	Management response	Original Deadline	Status	Revised deadline	Management action required	Update
	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.	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.					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 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.	An environmental checklist and evaluation model are in 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.	90 unf	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 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	This is a very important point, particularly if the project officer is inexperienced in	Immediate	Not implemented	In place by April 2008	Y Responsibility	Update 11.1.08 The Head of Procurement
	in projects above the threshold	developm				exceptions of the second of th	rmed that

London Borough of Haringey Internal Audit – Annual Audit Report 2007/08

Audit Area	Recommendation	Management response	Original Deadline	Status	Revised deadline	Management action required	Update
	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.	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.				Business Unit Project Managers/ Michael Wood (Head of Procurement)	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.
Tele- communication	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: • 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; • 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.	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 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.	Dec 06	Ongoing	June 2008 (previously Quarter 4 2007/08)	Responsible officers: Albert Oliver (Senior Telecoms Support Advisor) Rod Murray (Operations Manager for IT) Response received from: James Harding (Quality Assurance & Data Manager)	Update 10.01.08 James Harding (Quality Assurance & Data Manager) confirmed the following by email: "As previously reported, the 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.
The state of the s			The second secon				Following completion of the

Audit Area	Recommendation	Management response	Original Deadline	Status	Revised deadline	Management action required	Update
		`					pilot a capital bid and business case will be submitted for approval".
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: • password required to access the system and minimum length of 6 characters; • password history of 6 passwords, • user account lock out after three unsuccessful attempts; and • passwords comprised of both alphabetic and numeric characters.	Agreed. Already in hand with Northgate IS. Acknowledged prior to the audit and raised with Northgate awaiting audit report. Raised – addressed - e-mail 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.	Not given	Ongoing	June 2008 (previously After October 2007)	Responsible officer: Bob McIver (Head of Building Control)	acknowledged that the password security is not BS7799 compliant. Currently there are plans by management to implement an upgraded version 2.7), which is 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 implemented is Ouarter 1

Update	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 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.	Update 10.1.08 Richard Clarke recommunicated 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.
Management action required			Y Responsible officer: Andy Briggs (Interim Head of Leisure Centres) Delegated to Richard Clarke (Business Development Support Officer)
Revised deadline			May 2008
Status			Ongoing
Original Deadline			Dependen cy on software supplier and Leisure implement ing new release of Torex software – under review.
Management response			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.
Recommendation			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.
Audit Area			TOREX Leisure Management System

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 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 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 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

April 2008

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Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at	No. of Officers	Disciplinary Outcome	Value (£)
			31/03/08	subject to Disciplinary Investigation		(if known)
Adult, Culture and	Misuse of blue				Dismissed	
Community Services	B/F				Dismissal Upheld at Appeal	
					ET Lodged	
					Not Progressed by employee	
	Irregular Car Mileage Claims	.	ν-	-	No action due to mitigation	5200
-	B/F				Repayment actioned	
	Allegation of housing fraud	·	0	0		
	Allegation of favouritism in	-	0	0		
	awarding of					
	contract discrepancies					
	Fraudulent Housing Application	-	-	-	Trainee contract terminated	

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 31/03/08	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
	Allegation of housing fraud	₩	-	T	Dismissed Appeal Pending	
	Unauthorised removal of stock	~	-	•	Dismissed	-
	Alleged Misuse of Resources	•	-	-	Compromise Agreement	
Children & Young Peoples	Working whilst off sick	2	2	2	1 x Dismissed	
Service	1×B/F				1 x Dismissal upheld at Appeal	
					1 x ET Found in favour of the Council	
					1x No action taken after consideration by service	
	Alleged misconduct	-	•	T-	No action taken after consideration by service	
	Allegation of misuse of funds	·	0	0		

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 31/03/08	No. of Officers subject to Disciplinary	Disciplinary Outcome	Value (£) (if known)
	The state of the s			Investigation		
	Allegation that	-	•	*	Employee Resigned	
	monies were not					
	banked at time of					
	receipt					
	Allegation of	T	-	•	Employee Resigned	
	personal gain				And the second s	
Corporate	Irregular HB	2	2	2	2 x Resigned	
Resources	payment				pending disciplinary	
	processing				action	
	Allegation that	-	•	•	Dismissed	
	estate parking					
	permit was					
	fraudulently					
	altered					
	Allegation of	-	0	0		
	irregular					
	recruitment					
	Allegation of	•	T	•	Dismissed	
	misuse of					
	disabled badge					
	Misuse of	-	,	-	Dismissed	
	Resources					
Urban	Allegation of	T	-	T	Dismissed	
Environment	private work				- - -	
	during work time				Dismissal upheld at	
	B/F				ET Not Progressed	
	The state of the s					

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 31/03/08	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
	Alleged Irregular housing			-	Dismissed	
	application p./c				Dismissal Upheld at Appeal	
				:	ET Lodged	
	Misuse of Resources	2	Q	8	1 x Final Written Warning	
					1 x No action taken after consideration by service	
	Alleged Irregular housing application		-	-	Dismissed ET Lodged	
					Settled	
	Alleged Irregular Housing Allocation	-	Γ	-	Final Written Warning and Relegation	

Directorate	Irregularity Type	No. of cases investigated	No. of cases investigated proven at 31/03/08	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
	Alleged working for another employer whilst off sick	•	-	-	Employee Resigned	
Non-specific	LBH cheques claims of non- receipt	က	en .	N/A		52,780
Total		30	26	23		£3,280

Haringey Council - Audit Committee

Disciplinary Case Analysis January 2008 to March 2008

Introduction

The information in this report is taken from SAP. It covers the period 01 January 2008 – 31 March 2008

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	man il vissa nova si viona si associativa provincia in nivelgo y vieneme
Adults, Culture & Community Services	AS
The Children & Young People's Service	С
Corporate Resources	CR
People & Organisational Development	РО
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 employees
AS	10	7	17	17
С	2	6	8	8
CR	4	5	9	9
PO	0	0	0	0
PP	0	2	2	2
UE	10	8	18	18
HGY	26	28	54	54

- Urban Environment has the highest percentage of disciplinary cases against its workforce at 2.6%
- 28 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	11	10	21	39				
Invest suspended	12	12	24	44				
ET	3	3	6	11				
Appeal	0	3	3	6				
Total	26	28	54	100				

The following table identifies the outcomes of the 26 cases that were concluded.

		Disciplinary	Case Outcor	nes		
Outcome	Invest not suspended	Invest suspended	Invest appeal	Invest ET	Total	%
Appeal dismissed	0	0	0	2	2	8
Appeal upheld	0	0	0	0	0	0
Dismissal	0	4	0	0	4	15
No action	3	2	0	0	5	19
Other	0	2	0	1	3	12
Part upheld	0	0	0	0	0	0
Verbal warning	3	0	0	0	3	12
Written warning	5	0	0	0	5	19
Final writ warning	0	0	0	0	0	0
Resigned	0	2	0	0	2	8
Suspension lifted	0	1	0	0	1	4
Relegation/Demotion	0	0	0	0	0	0
Warning & Sanctions	0	1	0	0		4
Total	11	12	0	3	26	100

- In 19% of cases the employee received a Written Warning
- 15% 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	1	0	1	2				
Attendance	2	2	4	7				
Behaviour	10	2	12	22				
Fraud / Theft	7	6	13	24				
Misuse of resources	0	7	7	13				
Negligence	1	3	4	7				
Other	7	6	13	24				
Total	28	26	54	100				

• The highest cause for disciplinary action was for Fraud / Theft at 24%

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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&ME	17	42.5	23	57.5	40	74.0			
White	7	50.0	7	50.0	14	26.0			
Total	24	44.4	30	55.6	54	100			

 33% of the workforce is male, but the male representation of the disciplinary cases is significantly higher at 55.6%

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

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Dir	Ethnic	1AM	NUAL	SC1	-SC5	SC6	-SO2	PO ⁻	I-PO3	PO4	I-PO7	PO	-8C	TC	TAL
ווט	Group	Т	WF	Т	WF	Т	WF	T	WF	Т	WF	T	WF	Т	WF
	B & ME	3	18.9	4	15.5	3	13.8	1	4.4	0	3.4	0	0.1	11	56.0
AS	White	0	11.4	3	8.1	1	11.4	2	6.4	0	4.6	0	1.5	6	43.4
	Total	3		7		4		3		0		0		17	
	B & ME	1	15.9	4	10.3	2	13.2	0	6.0	1	8.3	0	1.5	8	55.2
С	White	0	7.1	0	6.2	0	12.6	0	5.0	0	9.0	0	4.6	0	44.5
	Total	1		4		2		0		1		0		8	
	B & ME	2	19.1	0	7.2	5	13.2	0	6.1	0	4.9	0	1.5	7	58.7
CR	White	0	1.8	0	5.4	0	12.6	1	7.6	0	7.7	1	4.9	2	40.8
	Total	2		0		5		1		0		1		9	
	B & ME	0	0.0	0	3.6	0	18.1	0	9.6	0	5.4	0	1.2	0	38.0
PO	White	0	0.0	0	4.2	0	21.7	0	13.3	0	17.5	0	5.4	0	62.0
	Total	0		0		0		0		0		0		0	
	B & ME	0	0.4	0	3.4	0	11.9	1	13.6	0	11.1	0	1.7	1	42.1
PP	White	0	0.4	1	3.8	0	8.1	0	19.6	0	17.4	0	7.2	1	56.6
	Total	0		1		0		1		0		0		2	
	B & ME	0	2.9	7	14.1	3	19.3	2	10.7	1	3.8	0	1.2	13	51.9
UE	White	0	2.3	3	9.4	2	11.1	0	11.3	0	8.4	0	5.1	5	47.5
	Total	0		10		5		2		1		0		18	
	B&ME	6	14.2	15	11.3	13	15.6	4	6.7	2	5.6	0	1.0	40	54.4
HGY	White	0	6.1	7	6.9	3	12.3	3	7.8	0	8.1	1	4.0	14	45.1
	Total	6		22		16		7		2		1		54	

Suspensions

This table shows a summary of suspension cases.

Summary of Suspension Case) S
Case status	Total
No. of cases heard	10
No. of cases not concluded	12
No. of cases not concluded - leaver	2
Total	24

Of the 24 suspensions, 10 cases have been heard.

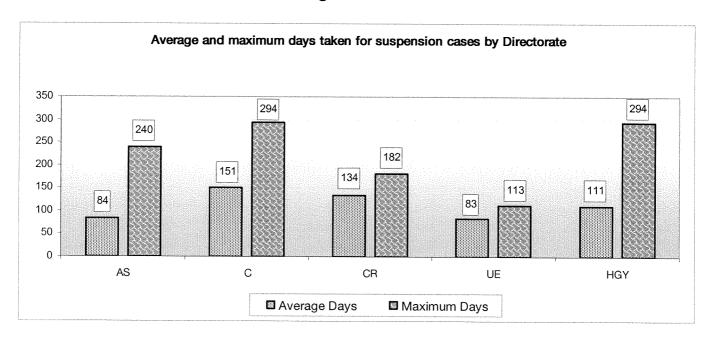
The table below looks at the 24 suspension cases and identifies the no. of working days each case has taken. If the case has not concluded by the end of the period, the number of working days is calculated from the start date of the current disciplinary stage to the end of the quarter.

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

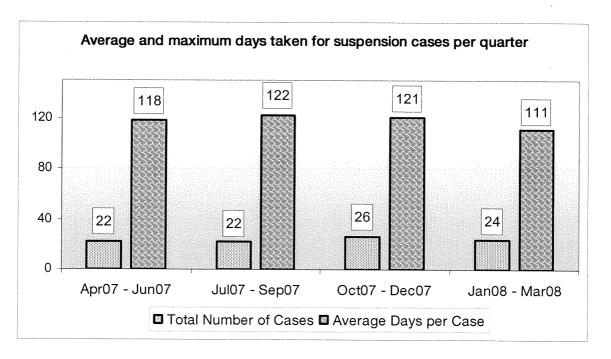
Timescales of Suspension Cases										
Directorate	1-60 days	61- 120 Days	121- 180 days	181- 240 days	240+ days	Total cases	Total cases heard	Total no. of days taken for all cases	Avg. days	Max. days
AS	2	4	0	0	1	7	4	590	84	240
С	1	2	0	2	1	6	1	904	151	294
CR	1	0	2	2	0	5	2	672	135	182
РО	0	0	0	0	0	0	0	0	0	0
PP	0	0	0	0	0	0	0	0	0	0
UE	2	4	0	0	0	6	3	496	83	113
HGY	6	10	2	4	2	24	10	2662	111	294
Total cases heard	1	5	2	1	1	10	N/A	N/A	N/A	N/A

In this quarter, on average, 111 days were spent on each suspension case. This is a 10 day decrease compared to the previous quarter.

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The chart below looks at the number of suspension cases per quarter and highlights Haringey Council's average number of days per case.



The average number of days taken per suspension case has fallen by 7 days since June 2007, 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.



Agenda item:

[No.]

Audit Committee On 12 May 2008 Report Title: Annual Internal Audit Plan and Audit Strategy 2008/09 Forward Plan reference number (if applicable): N/A Report of: Head of Audit and Risk Management Report for: Information Wards(s) affected: All 1. Purpose 1.1 The purpose of this report is to inform members of the proposed Annual Internal Audit Plan for 2008/09. 1.2 The report also advises Members of the internal audit strategy. 2. Recommendations 2.1 That the Audit Committee approves the Annual Internal Audit Plan for 2008/09 and the internal audit strategy. 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 Local authorities are required by law to maintain an internal audit function. In addition, The Accounts and Audit (Amendment) (England) Regulations 2006 reinforce the statutory requirement and re-state the need for the Council to maintain an adequate and effective system of internal audit.
- 4.2 Within Haringey, the Internal Audit function is comprised of Deloitte and Touche, who were re-appointed in 2007/08 as the council's internal auditors, and who undertake the majority of the internal audit work in accordance with the contract in place, including IT and procurement audit. The in-house team is currently responsible for investigations into allegations of financial irregularity.
- 4.3 The proposed annual audit plan for 2008/09 is fully risk based and has been derived following consideration of the risk and materiality (financial and other), of services and systems of the Council and the existing risk registers in place. This approach reflects current best practice requirements for internal audit and ensures that, over the life of the contract, the Council's key and higher risk systems and services will be appropriately reviewed according to risk. This approach also ensures that the council operates a fully integrated internal audit and risk management process.
- 4.4 Appendix A also includes the audit strategy which will be used to deliver the council's internal audit plan. As part of the contract with Deloitte and Touche, it is considered appropriate to keep members advised of the strategy and the way in which the service will be delivered and request their approval of it. The strategy has been drafted in line with the 2006 CIPFA Code of Practice and best practice guidance for public sector audit services.

5. The Annual Audit Plan 2008/09

- 5.1 The proposed annual internal audit plan for 2008/09 is attached as Appendix A to this report. It gives details of the planned audit work on the key financial and other systems of the Council. Appendix A summarises the work which will be undertaken at a corporate level, e.g. pro-active anti-fraud, risk management, and project management and also provides details of the work proposed for individual directorates.
- 5.2 We have included brief details of the planned scope for each project, although the detailed scope will be agreed with the client for the work at the planning stage of the audit. Timings for the projects have also been agreed with the nominated clients to take account of any cyclical or other work pressures, although these may be subject to change during the course of the year.
- 5.3 The proposed projects have been discussed with directors and their management teams and will be subject to further discussions with the nominated client for each audit as part of the detailed planning process. All completed projects are subject to a formal follow up review process and the results of the follow up reviews will continue to be reported for information to the Audit Committee, on a quarterly basis.
- 5.4 We will continue to work with the Council's external auditors, Grant Thornton, to ensure that audit coverage is maximised and duplication is avoided wherever possible in order to make the best use of our combined resources. A planned programme of meetings has been agreed to ensure that this is kept under review during 2008/09. We will

endeavour to ensure that the Council continues to make the most effective use of its audit resources.

5.5 Table 1 below summarises the numbers of projects planed for 2008/09 by directorate:

Table 1

Directorate	Projects
Corporate council-wide audits	15
Chief Executive – People and Organisational Development	4
Chief Executive – Policy, Performance, Partnerships, and	
Communication	5
Children and Young People's Service (excluding schools)	3
Urban Environment	4
Adults, Culture and Community Services	7
Corporate Resources (including key financial systems)	13
Corporate Resources – IT audit	5
Corporate Resources – Procurement and contract audit	8
Total	64

- 5.6 Included in the above table (within Corporate Resources) are audits of key financial systems. We consider key systems to be those which are essential to the successful management of the Council, and where failure of the system would have a material effect on the organisation. These key systems, including payroll, accounts payable, accounts receivable, council tax, housing benefits etc. are therefore subject to regular review. This programme of work has been agreed with both the managers responsible and the council's external auditors.
- 5.7 The number of projects listed in the table above excludes the follow up reviews and visits to individual establishments as part of the schools and social services programmes.
- 5.8 We will continue to provide support to key projects, including advice to project boards at key stages of the scheme, as well as undertaking reviews of individual projects to ensure that the project is complying with the required framework, and financial, reporting and other functions are being managed appropriately.

6. Recommendations

6.1 That the Audit Committee approves the Annual Internal Audit Plan for 2008/09 and the internal audit strategy.

This document sets out the annual internal audit plan for Haringey internal audits to be completed during 2008/09. The audits proposed within the plan are based on the potential risks facing the council in 2008/09 and take into consideration the corporate, departmental and business unit risk registers to provide a fully integrated risk based plan. The proposed audits have been discussed and agreed with Directors and their management team and the plan is submitted to the Audit Committee for final The council's strategy for delivery of the audit plan is included at the front of the 2008/09 annual audit plan. The strategy is set out below and presented to the Audit Committee for formal approval. It builds on the work completed by Deloitte and Touche since their re-appointment in April 2007. It is proposed that this approach is used for the contract with Deloitte and Touche and any significant changes to the internal audit strategy are reported to the Audit Committee for formal approval.

1. Introduction

1.1 Purpose of the Internal Audit Strategy

The purpose of the draft internal audit strategy is to define the approach and methodology to be followed which will enable us to:

- Provide the Audit Committee with an opinion on the council's risk management, control and governance arrangements;
- Audit the risk management, control and governance arrangements through annual audit plans, which give priority to the organisation's objectives and risks;
 - Identify improvements to the council's risk management, control and governance by providing management with recommendations arising from the audit work;
- Identify the audit resources required to deliver an audit service which meets relevant statutory requirements; and
 - Ensure effective liaison and co-operation with both the council's and Homes for Haringey's external auditors.

.2 Roles and Responsibilities

and governance. The opinion given by internal audit is a key element of the framework of assurance which the Audit Committee The role of internal audit is to provide an independent and objective opinion to the Audit Committee on risk management, control needs to report on as part of their statutory annual reporting processes.

an extrapolation of the evidence available. It is important to note that in practice the scope of the audit opinion may be The opinion can, however, only be reasonable in the sense that no opinion or assurance can ever be absolute and is by definition constrained by factors such as the scope of audit access.

as internal audit work is demonstrably conducted in accordance with the Standards on Due Professional Care there can be no The Internal Audit opinion does not supersede the Audit Committee's responsibility for risk, control and governance and as long question of internal auditors being responsible for control failures.

2. Internal Audit Coverage, Approach and Assurance

2.1 Internal Audit Coverage

2.1.1 Identifying Internal Audit Coverage

It is not necessary to audit every aspect of risk, control and governance every year, but in determining the internal audit coverage we have taken account of the following:

- The council's risk management processes and risk registers;
- The overall coverage will encompass the whole range of risks which the Council, and its external auditors, has identified as "key" to the achievement of its aims and objectives;
- High-risk systems or processes, as identified by the Council, will need to be audited on a regular basis to deliver the assurance required. However, such systems and processes need not be fully and systematically audited every year
- An appropriate range of non-key risks will be included in each year's coverage to add to the comprehensiveness of the
- Risks not defined as key still require attention, to gain assurance that adverse impacts are not arising;
- planned to take place within the Council. Changing processes can be inherently more risky than established and known processes, and the identification and correction of weaknesses during development is more economical than after the In addition to existing risk, control and governance, consideration will be given to the extent of change taking place or process has been put in place; and
- Internal audit will discuss the assurance required with the Audit Committee to help ensure that appropriate coverage is planned.

2.1.2 Gathering of Information

To enable us to prepare our internal audit strategy and proposed annual operational plan we will consult with key officers within the Council. At this point we have prepared a draft plan based on the considerations at 2.1.1, together with the results of our previous years' work for Haringey Council and our knowledge of the organisation. The proposed coverage may be further amended following discussions with Directors and their management teams during the year. Any significant changes to the audit plan will be provided to the Audit Committee for formal approval.

Internal Audit Approach and Assurance 2.2

2.2.1 Risk Management Framework

The Council has a well established approach to risk management and the Audit Committee approves the council's Risk All of these areas are considered when producing the draft annual audit plan. In some cases, these procedures and processes Management Strategy. Risk management is included as part of the key corporate processes including business planning and final business plans, project management framework and the development of business unit, departmental and corporate risk registers. may be included in the audit plan to be reviewed in their own right.

1.1.1 Assignment Planning

The assignments are planned to various depths and frequencies as follows:

Depth of audit

The definition of each type of audit is as follows:

An audit to determine both the adequacy and effectiveness of the internal controls.

Evaluating the adequacy of internal controls will normally involve:

Confirming the risks and the possible causes preventing the achievement of the aims and objectives of the area/system; and Assessing whether the controls are sufficient for the level of risk in the achievement of the aims and objectives of the area / system.

Effectiveness testing is carried out on key controls, normally on a sample basis, to assess their effective operation in practice. Key controls are those identified as vital to prevent a particular

error, or covering a large number of causes of error.

As an alternative to verification, for less significant areas and risks, a high-level audit will be carried out. This would determine if the documented risk is sensible, relevant and has an Validation:

appropriate control strategy, action plan and assurance activities.

An audit to ascertain that previous audit recommendations have been implemented effectively. Follow up:

Frequency of audit

Each audit will be prioritised depending on its significance to Homes for Haringey and the planned depth and frequency will be as

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WS:		
Priority Significance	Depth	Frequency of audit
High	Follow up and Verification	Annual
Medium	Follow up and Validation	Selected on the basis of risk
Low	Follow up and Validation	By Request Only

For each element of internal audit work identified, an estimate of the number of staff days, which will be required to conduct the work, will be made.

3. Relationship with External Auditors and other Assurance Providers

3.1 Relationship with the External Auditors

As the Council and Homes for Haringey's Internal Auditors we will seek to meet regularly with the External Auditors for both organisations to:

- Consult on the audit plans;
- Discuss matters of mutual interest;
- Discuss common understanding of audit techniques, methods and terminology; and
- Seek opportunities for co-operation in the conduct of audit work.

In particular, we will offer the External Auditors the opportunity to rely on our work where appropriate. In any case of conflict with the External Auditors, we will consult with, or refer the matter to, the Chief Executive of the Council and/or Homes for Haringey.

3.2 Reliance on Other Assurance Providers

It is not always necessary for internal audit to audit processes directly in order to gain assurance about them. The council's risk management processes identifies the officers responsible for managing risks and/or controls. As part of each audit we will consider the following:

- What other assurance processes are in place (e.g. Stewardship Reporting processes, documented CRSA reviews, the work of other review or inspection teams); and
- The way in which these processes can themselves be audited and quality assured, in order that Internal Audit can consider how the work of these assurance processes can contribute to the overall assurance (without conduct of audit work which repeats actions already taken). This may involve:
- Specific quality assurance audits of other assurance processes;
- Auditing on a sample basis the specific work of assurance functions to gauge reliability of findings; and
- Joint working with other review teams.

4. Reporting Protocols

1.1 Timing of Audits and Notification

Following approval of the annual internal audit plan, planning meetings will be arranged with the relevant managers to agree the detailed terms of reference for the relevant audit. This will take place at least three weeks before the commencement of the audit. Terms of reference will include the area objectives, audit scope and approach, planned schedule of interviewees, planned budget days and planned date for the exit meeting.

4.2 Reporting

4.2.1 Audit Reports

We have an agreed audit reporting protocol, which sets out the key stages of each audit and the responsibilities of both the auditor and the service managers and this has been provided to all service directors. Formal audit reports will be produced for agreement with the relevant service director and Audit Manager, for example if major findings arise in one area. Following completion of the fieldwork, the auditor will provide feedback on the findings to the service manager in an exit meeting. Draft audit reports will be produced within three weeks of this meeting with final reports being issued within two weeks of the receipt of each audit project contained within the annual audit plan, including establishment audits. The style of report may be varied by management's response to the draft report.

Reports will normally be produced in the agreed format. This will include:

- An executive summary explaining the context of the audit, summarising all conclusions and highlighting key issues arising;
- Detailed recommendations supported by a rationale together with management response, responsibility and agreed deadlines for implementation; and
- Timing of audit follow up work where appropriate.

Audit reports will provide an overall opinion on the level of control exercised over the auditable area or risk. This opinion will be based on the findings from the audit which will be assessed as follows:

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Critical business risk not being adequately addressed; weaknesses in key	usiness controls; substantial non-conformance with regulations and accepted
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mportant business issues to be addressed; improvement area; inadequate risk dentification or reduction; non-conformance with regulations. standards. Priority 2:

Minor non-conformances with the business management system; other business ssues to be addressed, good working practices. Priority 3:

The following levels of opinion will be used in audit reports:

There is a basically sound system, but there are weaknesses which put some of There is a sound system of control designed to achieve the system objectives. the system objectives at risk. Substantial Assurance: Full Assurance:

Weaknesses in the system of controls are such as to put the system objectives at Limited Assurance:

Control is generally weak leaving the system open to significant error or abuse. No Assurance:

4.2.2 Audit Committee Reports

A progress report will be presented to the council's Audit Committee on a quarterly basis, and 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;
- 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.

Members of the Committee will also be provided with full copies of our audit reports upon request. An Annual Report to the assurance we are able to provide, and including details of audit coverage against audit plan, summary of major recommendations council's Audit Committee will also be produced incorporating our annual opinion and an agreed statement of the overall made, and commentary on significant areas or recommendations not implemented.

Quality Assurance

We are committed to delivering internal audit services of the highest quality and technical standards, which we achieve by:

- Applying an audit methodology and approach that complies with Government and professional standards, including those issued by the Auditing Practices Committee, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Institute of Internal Auditors (IIA). Our assignment methodology has been developed through experience to ensure that our procedures are of the highest quality.
 - Ensuring that all our staff employ the most efficient audit techniques as a result of on-the-job training and specially tailored courses given by our specialist internal audit training division "Aid to Industry"

We have also produced a detailed written Quality Manual, which covers all aspects of our service provision and includes the following features:

- Quality procedures;
- Detailed approach and documentation;
- Complaints procedures;
- Professional standards;
- Customer care procedures;
- Quality audit procedures; and
- Nominated individuals responsible for quality.

5.1 Performance Indicators

and review the effectiveness of the organisation's internal audit function. We detail below the performance indicators which are With regards to the published Combined Code and Smith Report, section D3.2 (c), the council's Audit Committee should monitor currently provided to the Audit Committee for the Internal Audit Service:

- Achievement of the internal audit plan;
- Length of time taken to complete investigations into financial irregularities; and
- Evaluation of the service by client managers.

6. Resources

work was considered and approved by the Audit Committee in June 2006. A five year contract based on the Audit Committee's The internal audit service is delivered by a mix of in-house staff and an externally provided contract. The mix of resources and recommendations was awarded to Deloitte and Touche Public Sector Internal Audit Ltd, in accordance with council procedure rules, in April 2007. The two full time, permanent members of staff investigate potential breaches of the council's disciplinary codes of practice, as well as providing advice on risks and controls to managers and undertaking work to assist in the completion the council's statutory requirements under Section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations. The contra ct for the outsourced audit work specifies the skills, resources and method statements required to enable of specific grant certification processes. The outsourced contract will provide the remaining internal audit services in order to fulfil delivery of the risk based audit plan.

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the contract. The total number of days to be delivered is 1,150; which does not include audit work that will be completed as part The table below sets out the internal audit work to be completed during the 2008/09 financial year, which is in accordance with of the SLA with Homes for Haringey. The breakdown of work can be summarised as:

Area	Directorate	Days
Corporate Council wide Systems	All Directorates	20
Key Financial Systems	Corporate Resources	175
Directorate Systems and Risks	Corporate Resources	30
Procurement Audit	Corporate Resources	75
IT Audit	Corporate Resources	75
Project Management Assurance and Project Advice	All Directorates	80
Pro Active Fraud	All Directorates	40
Value for Money	All Directorates	15
Risk Management Development and Support	All Directorates	20
Directorate Systems and Risks	Urban Environment	09
Directorate Systems and Risks (including School	Children and Young Peoples Service	
Audits and FMSiS inspection for Primary Schools)		195
Directorate Systems and Risks	Adult, Culture and Community Services	80
Directorate Systems and Risks	Chief Executives - People and	
	Organisational Development	09
Directorate Systems and Risks	Chief Executive - Policy, Performance,	
	Partnerships and Communication	20
Follow Up	All Directorates	50
Management	All Directorates	100
Sub-total		1145
Contingency		25
Total		1150

Corporate Council wide System Audits:

Audit title	Scope	Client	Quarter	Days
Risk Management	Key processes to be covered by the audit include:	Head of Audit & Risk	2	10
	Implementation of the risk management	Management		
	strategy;			
	Risk identification;			
	Risk assessment;			
	Risk treatment plans;			
	Risk reporting and action;		***************************************	
	Cross departmental risk identification; and			
	 Updating of risk registers. 			
Information management and security	This will be a full review of the controls in	Director of	ဗ	9
	place to ensure that the objectives of this	Corporate		
	service are met. We will review the following	Resources		
	areas:			
	Compliance with statutory requirements;			
	Documentation, policy and procedures;			
	and			
	Evidence of compliance with corporate			
	and local document and/or information			
	management, security, storage and			
	disposal procedures; and			
	 Monitoring and reporting arrangements. 			
Total				20
Venderstand Control of the Control o				

Corporate Resources - Key Financial Systems and Directorate systems and risks:

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Audit title	Scope	Client	Quarter	Days
Strategic Financial Management & Budgetary Control	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: - Budget setting; - Departmental management reporting; - Virements; - Corporate management reporting; and - Close down procedures.	Head of Finance - Budgets, Projects & Treasury	က	15
Cash Receipting	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 and procedures; - Reconciliations; - Reconciliations; - Segregation of duties; - Investigation of unidentified payments; - Storage of income; - Banking of income; - Returned cheques; - Management information being produced; - IT access, security and disaster recovery.	Head of Finance - Accounting & Control/ Head of Income & Debt Management	3/4	15
Treasury Management	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: - Legislative requirements are complied with; - Council assets are protected; - Necessary financial information is provided to ensure that the performance of the Council's	Head of Finance - Budgets, Projects & Treasury		10
Proft Hering Control Constitution	/00 0F 0.4 00			

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Audil title	acope	Client	Quarter	Days
	net cash flow is maximised;			
	- Regular reconciliation carried out to support			
	the integrity of loans and investments made;			
	- Reporting complies with the legislation; and			***************************************
	- Access to data is restricted.			
Accounting & General Ledger	High level system audit, including follow-up of	Head of Finance	4	15
	previous audit recommendations, and including	- Accounting &		
	documentation, and testing of both key and	Control		
	significant controls covering the following areas:			
	- Data entry;			
	- Completion & recording of journals;			
	- Management information & reports produced;			
	- Feeder system and input to the Ledger;			
	- Control account reconciliation;			
	- Structure of the ledger; and			
	- IT access, security & disaster recovery.			
Creditors	High level system audit, including follow-up of	Head of	4	15
	previous audit recommendations, and including	Corporate		
	documentation, and testing of both key and	Procurement/P2P		
	significant controls covering the following areas:	Performance		
	- Receipt & certification of invoices:	Manager		
	- Input of invoices to system:			
***************************************	- Payments:	(Head of Finance		
	- Amendments to supplier master file:	- Accounting &		
	- BACS controls:	Control and		
	- Cheque controls:	Financial		-
	- IT access, security & disaster recovery; and	Svstems		
	- Follow up.	Manager)		
	-	·)		
	Duplicate payments to be covered by the Pro			
	Active fraud work with regards to Accounts			****
Pension Fund Investment	High level system audit, including follow-up of	Head of Finance	4	10
	previous audit recommendations, and including	- Budgets,		
	documentation, and testing of both key and	Projects &		

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Audit title	Scools	Cliant	Oustor	Daye
	significant controls covering the following areas: - Guidance & training; - Verification of investments; - Purchases & sales; - Income; - Performance monitoring; and - IT access, security & disaster recovery	Treasury		
Accounts Receivable (Sundry Debtors)	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 and procedures; - Raising of invoices; - Cash receipts; - Reconciliation to general ledger; and - Debt recovery.	Head of Income & Debt Management	3/4	15
Housing Benefits	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 and procedures; - Taccess, security and disaster recovery; - Segregation of duties; - Compliance with scheme; - Scanning and Indexing; - Backdated claims; - Fraud management; - Payments; - Appeals; - Appeals; - Appeals; - Guality Control; - Subsidy;	Acting Head of BLT	3 or 4	20
Cooperation of the Cooperation o				

A				
Audit title	Scope	Client	Quarter	Days
	- Performance review.			
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; - Write off; - Wonitoring of collection rates; - Monitoring of collection rates; - Refunds; - Void allowances; - Void allowances; - Policies and procedures; and - IT access, security & disaster recovery.	Acting Head of BLT	4	5
NNDR	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; - Reconciliation between debit & valuation list; - Charitable relief; - Billing; - Receipts from taxpayers; - Suspense accounts; - Debt recovery action; - Write off;	Acting Head of BLT	4	0
	Linearing Company of the Company of			

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Audit titlo	Scope	Client	Ouster	Daye
	- Reconciliation with general ledger; - Refunds; - Void allowance; - Policies & procedures; and - IT access, security & disaster recovery.			
VAT	We will agree the areas of focus of our work with management at the time of the audit. The audit will focus on key areas of concern regarding aspects of the VAT procedures.	Head of Finance - Accounting & Control	ო	20
Management of the general fund property portfolio – including repairs and maintenance procedures (Included on departmental risk register)	This will be a full systems review of the controls in place to ensure that the objectives of this service are met. We will review the following areas: • Compliance with statutory requirements; • Asset management strategy and monitoring arrangements; • Contract letting and monitoring arrangements, where relevant; and • Repairs and maintenance programme development; • Budget management and controls; and • Monitoring and reporting arrangements.	Head of Property Services/ Corporate Landlord Manager	a	15
Disposal of properties	This will be a full systems review of the controls in place to ensure that the objectives of this service are met. We will review the following areas: • Compliance with statutory and local requirements; • Documentation, policy and procedures; • Links to asset management strategy and monitoring arrangements; • Approval processes for disposals; • Advertising, publicity and communications processes; • Updating of asset registers and notification	Head of Property Services/ Corporate Landlord Manager	8	10

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Audit title	Scope	Client	Quarter	Days
	procedures to ensure other departments'			
	records, e.g. insurance and BLT, are updated.			
	 Budget management and controls; and 			
	 Monitoring and reporting arrangements. 			
Insurance arrangements	This will be a high level review of operational and	Head of Audit &	•	5
(Included on departmental risk	management controls, which will focus on	Risk		
register)	identifying any changes to the system since the	Management		
	last full audit. Testing will focus on those controls			
	which are key to the effectiveness of the system.			
Total				205

Corporate Resources - Procurement Audit:

Audit title	Scope	Client	Quarter	Days
Compliance with CSO's – Member Services and Chief Executive	This audit will cover general compliance with CSO's, in particular with regard to the use of approved suppliers, raising of Purchase Orders, use of petty cash for purchasing, travel bookings and use of purchasing cards. The audit will cover Member Services and Chief Executive (including Secretariat). This audit will cover the following areas: Institution of Suppliers; Againg of Orders; Cash Purchases; Travel Bookings; and Use of Purchasing Cards.	TBC	TBC	10
Procurement Committee Minutes and Actions	This audit will cover the controls in place with regard to the monitoring by Member Services of the actions included within Procurement Committee minutes, the sign-off from officers and the closure of completed actions. This audit will cover the following areas: Institution of Required Actions; Monitoring of Actions; Sign-off of Completed Actions; Reporting of Completed Actions; Follow-up of Outstanding Actions.	TBC	TBC	10
Cleaning Materials Procurement	This audit will focus on the controls in place with regard to cleaning materials spend and volumes, types of product used against delivery points, and ordering and storage. This audit will cover the following areas: I dentification of Material Requirements; Procurement Arrangements (including selection of supplies);	Head of Facilities Management	TBC	10

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	Landlords:	A supply and a supply a supply and a supply and a supply a s		
	Selection Criteria;			
	 Monitoring of landlords; and 			
	 Processing of Invoices and Payments. 			
External Storage	This audit will cover the arrangements in place for	AD – Culture,	TBC	10
	the procurement of external storage space,	Libraries &		
	contractual obligations, accuracy of invoicing and	Learning		
	payments, and existing controls over the identification and disposal of 'obsolete' material			
	This audit will cover the following areas:			***************************************
	 Procurement of External Storage Providers 			
	(including consideration for VFM);			
	 Contractual Arrangements; 		-	
	 Usage and Spending; 			
	 Invoicing and Payment; and 			
	 Disposal and Destruction of Obsolete 			
	Material.			
Site Waste Management Plan	From 1 April 2008, all construction projects	Construction	ဗ	5
	valued at more than £300k are required to	Procurement		
	produce a 'Site Waste management Plan'. This	Manager		
	will be a compliance audit, looking at contractors			
	who have been commissioned for projects			
	started since 1 April 2008 and confirming that			
	plans exist and that they are adequate.			
	This audit will cover the following areas:			
	 Completion of Plans; 			
	 Adequacy of Plans; 			
	Reporting; and			
	 Monitoring Arrangements. 			
Total				75

Corporate Resources - IT Audit:

Audit title	Scope	Client	Quarter	Days
Framework -I	The main Social Service's and Children and Young People's Service application deals with sensitive data and financial transactions. Data access is granted on a pilot basis to NHS Trusts. The system has recently been introduced and has not been previously audited. The audit will examine as appropriate user access structure, logical access controls and security configuration of the system, together with sample testing of input, output, processing; audit trail controls, backup procedures and Business Continuity / Disaster Recovery arrangements, and any interfaces. Particular consideration will be given to the Finance Module, including reconciliation processes and external access.	E-care Business Process Change Manager/ Deputy Director - Children & Families	-	25
iWorld Database	Management and support of the iWorld system has recently been brought 'in-house'. The application has been audited recently, however the security and management of the underlying database has not been previously audited. Security of the iWorld system is also dependent upon the security of the underlying database system, as compromise of this system will allow intruders direct access to all data in the iWorld system, bypassing the application system controls and audit trails. The primary objective of this review will be to assess the security and administration of the underlying database management system of the iWorld system.	Acting Head of BLT	1-2	5.
PCI Data Standards and audit compliance	We will perform a high level gap analysis against the Payment Card Industry (PCI) Data Security Standard to which organisations that store, process and transmit payment card data are required to comply. Our audit objective is to assess the level of compliance to the information security management systems in place within the Council against the PCI Standard which has twelve specified requirements which	Financial Systems Manager	1-2	15

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Audit title	Scope	Client	Quarter	Days
	are detailed in sixty-eight controls, with further sub-controls. Consideration will be given to using the Deloitte 'Gap Analysis'			
	Software tool which has been specifically designed to aid in			
	the process of compliance work in relation to the PCI Data			
	Security Standard.			
SAP CRM - Application	The audit will examine, as appropriate, user access structure,	Financial	7	20
review	logical access controls and security configuration of the	Systems		
	system, together with sample testing of input, output,	Manager		
	processing, audit trail controls and any interfaces.			
ALBACS	The audit will examine, as appropriate, user access structure,	Head of	က	15
	logical access controls and security configuration of the	Finance –		
	system, together with sample testing of input, output,	Budgets,		
	processing; audit trail controls, interfaces, backup procedures	Projects &		
	and Business Continuity / Disaster Recovery arrangements.	Treasury		
Total				75

All Directorates:

Audit title	Scope	Client	Quarter	Days
Project Management Assurance	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.			
	As a result of the risk analysis undertaken on the Achieving Excellence and Project Management programmes, the following areas of work are recommended to be included in the project assurance plan:			
	Overall project management arrangements for the Achieving Excellence programme – to ensure that all projects are being managed effectively and in accordance with the agreed project management framework including terms of reference, PID documentation, budget statements, monitoring and reporting arrangements.	Achieving Excellence Programme Manager	Υ	0
	 Chestnuts Park. The project has been undertaken during 2007/08 and is nearing completion. It will be reviewed to provide assurance that all project management requirements have been fulfilled. 	AD – Recreation Services	7	10
	 Building Schools for the Future (BSF). As the BSF project moves into the construction phases, reviews of each phase will be undertaken to provide assurance that the project continues to be managed appropriately. 	BSF Programme Manager	ო	10
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Audit title	Scope	Client	Quarter	Davs
	 Spine Road. This project has been undertaken in 2007/08 and is continuing in 2008/09. It will be reviewed to provide assurance that all project management requirements are being fulfilled. 	AD – Frontline Services/ Senior development officer (Mike Tobin)	-	10
	 Sports and Leisure Services – Strategic renewals of Leisure Centres. This project is being undertaken in 2008/09. It will be reviewed to provide assurance that all project management requirements have been fulfilled. 	AD – Recreation Services	-	10
	 Further areas will be included in the audit plan when the 2008/09 capital programme has been finalised and the projects to be managed via the council's project management framework have been identified. 	To be confirmed during 2008/09		20
	 Each audit of individual projects will seek to identify and assess the application of the following key processes: Application of and compliance with the Council Project Management framework arrangements; Project Monitoring and reporting; Link to revenue or 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. 			,

Audit title	Scope	Client	Quarter	Days
	In addition to reviewing projects which are in progress, during 2008/09 Internal audit will undertake reviews of projects which have been completed to provide assurance that: • the council's project management framework has been complied with; • project closure reports have been completed which include a review against original project objectives and benefits realisation at the completion of the project; • document management processes (including retention, storage and disposal) are in place with clearly defined responsibilities; and • any best practice or 'lessons learned' issues are identified and there is a mechanism to incorporate these into future projects.			,
	Following a risk assessment of completed projects, the following areas will be reviewed in 2008/09: Aids and Adaptations; and	Head of Physical Disabilities	4	ß
	• E-payments	Chief Financial Officer/IT Business Partner	7	ιC
Pro-active Anti-fraud	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. As a result of the risk analysis undertaken and fraud profiles, the following areas of work are			40

Audit title	Scope	Client	Quarter	Days
	 recommended to be included in the pro-active anti-fraud plan: Concessionary fares; Carry forward of our data matching exercise relating to Residents Parking permits and Council Tax single occupancy discounts; and Complete an programme of spot checks on establishment and service petty cash usage. 			
Value for Money	We will continue our VFM work to cover areas of the Council not covered in the 2006/07 and 2007/08 Audit Plan. Areas that will be included within the coverage include: • Costs within Business Units and services, including understanding of the cost identification and budget setting process; • Identification of performance of the Business Unit and services and linkages to cost.	Chief Financial Officer/ Head of Performance and Policy	tbc	15
Risk Management Development and Support	During the year we will liaise with key business unit managers and Directors for each Department across the Council with regard to facilitating the update of risk registers in accordance with the Council's Management of Risk Strategy. 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.	All Directors and ACE's as required	4-	20
Total				155

Urban Environment Directorate:

AUGIT TITLE	Scope	Client	Quarter	Days
Highways (contractor processes)	Key processes to be covered by the audit include:	Assistant	-	15
	 Letting of contracts for highways services; 	Director –		
	 Verification of works completed; 	Frontline		
	 Monitoring of service delivery and performance; 	Services		
	 Progress reports and meetings; 			
	 Default notices; 			
	 Contract payments; and 			
	 Contract variations, including approval processes. 			
Parking Services	The Parking Services function will be subject to a	Assistant	4	10
	business review during 2008/09. Internal audit will	Director –		
	provide resources to review and test the key controls	Frontline		
	and procedures which will be put in place following	Services		
	the business review.			
Housing Register and choice	This will be a full systems review of the controls in	Assistant	က	15
based lettings	place to ensure that the objectives of this service are	Director –		
	met. The audit will cover the following areas;	Strategic and		
	 Compliance with statutory requirements (the 	Community		
	Housing Act)	Housing	.1	
	 Documentation, policy and procedures (for both 			
	services);			
	 Assessment and approval processes for placement 			
	of clients on the Housing Register;			
	 Points allocation and approval processes, 			
	including change of circumstances and allocation			
	of additional points;			
	 Monitoring and review of the Housing Register; 			
	- Application and operation of the Choice Based			
	Lettings process; and			
	 Monitoring and reporting arrangements. 			
Planning Applications and	This will be a full review of the controls in place to	Assistant	က	20
Planning Enforcement processes	ensure that the objectives of this service are met. We	Director –		
	will review the following areas:	Planning and	mularerillocker	
			The second secon	

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	Compliance with statutory requirements	Environmental	
	 Documentation, policy and procedures (for both 	Control/ Group	
	services);	Manager	
	 Processes for receiving, processing and 	Business	
	responding to planning applications, including the	Support	
	appeals process;	Development	
	 System and controls for setting charges, collection 	R Performance م	
	of income and reconciliation process;		
	 Processes to issue enforcement proceedings; 		
	 Verification of compliance with enforcement 		***************************************
	notices and instructions;		
	 Monitoring and review processes; 		
	 Escalation and default procedures for areas of 		
	non-compliance;		
	 Appeals procedures and approval processes; and 		 ***********
	 Reporting and management information. 		
Total			09

Children and Young People's Service:

Audit title	Scope	Client	Quarter	Days
CYPS – departmental risk register testing	This will be a risk based audit focusing on testing of the key controls within the risk register for the service.	Deputy Director – Business Support & Development	2	വ
Transport Services	This will be a full review of the controls in place to ensure that the objectives of this service are met. We will review the following areas: • documentation, policy and procedures; • application of the new transport contract in practice; • procedures for the awarding of new routes; • procedures for collection of income; • budget management and control; and • monitoring and reporting arrangements.	Head of Commissioning & Business Management	-	10
Children's Centres Schools Audit Programme:	 This will be a full review of the controls in place to ensure that the objectives of this service are met. We will review the following areas at a departmental level: Compliance with statutory requirements Documentation, policy and procedures; Monitoring of providers and contractors, where appropriate. In addition, we will undertake establishment audits at Pembury and Broadwater Farm Children's Centres to ensure compliance with established income and expenditure procedures; budget management; and procedures. 	Head of Youth Service	~	50
Primary Schools	A risk based approach is taken in completing the schools audit programme. Factors taken into account include:	Individual schools' Head teachers/ CYPS Finance	1-4	100

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Andit title	0000	4017	2010	0,100
	 History of inadequate financial management; and Inability to manage deficits or surpluses. The audit will be a full review of the controls in place to ensure that the objectives of the service are met, covering the following areas: Management organisation; School inspections and OFSTED; Budgetary control; Staffing; Disbursement accounting records; Asset management; Unofficial Fund; Data protection and security; Income; Health and safety; and School meals. Additionally, for Primary schools, work will also include a visit to schools to ascertain compliance with the statutory Financial Management Standard in Schools (FMSiS). 			
Secondary Schools (including FMSiS follow up)	A risk based approach, as for primary schools, is used to determine the audit programme for secondary schools.	Individual schools' Head teachers/ CYPS finance	1-4	50
FMSiS Advisory Work – Primary Schools	Resources have been included in the audit plan provide ongoing assistance and training for schools' Head teachers, finance officers and governors prior to the FMSiS work being undertaken at individual schools. We will liaise with the CYPS finance team to co-ordinate the support provided.	Individual schools' Head teachers/ CYPS finance	4-1	10
Total				195

Adults, Culture and Community Services:

Audit title	Scope	Client	Quarter	Days
ACCS: - Adult Services risk register testing;	This will be a risk based audit focusing on testing of the key controls within the risk register for the service.	AD - Adult Services	1-2	10
 Commissioning & Strategy risk register testing; 	This will be a risk based audit focusing on testing of the key controls within the risk register for the service.	AD – Commissioning & Strategic Services	1 2	10
Establishments (including Residents' monies)	Spot checks will be completed during visits at a number of establishments during the year. Reporting will be completed to individual responsible members of staff and appropriate service managers.	AD - Adult Services	-	15
Commissioning of services (Included on departmental risk register)	This will be a full review of the controls in place to ensure that the objectives of this service are met, covering the following areas and control objectives: - Compliance with statutory requirements - Documentation, policy and procedures; - Tendering procedures; - Monitoring and review of service providers; - Invoices and payments to service providers; - Budget management and control; and - Monitoring and reporting arrangements.	AD – Commissioning & Strategic Services	က	5
Cemeteries and Crematorium	This will be a full review of the controls in place to ensure that the objectives of this service are met, covering the following areas and control objectives: - Compliance with statutory requirements - Documentation, policy and procedures; - Income collection and recovery; - Invoices and payments to external service providers where appropriate; - Budget management and control; and - Monitoring and reporting arrangements.	AD – Recreational Services		10

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Direct Payments	This will be a full review of the controls in place to	AD - Adult	1-2	Ç
	ensure that the objectives of this service are met.	Services	1)
	covering the following areas and control objectives:)		
	- Compliance with statutory requirements		***************************************	
	- Documentation, policy and procedures;			
	- Payments to clients and/or service providers;			
	- Budget management and control; and			
	- Monitoring and reporting arrangements.			
Libraries stock control	This will be a full review of the controls in place to	AD – Adult	2	10
(Included on departmental risk	ensure that the objectives of this service are met,	Learning,		
register)	covering the following areas and control objectives:	Libraries &		
	- Documentation, policy and procedures;	Culture		
	- Stock control procedures;			
	- Security arrangements;			
	- Recovery processes;			
	- Budget management and control; and			
	- Monitoring and reporting arrangements.			
Total				80

Chief Executive - People and Organisational Development:

Audit title	Scope	Client	Quarter	Days
Payroll & Expenses – Key financial system (annual audit)	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: - Compliance with statutory requirements - Documentation, policy and procedures; - Reliability & integrity of transactions and records; - New starters and Leavers; - Payments, variations & adjustments to pay; - Payroll deductions; and - System reconciliation.	tbc	tbc	15
Pre-employment checking procedures, including CRB checks.	This will be a full review of the controls in place to ensure that the objectives of this service are met, covering the following areas and control objectives: - Compliance with statutory requirements - Documentation, policy and procedures; - Referral processes to other government agencies where appropriate - Follow up procedures in respect of employees who hold temporary visa/work permits; and - Monitoring and reporting arrangements.	tbc	tbc	15
HR spot checks – compliance with HR procedures (to include 4 business units local and central)	This will be a full review of the controls in place to ensure that the objectives of this service are met, covering the following areas and control objectives: - Compliance with statutory requirements - Documentation, policy and procedures; and - Monitoring and reporting arrangements.	tbc	tbc	20
Implementation of the equal pay project (Included on departmental risk register)	This will be a full review of the controls in place to ensure that the objectives of this project are met.	tbc	tbc	10
Total				90

Chief Executive - Policy, Performance, Partnerships and Communication:

Andit title	Coppe	Cliont	2010	0,100
יייייייייייייייייייייייייייייייייייייי	POOD		rangi lei	Days
PPPC – departmental risk register testing	This will be a risk based audit focusing on testing of the key controls within the risk register for the service.	Assistant Directors	2	10
Complaints procedures	This will be a full review of the controls in place to ensure that the objectives of this service are met. We will review the following areas: • Compliance with statutory requirements • Documentation, policy and procedures; • processes for receiving, processing and responding to complaints, including the appeals process bocument and information management processes will be reviewed where appropriate.	Corporate Head of Performance & Policy	0	10
Area based Grant	This will be a full review of the controls in place to ensure that the objectives of this service are met. We will review the following areas: • Compliance with statutory requirements • Documentation, policy and procedures; • Governance arrangements for the area based grant and partner organisations; • monitoring and reporting arrangements; and • risk registers of partner organisations.	ACE – Policy, Partnerships, Performance & Communication	2 - 3	
Equalities and Diversity	 Key processes to be covered by the audit include: Identification and communication of the requirements for implementing the Equalities Public duties scheme; Strategy for implementation of the scheme; Settling of departmental plans to implement the Strategy; Monitoring of implementation; and Feedback and reporting arrangements. 	Corporate Head of Performance & Policy	က	10

Emergency Planning Procedures	Emergency Planning Procedures This will be a full review of the controls in place to	Corporate	2 - 3	10
(Included on Corporate risk	ensure that the objectives of this service are met The	Head of		
register)	scope of the work will include:	Community		
	 Compliance with statutory requirements; 	Safety		
	 Risk identification and evaluation; 			
	 Development of the business continuity plan; 			
	 Embedding of the business continuity plan; and 			
	 Testing of the business continuity plan; and 			
	 Monitoring and reporting arrangements. 			
Total				20



Agenda item:

[No.]

Audit Committee

On 12 May 2008

Report Title: Risk Management – Progress Report and Corporate Management of Risk Strategy

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 current position on risk management implementation across the Council and provide a revised risk management strategy for consideration and approval.

1.2 To provide a revised register of corporate business risks for review and approval.

2. Recommendations

- 2.1 That members notes the current position on risk management implementations and approves the latest version of the corporate risk register.
- 2.2 That members approve the revised Management of Risk Strategy and the actions contained within it to ensure that all the risk management processes across the Council are fully embedded.

Report Authorised by: Chief Financial Officer

Contact Officer: Anne Woods, Head of Audit and Risk Management

Tel:

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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. Introduction

- 4.1 The Council's previous Risk Management strategy was approved by CEMB, and the Audit Committee, in October 2005. This document is reviewed on an annual basis and, to date, no major changes were considered necessary. However, revised CPA requirements and guidance was issued in 2007/08 and it was considered appropriate to review the council's risk management arrangements in light of these. Consultation on a revised and updated strategy has been undertaken with all departments which undertake risk management activities and the draft version of the updated Management of Risk Strategy is now presented with this report for 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 The Council has made progress in implementing risk management throughout its business processes since October 2005. However, the Audit Commission reported in their CPA 2007: Use of Resources Judgement that: '...these arrangements need to continue and become embedded'
- 4.4 Risk Management is an important element of the Use of Resources assessment. It is therefore essential that the Council continues to take appropriate action to ensure that the updated Risk Management Strategy is implemented effectively and that the Council can demonstrate compliance with the higher level CPA elements.

5. Analysis

- 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 current status 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 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 April 2008.
- 5.5 The testing of risk registers by Internal Audit continued during 2007/08, based on the revisions and updates made by business units. In addition, advice and support has been provided 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 April 2008

	Department	Level	Register Title	Risk Register status
1	Corporate - CEMB	Corporate	Corporate Register	Updated March 08
2	CE – Policy Performance Partnerships & Communication	Dept	Policy Performance Partnerships & Communication	Updated & agreed by mgmt April 08
3	CE – PPPC	BU	Safer Communities	Updated & agreed by mgmt April 08
4	CE – PPPC	BU	Neighbourhood Management	Updated & agreed by mgmt April 08
5	CE – PPPC	BU	Communications	Updated & agreed by mgmt April 08
6	CE – PPPC	BU	Improvement and Performance	Updated & agreed by mgmt April 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 March 08
12	CR	BU	Legal Services	Updated & agreed by mgmt March 08
13	CR	BU	IT Services	Updated & agreed by mgmt March 08
14	CR	BU	Customer Services	Updated & agreed by mgmt March 08
15	CR	BU	Benefits & Local Taxation	Updated & agreed by mgmt March 08
16	CR	BU	Corporate Finance	Updated & agreed by mgmt March 08
17	CR	BU	Audit & Risk Management	Updated & agreed by mgmt March 08
18	CR	BU	Corporate Procurement	Updated & agreed by

	Department	Level	Register Title	Risk Register status
				mgmt March 08
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 April 08
21	CYPS	BU	Children & Families	Updated & agreed by mgmt April 08
22	CYPS	BU	School Standards and Inclusion	Updated & agreed by mgmt April 08
23	CYPS	BU	Business Support & Development	Updated & agreed by mgmt April 08
24	Adults Culture and Community Services (ACCS)	Dept	Adults Culture and Community Services	Updated & agreed by mgmt April 08
25	ACCS	BU	Commissioning & Strategy	Updated & agreed by mgmt April 08
26	ACCS	BU	Adult Services	Updated & agreed by mgmt April 08
27	ACCS	BU	Recreation Services	Updated & agreed by mgmt April 08
28	ACCS	BU	Adult learning, Libraries & Culture	Updated & agreed by mgmt April 08
29	Urban Environment (UE)	Dept	Urban Environment	Updated & agreed by mgmt April 08
30	UE	BU	Strategic & Community Housing	Updated & agreed by mgmt April 08
31	UE	BU	Street scene	Updated & agreed by mgmt April 08
32	UE	BU	Planning & Environment Control	Updated & agreed by mgmt April 08
33	UE	BU	Enforcement	Updated & agreed by mgmt April 08

6. Implications

- 6.1 Setting up the risk registers is only one element within the risk management framework. The revised Management of Risk Strategy sets out how all the various processes involving risk should be managed. This approach demonstrates how each of the formal business planning and management functions should consider risk on a uniform and planned basis across the authority. The implementation of the strategy should ensure that all key business risks are reviewed at regular and defined intervals and the council will be able to demonstrate a co-ordinated and effective approach across all key risk management functions.
- 6.2 Implementing this risk management strategy will demonstrate that managers 'own' their business risks and the process is embedded. It will also assist in achieving improved ratings within the CPA Use of Resources process.
- 6.3 However, it is important that the various formal documents are used properly, reviewed and kept up to date on a regular basis. Internal Audit will continue to provide support to managers to ensure that risk registers are kept up to date. To ensure a co-ordinated

approach is taken by all directorates, a risk management steering group has been proposed, consisting of nominated second tier officers who will meet on a bi-annual basis, which will take overall responsibility for ensuring ongoing compliance with the Strategy. Support from the Project Management Office, Health and Safety team and the Emergency Planning Team will also be available to managers to ensure that project management risks and business continuity plans are managed and kept up to date.

- 6.4 The Audit Committee is the member body which has risk management responsibilities defined within its terms of reference. The Audit Committee should formally approve the risk management strategy and confirm that a risk management process is in place and that the process is being embedded. This is currently achieved through the provision of regular reports with regards to risk management. Reports will also include updates on the implementation of the risk management strategy.
- 6.5 Note that Internal Audit will be undertaking a separate review of risk management systems and processes during 2008/09.

APPENDICES

Appendix 1 – Risk Management Strategy

Appendix 2 – Corporate Risk Register March 2008

London Borough of Haringey

The Management of Risk – Corporate Strategy

Version 3.1

January 2008

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1. BACKGROUND

- 1.1 It is now recognised that all organisations face a range of risks which may affect the achievement of their objectives. Risk management is therefore an essential part of securing the 'health' of an organisation. Risk management is an important element in the running of any business: ensuring that threats to corporate objectives and service delivery are minimised; and that business opportunities are exploited to maximise resources or revenue.
- 1.2 Risk management is part of the overall arrangements for securing effective corporate governance. Corporate governance can be described as the systems which local authorities use to direct and control their operations and relate to their communities.
- 1.3 Good corporate governance can provide the authority's various communities, partners and other organisations, with confidence that the council maintains the highest possible standards in delivering their services. It is impossible for any organisation to achieve effective corporate governance arrangements without an effective risk management framework.
- 1.4 The council also has to comply with various statutory requirements which include issues relating to corporate governance or risk management. The Accounts and Audit Regulations 2003 require local authorities to review, at least once a year, the systems they have in place to control and manage the services they provide. The council must, from 2007/08, publish an annual governance statement, which represents the end results of its annual review, with its financial statements.
- 1.5 The Comprehensive Performance Assessment (CPA) was introduced in order to evaluate local authorities' performance over a number of areas. Risk management is included within the annual 'Use of Resources' assessment.
- 1.6 Other key statutory issues for the council in relation to risk management include the requirements of the Civil Contingencies Act 2004 and the Health and Safety at Work Act 1974 and its related legislation. Internally, the council has developed various business planning, performance and project management frameworks, which all require risk management to be considered.
- 1.7 Haringey has responded to the challenges of the above requirements and has produced a number of policies and strategies specifically relating to risk management. These set out how the council would identify, evaluate and manage the key risks facing it.
- 1.8 Everyone within the council has a role to play in managing risk. In order to put this in context and provide an explanation of how the various statutory and local requirements should be met, this corporate strategy has been developed. This builds on the previous risk management strategy to indicate where the various statutory and key corporate requirements fit in.

2 INTRODUCTION

- 2.1This strategy provides an overview of Haringey's risk management position and what the council needs to do to move towards achieving the highest ratings in the relevant CPA assessments. It updates the previous risk management strategy and clarifies the various roles, responsibilities and governance structures.
- 2.2 Haringey council, via statutory requirements and corporately set objectives, must balance the demands of service users and tax payers; involve communities in service provision; deliver, commission and regulate services; and enter into strategic and local partnerships, often involving complex funding arrangements.
- 2.3 Balancing all of these, sometimes conflicting, objectives means that the council needs a framework which ensures that a pro-active approach is taken and risks are considered before decisions are taken by the appropriate body.
- 2.4The aim of this strategy is to ensure that risks are identified at the right time to enable good decisions to be made, including:
 - reducing the impact and/or number of risks which could prevent the council achieving its objectives; and
 - ensuring that the council takes advantage of opportunities to improve its performance.
- 2.5 Risk management can make a difference and enhance the performance of the council by:
 - Identifying and preventing the bad things from happening; and
 - Ensuring that all the good things we want to do actually happen.
- 2.6The aim of this strategy is to ensure that everyone responsible for managing and taking decisions is aware not only of the key risk management functions, but also their responsibilities in relation to them.
- 2.7 From the departments' and business unit managers' perspectives, the emphasis should be to achieve their objectives and deliver their services. Risk management should be used to facilitate this in the most effective way possible. By using a systematic approach, managers will ensure that they consider all the options available to them, and be in a better position to anticipate and respond to changing social, environmental and legislative requirements.

3 WHAT IS RISK?

- 3.1 For a public body such as Haringey Council, risk can be defined as:

 Anything that poses a threat to the achievement of our objectives,
 programmes or service delivery to the residents, businesses and
 communities of Haringey.
- 3.2 Risks can come from inside or outside the council, and may include financial loss or gain, physical damage to people or buildings, client dissatisfaction, unfavourable publicity, failure of equipment, or fraud. Failing to take advantage of opportunities may also have risks for the Council, for example not bidding for external funding, or not publicising successes.
- 3.3 Taking advantage of new opportunities, for example working with the voluntary sector to deliver services, can also mean the Council has to deal with different types of risks. However, not taking advantage of these opportunities may leave the Council facing bigger risks in the future.
- 3.4 Therefore, some risks should not necessarily always be avoided. However, this should not mean the Council takes poorly thought through decisions which may cause losses of confidence, finance, or reputation. If risks are identified and managed effectively, they can allow the council to take opportunities for improving services.
- 3.5 Risks can be classified according to how they may affect the council as it delivers its services:
 - Corporate (strategic) risks risks which may affect the council's ability to achieve its plans.
 - Reputational risks risks that may undermine the confidence that the council's partners, customers, staff and the public have in it, e.g. adverse news articles.
 - Service (operational) risks risks which may prevent the council delivering its core services, e.g. lack of staff, damage to buildings, equipment failure.
 - Financial risks risks which may cause a breakdown in the council's financial systems e.g. fraud.

4 WHAT IS AN ACCEPTABLE RISK?

- 4.1 As a general principle, the Council will seek to eliminate and control all those risks which:
 - have a high potential for incidents to occur;
 - would have a substantial adverse financial impact;
 - would cause loss of public confidence in the Council and/or its partner organisations; or
 - may stop the Council from carrying out its statutory functions or achieving its strategic objectives.
- 4.2 The Council recognises that it is impossible to eliminate all risks, especially those which it has no control over e.g. changes to legislation, climate and weather influences, or external power failure.
- 4.3 The Council will always try to reduce or eliminate risks wherever possible, but it needs to strike the right balance between how much it costs to manage or eliminate risks and taking no action. For example, the costs of eliminating risks in a system may be more than the amount of money the Council may lose if the system were to fail. In these circumstances, the Council would want to ensure that there were sensible precautions taken to manage the risks, but that these were balanced against what it would cost if the system were to break down.
- 4.4 Systems that the Council puts in place should therefore be flexible enough to encourage innovation and imaginative use of its limited resources, subject to any legal requirements, in order to deliver better services to its residents.
- 4.5 All projects and programmes of change carry with them some risk of failure. The willingness to take advantage of opportunities or new innovation, in a managed way, is a sign of an ambitious organisation. It is important that risks associated with opportunities and innovation are identified and effectively managed, to ensure that the strategic objectives of the Council are achieved.

5 WHAT IS RISK MANAGEMENT?

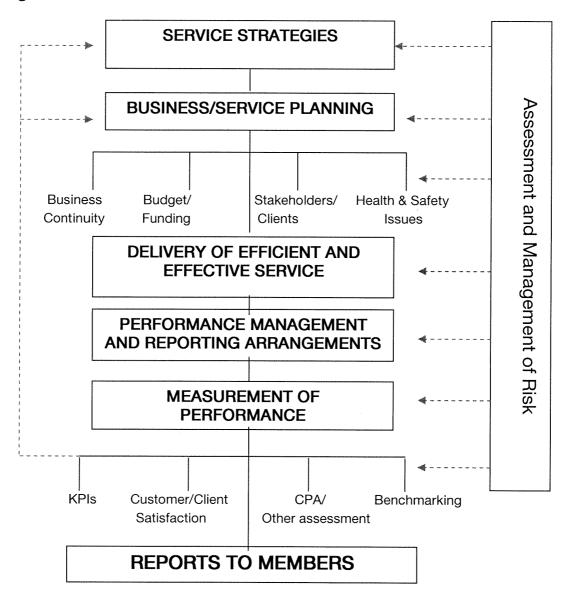
- 5.1 There is no such thing as a risk-free environment, but many risks can be avoided, reduced or eliminated through good risk management. Good risk management also takes advantage of opportunities while analysing and dealing with risks.
- 5.2 Risk management is something that managers do every day as part of their normal work, although it may not always be written down, and managers may not use a formal procedure to make their final decision. Risk management can be explained as a tool for managers to use so that they are able to identify, evaluate and manage both risks and opportunities in a logical and consistent way.
- 5.3 Good risk management is forward looking and helps to improve business decisions and manage performance. It is not only about avoiding or minimising losses, but also about dealing positively with opportunities.
- 5.4 In addition to fulfilling statutory requirements, it should be recognised that there are many benefits to making sure that risk management is considered and applied at all levels in the Council, including: 1
 - Allowing managers to focus on the issues that really matter;
 - Spending less management time on operational issues;
 - Fewer surprises;
 - Managers are focused on doing the right things, in the right way;
 - Better chance of achieving business objectives;
 - Better chance that new developments can be delivered on time, in accordance with the planned programme and within budget; and
 - More informed risk taking and decision making.
- 5.5 Risk management should be considered as a continuous process, which evolves as the Council gains more understanding of the risks and opportunities facing it and how to manage these effectively.
- 5.6 Risk management consists of a number of elements, which should be considered and applied regularly during the course of the year, as part of the Council's cycle of performance management and improvement processes:
 - Understanding the Council's/ department's/ business unit's objectives;
 - Identifying and assessing the risks facing it;
 - Assessing the actions in place to manage the risks;
 - Taking action to improve, monitor and learn from experiences.

¹ Source: 'Embedding Risk Management into the Culture of your Organisation', The Institute of Internal Auditors – UK and Ireland, October 2003.

6 WHO IS RESPONSIBLE FOR RISK MANAGEMENT?

- 6.1 Directors and senior managers are responsible for managing their services. They are therefore responsible for identifying, assessing and managing the risks associated with planning, delivering and monitoring each of their services.
- 6.2 The following diagram illustrates the key processes in the council's overall approach to the provision of its services. The assessment and management of risk is essential to all aspects of this approach and is shown as an overarching aspect of service delivery.

Figure1



- 6.2 Additionally, the Chief Financial Officer has a specific statutory responsibility, under section 151 of the Local Government Act 1972, to ensure that the Council maintains high standards in managing its financial systems and that procedures comply with all relevant legislation and local procedures.
- 6.4 The Chief Executive's Management Board (CEMB) is responsible for approving the Council's risk management strategy and for ensuring that this is reviewed and updated on a regular basis. CEMB is also responsible for reviewing and approving the corporate risk register, business continuity plan and health and safety policy on a regular basis.
- 6.5 The council's Audit Committee has responsibility for approving the risk management strategy at member level and is also responsible for reviewing, on an annual basis, the implementation of risk management across the Council. Risk management is included as part of the portfolio for the Cabinet Member for Resources.
- 6.6 The Council also has a statutory responsibility to "assess the risk of an emergency occurring" under the Civil Contingencies Act 2004. This responsibility is undertaken in partnership with other agencies (e.g. the Emergency Services), and the resulting Community Risk Register is signed off at the Local Resilience Forum.
- 6.7 Figure 1 above sets out the various areas across the council where managers need to consider the risks in relation to their business, and how these should be addressed. In practice, the council has various corporate systems and processes which should be completed in order to ensure that risks are appropriately considered. These are set out below in Table 1 below:

Table 1

Area	Response	
Business/Service Planning	Risk Register(s) to be completed	
Project & Programme Management	Haringey Project Management Framework to be followed	
Business Continuity/Disaster Recovery	Business Continuity Plan(s) to be completed	
Health and Safety	Risk Assessment(s) to be completed	
Performance Management	Key Performance Indicators (KPI's) to be monitored	

7 RISK MANAGEMENT – THE FRAMEWORK

- 7.1 Our vision is that all significant risks which may prevent the Council from achieving its objectives and all appropriate opportunities are identified, assessed and cost effectively managed, as part of the whole Council performance management process.
- 7.2 The key objectives of the framework are to ensure that the Council has a consistent approach and basis for measuring, controlling, monitoring, follow-up and reporting of risk that is based on what the Council, not any individual, judges to be acceptable levels of risk.
- 7.3 The framework demonstrates how the management of risk is embedded in the various business processes across the council, including business planning, financial planning, business continuity, performance management and project management.
- 7.4 Table 2 below provides a summary of the council's business planning cycle and how the business processes operate within this.

Table 2

Timing	Activity	Completed by	Key Contact
April	Draft Business Plans	BU Head	Performance Management Team
April and September	Review and update of risk register	BU Head/ DMT/ CEMB	Head of Audit & Risk Management
April and September	Review and update of Business Continuity Plan	BU Head/ DMT/ CEMB	Emergency Planning and Business Continuity Manager
September	Pre-Business Plan Review	BU Head	Performance Management Team
April - March	Collate and monitor Key Performance Indicators	BU Head	Performance Management Team
April - March	Submission of Project Management Highlight reports	Project Lead	Project Management Office
April	Undertake risk assessments	BU Head/ DMT	Health & Safety Manager

7.5 Previous sections of this strategy have listed the areas where the council requires managers to complete corporate processes. Table 3 below details the appendices which set out how the framework operates in practice for each of these areas:

Table 3

Area	Appendix
Risk Registers	Α
Project & Programme Management	В
Business Continuity Plans	С
Risk Assessments	D
Performance Management	Е

8 HOW ARE RISKS REVIEWED AND REPORTED?

- 8.1 The council has various means of measuring and recording risks. The reporting of each of these areas, together with the links between each process, is set out below.
- 8.2 Risk registers are subject to regular review and update, at least quarterly, by business units, departments and CEMB. The timing for review should coincide with and form part of the annual planning process. As a minimum, risks should be formally considered twice a year in line with submission of the Pre-business Plan Reviews (PBPR's) in September and the annual business plans in April. Key risks are escalated from business unit registers to departmental registers and ultimately on to the corporate register where the realisation of the risk may impact on the ability to achieve corporate or statutory objectives.
- 8.3 The Corporate Business Continuity Plan (BCP) is reviewed on a quarterly basis, and subject to test on an annual basis. The Emergency Planning and Business Continuity Planning team maintain the corporate plan, incorporating lessons from incidents and exercises. Business Unit BCP's should be reviewed twice a year in line with the business planning cycle (in September and April). Reports are provided to CEMB and members detailing the implementation and management of the council's BCP's. Key BCP risks are included on business unit, departmental and the corporate risk register as appropriate.
- 8.4 The council's project management framework requires risks affecting each project to be reviewed prior to the submission of each project highlight report (normally monthly) and reported to the relevant project and programme board. Reports to CEMB and members are provided on a regular basis as part of the reporting cycle. Projects which carry significant risks to the achievement of business unit or departmental objectives should be included in business unit or departmental risk registers, with escalation to the corporate risk register in cases where the failure of the project may impact on the ability to achieve corporate or statutory objectives.
- 8.5 Health and safety risks are addressed based on the Health and Safety Executive's 'Sensible Risk Management' strategy, which the council has adopted. Managers at all levels are required to ensure that key assessment processes e.g. display screen assessments and safe working practices are completed on a regular basis. Reports to CEMB and members detailing compliance with the council's policies are provided on a regular basis.
- 8.6 Performance management information, including statutory and local performance indicators, is provided on a regular basis to CEMB and members. The council uses a 'balanced scorecard' to highlight key risk areas.
- 8.7The Council has to produce an annual governance statement every year, which is an assessment of the systems the Council has in place to control and manage the services they provide. This risk management strategy and framework will provide assurance to CEMB and members that risks are being properly managed.

The completion of risk registers

1. Identification of risks

- 1.1 Risk registers should allow Business Unit Heads, Departmental Managers and members of CEMB to identify and manage those risks which are the most important in making sure that the council delivers its services effectively.
- 1.2 The first stage of the process is to identify the risks (including opportunities) facing the Business Unit/Department/Council. In line with the CIPFA/SOLACE guidance, Haringey's risk management framework is linked to business objectives. These business objectives are identified by departments and business units as part of the annual business planning process.
- 1.3 The council has a corporate risk register which identifies the most significant risks facing it. Each department has its own risk register which identifies the key high level risks which could impact on the directorate or the council as a whole. All business units within the council also have their own risk registers which focus on the risks affecting each individual service, although some of the risks may have an impact on whether the department or the Council meets its objectives.

2. Assessment of risks

- 2.1 When all the relevant risks have been identified, a numerical scoring system is used to determine which are the key risks to the department or business unit. Risks are scored using two factors:
 - *Likelihood*. An assessment is made of how likely the risk is to occur in practice; and
 - *Impact*. An assessment is made on if the risk did occur, what would be the impact on the department, business unit, or system.
- 2.2Managers decide on the likelihood and impact of each of the risks identified for their department or business unit as they are in the best position to be able to assess the likelihood and impact of each of the risks on their specific departments.
- 2.3In order to ensure a consistent approach across the Council, specific criteria have been agreed for the likelihood and impact scores. The Impact and Likelihood Scales are attached at Appendix A1, which also provides further detail on when the relevant managers should take action, or further action, to manage risks effectively and consistently.
- 2.4The impact and likelihood of individual risks may change over time, therefore it is important to review the assessments which have been made on a regular basis.

3. Risk before and after controls

3.1Each risk is assessed for impact and likelihood before considering what controls are in place to manage it. The resulting score is called the 'Inherent Risk Score'. Managers will them identify what controls are already in place to manage each of the risks and then assess how effective they think the identified controls are (also known as risk management or mitigation strategies). After this has been done, the risk score is generally reduced and the resultant figure is the 'Residual Risk Score'.

The completion of risk registers

- 3.2The control in place should either reduce the likelihood that a risk will occur, or the impact if it were it to occur. If the score after controls, the residual risk, is still at an unacceptably high level, additional actions may be required in order to reduce the risk level further.
- 3.3The Council's objective is to make sure that the most cost-effective controls are in place for each risk, and that managers have considered the cost against the benefit of the control. This may mean that certain risks have a high residual score because the cost of reducing the risk may be higher than the potential cost, if the risk actually happens.
- 3.4The completed risk registers therefore contain the following:
 - service delivery objectives;
 - key risks and which officer is responsible for managing those risks;
 - inherent risk scores;
 - controls in place to manage the risks, and who is responsible for those controls;
 - · residual risk scores; and
 - any further actions required, and who is responsible.

4. Assurances on the effectiveness of key controls

4.1 The Council wants to ensure that the controls which managers say are in place to manage the key risks, are both in place and working effectively. The annual programme of internal audit work includes resources to test the key controls specified within the risk registers, based on the level of risk involved.

5. Monitoring of risks

- 5.1Setting up the risk registers is only one part of the risk management process. In order to achieve real benefits from implementing risk management, it is important that the risk registers are reviewed and kept up to date on a regular basis.
- 5.2The Chief Executive's Management Board (CEMB) will review and update the corporate risk register on a regular basis. The update may take the form of new risks, changes to or additional controls, and changes to risk scores. Key triggers for significant changes to risk registers will be new or changing regulations, implementation of new departmental or corporate projects, high staff turnover, changes in the external environment, and Internal Audit reviews.
- 5.3The Audit Committee will, on an annual basis, review the corporate risks identified and confirm their acceptance of both the risks which have been identified, and the actions in place to manage them.
- 5.4Using the framework, a consistent methodology for measuring and scoring risks is applied throughout the Council. What is an acceptable level of risk for the Council, and what managers need to do to deal appropriately with risks at various levels, is detailed at Appendix A1.

APPENDIX A

The completion of risk registers

APPENDIX A1 - Impact and Likelihood Scales

To be used as a guide in assessing risk ratings:

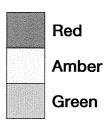
Descriptor	Impact Guide	Likelihood Guide
1	No impact	<1% likely to occur in next 12 months
2	Financial loss up to £5,000 or no impact outside single objective or no adverse publicity	1%-5% likely to occur in next 12 months
3	Financial loss up to £10,000 or no impact outside single objective or no adverse publicity	
4	Financial loss up to £50,000 or minor regulatory consequence or some impact on other objectives	10%-20% likely to occur in next 12 months
5	Financial loss up to £100,000 or impact on other objectives or local adverse publicity or strong regulatory criticism	20%-30% likely to occur in next 12 months
6	Financial loss up to £300,000 or impact on many other processes or local adverse publicity or regulatory sanctions (such as intervention, public interest reports)	30%-40% likely to occur in next 12 months
7	Financial loss up to £500,000 or impact on strategic level objectives or national adverse publicity or strong regulatory sanctions	40%-60% likely to occur in next 12 months
8	Financial loss up to £1 million or impact at strategic level or national adverse publicity or Central Government take over administration	60%-80% likely to occur in next 12 months
9	Financial loss above £1 million or major impact at strategic level or closure/transfer of business	>80% likely to occur in next 12 months

APPENDIX A

The completion of risk registers

Measuring what is an acceptable risk

	9	9	18	27	36	45	54	63	72	81
	8	8	16	24	32	40	48	56	64	72
	7	7	14	21	28	35	42	49	56	63
Impact	6	6	12	18	24	30	36	42	48	54
	5	5	10	15	20	25	30	35	40	45
	4	4	8	12	16	20	24	28	32	36
	3	3	6	9	12	15	18	21	24	27
	2	2	4	6	8	10	12	14	16	18
	1	1	2	3	4	5	6	7	8	9
		1	2	3	4	5	6	7	8	9
		Lik	elihoo	d						



Risk Score	Value	Action required
12 or less	Up to	Acceptable level of risk.
	£50k	No further action is required to reduce risks, but managers should ensure that the relevant controls are operating effectively. However, departmental managers should review the controls for low risk areas carefully, to ensure there are not too many controls in place.
14 - 30	£5k -	Implementation of additional controls is required.
77 00	£300k	The costs and benefits of additional controls should be considered. The relevant departmental management team may then agree that no further action should be taken. This decision must be recorded on the risk register.
32 or more	£50k –	Implementation of additional controls is required.
	£1m	If the Business Unit, or Department does not want to introduce any more controls, they must seek approval from CEMB. Any agreement from CEMB must be recorded on the risk register.
		If the impact of the risk is considered significant (impact score of 5 or 6) and/or the likelihood of the risk happening is thought to be high (likelihood score of 9), the relevant departmental management team must review them and agree the approach to manage them.
		If the impact of the risk is considered substantial, major or catastrophic
		(impact score of 7, 8 or 9), CEMB must review them and agree the
		approach to manage them.

Project and Programme Management

Projects are one-off activities which bring about change. Projects tend to be risky for two reasons, because:

- 1. the organisation has limited, if any, experience of undertaking the work before; and
- 2. the impact of change cannot always be predicted from the outset.

To minimise risk to work done in a project environment project managers follow Haringey's Project Management Framework (PMF). The PMF outlines:

- set project management processes;
- roles and responsibilities;
- guidance on governance; and
- the monitoring structure, sign-off procedures, and quality assurance provided by the Programme Management Office.

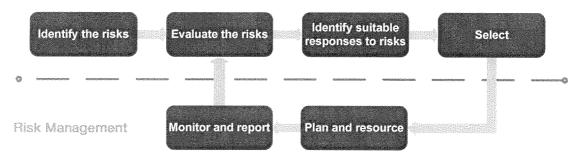
It also contains standard templates for all key documents and guidance on how they should be completed.

The Council also has a Corporate Programme Management Office (PMO) to ensure compliance with the PMF and to manage risk at a programme level.

The Risk Management Cycle

All risks within the project environment, whether programme or project level, are handled according to the standard risk management cycle. See diagram below:

Risk Analysis



Risk Management at Programme vs. Project level

<u>Programme-level risks</u> are those risks which affect the intended benefits of a programme. There are two main types of programme level risks:

- a) those risks which affect all or a number of projects within the programme; and
- b) those risks which so substantially affect the benefits of a key project that they put the programme benefits at risk.

These risks are held by the Corporate PMO in the Programme Risk and Issue Log. The Corporate PMO manages the log by:

Horizon scanning for risk;

- Holding and updating the log, whether risks are raised inside or outside the PMO;
- Circulating the log to the Programme Boards, CEMB and other key stakeholders to ensure that there is an awareness of risks; and
- Monitoring whether risk owners are undertaking management action as assigned.

<u>Project-level risks</u> are those risks which affect the intended outputs or benefits of the project. Project managers are responsible for managing and logging project level risks. Project managers may delegate the management of risk to appropriate risk 'owners', but they retain accountability for the management of risk. Project managers are expected to keep unwanted outcomes to an acceptable minimum.

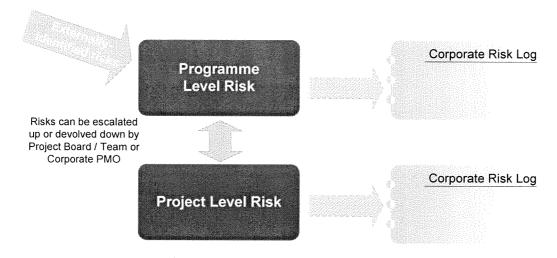
Project managers should review the project risk log every time they submit a Project Highlight Report. A full risk review of the project should be undertaken at the end of every project stage.

Link with Corporate Risk Management Processes

The steps in project and programme risk management are as follows:

- 1. Risks which are identified at project level are logged by the project manager in the project risk log, and if this places the directorate's objectives at risk, it should also be logged on the Corporate Risk Register for the Business Unit.
- 2. Corporate PMO receive a copy of each project's risk log as part of the monthly Project Highlight Report.
- 3. Corporate PMO assess whether the risks are deemed significant at programme level. If they are, the risk is logged in the Programme Risk Log. The Programme Risk Log is circulated to all project managers, sponsors, and the senior management team on a monthly basis.
- 4. Programme-level risks may also be picked up by Corporate PMO and other stakeholders through horizon-scanning. If they are also significant at the project level they may be devolved down to the project manager for monitoring within the project environment too.

This process is shown in the diagram below:



APPENDIX C

Business Continuity Plans

1. Overview

- 1.1 Business Continuity Plans allow Business Unit Heads, Departmental Managers and members of CEMB to manage threats or incidents that have the potential to disrupt the delivery of services or the conduct of Council business.
- 1.2 By focusing on the impact of disruptive events, BCM identifies the critical services and function the organisation depends on, and what is required for the organisation to continue to meet its obligations to its many stakeholders. This allows the organisation to:
 - Take steps to protect its people, premises, IT, supply chain, reputation etc
 - Plan to respond effectively to disruptive events and challenges
- 1.3 Business Continuity Management is a cyclical process, and is designed to manage and control risks which can be described as "low probability, high impact" events. It involves four stages:
 - Understanding the organisation
 - Determining the Business Continuity Strategy
 - Developing and implementing the BCM Plans
 - Exercising maintaining and reviewing
- 1.4. It requires both leadership and ownership from senior management, and understanding and support throughout the organisation. For this reason, Business Continuity Management is a mainstream activity, that is required of all Business Units.

2 Roles and responsibilities

- 2.1 The Emergency Planning and Business Continuity Team are responsible for :
 - maintaining the corporate Business Continuity Plan, and advising CEMB of key Business Continuity risks, and mitigation strategies.
 - providing advice and training to Business Units to support their Business Continuity planning.
 - Providing a programme of exercising to validate corporate and Business Unit plans.
- 2.2 Heads of Business Units are responsible for:
 - · Considering the risk of business continuity disruption in their Risk Register
 - Ensuring Business Continuity Plans are in place and reviewed twice a year.
 - Providing data to the Emergency Planning and Business Continuity Team to inform the corporate Business Continuity strategy.
- 2.3 Each Directorate should appoint a Tier 2 lead on Business Continuity who will:
 - Lead on and champion Business Continuity within the Directorate
 - Represent the Directorate on the corporate Business Continuity Management team in the event of an incident requiring a corporate response.

3 Understanding the organisation

- 3.1 There are two aspects to this stage of Business Continuity Planning:
 - · Identification and assessment of Business Continuity risks
 - Analysis of the criticality of services and functions, and the resources required to support them.
- 3.2 Business continuity risk are identified by the Emergency Planning and Business Continuity Team, based on the Community Risk Register compiled in conjunction with the Emergency Services. Other Business Continuity Risks are identified by the IT Services.
- 3.3 Guidance on the likelihood of these risks occurring is provided centrally to Business Units, who must then consider the impact of these risks on their own operations and services. Business Units are expected to enter into their Risk Register any individual BC risks that are of particular significance to them, or a generic BC risk if no individual risk is significant.
- 3.4 Analysis of the criticality of services and functions of a Business Unit is undertaken on the basis of the length of time the service could cease to function for, before a "Level 5" impact was felt on the Council Risk Management Framework Impact scale (see Appendix B1). Since this prioritisation of services will determine the order in which the Council recovers its services in the event of an incident, these priorities should be agreed with the responsible Cabinet Member.
- 3.5 Each service is also required to identify and report to the Emergency Planning and Business Continuity Team annually on the resources they would require to maintain their service, considering:
 - People
 - Premises / workspace
 - Resources
 - Suppliers
 - IT
 - Vehicles

4 Determining the Business Continuity Strategy

- 4.1 The Councils Business Continuity Strategy operates at two levels: local strategies developed by Business Units and services managers, and the corporate strategy for dealing with larger events.
- 4.2 Each Business Unit is required to identify local actions they can take to maintain services in an incident. These can include remote working, temporary suspension of non-key functions, supplier management strategies etc. Business Units should also consider what actions they can take to improve the resilience of their operations for example by changing operational processes, identifying alternative suppliers of goods and services, identifying changes to the configuration of premises or infrastructure.
- 4.3 Corporate Business Continuity strategy focuses primarily on larger disruption of access to premises, and major workforce disruption. This strategy is developed based on an analysis of the data provided by the Business Units (see 2.5).

4.4 This plan is linked to the IT Disaster Recovery Plan, and provides the priority order for recovery of IT Services in aftermath of an incident affecting IT Services.

5 Developing the Business Continuity Plans

- 5.1 The Business Continuity Response is again split into corporate and local actions. The Corporate Business Continuity Plan sets out the incident management framework for the Council as a whole, roles and responsibilities, notification and escalation processes.
- 5.2 Business Unit or service Business Continuity Plans are produced according to a corporate template, and include local notification and incident management arrangements and checklists, along with the recovery requirements and actions plans for restoration of services.
- 5.3 Every Business Unit must have a Business Continuity Plan or plans covering every aspect of their service.
- 5.4 Business Units are also required to verify the Business Continuity arrangements of their key suppliers and partners.

6 Exercising, maintaining and reviewing

- 6.1 The Corporate Business Continuity Plan is reviewed on a quarterly basis, and exercised annually. The Emergency Planning and Business Continuity Planning team maintain the plan, incorporating lessons from incidents and exercises.
- 6.2 Business Unit plans are required to be reviewed twice a year (in September and April). These reviews should take account of lessons from incidents and exercises, and organisational and operational changes that have occurred since the last review.
- 6.3 In addition, the Emergency Planning and Business Continuity Plan will audit a number of Business Unit plans each year on a risk basis.
- 6.4 Business Units plans will be exercised at least every three years, based on a corporate programme developed by the Emergency Planning and Business Continuity Team.

APPENDIX B1: Service Prioritisation Guide

What are your priorities for Business Continuity, in the event of an incident, and the target recovery time?

(Immediate)	CITICAL OCI VICES	righ Priority	Medium Priority	Low Priority
	(Recover within 4 hours)	(Recover within 24 hours)	(Recover within 3 days)	(1 week +)
	List individual services	or aspects of services	in these boxes according	to their priority.
At what point would service disruption have a objectives or local adverse publicity or strong		"Level 5" Impact: i.e. Financial loss up to £100,000 or impact on other regulatory criticism	cial loss up to £100,000 c	or impact on other
				Likely to be project work consultation
				strategy development etc.
			Likely to be services with	Likely to be services with a public-facing element,
			but not immediately time-critical. For example,	-critical. For example,
		→	street cleansing can be delayed for a few days,	delayed for a few days,
			without serious consequences.	ences.
		Services which are very v	Services which are very visible to the public may well fall into this category.	ell fall into this category.
	•	Services like IT, on which	Services like IT, on which many other services depend, may also fall into this	end, may also fall into this
		category.		
	In general, the only servic	In general, the only services that fall into this category are those where the welfare of the public is	ory are those where the we	Ifare of the public is
·-	immediately affected. Fo	For example, Home Care Services - if this was suspended, clients who were not	vices - if this was suspend	ded, clients who were not
	visited may well be at a serious health risk.	erious health risk.		
The Council will prioritise services needed to resp	ervices needed to respon	and to the immediate needs of the public is as amazanay. If so amazanay	of the public as as as placed	10

response is required - for example if the incident is purely internal to the Council - then these services will not be prioritised.

London Borough of Haringey - Corporate Risk Register 2007/08

This document sets out the key risks common to Directorates across the Council. The risks are based upon the objectives of individual directorates and Business Units. If the risks in this register have been escalated via Business Unit and/or Departmental Risk Registers, references have been included to identify these.

Key to the Risk Register: - Ref: Details the reference number for the risk - based on the following:

CEMB - Chief Executive's Management Board

UE - Urban Environment:

Streetscene; Planning Policy & Development; Enforcement; Strategic & Community Housing; Economic Regeneration

ACCS - Adults Culture and Community Services:

Adult learning libraries & culture; Adult Services; Commissioning & strategy; Recreation Services

CYPS - Children and Young People's Service:

Children & families; School standards & inclusion; Business Support & Development

CR - Corporate Resources:

Corporate Finance; Audit & Risk Management; IT Services; Benefits & Local Taxation; Customer Services; Corporate

Procurement; Legal Services; Property Services

POD - People and Organisational Development:

Human Resources; Local Democracy & Member services; Organisational Development & learning

PPPC - Policy Performance Partnerships and Communications:

Safer Communities; Neighbourhood Management; Performance & Policy; Communications

Risk Identified: Details the risk identified by management.

is to occur, without any mitigating actions in place to address the risk. The Impact and Likelihood of the risks are scored from 1 Inherent Risk: Is assessed by Impact (I) and Likelihood (L). The Inherent risk is the impact of the risk occurring, and how likely to 9 according to the schedule in Appendix 1 of this report.

Controls: The actions and processes which are currently in place to manage the risk identified.

Residual Risk: Is assessed on the same rankings as Inherent Risk. The Residual Risk is the impact and likelihood of the risk occurring with the current controls in place. Further Action: Where there is outstanding residual risk, further actions have been identified by management to reduce the

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London Borough of Haringey - Corporate Risk Register 2007/08

Ref	Risk	Inher	Inherent Risk	Controls	Resid	Residual Risk	Further Action/	
		Impact	Likelihood		Impact	Likelihood	Responsibility	
CEMB1	Inadequate financial	7	7	Budget Holders and Directors	7	3		
	management, overspends/ lack of Value For Money. Risk Owner: All Directors and ACE's		49	ongoing basis with support from Heads of Finance. Formal monthly budget monitoring process with Finance and Performance report submitted to Cabinet. Four year financial strategy in place with regular reports to Members re Capital and Revenue budgets. Management of projects within a formal project management framework. Sufficient levels of reserves to be able to manage any budget risks. Comparison against the CPA KLOE requirements undertaken on regular basis undertaken on regular basis		22	Page 211	Page 211
CEMB2	Lack of safety and well-being for	7	6	Policies and procedures for protecting with procedures for the protecting with persists and procedures.	9	2		-
	clients and staff. Risk Owner:		63	and children from abuse in		30		
	All Directors and ACE's			 Local procedures in place across departments 				***************************************

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Borough of Haringey - Corporate Risk Register 2007/08	Promotorio and an arrangement of
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Temperat Likelihood File Management strategy in place with lines to health and safety audits and monitored management strategy in place with lines to health and safety audits and monitored management team briefly to provide appropriate services. File Management development strategy in place with lines to health a Safety audits and monitored services. File Management strategy in place with lines to health a Safety audits and monitored services. File Management strategy in place with lines to health a Safety audits and monitored approaches in place with lines to health a Safety audits and monitored approaches in place with lines to health a Safety audits and monitored spring and monitored approaches in place with lines and monitored services. File Management development development programmen by Corporate HP policies & procedures in place approaches and ACE's Exit interviews undertaken are annual staff development programmen by every place approaches in place approaches in place approaches in place approaches and ACE's Exit interviews undertaken are annual staff development programmen approaches and ACE's Exit interviews undertaken are annual staff development and annua	Ref	Risk	Inher	Inherent Risk		Controls	Resid	Residual Risk	Further Action/	
Place with links to health and safety requirements Health & Satety audits Hist Assessments Undertaken Ompulsory DSE training for staff undertaken Staff who use computer Compulsory DSE training for staff undertaken Staff who use computer Compulsory DSE training for staff undertaken Staff who use computer Compulsory DSE training for staff undertaken Staff who use computer Council procedures. Agreed performance Support to corporate services. Inability to provide appropriate succession planning Inanagement team turnover; Inability to provide appropriate appraisal process in place Support to corporate services. All Directors and ACE's Exit interviews undertaken Corporate HR Policies & procedures in place Bisk Owner: People Plan and annual staff development programme.			Impact	Likelihood	,		Impact	Likelihood	Responsibility	
Staffing issues impact on the 7 7 Pegular one to one in place and more training for staff who were inability to recruit and/or retain and succession planning in partials to provide appropriate survices. Inability to provide appropriate support to corporate services. Inability to provide appropriate services. Inability to service services. I		,			•	Risk Management strategy in place with links to health and				
New York of Continuity and/or estiment to any or comport to corporate services. Inability to provide appropriate succession planning to comporate the procedures inability to provide appropriate succession planning to comporate the procedures inability to provide appropriate services. In Inability to provide appropriate services. In Inability to provide appropriate and or comporate the procedures in place for all staff. In Inability to provide appropriate and monitored services. In Inability to provide appropriate and monitored and monitored services. In Inability to provide appropriate and monitored and monitored and monitored services. In Inability to provide appropriate and monitored and monitored and monitored and monitored and monitored and monitored and annual staff development programme.					J, -	safety requirements				
Staffing issues impact on the Staffing issues impact on the Jew Posts filled using agreed equipment. Staffing issues impact on the Staff who use computer equipment. Staffing issues impact on the Staff who use computer equipment. High staff tumover. Inability to recruit and/or retain management team tumover; and and succession planning. Inability to provide appropriate services. Inability to provide appropriate services. Inability to provide appropriate services. All Directors and ACE's Inability to provide appropriate services. All Directors and ACE's Inability to provide appropriate services. Inability to descriptions on the services and monitored approach to corporate HR Policies & provide approach to c					•	nealtn & safety audits undertaken				
Staffing issues impact on the 7 7 compulsory DSE training for staff who use computer ability to deliver high quality services: Inability to recruit and/or retain management team turnover; and an management team turnover; and succession planning support to corporate services. Inability to provide appropriate succession planning support to corporate services. Inability to provide appropriate services. Indicators and ACE's					•	Risk assessments				
Staffing issues impact on the Ability to deliver high quality to decrinity and/or retain inability to recruit and/or retain management team turnover; and and anomitored succession planning and/or liability to provide appropriate succession planning and monitored and monitored and monitored and monitored and monitored and anomal staff development and annual staff development and annu						undertaken				
Staffing issues impact on the 7 7					•	Compulsory DSE training for				
Staffing issues impact on the ability to deliver high quality to deliver high staff turnover in and enangement team turnover; and enangement team turnover; and lack of continuity and/or succession planning in ability to provide appropriate services. In ability to provide appropriate services. Agreed performance appraisal process in place and monitored and monitored and monitored in procedures in place and monitored and monitored exist interviews undertaken every procedures in place and monitored exist interviews undertaken every procedures in place and monitored exist interviews undertaken every procedures in place and monitored exist interviews undertaken every procedures in place and monitored evelopment programme.						staff who use computer				
ability to deliver high quality services: • High staff turnover • Inability to recruit and/or retain right staff • management team turnover; and and planning • inability to provide appropriate services. • All Directors and ACE's • High staff turnover in place for all staff. • Management development programme in place for all managers/supervisors. • Internal communications ensure that team briefing cascades to all staff. • Management development programme in place for all managers/supervisors. • Agreed performance approaries procedures in place and monitored corporate services. • Exit interviews undertaken • People Plan and annual staff development programme.	CEMB3	Staffing issues impact	2	2	•	Posts filled using agreed	9	rc.		P
staff turnover littly to recruit and/or retain staff agement team turnover; staff turnover; staff uncover; staff agement team turnover; of continuity and/or propriate services. etch and annual staff and monitored and monitored and monitored and annual staff evelopment every procedures in place and monitored and annual staff evelopment programme.		ability to deliver high	,			Council procedures))		aç
for all staff. Internal communications ensure that team briefing cascades to all staff. Management development programme in place for all managers/supervisors. Agreed performance appraisal process in place and monitored Corporate HR Policies & procedures in place Exit interviews undertaken People Plan and annual staff development programme.				49	•	Codition procedures.		30		је
 Internal communications ensure that team briefing cascades to all staff. Management development programme in place for all managers/supervisors. Agreed performance appraisal process in place and monitored Corporate HR Policies & procedures in place. Exit interviews undertaken People Plan and annual staff development programme. 		High staff timover		•	•	negular offe to offes in place		2		2
 Internal communications ensure that team briefing cascades to all staff. Management development programme in place for all managers/supervisors. Agreed performance appraisal process in place and monitored Corporate HR Policies & procedures in place exit interviews undertaken Exit interviews undertaken People Plan and annual staff development programme. 		יייי יייי יייי יייי יייי יייי ייייי יייי				ior all stall.				12
irnover; i/or spropriate services.		 Inability to recruit and/or retain 			•	Internal communications				2
Wor		right staff				ensure that team briefing				
ypropriate services.		 management team turnover; 				cascades to all staff.				
ypropriate services.		and			•	Management development				
ppropriate services.		 lack of continuity and/or 				programme in place for all		a Magnes pot a different must		
services.		succession planning			_	managers/supervisors.				
services.		 inability to provide appropriate 			•	Agreed performance				
• •		support to corporate services.				appraisal process in place				
• •						and monitored				
• •		Risk Owner:			•	Corporate HR Policies &				
• •		All Directors and ACE's				procedures in place				
People Plan and annual staff development programme.			***************************************		•	Exit interviews undertaken				
development programme.					•	People Plan and annual staff				
						development programme.				

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	London	Boroug	h of Harir	London Borough of Haringey – Corporate Risk Register 2007/08	er 2007/	,08	
Ref	Risk	Inher	Inherent Risk	Controls	Resid	Residual Risk	Further Action/
		Impact	Likelihood		Impact	Likelihood	Responsibility
CEMB4	Failure of key projects, e.g.	7	7	Delivery and monitoring of Agreements and	5	4	
	Decent Homes Standards impact on the council's overall		49	similar cross cutting strategic partnership		20	
	objectives.			 programmes. Achieving Excellence 			
	Kisk Owner:			programme in place and			
	All Directors and ACE's			monitored by CEMB and			
			-	Members on a regular basis			
				Specific Project Boards e.g. BSE in place and reports to			
				CEMB and Members on a			F
				regular basis			Pa
				 Project Management 			ge
				arrangements in place which			2
				are monitored and reported			13
				on			3
CEMB5	Lack of, or inappropriate,	တ	တ	 Formal monthly budget 	9	2	 Exploring and pursuing
	management of the council's		150	monitoring process in place,		00	efficiency savings.
	capital programme leading to a		-	with Finance and) O	Action by:
	programme or budget		-	Performance report			All Directors and ACE's
	overspends.			Stream Board monitoring (for			
	Bisk Owner.			individual projects			
	All Directors and ACE's			Capital Strategy in place and			 Review of 2007/08 capital underspend
				monitored on regular basis			, , , , , , , , , , , , , , , , , , ,
							Action by:
		To the state of th					Chief Financial Officer

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Ref	Risk	Inher	Inherent Risk	Controls	Resid	Residual Risk	Further Action/
		Impact	Likelihood		Impact	Likelihood	Responsibility
CEMB6	-	6		The Community Care	œ	9	Actively pursue
	Increased demand.		63	Strategy's core objective is to reduce commissioning of		48	measures to achieve
	Kisk Owner:			residential care and reinvest)	greater cost effectiveness / value
	All Directors and ACE's			revenue into improved			for money.
				Demand led forecast in order			Action by:
				to effectively profile budgets			All Directors and ACE's
				to meet demand.			
		-		 Contingency plans in place 			
				in order to deal with cases of			P
				service demand above			ag
000000000000000000000000000000000000000				forecast levels.			е
CEMB7	Failure to meet statutory and	7	0	Council Constitution	5	9	21
	legal requirements and targets,			including scheme of		# 1 To The State of the State o	4
	e.g. B.V.P.I. and E.U. regulations.		63	delegation and finance/		30	
	Bisk Owner:			contract procedure rules in			
	TISK OWIGI.			place and reviewed regularly			
	All Directors and ACE's			 Performance management 			
				framework in place			
				 Regular reports on 			
				compliance with BVPI's and			
				other performance measures			
			ALL THE STREET	 Procedure notes in place for 			
				key financial and other			
				systems.			
CEMB8	Failure of corporate I.T. systems,	7	7	 Business process in place, 	2	4	
	e.g. SAP.			including system disaster			
	Bisk Owner		94	recovery and business		5 8	
				continuity arrangements.			
Commercial production of the Commercial Produ	Total and the second se			 Disaster recovery and 			

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	London	Boroug	h of Harii	London Borough of Haringey – Corporate Risk Register 2007/08	ter 2007,	80,	
Ref	Risk	lnher	Inherent Risk	Controls	Resid	Residual Risk	Further Action/
		Impact	Likelihood		Impact	Likelihood	Responsibility
	All Directors and ACE's			business continuity plans tested Service review meetings with			
CEMB9	Failure to maximise partnership	6		Establishment and	9	2	
	working opportunities which may impact on the coincil's		63	development of key relationships with external		30	
	reputation with external			organisations and business)	
	organisations and different			sectors.			
	business sectors.			 Ongoing work to ensure the 			
	Bisk Owner:			effectiveness of the HSP and			
				its network of thematic			Pa
	All Directors and ACE s			boards.			aç
				 Ongoing work with statutory 			ge
				and voluntary/ community			2
				sector partners, e.g. the			15
				Police, LDA, Employment			
				Service, Small Business			
	Access and the second of the s			Service and Health agencies.			
CEMB	Deterioration of highways	တ	7	 Work programmes to be 	6	9	 Highways Asset
0	Intrastructure and street furniture		63	discussed with the contractor	The same contract of the same		Management Plan to
Ц.	impacting on the environment		S	to ensure adequate resources		54	be reported to Cabinet
(OL (SS15a)	and posing a health and safety			are available to implement			in March 2008 and
0010a)	risk.			scheme			updated annually.
	a) Failure to ensure that			 Progress meetings are held 			Action by:
	carriageway and footway are			with the NRSWA team to			Head of Highways
***************************************	kept to a reasonable standard.			ensure there is a coordinated	***************************************)
	Contributing factors to this risk			approach to works occurring			
	may include:			in close proximity.			
	 Insufficient investment 			 Problems are highlighted at 			
	 Not meeting the required 			Coordination meeting.	OF BERTHAMAN		

Further Action/	Responsibility																													Transconditions of the state of
Residual Risk	Likelihood																													
Resid	Impact																													
Controls		Project highlight reports	during budget monitoring	Mechanisms in place to	ensure that reactive	maintenance is dealt with.	Frequent progress meetings	are held with contractors to	ensure any envisaged delays	are discussed and resolved.	Capital funding provided by	the council which is targeted	at the roads requiring	intervention and in full lengths.	The Borough spending plan	provides resources to fund the	maintenance and	infrastructure programme	within the borough.	Inspection regime in place to	identify faults on the highways	and ensure that contractors	work is completed in	accordance with contract	standards.	Asset Management Plan has	been drafted which identifies a	ten year investment strategy	to ensure the adequate	condition of the network.
Inherent Risk	Likelihood			•			•				•				•					•						•				
Inher	Impact																													
Risk		index level from 'scanner'	surveys.	 Exposure to insurance claims. 	 Staffing issues 	 Failure to implement work on 	site	 Contractor resources 	Coordination with NRSWA	team		Risk Owner:	Head of Highways																	
Ref																														

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London Borough of Haringey - Corporate Risk Register 2007/08

Ref	Risk	Inhere	Inherent Risk	Controls	Resid	Residual Risk	Further Action/
		Impact	Likelihood		Impact	Likelihood	Responsibility
CEMB 11 (UE SS21b)	Contractual Issues on Abandoned Vehicles (Expired Redcorn Contract) impact on the ability to deliver key service objectives Risk Owner:	ത	o <u>F</u>	 Legal Services taking action to address contractual issues. Service have instructed to Legal Services to prepare case for court action to resolve outstanding issues Additional advice requested from external counsel on additional advice requested 	o	₈ Ζ 2	Risk to be reviewed once direction or instruction received from Counsel. Action by: Head of Parking
CEMB	Delivery of Key sites programme:	6	6.	Additional resolutoes in place	σ		Additional recogness
12	Inability to process a significant))	for the development of a Major)		need to be identified to
	number of Major Applications		81	Sites team.		63	ensure all applications are
(UE PPD1)	within statutory timescales my result in legal challenges.			 Recruitment of experienced staff currently underway.)	efficiently processed. © Action by:
	Risk Owner: Head of Planning Policy & Development Service						Head of Planning Policy <mark>略</mark> Development Service 人
CEMB	Reduction in Supporting People	6	6	 Contingency plans in place to 	9	5	Consultation on
<u></u>	allocation will reduce services	•	Management and the second seco	manage the impact on the	_acytePend		proposals/options on
	that are delivered to vulnerable		81	level of services which can be		30	further service
(ACCS C&S3.1)	people through the programme and may impact/increase demands for services funded by core budgets			Long term funding and Savings Strategy already developed and agreed by the Supporting People Partnership		,	decommissioning completed November 07 for implementation in April 08.
	Risk Owner: Supporting People Programme Manager		_	Board The Commissioning & Strategic division is in place and will manage any impact.			 Further consultation underway with providers on finding additional efficiencies over and above those

Head of Commissioning Bid for additional funding (internal or external) Development of parks policy strategy, service specification and management/development plans where facilities and renewals/PPM Action by: Assistant Director Recreation Services	3 30
30 30	capital 6 5 capital 80 capital 90 wy/Open 9 ramme r s
showement o solutions and the year strive arking mark t setting	showement o soldace ent/ capital the year in a service should be s
apital ar spolicy, and oment amme	apital ar spolicy, and oment amme
ar s policy, and oment (Open amme	ar s policy, and oment amme
s policy, and Open amme	s policy, and Open amme
oment Open amme	oment Open amme
Open amme	amme amme
amme amme	amme amme
amme	amme
renewals/PPM Action by: Assistant Director Assistant Director Itive gime arking mark t setting	l user renewals/PPM Action by: Assistant Director Assistant Director Recreation Services arking mark t setting
back/ laints tive gime arking mark t setting	vack/ vlaints tive gime arking mark t setting
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setting	setting
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	Further Action/	Responsibility	Continue to monitor	and obtain relevant advice re: involvement	and actions	• Ensure all future	decisions are subject to appropriate	approval processes	Action by: Director of Corporate 1	Resources, Chief ©		219	9
80/	Residual Risk	Likelihood	5	45					<u> </u>				
ter 2007	Resid	Impact	တ										
London Borough of Haringey - Corporate Risk Register 2007/08	Controls		Director of Corporate	Resources on APP Board Officer seconded to APP to	assist with operational	financial procedures	Legal advice obtained with regard to ongoing involvement	by the council	Financial and other support	processes	Control Owner:	Director of Corporate Resources,	Chief Financial Officer
3orough of Harir	Inherent Risk	Impact Likelihood	2 6	63									
London F	Risk	1	B Alexandra Park & Palace (APP)	resources which		council's Key objectives.	 O Jo Jo	nesources, one Financial Officer					
	Ref	le di	CEMB	2	(CR2)								

	London	Boroug	n of Harii	London Borough of Haringey – Corporate Risk Register 2007/08	ter 2007/	80,	
Ref	Risk	Inhere	Inherent Risk	Controls	Resid	Residual Risk	Further Action/
		Impact	Likelihood		Impact	Likelihood	Responsibility
CEMB	The Council has no insurance	6	6	Member/ Cabinet/ Council	6	5	Review and/or enact
16	cover in place on 1 April 2008. The insurance cover in place is	l	81	approval obtained for LAML and any contingency	'	45	contingency arrangements if
	not appropriate to meet the		***************************************	arrangements)	judicial review rules
5 (E	council's requirements.			 Specialist insurance broker 	1, ,		against LAML
A74)	EU procurement regulations are			contracted to provide			 Obtain appropriate
***************************************	not complied with for insurance			external independent advice			approval for any
	purchased.			 Procurement Cttee approval 			actions required
	Legal challenge to LAML is			obtained for other insurance			Action by:
	successful and contracts in			contracts 26/2/08			Head of Audit & Risk
	place are rendered void			 Early acceptance of LAML 			Management 5
	Failure of external insurance			terms to ensure that			
	contractor or LAML:			arrangements in place prior			e
	 to perform to adequate 			to judicial review			22
	standards;			 Chief Finance Officer is 			0
	 to fulfil contract terms and 			LAML Director; Contract			
	conditions;			monitoring procedures in			
	 company/LAML goes into 			place to ensure ongoing			
	administration			delivery in accordance with			
	-			terms and conditions.			
	Risk owner:	***					
	Head of Audit & Risk			Control owner:			
	Management			Head of Audit & Risk			
			- Annahaman and an annahaman an a	Management			

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	Name and Address of the Owner,
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		Page 221	
- First Antion (Responsibility		The plan to vacate HTH and the Civic Centre is delayed, Contingency plan to be developed Action by: Head of Corporate Property Services
Residual Risk	Likelihood	5 8	⁷ 35
Resid	Impact	2	ιΩ
	Controls	 Corporate programme management system with clear responsibility for sites. Regeneration lead on cross service liaison meetings, where appropriate. Review of resources and project deliverables undertaken Specific staff and specialist consultants assigned to all major projects Control owner: Head of Corporate Property 	 Ensuring that resources are made available and tight controls are in place to track progress. Next phase of the plan in process Control owner: Corporate Landlord Manager
Inherent Risk	Likelihood	63	35
Linher	Impact	O	ω
	HISK	Project delivery: Strategic projects fail to progress to development stage which may impact on the council's ability to meet its corporate objectives. Risk Owner: Head of Corporate Property Services	Council's Accommodation Strategy is not completed on time which may impact on the council's ability to meet its corporate objectives. Risk Owner: Head of Corporate Property Services
3	<u>Je</u>	CEMB 17 (CR PS 5/ PS8)	

	London	Boroug	h of Hari	London Borough of Haringey – Corporate Risk Register 2007/08	ter 2007/	80,	
Ref	Risk	Inhere	Inherent Risk	Controls	Resid	Residual Risk	Further Action/
		Impact	Likelihood	,	Impact	Likelihood	Responsibility
CEMB	Failure to prepare appropriately for a flu pandemic increasing	6	ဇ	Corporate contingency plan	6	က	ACCS to review Dept ACCS to review Dept
<u>o</u>	the risks to residents and staff	1	27	which complies with statutory requirements (Civil	· ·	27	or nearth guideimes to ensure compliance
(PPPC -	Risk Owner:			contingencies Act) is in place		- And American	Contingency arrangements for
SC)	ACE – PPPC			alid apployed by Ceivib Critical services to be			managing potentially
				maintained during any			large numbers of
				pandemic have been identified			Action by: Director of
				Services with priority			P
				requirements have			ag
				contingency arrangements in			e 2
				place			222
.,				Control Owner: Head of Safer Communities			
CEMB	to o	6	4	Project governance including	6	က	 Monitor project risks
19	project or the implementation	<u> </u>	30	Member group, senior mgmt			and refine
	plan.		٥ 0	project group, project plan,		27	engagement plan as
(POD	Risk Owner:			reporting through CEMB			required.
HR1)	Head of Human Resources			 Implementation and delivery 			Contingency plan for legal claims
				plan in place			Action by:
							Head of Human
				Control Owner:	***************************************		Resources
				Head of Human Resources			

London Borough of Haringey - Corporate Risk Register 2007/08

Appendix 1 - Impact and Likelihood Scales to be used as a guide in assessing risk ratings

Descriptor 1	Impact Guide No impact	Likelihood Guide <1% likely to occur in next 12 months
8	Financial loss up to £5,000 or no impact outside single objective or no adverse publicity	1%-5% likely to occur in next 12 months
က	Financial loss up to £10,000 or no impact outside single objective or no adverse publicity	5%-10% likely to occur in next 12 months
4	Financial loss up to £50,000 or minor regulatory consequence or some impact on other objectives	10%-20% likely to occur in next 12 months
ည	Financial loss up to £100,000 or impact on other objectives or local adverse publicity or strong regulatory criticism	20%-30% likely to occur in next 12 months
ဖ	Financial loss up to £300,000 or impact on many other processes or local adverse publicity or regulatory sanctions (such as intervention, public interest reports)	30%-40% likely to occur in next 12 months
2	Financial loss up to £500,000 or impact on strategic level objectives or national adverse publicity or strong regulatory sanctions	40%-60% likely to occur in next 12 months
œ	Financial loss up to £1 million or impact at strategic level or national adverse publicity or Central Government take over administration	60%-80% likely to occur in next 12 months
တ	Financial loss above £1 million or major impact at strategic level or closure/transfer of business	>80% likely to occur in next 12 months

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Agenda item:

[No.]

Audit Committee

On 12 May 2008

Report Title: Draft Annual Governance Statement 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

- 1.1 To inform the Audit Committee of the requirements of the statutory Annual Governance Statement (AGS) and provide a draft statement relating to 2007/08 for review and approval.
- 1.2 To inform the Audit Committee of the supporting information used to produce the draft AGS and provide a copy of the revised management assurance and self assessment statement, which will be completed and submitted by Director's and ACE's, for information.

2. Recommendations

- 2.1 That the Audit Committee review the supporting information and approve the draft AGS.
- 2.2 That the Audit Committee note the approval timescale and process for the draft AGS.

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. Introduction

- 4.1 An Annual Governance Statement (AGS) becomes the new statutory reporting document from the 2007/08 reporting year onwards. The AGS subsumes the previous Statement of Internal Control (SIC) and represents the end result of the review of corporate governance arrangements. The AGS is signed by the Leader and Chief Executive and included within the council's published annual statement of accounts.
- 4.2 A pro forma AGS has been devised by the Chartered Institute of Public Finance and Accountancy (CIPFA) for use by local authorities, which is broadly similar to the template given for the SIC.
- 4.3 The pro forma provides the key headings that should be included in the AGS, along with indications of what might be covered. It does not, however, provide standard wording for the sections dealing with the governance framework and the review of its effectiveness. This will be dependent on the risks identified within each individual authority.
- 4.4 The Council's external auditors, Grant Thornton, will review the AGS as part of their annual audit and inspection processes. The AGS, and the process to produce it, also contributes towards the CPA Use of Resources assessment.

5. Background

- 5.1 One of the key changes in corporate governance arrangements in 2007/08 is the requirement to produce an Annual Governance Statement (AGS) for publication with the council's annual accounts. Prior to 2007/08, Haringey was required to produce the SIC, which was reviewed and approved by both CEMB and the Audit Committee, prior to being signed by the Leader and Chief Executive and published with the council's annual accounts in accordance with statutory requirements.
- 5.2 The new AGS contains all the previous requirements of the SIC, but widens the scope substantially to focus on the governance framework as a whole, rather than the specific governance element of internal control. Corporate governance brings together an underlying set of legislative requirements, governance principles and management processes.
- 5.3 The preparation of an AGS is a statutory requirement of the Accounts and Audit (amendment) (England) Regulations 2006. These regulations require local authorities to produce an annual statement, in accordance with 'proper practice'.

6. Analysis

- 6.1 In order to comply with the statutory reporting deadlines, the AGS for 2007/08 has to be approved with the Statement of Accounts at General Purposes Committee on 26 June 2008. The Leader and Chief Executive will need to obtain sufficient assurance that responsibilities have been adopted at a corporate level and adequate processes exist and are effective before they sign the AGS.
- 6.2 Prior to its final approval, the Council needs to demonstrate that the AGS has been reviewed and agreed by relevant senior managers across the authority and an appropriate member body, independent of the General Purposes Committee.

- 6.3 The draft AGS for 2007/08 has been presented to CEMB for review, and CAB for information, and a copy of the draft AGS is provided at Appendix A. This has been produced in line with the guidance issued by CIPFA. In support of the AGS, a matrix is attached at Appendix B. This identifies the key elements of the council's corporate governance environment; how the council gains assurance; and where the evidence to support the assurance can be found. The matrix has been completed jointly by a core group of officers comprising the Head of Audit and Risk Management, Head of Legal Services and Head of Member Services, with input from key officers within Legal Services, Corporate Finance and Performance and Policy. Additional evidence, or further actions have been obtained from the completed Management Assurance Statements and self assessment checklists and included in the matrix.
- 6.4 The matrix also identifies where any gaps in assurance or evidence exist and action is required to address these gaps. An action plan is provided with the AGS which identifies the actions to be taken, together with the responsible officer and timescales. The Audit Committee should note that the core group of officers are overseeing the work on all the areas identified in the action plan to ensure that the issues are appropriately addressed and the specified deadlines are met.
- 6.5 Appendix C is the revised Management Assurance Statement, covering 2007/08, which all Directors and Assistant Chief Executives were required to complete. The requirements of the corporate governance framework and AGS, and the CPA KLOE's were reviewed and an assessment of information submitted by those authorities achieving maximum scores in their Use of Resources assessment was also undertaken. As a result of this analysis, it was considered that a more comprehensive evaluation of the governance environment across the council should be incorporated into the Management Assurance Statement, including the self-assessment checklist.
- 6.6 It is acknowledged that the draft AGS is presented for review and approval prior to completion of the external audit of the statutory external audit of the accounts. It is anticipated that any significant internal control issues which arise as a result of this, can be included in the AGS and re-submitted for officer and member consideration and approval before the closure of the statutory audit period on 30th September 2008.
- 6.7 Corporate governance is an important element of the external assessment processes. The annual accounts, including the AGS, are subject to audit by the council's external auditors. While the whole of the financial statements may not be qualified, an incorrect or inaccurate AGS may be raised as a recommendation by the external auditors.
- 6.8 Corporate governance is also included in the Use of Resources assessment as part of the Key Lines of Enquiry (KLOE):
 - Level 2 (minimum standards), the council has action plans in place to address any significant governance issues reported in the AGS;
 - Level 3 (performing well), the council has in place an assurance framework that maps strategic objectives to risks, controls and assurances
 - Level 4 (best/notable practice), the assurance framework is fully embedded in the council's business processes

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7. Financial Implications

7.1 There are no financial implications to this report.

8. Conclusions

- 8.1 The AGS should be reviewed at least once a year and assurances supporting the process should therefore be obtained throughout the year to allow time for any remedial action to take place at the earliest opportunity.
- 8.2 When the draft AGS, pro forma assurance statement and self assessment checklists are approved, the reporting timescales need to be complied with to ensure compliance with statutory requirements and approval and publication of the accounts.

9. Recommendations

- 9.1 That the Audit Committee review the supporting information and approve the draft AGS.
- 9.2 That the Audit Committee note the approval timescale and process for the draft AGS.

APPENDICES

Appendix A - Draft Annual Governance Statement

Appendix B - AGS - matrix of supporting assurance and evidence

Appendix C - Management Assurance Statement and self assessment checklist

Annual Governance Statement 2007/08

1. Scope of responsibility

- 1.1 Haringey is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Haringey also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Haringey is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 The authority has a framework of corporate governance in place which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. In 2007/08, Haringey drew together all the required elements of corporate governance, which were already in place, into a formal local code of corporate governance which will receive formal adoption by full Council in 2008/09. A copy of this can be obtained from the Council's Monitoring Officer. This statement explains how Haringey has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2. The purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Haringey's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3 The governance framework has been in place at Haringey for the year ended 31st March 2008 and up to the date of the approval of the annual report and accounts.

3. The governance framework

3.1 The key elements of the systems and processes that comprise the authority's governance arrangements are:

a) Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users

Haringey has well established and documented aims and objectives in order to improve the quality of life for people living and working within the borough and ensure that high quality services are delivered efficiently and effectively. The council, together with its partners, has developed the Haringey Community Strategy 2007-2016 which sets out the council's vision and objectives. The Community Strategy was developed after extensive consultation with residents and stakeholders through the 'Have your say Haringey – shape the future' campaign. The Community Strategy is published and is also available on the council's website and a summary of the strategy has been translated into ten languages.

The Council Plan is linked to the Community Strategy and sets out the priorities of the council and how these will be achieved in practice over the period 2007-10. The council's objectives are informed by what residents and service users say and their views are captured in our annual residents' survey.

b) Reviewing the authority's vision and its implications for the authority's governance arrangements

The implementation of the Community Strategy is monitored through the delivery of the Local Area Agreement, which contains all the required national and local targets of the council. In support of the Community Strategy, all the Council's business and financial planning documents reflect its vision and objectives. Delivery of these is through an integrated annual business and financial process, which are subject to full consultation and review by the council's Overview and Scrutiny Committee, formal adoption by the Cabinet and approval by the Council.

Progress against the business plans is reviewed mid-year as part of the council's formal pre-business plan review process. The council's Medium Term Financial Strategy sets out the three year budget for the council. It supports the Council Plan and allocates resources over all the council's activities, including to the council's priorities, and is monitored on a regular basis to ensure that resources are aligned to council objectives.

c) Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources

The Council is committed to delivering value for money. This is achieved through a variety of mechanisms including a well established business planning process, and a robust performance management system. Haringey has comprehensive performance management systems, which include Business Plans, Service Improvement Plans, Best Value Performance Plans and National and Local Performance Indicators. Performance measurement is undertaken at various levels and is subject to review both internally by managers and members and externally by the council's external auditors.

The Cabinet receive regular reports highlighting key financial and performance management information, which include a corporate 'balanced scorecard' and allows them to effectively monitor compliance with all key policies and Council objectives. Cabinet agendas, reports and minutes are available on the Council's website. An independent survey of a representative sample of residents and service users is completed on an annual basis and reported to senior officers and members to ensure appropriate action can be taken in specific areas.

d) Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.

The Council's Constitution sets out the policy and decision making framework of the authority and is held in hard copy and on the council's intranet and external website. The roles and responsibilities of the whole Council, the Cabinet, other committees, Cabinet Members and officers is clearly documented, and it also contains protocols governing the relationships between members and officers and job descriptions of the council's Statutory Officers (Head of Paid Service, Monitoring Officer and Section 151 Officer). The Constitution reviewed on an ongoing basis and updated to reflect functional and organisational changes to the Council. The council's scheme of delegation is contained within the Constitution and is reviewed and communicated on a regular basis to all appropriate officers and members.

e) Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

Haringey has well established codes of conduct for officers and members, which are regularly reviewed and subject to approval by members. The Council requires all members to formally acknowledge receipt of their code of conduct on an annual basis. Members are provided with regular briefings on the code of conduct as part of the established induction and training programme. The council's Member Learning and Development Strategy also incorporates specific sections relating to corporate governance issues.

The Council's officer code of conduct has been reviewed and updated on a regular basis. Following the last comprehensive review in July 2006, all staff employed by the Council were required to formally acknowledge receipt of the code of conduct. All new members of staff receive training, including the code of conduct, as part of their induction processes. The Audit Commission completed an ethical governance audit in Haringey in 2006/07 and the Council developed an action plan to ensure the recommendations were implemented. Regular articles are included in corporate and staff newsletters outlining expected standards of behaviour in specific areas.

f) Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

The Constitution Working Group is an established group which meets on a regular basis to monitor, review and update the Council's Constitution and associated governance arrangements, based on a rolling work programme and taking into account any new legislative and statutory requirements. During 2007/08 the Constitution Working Group completed work on updating Standing Orders, Procedure Rules and the Scheme of Delegation. The Council's Statutory Officers meet on a quarterly basis and review key areas of governance.

Haringey has a Management of Risk Strategy which was updated and approved during 2007/08 and, through a variety of processes and procedures, ensures that risk management is embedded across the organisation and its activities. The Council has a corporate risk register and all departments and business units have risk registers in place. Regular reports are provided to both the Chief Executive's Management Board and the Audit Committee detailing progress in embedding risk management throughout the Council.

g) Undertaking the core functions of an audit committee, as identified in CIPFA's 'Audit Committees – Practical Guidance for Local Authorities'

A review of the core functions of the Council's Audit Committee was undertaken and reported to the Audit Committee in June 2006, using the CIPFA guidance as a benchmark. The report confirmed that the Council's Audit Committee met the CIPFA requirements. During 2007/08, a further review was undertaken to assess the effectiveness of the Council's Audit Committee, using the Institute of Public Finance Toolkit, which demonstrated that it met the requirements of the guidance.

h) Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Council's Constitution contains the Financial and Contract Procedure Rules, which specify the governance framework for all its operational functions. Officer Employment Rules and a Monitoring Officer Protocol are also contained within the Constitution. The Constitution also includes the roles of key compliance officers, including the Council's Monitoring Officer and Section 151 Officer, as well as specific functional responsibilities for the Cabinet, committees, other bodies and officers.

Regular internal and external audit reviews check compliance with Financial and Contract Procedure Rules across the council. During 2007/08, all the council's key financial systems received a 'substantial' assurance rating from internal audit.

Financial management is based on a framework of regular management information and review to inform managers and members of the current budget position. Key elements of the financial management system include integrated budgeting and medium term financial planning systems, regular budget monitoring reports to the Cabinet, systematic review of all key financial control processes, monitoring of key financial and other targets, and formal project management processes.

i) Whistle-blowing and for receiving and investigating complaints from the public

Haringey has a well-established and publicised anti-fraud and corruption policy and strategy, including a fraud response plan and Whistle-blowing policy which complies with relevant legislation and is monitored and managed by Internal Audit. The Council also has a free-phone telephone number and email reporting facilities which are contained on the external website to receive reports of suspected frauds, which can be done anonymously. These are monitored and managed by Internal Audit and all referrals are subject to review and investigation where sufficient details are provided. Fraud and corruption policies and procedures are contained within the Employee Handbook, the council's intranet and website and regular staff newsletter items are published which explain how and where to report suspected fraud.

The Council also has a corporate complaints policy, and agreed procedures, which are subject to regular review and updates. The Council's policy and procedures are complaint with all relevant statutory requirements and are publicised on the Council's external website and at various public sites across the borough. Reports are provided to members on a regular basis, summarising the numbers and types of complaints, together with the outcome and resolution of these.

j) Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

Haringey Council has implemented a Member Learning and Development Strategy. The Council was the first in London to achieve a Member Development Charter which recognises the work carried out by the Council to provide members with the support, skills and training needed to develop and manage council services and budgets effectively.

The Council also delivers a Leadership Programme for all managers, which includes a variety of training courses, workshops and work-related projects. All staff within the council receive an annual performance review and appraisal, which is linked to the council's competency framework, and results in an individual work plan and development strategy. Every year, the Council provides a programme of learning events for managers and staff based on the council's vision and values, aims and objectives, and key service delivery requirements.

k) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

The Council's publishes a resident's magazine, Haringey People, ten times per year containing information on council activities. Hard copies are delivered to all residential addresses and the magazine is also available via the Council's intranet and external website.

The council also runs seven Area Assemblies, which are informal, and discussions take place on issues which are important to the residents of the area. The Assemblies are open to everyone; are held in local community buildings in all parts of the borough; and are attended by council officers and members. Details of meetings are published on the Council's website and Assembly Newsletters are produced after each meeting.

The Council joined with local public agencies, community groups and businesses to create the Haringey Strategic Partnership (HSP) in April 2002. The shared vision for the future of Haringey and the HSP priorities are set out in the Sustainable Community Strategy which is published and available on the council's website.

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

The Council has identified its key partnerships, based on the Audit Commission's definition, and during 2007/08 has reviewed the governance arrangements and structures within these. The council has collated corporate governance assurances in the form of terms of reference and/or the Constitution of the partnership. Governance arrangements within the

Haringey Strategic Partnership, the council's key partnership, are clearly identified and defined. The council's member services division provides operational support to the HSP to ensure that its governance arrangements are robust and in accordance with the agreed arrangements.

4. Review of effectiveness

- 4.1 Haringey has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 Under the Comprehensive Performance Assessment (CPA) Haringey achieved a rating of three stars (out of four), and during 2007/08 89% of best value performance indicators have maintained or improved performance over the year. In the CPA Use of Resources assessment, Haringey also achieved a rating of 3 (out of 4) overall.
- 4.3 The risk management strategy was revised in 2007/08 and improvements to ensure that the recommendations from external audit and the 2006/07 SIC action plan were incorporated. Risk management is an area which continues to develop and the revised Management of Risk Strategy has now drawn together the various elements of risk management, including risk registers, health and safety, business continuity and emergency planning and project management into a process which is aligned to the council's business planning cycle.
- 4.4 Directors have submitted a statement of assurance covering 2007/08 which is informed by work carried out by internal audit, external assessment and risk management processes. The statements provide assurance that any significant control issues that have been brought to their attention have been dealt with appropriately. Key governance issues which have been identified and which remain outstanding have been incorporated into the action plan.
- 4.5 The Head of Audit and Risk Management provided an Annual Audit Report and opinion for 2007/08, which concluded that overall there are sound internal financial control systems and corporate governance arrangements in place. All of the council's key financial systems received a 'substantial' assurance rating and the follow up programme concluded that all high priority recommendations had been appropriately addressed.
- 4.6 The Cabinet undertakes regular monthly reviews of financial and service performance, based on a range of key performance indicators and financial and budget management information. Cabinet also review the delegated decisions and significant actions undertaken by council officers, or urgent actions taken in consultation with Cabinet members, to ensure they comply

with the scheme of delegation. Minutes of sub-bodies are also reviewed by Cabinet, including procurement decisions and actions. In 2007/08, the financial and performance information presented to Cabinet was reviewed. From 2008/09, the nature and format will be amended to provide a more appropriate reporting process for members.

- 4.7 The Council's Audit Committee has responsibility for internal and external audit, risk management and corporate governance issues included within its terms of reference. The committee receive regular reports throughout the year detailing progress made against the internal and external audit plans, highlights of any significant control weaknesses, together with the outcome of the follow up programme of audit reviews. No significant issues were identified during 2007/08 by the Audit Committee. The Audit Committee provides an annual report on the work it has undertaken to full council.
- 4.8 The council's Standards Committee is chaired by an independent person and received reports from the Monitoring Officer on the referrals received from the Standards Board for England. An annual report on its work is presented to full council for information.
- 4.9 The Overview and Scrutiny Committee undertakes a planned programme of work. During 2007/08 this included waste collection and recycling; neighbourhood management services; and primary care strategy. Reports on the outcome of the reviews, together with any recommendations are presented. The Overview and Scrutiny Committee also provide challenge to the Cabinet's budget proposals.
- 4.10 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

5. Significant governance issues

- 5.1 In 2006/07, two actions were reported in the SIC to deal with outstanding control issues. The summary below highlights what the council has done to address these issues.
 - Business unit, departmental and corporate risk registers were all updated to take account of the re-shaped organisational structure. During 2007/08, monitoring by managers and internal audit has ensured that the risk registers were reviewed and updated
 - The council has ensured that all key partnerships have been identified and governance arrangements have been identified and appropriate records maintained.

Appendix A

- 5.2 Although work has been done to address the issues raised in the SIC, the processes to embed partnership governance arrangements within the council's overall governance framework will continue into 2008/09.
- 5.3 We propose over the coming year to take steps to further improve the arrangements for partnership working and have included this in the action plan below to enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review. The Action Plan to address outstanding governance issues is listed below:

Issue	Action	Responsibility	Due date
Partnership	Ensure governance	Head of Member	September
governance arrangements	arrangements in respect of partnerships are fully embedded into the council's overall governance arrangements	Services/ Head of Legal Services	2008
Local Code of Corporate Governance (LCCG)	Ensure that the LCCG is approved and adopted at full council	Head of Member Services/ Head of Legal Services	September 2008
Local Code of Corporate Governance (LCCG)	Ensure that the LCCG is published and appropriately publicised to all relevant stakeholders	Head of Member Services/ Head of Legal Services	September 2008
Corporate governance assurances	Provide updates and information on governance issues on a regular basis to CEMB and other officer and/or member groups on corporate governance issues	Head of Member Services/ Head of Legal Services	Ongoing during 2008/09
Data management	Ensure that the corporate data management policy is formally approved and adopted.	Assistant Director - Culture, Libraries and Learning	September 2008
Business Continuity Plans (BCP's)	Ensure that all departments and business units provide evidence to show that BCP's are fully tested on a regular basis.	Emergency Planning and Business Continuity Officer	Ongoing during 2008/09
Management of Risk Strategy	Ensure the Management of Risk Strategy is published and appropriately publicised to all relevant stakeholders	Head of Audit and Risk Management	September 2008

Appendix A

Councillor George Meehan Leader of the Council

Dr. Ita O'Donovan Chief Executive

	F	Page 239	
Actions to address identified gaps in assurance or evidence			
Evidenced by:	 Council's Constitution. Role of the Cabinet, and all other specific council committees, e.g. licensing, defined. Committee terms of reference Scheme of delegation in place and reviewed on regular basis. Structure charts Job descriptions of relevant managers (Head of Paid Service, Monitoring Officer, s151 Officer) 	 Council Constitution and scheme of delegation identifies key statutory functions and is reviewed on regular basis. Constitution available on intranet and in hard copy Legal Services hold copies of relevant statutory requirements 	 Reports to the Cabinet, CEMB and other officer groups and member groups on the implications of new legislation. Members and Officers Code of conduct in place, reviewed on a regular basis and reissued to all staff. Included within induction training for specific roles
Sources/examples of assurance:	Responsibilities for statutory obligations are formally established	Record held of statutory obligations	Effective procedures to identify, evaluate, communicate, implement, comply with and monitor legislative change exist and are used
Key elements of the corporate governance environment:	Mechanism established to identify principal statutory obligations		
Ref:	<u>a</u>	10	0

	Page 240		
Actions to address identified gaps in assurance or evidence			
Evidenced by:	 Evidence to demonstrate that action has been taken: Internal/external audit reports and external assessments e.g. OFSTED, BFI, CSCI. Action plans in place to monitor achievement against recommendations. Monitoring reports on actions plans re: implementation of identified key risk areas e.g. ethical governance Evidence of corrective action taken in response to any upheld complaints External audit report recommendations e.g. for final accounts; CPA Use of Resources - action plans in place and reported. 	The council, together with its partners has developed the Haringey Community Strategy 2007-2016. The objectives of the strategy have been jointly agreed and its implementation is monitored through the delivery of the Local Area Agreement.	 The Community Strategy was developed after extensive consultation with residents and stakeholders through the; Have your say Haringey – shape the future campaign. The Council Plan is linked to the Community Strategy objectives and sets out the priorities
Sources/examples of assurance:	Effective action is taken where areas of non-compliance are found	Consultation with stakeholders on priorities and objectives	Ine Authority's priorities and organisational objectives have been agreed (taking into account feedback from consultation)
Key elements of the corporate governance environment:		Mechanism in place to establish corporate objectives	
Ref:	0	2a 3b	07

			Page 241		
Actions to address identified gaps in assurance or evidence					 Local Code to be agreed by Cabinet, Audit Committee and Full Council
Evidenced by:	of the council and how these will be achieved. The council's objectives are informed by what residents say are important in our annual residents' survey.	 The Medium Term Financial Strategy sets out the three year budget for the council. It supports the Council Plan and allocates resources, including to the council's priorities. 	The council's objectives are reflected in the business plans for the services, setting out how each business unit will achieve these, with performance measures and costs. Progress against the business plans is reviewed mid year with the pre business plan review.	 Individual staff appraisals contain objectives form the service's business plans with individual targets for achievement. Our staff survey results show that 90% of staff have had an appraisal since April 2007. Staff survey results for understanding vision, values and priorities are excellent. 	 All elements of corporate governance in line with CIPFA/SOLACE guidance are in place – codes of conduct for members and officers, declarations of interest, register of gifts and
Sources/examples of assurance:		Priorities and objectives are aligned to principal statutory obligations and relate to available funding	Objectives are reflected in departmental plans and are clearly matched with associated budgets	The authority's objectives are clearly communicated to staff and all stakeholders, including partners	Code of Corporate Governance has been established
Key elements of the corporate governance environment:					Effective corporate governance arrangements are embedded within the
Ref:		2c	2d	2e	3a

		Page 242	
Actions to address identified gaps in assurance or evidence	 Local Code to be published on intranet and website 	Provide updates and information on governance issues on a regular basis to CEMB	
Evidenced by:	 hospitality etc. Local Code of Corporate Governance produced and agreed by CEMB Member Learning and Development Programme in place and has Corporate Governance as a specific section. Briefings on the Member Code of Conduct have been provided. 	 Constitution Working Group in place and reviews of Standing Orders, Procedure Rules and the Scheme of Delegation completed in 2007/08 Statutory Officers quarterly meeting reviews key areas of governance Ongoing advice provided by Monitoring Officer Corporate recording and monitoring of gifts and hospitality registers and register of interests 	 Audit Committee terms of reference include responsibility for corporate governance. TOR include all aspects of corporate governance. Minutes from committee meetings confirm that responsibilities have been appropriately discharged.
Sources/examples of assurance:		Review and monitoring arrangements are in place	There is a committee charged with governance responsibilities
Key elements of the corporate governance environment:	council		
Ref:		3p	30

			Pa	ge 243	
Actions to address identified gaps in assurance or evidence		Code to be made available on council's intranet and website.			
Evidenced by:	 Presentation by Head of Audit to CEMB and departmental DMT's on corporate governance Part of the Member Learning and Development programme 	 Council Constitution available on intranet and website Whistleblowing policy on website and intranet 	 Anti-Irada policy, including reporting lines, available on intranet and website Reminders given in Team Brief and Smart Talk on key governance issues 	 Clearly identified performance management framework in place that identifies: All sources of performance measures – including corporate balanced scorecard Who is responsible for achieving each performance measure Who is responsible for collating the data for each one Who determines and approves the performance measures Who receives reports on performance and how often How data quality is assured How performance data is captured and its 	integrity maintained
Sources/examples of assurance:	Governance training provided to key officers and all members	Officers, public and other stakeholder awareness of corporate governance	20000	Comprehensive and effective performance management systems operate routinely	
Key elements of the corporate governance environment:				Performance management arrangements are in place	
Ref:	3d	Зе		4a	

		·		Pa	ag	je	24	14		***************************************						***************************************				
Actions to address identified gaps in assurance or evidence																				
Evidenced by:	 How poor performance is addressed How performance is driven upwards over time 	Reports resulting from internal or external reviews of performance management	Year on year comparison of achievement against performance targets (e.g. in annual	reports) Value for money/efficiency reviews, including	benchmarking results	Departmental and/or business unit	benchmarking results	Appropriate KPI's have been established and	approved for each service element and are	included in departmental and business unit	plans.	A robust monitoring system has been	approved and implemented.	There are monthly reports on progress on	delivering KPI's.	There is an approved mechanism for	reviewing the continuing suitability of KPI's	and for securing continuous change by	increasing the required standards	Regular reports are presented to members on the delivery of national, council-wide and
Sources/examples of assurance:		•	•	•		•		Key performance indicators	are established and	monitored				•						The council is aware how well it is performing against
Key elements of the corporate governance environment:																e e e e e e e e e e e e e e e e e e e				
Ref:								4p												4c

		Page 245	T
Actions to address identified gaps in assurance or evidence			
Evidenced by:	 departmental performance targets, including overall balanced scorecard. External audit reports on BVPI's and KPI's. Regular monthly budget monitoring meetings and reports – capital and revenue, current year and medium term. 	 Monitoring reports are regularly presented to the Cabinet and appropriate committees. The reports include detailed performance results, highlighting where corrective action is necessary. Committee reports include recommendations and action plans to improve performance. Performance targets in subsequent corporate, departmental and business unit plans, improvement plans and people plans, are revised in light of actual performance. Continuous improvement is strived for by increasing the difficulty of performance targets when they have been met over a period of time. Performance trends are established and reported on over the medium term and are fed into the corporate, departmental and business unit planning processes. 	 The performance management systems are
Sources/examples of assurance:	its planned outcomes	Knowledge of absolute and relative performances achieved is used to support decisions that drive improvements in outcomes.	The Council continuously
Key elements of the corporate governance environment:			Printed and the second and the secon
Ref:		b	4e

<u> </u>		Page 246	
Actions to address identified gaps in assurance or evidence		Agree approach to disseminate to all relevant to staff Make Strategy available to on intranet	
Evidenced by:	regularly reviewed and updated to take account of changes in organisational structure, new performance measurement frameworks. The performance management arrangements are revised in line with external or internal review of the arrangements.	 Approved risk management strategy in place. Evidence of formal approval – by CEMB and audit committee Evidence of formal review of risk management strategy. 	 Audit committee minutes. CPA comments on improved risk management arrangements. Annual business plans include risk management. Committee reports include appropriate risk management information. Corporate business and financial plan assess
Sources/examples of assurance:	improves its performance management	There is a written strategy and policy in place for managing risk which: • Has been formally approved at appropriate officer and member levels • Is reviewed on a regular basis • Has been communicated to all relevant staff	The council has implemented clear structures and processes for risk management which are successfully implemented and: • Senior management and members see risk
Key elements of the corporate governance environment:		The council has robust systems and processes in place for the identification and management of strategic and operational risk	
Ref:		5a	5b

	Page 247		
Actions to address identified gaps in assurance or evidence			
Evidenced by:	risks. Head of Audit has overall responsibility for monitoring risk management policy Risk Management strategy lists key officers with responsibility for risk Internal audit complete regular testing of key business unit and departmental risk registers	Systematic procedures for risk identification and evaluation have been agreed and consistently applied across all business units.	 Corporate, departmental and business unit risk registers in place Kev risks included in business plans
Sources/examples of assurance:	 management as a priority Decision making considers risk A senior manager has been appointed to 'champion' risk management Roles and responsibilities for risk management have been defined Risk management systems are subject to independent assessment Risk management is considered in the annual business planning process 	The council has developed a corporate approach to the identification and evaluation of risk which is understood by staff	The council has well defined procedures for recording and reporting risk.
Key elements of the corporate governance environment:			
Ref:		5c	2q

- Parameter - Para	P	age 248	
Actions to address identified gaps in assurance or evidence			
Evidenced by:	 Project management arrangements require key risk issues to be identified recorded and monitored as part of each reporting cycle Evidence of regular reporting of risk to appropriate officer and member level. Evidence of risk based auditing in place Key risks identified in audits are reported to senior managers, relevant Members and Audit Committee 	 All legal requirements for insurance are met. Evidence that self-insurance provisions are subject to regular independent actuarial valuation and that contributions to the fund are adjusted accordingly. Insurance claims are being managed in accordance with the 'Woolf' protocols. Evidence of monitoring the incidence of successful and unsuccessful claims and reporting to departments. Council has joined the Local Authorities Mutual (LAML) Council has contingency arrangements in place in the event that the legal challenge to LAML is successful 	 All departmental management teams have undertaken risk management training as part
Sources/examples of assurance:		The council has well established and clear arrangements for financing risk	The authority has developed a programme of
Key elements of the corporate governance environment:			
Ref:		5e	5f

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Actions to address identified gaps in assurance or evidence																				
Evidenced by:	 of the process to develop risk registers Project managers training includes risk 	 All special projects e.g. Supporting People, Bank re-tender have specific risk registers and staff involved are provided with risk 	management training Legal Services have Lexel accreditation which	includes completing a risk form to highlight kev/high risk issues to Head of Legal Services	 Risk owners detailed in corporate, 	departmental and business unit risk registers.	 Risk management responsibilities are included 	in risk registers, business and work plans, job	descriptions where appropriate	 Regular reporting of key risks at CEMB and 	audit committee	 Pre-Business Plan Reviews and Business Plan 	have specific sections for the inclusion of key	risks	 Regular review and updating of risk registers 	 Risk management addressed in all business 	planning, project management activities	 Management of risk strategy provides 	framework to ensure all key risk activities	(health and safety, business continuity
Sources/examples of assurance:	risk management training for relevant staff				Managers are accountable	for managing their risks.				Risk management is	embedded throughout the	council								
Key elements of the corporate governance environment:																				
Ref:					5g					5h										

		F	Page 2	50
Actions to address identified gaps in assurance or evidence				
Evidenced by:	planning, project management and risk registers) are reviewed and updated in line with business planning cycle			CEMB act as overall corporate body with responsibility for risk management across the council and receive regular reports on implementation of risk management Audit Committee receives regular reports on risk management, updates on risk registers and challenge processes Internal audit support the risk management processes and provide advice to CEMB and DMT's – evidenced by CEMB and DMT's – evidenced by CEMB and DMT agendas and minutes The corporate risk management strategy includes references to all key risk
		• • •	•	• • •
Sources/examples of assurance:		Risks in partnership working are fully considered	Risk management information systems meet users needs	The corporate risk management board (or equivalent) adds value to the risk management process by: • Advising and supporting corporate mgmt team on risk strategies; • Identifying areas of overlapping risk; • Driving new risk management initiatives
Key elements of the corporate governance environment:				
Ref:		5j	5k	51

		Page 251	Т—
Actions to address identified gaps in assurance or evidence			Corporate data
Evidenced by:	management, business continuity, risk registers, performance management	 Head of audit and risk management acts as corporate officer – job description includes responsibilities Resources specified in annual internal audit programme to support the risk management process Risk management workshop guidance notes are in place to provide assistance to managers 	 Financial regulations and instructions exist are
Sources/examples of assurance:	 sharing good practice Providing and reviewing risk management training Regularly reviewing the risk register(s) Co-ordinating the results for risk reporting 	A corporate risk officer has been appointed with the necessary skills to analyse issues and offer options and advice and: • Support decision making and policy formulation erisk identification and analysis process • Provide support in the risk identification and analysis process • Provides support in prioritising risk mitigation action • Provides advice and support in determining risk treatments • Inspires confidence in managers	There are written financial
Key elements of the corporate governance environment:			The Council has a
Hef:		5m	6a

	Page 252		
Actions to address identified gaps in assurance or evidence	management policy needs to be formally approved and adopted. Compliance with the policy needs to be maintained and tested across all departments		
Evidenced by:	formally approved, reviewed and updated regularly. • Dissemination via induction, briefings, intranet and website. • Report approving annual treasury management and investment strategy. • Outturn report on treasury management. • External and internal audit assessment of compliance with prudential code. • Scheme of budget delegation for all budget holders. • CIPFA Code on Treasury Management has been adopted – evidenced by internal audit key system reviews • Compliance with Prudential Code is tested by internal audit as part of key financial systems work	 Standing orders exist, are reviewed regularly and updated to cover new procedures e.g. partnering, on-line tendering. Formal approval via full Council. Communication and dissemination via intranet, procurement bulletins 	 Whistleblowing policy exists and has been reviewed and updated regularly.
Sources/examples of assurance:	regulations in place which have been formally approved, regularly reviewed and widely communicated to all relevant staff: CIPFA Code on Treasury Management Compliance with the Prudential code	There are written contract standing orders in place which have been formally approved, regularly reviewed and widely communicated to all staff.	There is a whistleblowing policy in place which has been formally approved,
Key elements of the corporate governance environment:	robust system of internal control which includes systems and procedures to mitigate principal risks		
Ref:		q 9	29

1.			– Pa	ge 2	253	}	I		T			T
Actions to address identified gaps in assurance or evidence												
Evidenced by:	Formal approval by members. Communication and dissemination via intranet, website, staff newsletter and Team Brief.	Counter-fraud and corruption policy exists and has been regularly reviewed and updated. Formal approval by members.	Examples of dissemination, staff newsletter, website, emails to all staff. Policy is held in intranet and website	Codes of conduct for officers and members.	Copies provided formally to all staff when	updated (July 2006) and to new starters as part of corporate induction.	Register of interests exists for members.	The register is updated by individual members and reviewed by the Standards Committee	Scheme of delegation exists and incorporates	adequate controls and sanctions.	Formal approval by members. Available on intranet	Procurement policy exists and has been reviewed and undated required to take
<u>ا</u> لک	•	• •	• •	• •	•		•	•	•		• •	•.
Sources/examples of assurance:	regularly reviewed, widely communicated to all staff.	There is a counter fraud and corruption policy in place which has been formally	approved, regularly reviewed and widely communicated to all staff.	There are codes of conduct in place which have been	formally approved and	widely communicated to all staff.	A register of interests is	maintained, regularly updated and reviewed.	A scheme of delegation has	been drawn up, formally	to all relevant staff.	A corporate procurement
Key elements of the corporate governance environment:												
Ref:		p9		е			0f		6g			6h

	P	age 254		
Actions to address identified gaps in assurance or evidence		Need to ensure that all departmental and business unit BCP's are fully tested on a regular basis.		
Evidenced by:	 account of new initiatives e.g. framework agreements. Formal approval by members. Examples of dissemination via procurement bulletin. New Contract Management system now implemented which isused for monitoring effectiveness of procurement policies and decisions 	 Corporate, departmental and business unit business continuity plans are in place – in compliance with Civil Contingency Act Regular testing of major incident BCP New Risk Management strategy confirms the process to review and update twice per year 	 Risk registers set out key risks and identify controls to manage them. Key controls are monitored, reviewed and updated regularly. Risk owners are assigned to manage key risks. 	 Corporate, departmental and business unit risk registers which include risk indicators, have been established
Sources/examples of assurance:	formally approved and communicated to all relevant officers	Business/service continuity plans have been drawn up for all critical service areas and the plans: Are subject to regular testing Are subject to regular review	The corporate, departmental and business unit risk registers includes key controls to manage identified risks	Key risk indicators have been drawn up to track the movement of key risks and
Key elements of the corporate governance environment:				
Ref:			<u>6</u> j	6k

			Page 255	
Actions to address identified gaps in assurance or evidence				
Evidenced by:	 Risk registers are regularly reviewed and monitored by CEMB, individual directors and business unit heads Audit Committee reviews the corporate risk 	 Internal audit plans and reports. Annual audit reports. External audit reports. CPA opinion and assessment reports. 	 Health and safety policy exists and has been regularly reviewed. Formal approval by members. Examples of dissemination e.g. website and intranet, briefings, newsletter. Evidence of effectiveness of policy e.g. HSE referrals and reports. 	 Complaints policy and procedure exists and has been regularly reviewed and updated. Procedure is compliant with all relevant statutory requirements. Formal approval by members. Examples of dissemination e.g. website and intranet, induction programme, leaflets, posters.
Sources/examples of assurance:	are regularly monitored and reviewed	The council's internal control framework is subject to regular independent assessment.	A corporate health and safety policy has been drawn up, formally approved, is subject to regular review and has been communicated to all staff.	A corporate complaints policy and procedure has been drawn up, formally approved, communicated to all relevant staff, the public and other relevant stakeholders, and is regularly reviewed.
Key elements of the corporate governance environment:				-
Ref:		19	еш	- Gu

	,	Page 256		
Actions to address identified gaps in assurance or evidence				
Evidenced by:	 Committee reports summarising numbers, outcomes etc. 	 Internal director and ACE assurance statements are provided on an annual basis and are embedded in the business planning process External assurance obtained from various assessment sources e.g. CPA and Use of Resources, external inspection functions e.g. BFI/OFSTED/CSCI which are reported to CEMB and Members Annual independent residents survey undertaken and reported on Internal audit undertake reviews of key financial systems on an annual basis Performance management system reports on KPI's, finance and other performance on a monthly basis to CEMB and members 	 Internal audit document the key controls in all financial systems – all held on audit files Key controls are agreed with external auditors on an annual basis 	 Internal director and ACE assurance statements are provided on an annual basis
Sources/examples of assurance:		The authority has determined appropriate internal and external sources of assurance	Appropriate key controls on which assurance is to be given have been identified and agreed	Departmental assurances are provided
Key elements of the corporate governance environment:		Appropriate assurance statements are received from designated internal and external assurance providers: The authority has identified appropriate sources of assurance sources are identified and obtained		,
Ref:		7a	7b	7с

	Page 257		
Actions to address identified gaps in assurance or evidence			Provide updates and
Evidenced by:	 All key assurance reports (internal and external) are reported to CEMB and Members Audit Committee receives all relevant reports form external auditors and various inspection functions e.g. Office of Surveillance Commissioner All action plans are monitored – Audit Committee includes follow up of audit recommendations as part of regular quarterly reporting process 	 Council has an internal audit division which fully complies with the CIPFA Code of Practice and evidenced by report to Audit Committee and full reliance by external audit on its work. Reports on key financial systems provided to Audit Committee 	 Sources of corporate dovernance are in place
Sources/examples of assurance:	External assurance reports are collated centrally • Reports are reviewed by relevant senior management team and reported to appropriate committee • Action plans are prepared and approved as appropriate • Follow up reports on recommendations are requested and reviewed by relevant senior management team and progress is regularly reported to relevant committee	Internal audit arrangements	Corporate governance
Key elements of the corporate governance environment:			
Ref:	79	7e	7f

		Pag	ge 258	
Actions to address identified gaps in assurance or evidence	information on governance issues on a regular basis to CEMB and other officer and/or member groups on corporate governance issues			
Evidenced by:	across the council, but Local Code of Corporate Governance is important to ensure reporting on outcomes can take place in a structured manner.	 Performance monitoring system in place and provides regular reports to CEMB and Cabinet on financial and service performance 	Responsibilities for key Committees contained within their terms of reference e.g. Audit committee includes corporate governance arrangements	 Head of Audit & Risk Management, Head of Member Services, Head of Legal Services form core group to assess governance assurances Assurances identified and recorded using AGS matrix Details of where evidence is held
Sources/examples of assurance:	arrangements	Performance monitoring arrangements	Responsibilities for the evaluation of assurances are clearly defined throughout the organisation	Mechanism established for collecting governance assurances • Overall responsibility allocated to governance senior officer group • Required assurances are
Key elements of the corporate governance environment:			The authority has made adequate arrangements to identify, receive and evaluate reports from the defined internal and external assurance providers to identify areas of weakness in controls	
Ref:		7g	8a	8

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Actions to address identified gaps in assurance or evidence		
Evidenced by:	(electronically or manually) is recorded in the AGS matrix • Regular meetings in place between key officers and timetable agreed to meet statutory deadlines	AGS evidence matrix forms the basis of the action plan
Sources/examples of assurance:	 agreed and recorded Central record of al assurances (either evidence file, or showing clear link to where evidence is held) Clear guidance as to evaluation procedure including assurance over risks, independence and objectivity of assurances Defined evaluation mechanism Timetable for completion by statutory deadline Gap assessment – performed and challenged 	An action plan is drawn up and approved
Key elements of the corporate governance environment:		There is a robust mechanism to ensure that an appropriate action plan is agreed to address identified control weaknesses and is implemented and monitored
Ref:		в 6

	Page 260)			
Actions to address identified gaps in assurance or evidence					
Evidenced by:	 Head of Audit, Head of Legal Services and Head of Member Services act as core working group to compile AGS Draft AGS presented to CEMB on 1 April 2008. 	 Timetable in place and monitored by Head of audit & risk management 	 Review and challenge process by CEMB and Audit Committee 	SIC/AGS comparison undertaken to ensure all elements of SIC incorporated and used as the basis for the AGS matrix	 Head of Audit & Risk Management provides draft AGS for review by CEMB, Cabinet and
	Responsibility for the compilation of the AGS has been assigned	There is an AGS production timetable that meets the statutory deadline	The AGS is reviewed, challenged and approved by the authority	AGS is prepared, incorporating all the required elements of the statement of internal control (SIC)	Responsibility for reporting is clearly defined
Key elements of the corporate governance environment:	An Annual Governance Statement has been drafted in accordance with the statutory requirements and timetable st out in the Accounts and Audit Regulations 2003, as revised by the A&A (amendment) (England) Regulations 2006, and is in accordance with CIPFA guidelines				An annual report to the authority (or delegated
Ref:	10a	10b	10c	10d	11a

Annual Governance Statement 2007/08 - Matrix of supporting evidence

Appendix B

Idress os in evidence		Pa	ige 261
Actions to address identified gaps in assurance or evidence			
Evidenced by:	Audit Committee	 Chief Executive and Leader of the Council are signatories of AGS 	 Production of AGS in line with statutory deadlines, AGS on agendas for key meetings, no reason to assume they will not be met.
Sources/examples of assurance:		The signatories to the AGS and SIC are defined and are appropriate in accordance with statutory requirements (i.e. most senior officer and most senior member of the organisation)	The report is likely to be published in a timely fashion with the statutory accounts
Key elements of the corporate governance environment:	committee) on the AGS is presented, in accordance with the CIPFA pro-forma		
Ref:		116	110

Appendix C1

Management Statement of Assurance – 2007/08

Directorate	
Director/Assistant Chief Executive	
Year	2007/08

This statement has been prepared to assist in the production of the Annual Governance Statement (AGS) for Haringey Council in accordance with the requirements of the 2003 Accounts and Audit Regulations.

The assurances that I give are in the context of both the Council's overall corporate governance and management arrangements and a corporate and regulatory infrastructure set up to assist me in the delivery of my responsibilities. It is accepted that I am entitled to and do place reliance on these arrangements and the infrastructure.

I confirm that:

- 1. I understand the requirements of my role, as set out in, inter alia, my job description, my work plan, relevant instructions and guidance from the Council and the terms and conditions of my employment.
- 2. I have specific objectives and targets, which have been established through the Council's Performance Review and Appraisal system. The objectives are robust and my performance can be assessed against them. The targets are specific, measurable and achievable. I have formally agreed my objectives and targets.
- 3. I understand that one of my managerial responsibilities is to develop, operate and maintain effective governance and controls in all areas for which I have responsibility, in accordance with the Council's Constitution and Finance and Contract Procedure Rules. I understand that in so doing I have access to professional advice to assist me in carrying out my responsibilities.
- 4. I have undertaken an assessment of internal control and governance arrangements which are in operation across the department in conjunction with Business Unit Heads. The outcome of the assessment is attached to this statement. Where gaps or weaknesses in controls or governance have been identified, actions have been agreed to address these. Any significant control or governance issues which should be included in the council's Annual Governance Statement are listed in paragraph 5.

Appendix C1

Management Statement of Assurance – 2007/08

5.	Any significant control or governance issues are	listed below:
Sig	gned:	
Dat	te:	

Appendix C2

Department:

STATEMENT	ASSESSMENT AGREED ACTION TO ADDRESS GAPS OR IMPLEMENTATION RESPONSIE	RESPONSIBLE OFFICER
1:00 Risk Management		
1.01 All our service objectives are captured within our departmental risk register.		71
1.02 Risk register review is completed on a regular basis, discussed within our management team meetings and appropriately minuted.		
1.03 Actions to address any high risk areas within the risk register have been identified, with responsibilities and timescales defined.		
1.04 All relevant officers within the department have received appropriate risk management training, or training needs have been identified as part of the performance review		
2.00 Performance Management		
2.01 All staff receive an annual appraisal, which sets objectives with clear targets and deliverables together with training needs. All appraisal dates are recorded in		
2.02 Departmental (or business unit) service plans, which are linked to service priorities, are in place and contain defined targets and responsibilities for delivery.		
2.03 The department has identified appropriate measures to demonstrate that it delivers value for money		
2.04 Mechanisms are in place which provide feedback on performance during the year.		
3:00 Data Quality		
3.01 Arrangements are in place within the department to ensure that key data produced, reported and reviewed is robust, reliable and relevant.		
3.02 Service data quality arrangements are regularly tested.		
4.00 Financial Management		
4.01 Budget Managers are involved in setting Directorate (or Business Unit) budgets that are aligend to key service objectives and targets specified in the Corporate and Service Plans. Budgets are documented and disseminated throughout the department.		

14.02 Budget management is clearly identified as the responsibility of the Budget holds and monitoring, including the appoints of identified over and monitoring, including the appoints of identified over and under the current and an additionable and the states and identified as the budget manager develop appropriate action plans to be address any in year over and round read performance including records and monitoring records and include the impact on key performance including records and in proper accountific financial and in them not properly authorised. All safe are an adequately protect of a work in them not properly authorised with safe are an expensionlines. 4.05 Budget managers ensure that adequately protect of a work in them not properly authorised. All safe are an adequately manner. 4.06 Financial systems and processes in the department are in finely manner. 4.06 Financial systems and processes in the department are in finely manner. 4.06 Financial systems and processes in the department are in finely manner. 4.07 Financial systems and processes in the department are in finely manner. 5.07 Conference are in place to ensure that it cases and paid invoices are raised and paid department are and safet responsibility. 5.08 A current scheme of Designation is in place, published on the minantial and all staff are aware of the charaffer in accordance with a council and with the council and published in scheme and implemented in accordance with a council and published in scheme and implemented and published and implemented and published and implemented an accordance with the council and published and implemented and accordance with the council and published and implemented in accordance with the council and published and implemented in accordance with the council and published and implemented in accordance with the council and published and implemented in accordance with the council and published and implemented the accordance with the council and all staff are aware of the clear the appropriate and pub	entered onto the council's Contract Management System and are monitored and reviewed in accordance with its
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6.03 Contractors' performance is me the terms and conditions of the notices or service improveme served/identified, and remedia documented. 7.00 Information Management Processes are in place to ens 7.01 Security Policy All identified breaches agains 7.02 the past year have been recolappropriately All identified breaches agains 7.03 unauthorised access. Measures are in place to ensitive measures are in place to ensitive mortal and are undertaken in accord agreed project management framework are in place. revie by relevant officers. 8.00 Project Management All key projects in the depart All key documents as specified in agreed project management framework are in place. revie by relevant officers. Risks and issues are being e by relevant officers. Risks and issues are in place for referencedures are in place to meaning the partnerships within the departnerships within the departnerships are recorded There are documented partnerships within the departnerships are recorded There are documented partnerships include details covering the north are in place to meaning the procedures are in place are in place to meaning the procedures are in place to meaning the partnership are procedures are in place to meaning the partnership are procedures are in place to meaning the partnership are procedures are in place to meaning the partnership are procedures are in place to mea	6.03 Contractors' performance is monitored in accordance with the terms and conditions of the contract. Any default notices or service improvement requirements have been served/identified, and remedial actions required clearly documented.	7.01 Security Policy	All identified breaches against IT security policy during 7.02 the past year have been recorded and dealt with appropriately	All data is stored securely and protected from 7.03 unauthorised access.	Measures are in place to ensure the security of financial 7.04 information	A data retention and disposal policy for the department 7.05 (or Business Units) is in place and is complied with	8:00 Project Management	All key projects in the department have been identified 8.01 and are undertaken in accordance with the Council's agreed project management framework.	Formal governance structures are in place, in line with the $8.02\rm project$ management framework.	Key documents as specified in the project management 8.03 framework are in place, reviewed, agreed and signed off by relevant officers.	Risks and issues are being effectively managed, with risk 8.04 and issues logs in place which are regularly reviewed and updated.	Procedures are in place for reviewing outcomes and 8.05 benefits realisation.	9.00 Partnerships	9.01 SLA's, or an equivalent, are in place for all key partnerships within the department		There are documented partnership arrangements which 9.03 include details covering the nature of the relationship and which clearly identify the responsibility and liability of each	Procedures are in place to monitor adherence and 9.04 performance to partnership arrangements	Consultation processes are in place, which involve all
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	ıce, ır	q		ority 1		artment tice case, ends,
10.00 Business Continuity Plans	10.01 The department's Business Continuity plan is in place, has been fully tested, communicated throughout our service and is reviewed on a regular basis.	10.02 A list of key contacts covering key / critical staff and cascade arrangements has been produced and is	11.00 Internal Audit	11.01 All agreed audit recommendations, notably the Priority 1 recommendations, have been addressed and progress against action plans is reviewed on a regular basis.	12.00 Other significant Internal Control Issues	12.01 Apart from the issues raised above, are there any significant control or governance issues in the department which should be raised within the Annual Governance Statement? E.g. significant fraudulent activity (one case, or several systemic cases), major over or under spends, non-compliance with UK or EU regulations; non-compliance with any other local nonlicies, or regulations
10.00	10.01	10.02	11.00	11.01	12.00	12.01

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Agenda item:

[No.]

Audit Committee

On 12 May 2008

Report Title: **Draft Local Code of Corporate Governance**

Report of: The Chief Financial Officer

Forward Plan reference number: N/A

Wards(s) affected: All

Report for: Non-key decision

1. Purpose

1.1 To inform Members about the background to the Local Code of Corporate Governance and the draft Local Code which is to be recommended to full Council in July for adoption.

2. Recommendations

- 2.1 That Members approve the draft Local Code of Corporate Governance attached as the Appendix to the report.
- 2.2 That Members note the process and timescale for consulting Member bodies before adoption by full Council.

Report Authorised by: Chief Financial Officer

Contact Officers: Terence Mitchison, Senior Project Lawyer Corporate

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Tel: 0208 489 5973

3. Head of Legal Services Comments

3.1 The legal and constitutional implications are set out in the body of the report.

4. Local Government (Access to Information) Act 1985

The Council's Constitution and relevant CIPFA/SOLACE Guidance

5. Background

- 5.1 This report is linked to the report on the Annual Governance Statement (AGS) which is due to be considered separately on the agenda for this meeting of the Audit Committee. The draft AGS explains the need for a Code of Corporate Governance as part of the Council's "governance framework". At the end of the draft AGS is an Action Plan which includes as a major issue the approval and adoption of Haringey's own Local Code of Corporate Governance by full Council by September 2008.
- 5.2 However, the issue around the adoption of a Local Code of Corporate Governance goes beyond the AGS process, because the Code will be an important tool in demonstrating and maintaining effective corporate governance across the Council.
- 5.3 The Local Code of Corporate Governance has its origins in the third report of the "Nolan Committee" on standards in public life back in 1997. This report into standards in Local Government resulted in the statutory Members' Code of Conduct and supervision by the Standards Board for England and local Standards Committees.
- 5.4 The importance of embedding a "governance framework" in each Council was recognised and taken forward by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives and Senior Managers). In 2001 these bodies published a Guidance Note entitled "Corporate Governance in Local Government A Keystone for Community Governance". This encouraged all Councils to adopt their own Local Codes of Corporate Governance. The concept was that each Council would review its existing governance arrangements against the key principles in the Guidance and report annually on their effectiveness in practice.
- 5.5 The Guidance Note was updated in 2006 in a revised version entitled "Delivering Good Governance in Local Government". The revisions took into account areas that merited greater emphasis notably the role of Standards and Audit Committees, partnership arrangements, risk management and the relationship of the governance framework with the statutory Statement on Internal Control and the "Good Governance Standard" recommended by the Independent Commission on Good Governance in Public Services.
- 5.6 The revised Guidance defines good governance by reference to 6 core principles:
 - (i) Focussing on the purpose of the Council and on outcomes for the community and implementing a vision for the local area,
 - (ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles,
 - (iii) Promoting the Council's values and demonstrating the values of good governance through upholding high standards of conduct and behaviour,
 - (iv) Taking informed and transparent decisions which are subject to effective scrutiny and risk management,

- (v) Developing the capacity and capability of Members and officers to be effective, and
- (vi) Engaging with local people and other stakeholders to ensure robust public accountability.
- 5.7 The Guidance contains a template for Councils seeking to produce their own Local Codes of Corporate Governance. It starts with the 6 core principles above and develops them through a number of supporting principles that illustrate the application of the core principles in practice. Beneath the supporting principles are a range of practical actions/arrangements that each Council should already have in place. While there may be some scope for local interpretation, use of this template will help ensure that Councils include all the essential points.

6. Haringey Local Code of Corporate Governance

- 6.1 As stated in the draft AGS, Haringey has had all the relevant elements of a formal local Code of Corporate Governance in existence and operation. However, these have not previously been brought together into a single document. The Appendix to this report is the proposed draft Local Code of Corporate Governance which follows the CIPFA/SOLACE template. Drafts of this Local Code have been reported to CEMB on 5 February and 1 April 2008. This report is intended to explain the need for a Local Code of Corporate Governance in Haringey and to seek the Audit Committee's comments before the draft goes before other Member bodies.
- 6.2 It is suggested in the Guidance that Councils should nominate a Lead Officer with the knowledge and experience to oversee the implementation of the new Local Code of Corporate Governance and the processes needed to monitor its effectiveness in practice. This role would be suitable for the Monitoring Officer/Head of Legal Services but there would need to be support from the core officer group, mentioned in the report on the AGS, which also comprises the Head of Local Democracy & Member Services, the Head of Audit & Risk Management and key officers from within the Legal Service, Corporate Finance and Performance and Policy.
- 6.3 The Lead Officer will be responsible for reviewing the operation of the Local Code of Corporate Governance on an annual basis. They will report at the end of each municipal year to both the Cabinet and full Council on compliance with the Code and any changes that appear desirable. There will also be regular reports to CEMB on these matters.
- 6.4 If the Local Code of Corporate Governance is to be effective, it will be necessary for all senior managers at first and second tier levels to accept responsibility for publicising and implementing the Code in their Services and for monitoring compliance. All Services would be expected to contribute appropriate information and recommendations for the annual reports to Members.
- 6.5 Following adoption of the Local Code of Corporate Governance, it would assist "buy in" if there was publicity across the Council to raise the profile of the Code with

- officers and Members. This could be achieved through team briefing, articles in Smart Talk, publicity on Harinet and the inclusion of reference to the Code in training material. The draft Code attached in the Appendix to this report contains suggested links to Harinet and the Council's external website to render it more "user-friendly".
- 6.6 The adoption of a Local Code of Corporate Governance would confirm the Council's commitment to achieving high standards of corporate governance and would assist the Council's Community Leadership role. Although the Guidance behind the Code is not specifically intended for the purposes of CPA assessment, the adoption of a Code would also be a significant advantage in connection with the Use of Resources Key Lines of Enquiry on corporate governance arrangements.

7. Process for Consulting Member Bodies before Adoption

- 7.1 The adoption of a Local Code of Corporate Governance is not an express statutory function and there is no legal requirement for the formal decision to be taken either by Cabinet or full Council. However, given the significance of the document it is recommended that approval to the draft Code be given by full Cabinet at the first available meeting in June with the final adoption to be resolved by full Council in July 2008.
- 7.2 Since the adoption of the Code would be important for both the Council's audit functions and the maintenance of high standards of conduct, it is considered appropriate that the draft Code be reported to the Audit Committee on 12 May and the Standards Committee at its meeting in June.

8 Recommendations

- 8.1 That Members approve the draft Local Code of Corporate Governance attached as the Appendix to the report.
- 8.2 That Members note the process and timescale for consulting Member bodies before adoption by full Council.

9 Use of Appendices

9.1 The Appendix to this report is the draft Haringey Local Code of Corporate Governance proposed for adoption by full Council.

APPENDIX

DRAFT LOCAL CODE OF CORPORATE GOVERNANCE

LONDON BOROUGH OF HARINGEY

1. Introduction and Background

- (a) Corporate Governance is the system by which organisations are directed and controlled. The Committee on Standards in Public Life (the "Nolan Committee") concluded that there was a need for comprehensive framework of principles and standards to guide the conduct of local Councillors and local authorities.
- (b) The Local Authority Model Code of Conduct issued in 2001 contained national mandatory provisions governing the conduct of Councillors.
- (c) In 2001 CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives and Senior Managers), in association with the Local Government Association and the Audit Commission, published a Guidance Note and Framework entitled "Corporate Governance in Local Government A Keystone for Community Governance". This defined corporate governance in local authorities as "the system by which local authorities direct and control their functions and relate to their communities." All local authorities were recommended to draw up a Local Code of Corporate Governance based on the CIPFA/SOLACE Guidance.
- (d) Since then Local Government has been subject to continued reform intended to improve local accountability and engagement. A revised Framework has been issued entitled "Delivering Good Governance in Local Government". This adapts for local authorities the six core principles, from the Nolan Committee, which should underpin the governance arrangements of all public bodies. These are:
- (1) a clear definition of the organisation's purpose and desired outcomes,
- (2) well-defined functions and responsibilities,
- (3) an appropriate corporate culture,
- (4) transparent decision making,
- (5) a strong governance team and
- (6) real accountability to stakeholders.

- (e) Under each of the six core principles there are several supporting principles which exemplify important aspects of the core principles. Each of the supporting principles in turn gives rise to a range of specific practical requirements which should be reflected in a Local Code of Corporate Governance.
- (f) Haringey Council is committed to the principles of good corporate governance identified in the CIPFA/SOLACE Guidance and confirms its ongoing intentions through the adoption and monitoring and development of Haringey's own Local Code of Corporate Governance. The Council recognises that achieving high standards of corporate governance will encourage stakeholders to have confidence in us and will allow the Council to undertake its Community leadership role effectively.
- (g) The Lead Officer will be given responsibility for: -
 - Overseeing the implementation and monitoring the operation of the Code
 - Reviewing the operation of the Code in practice on an annual basis
 - Reporting annually to the Cabinet and full Council on compliance with the Code and any changes that may be needed to ensure its effectiveness in practice
 - Reporting any significant revisions of the Code to stakeholders.
- (h) The Chief Executive and the Leader will make an Annual Statement of Assurance, following the annual report to Council, giving their position on whether the corporate governance arrangement are operating effectively.
- (i) This document sets out Haringey Council's Local Code of Corporate Governance and the processes for monitoring its effectiveness. The Code provides the framework for the Council to achieve its aims and objectives.
- (j) The Local Code of Corporate Governance for Haringey can be found:
 - On Harinet for Members and officers (suggested link)
 - On the Council's website (suggested link)
 - By contacting the Head of Local Democracy & Member Services on 0208-489-2623 or the Monitoring Officer on 0208-489-3974.

- 2. Core Principle 1 Focussing on the Purpose of the Council and on Outcomes for the Community and Creating and Implementing a Vision for the Area
- (a) To exercise strategic leadership by developing and communicating clearly the Council's purpose and vision, and its intended outcomes for citizens and service users, we will:
 - Develop and promote the Council's purpose and vision (suggested link to Council vision values and priorities)
 - Review on a regular basis the Council's vision for its area and its implications for the Council's governance arrangements
 - Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners (suggested link to HSP vision)
 - Publish an annual report on a timely basis to communicate the Councils' activities and achievements and its financial position and performance.
- (b) To ensure that users receive a high quality of service whether directly, or in partnership, or by commissioning, we will:
 - Decide how the quality of service for users is to be measured and make sure that the necessary information is available to review service quality effectively and regularly.
 - Put in place effective arrangements to identify and deal with failure in service delivery.
- (c) To ensure that the Council makes the best use of resources and that tax payers and service users receive excellent value for money, we will:
 - Decide how value for money is to be measured and make sure that the Council has the information needed to review value for money and performance effectively
 - Measure the environmental impact of policies, plans and decisions.
- 3. Core Principle 2 Members and Officers Working Together to Achieve a Common Purpose with Clearly Defined Functions and Roles (suggested link to Council's Constitution)
- (a) To ensure effective leadership throughout the Council and to be clear about "executive" and "non-executive" functions and the roles and responsibilities of the scrutiny function, we will:
 - Set out a clear statement of the respective roles and responsibilities of the Cabinet and of the Cabinet Members individually including the Council's approach towards putting this into practice

- Set out a clear statement of the respective roles and responsibilities of non-executive Members, Members generally and senior officers
- (b) To ensure that a constructive working relationship exists between Members and officers and that their respective responsibilities are carried out to a high standard, we will:
 - Determine a scheme of delegation and reserve powers within the Constitution including a schedule of those matters specifically reserved to the full Council and update this as required
 - Make a Chief Executive responsible and accountable to the Council for all aspects of operational management
 - Develop Protocols to ensure that the Leader and Chief Executive have a shared understanding of their respective roles and objectives
 - Make a senior officer, the section 151 officer, responsible to the Council for ensuring that appropriate financial advice is given and for maintaining proper records and an effective system of internal financial control
 - Make a senior officer, the monitoring officer, responsible to the Council for ensuring that agreed procedures are followed and that all legislation is complied with
- (c) To ensure relationships between the Council, its partners and the public are clear so that each knows what to expect of the other, we will:
 - Develop Protocols to ensure effective communication between Members and officers in their respective roles
 - Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process including an effective Remuneration Committee
 - Ensure that effective mechanisms exist to monitor service delivery
 - Ensure that the Council's vision, strategic plans, priorities and targets are developed robustly in consultation with the local communities and key stakeholders and that they are clearly expressed and publicised
 - Ensure that Members working in partnership are clear about their roles and responsibilities, individually and collectively, both to the partnership and to the Council
 - Ensure that all those working in partnership understand clearly the legal basis of the partnership and the extent of each representative's authority to commit their parent organisation to partnership decisions

- 4. Core Principle 3 Promoting Values for the Authority and
 - Demonstrating the Values of Good Governance through Upholding High Standards of Conduct and Behaviour (suggested link to Ethical Governance section)
- (a) To ensure Members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance, we will:
 - Ensure that the Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect
 - Define and publicise the standards expected in the conduct of Members and officers and in the work of the Council including work with partners and the local communities
 - Put in place and maintain in operation arrangements to ensure that Members and officers are not influenced by prejudice, bias or conflicts of interest when dealing with different stakeholders
- (b) To ensure that the Council's values are put into practice and remain effective, we will:
 - Develop and maintain shared values, including leadership values, for both the Council and its staff which reflect public expectations and communicate these to Members, staff, the community and partners
 - Put in place arrangements to ensure that systems and processes reflect appropriate ethical standards and to monitor their continuing effectiveness in practice
 - Develop and maintain an effective Standards Committee
 - Use the Council's shared values as a guide for decision-making and a basis for developing positive and trusting relationships within the Council
 - Pursue a partnership vision with an agreed set of values for assessing decision-making and actions which must be demonstrated by the partners' individual and collective behaviour
- 5. Core Principle 4 Taking Informed and Transparent Decisions which are Subject to Effective Scrutiny and Risk Management
- (a) To be rigorous and transparent about how decisions are taken and to listen and act on the outcomes of constructive scrutiny (suggested link to Overview and Scrutiny pages), we will:
 - Develop and maintain an effective scrutiny function which encourages effective challenge and which enhances the Council's performance overall and that of organisations for which the Council is responsible

- Develop and maintain open and effective mechanisms for documenting the evidence for decisions and for recording the criteria, rationale and considerations behind decisions
- Put in place arrangements to safeguard Members and staff against conflicts of interest together with appropriate processes to maintain them in practice
- Develop and maintain an effective Audit Committee which is independent of the Cabinet and scrutiny functions
- Make sure that effective, transparent and accessible arrangements are in place for dealing with complaints
- (b) To have good quality information, advice and support which ensure that the services wanted and needed by the community are delivered effectively, we will:
 - Ensure that decision-makers in the Council and partner organisations have information that is fit for purpose i.e. relevant, timely and with clear explanations of the technical issues
 - Ensure that proper professional advice, on matters with financial or legal implications, is available, recorded well in advance of decisionmaking and used appropriately
- (c) To ensure that an effective risk management system is in place, we will:
 - Ensure that risk management is embedded into the culture of the Council with Members and managers recognising this is part of their respective roles (suggested link to risk management page)
 - Ensure that effective arrangements for whistle-blowing are in place with access for Members, staff and those contracting with, or appointed by, the Council (suggested link to "whistle-blowing" policy item on Ethical Governance page).
- (d) To use the Council's legal powers for the full benefit of citizens and communities in the Borough, we will:
 - Recognise the limits of lawful action while striving to use Council powers for the full benefit of the community
 - Comply with the specific requirements of legislation and the general duties placed on Councils by public law
 - Integrate the key principles of administrative law rationality, legality and natural justice – into the Council's procedures and decisionmaking processes

- 6. Core Principle 5 Developing the Capacity and Capability of Members and Officers to be Effective (suggested link to training in Learning Zone)
- (a) To make sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles, we will:
 - Provide induction programmes tailored to individual needs and also opportunities for Members and officers to update their knowledge regularly
 - Ensure that the statutory officers have the necessary skills, resources and support to perform effectively
 - Ensure that the roles of the statutory officers are properly understood by all in the Council
- (b) To develop the capability of those with governance responsibilities and to evaluate their performance individually and collectively, we will:
 - Assess the skills required by Members and officers and develop those skills to enable their roles to be performed effectively
 - Develop skills on a continuing basis to improve performance including the ability to scrutinise and challenge and to recognise when outside expert advice is needed
 - Ensure that effective arrangements are in place for reviewing the performance of the Cabinet and individual Cabinet Members and for agreeing action plans to address training or development needs
- (c) To encourage new talent for membership of the Council so best use can be made of individuals' skills and resources in balancing continuity and renewal, we will:
 - Ensure that effective arrangements are in place to encourage individuals from all sections of the community to engage with, contribute to, and participate in, the Council's work
 - Ensure that career structures are in place for Members and officers to encourage participation and development

7. Core Principle 6 – Engaging with Local People and Other Stakeholders to Ensure Robust Public Accountability

- (a) To exercise leadership through a robust scrutiny function which effectively engages local people and all local stakeholders and partnerships and which develops constructive and accountable relationships, we will:
 - Make clear to all Members, staff and the community that we are democratically accountable for this scrutiny function
 - Consider those institutional stakeholders to whom the Council is accountable and assess the effectiveness of the relationships and any changes required
 - Produce an annual report on the activity of the scrutiny function
- (b) To take an effective and planned approach to dialogue with, and accountability to, the public to ensure effective and appropriate service delivery whether directly by the Council, in partnership or by commissioning, (suggested link to Making Public Consultation Work pages) we will:
 - Ensure that clear channels of communication are in place with all sections of the community and other stakeholders and put in place monitoring arrangements to ensure that they operate effectively
 - Hold meetings in public unless there are good reasons for confidentiality
 - Ensure that arrangements are in place to enable the Council to engage with all sections of the community effectively.
 - The above arrangements will recognise that different sections of the community have different priorities and will establish processes for dealing with these competing demands
 - Establish a clear policy on the types of issues where we will consult, or engage the public and service users, including a feedback mechanism to demonstrate to consultees what has changed as a result of consultation
 - Publish an annual performance plan with information on the Council's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and service user satisfaction in the previous year
 - Ensure that the Council is open and accessible to the community, service users and its own staff and committed to openness and transparency in its dealings including partnerships subject to the protection of confidentiality where necessary and appropriate
- (c) To make the best use of human resources by taking an active and planned approach to meet the Council's responsibility to its staff, we will:
 - Develop and maintain a clear policy on the means for consulting and involving staff and their representatives in decision-making



Agenda item:

[No.]

Audit Committee

On 12 May 2008

Report Title: The review of the Effectiveness of the system of Internal Audit

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 Members of the requirements of the Accounts and Audit (amendment) (England) Regulations 2006 and the action taken to address these.

2. Recommendations

- 2.1 That the Audit Committee notes the findings of the review of the effectiveness of the system of internal audit.
- 2.2 That the Audit Committee approves the action plan to address the identified areas for development.

Report Authorised by: Chief Financial Officer

Contact Officer: Anne Woods, Head of Audit and Risk Management

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anne.woods@haringey.gov.uk

3. Local Government (Access to Information) Act 1985

3.1 List of background documents:

The following background documents were used in production of this report:

Accounts and Audit (amendment) (England) Regulations 2006.

4. Background

- 4.1 Regulation 4 of the Accounts and Audit Regulations (2003) required audited bodies to conduct a review at least once a year of the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS) each year with the authority's financial statements.
- 4.2 The Accounts and Audit (Amendment) (England) Regulations 2006 came into force on 1 April 2006. Whilst many of the amendments clarify or correct elements of the 2003 Regulations, and all are relevant in relation to the operation of the internal audit function, two of the amended regulations in particular have an impact on the process for preparing the AGS, namely:

Regulation 4 – requires the findings of the review of the system of internal control to be considered by a committee of the relevant body, or by members of the body meeting as a whole.

Regulation 6 – requires bodies to review the effectiveness of their system of internal audit once a year and for the findings of the review to be considered by a committee of the body, or by the body as a whole, as part of the consideration of the system of internal control referred to in regulation 4.

- 4.3 The requirement to review Internal Audit does not specify what the review should consist of, nor does it state who should undertake this task. However, as the Audit Committee has responsibility for approving the Annual Governance Statement (AGS), it is considered appropriate that this Committee should have responsibility for approving how the new responsibility under Regulation 6 is discharged.
- 4.4 This report provides the Audit Committee with references to existing procedures, sources of information and measures in place in order to assist in being able to reach a conclusion on the adequacy and effectiveness of the Internal Audit Service.
- 4.5 In order to assess compliance with the amended regulations, Haringey's Internal Audit service was independently reviewed. The review was based on the revised CIPFA Code of Practice for Internal Audit in Local Government which was issued in December 2006 and covered the requirements of the Accounts and Audit Regulations.

5. Existing Processes and Sources of Assurance

- 5.1 The Council's Constitution contains the relevant statutory requirements for Internal Audit, and identifies the s151 Officer. Responsibilities of managers in relation to the management of risk and fraud are also included within the Constitution.
- 5.2 Audit and Risk Management follow the CIPFA Code of Practice for Internal Audit in Local Government 2006 which covers the following areas:
 - Scope of Internal Audit
 - Independence
 - Ethics
 - Audit Committees
 - Relationships
 - Staffing, Training and Continuing Professional Development
 - Audit Strategy and Planning

- Undertaking Audit Work
- Due Professional Care
- Reporting
- · Performance, Quality and Effectiveness
- 5.3 In addition, members may gain assurance on the effectiveness of the system of internal audit from a number of other sources, including:
 - The Constitution (overall governance arrangements)
 - Management Structure (Directors Assurance Statements)
 - Audit Committee (terms of reference)
 - Audit Commission (CPA and Use of Resources reviews)
 - External Audit reports (Annual Audit and Inspection Letter)
 - Annual Internal Audit Report
 - Training provided (e.g. briefing sessions for Audit Committee).

6. The Independent Review

- 6.1 In order to comply with the Accounts and Audit Regulations, arrangements were made between the London Borough of Haringey (LBH), the London Borough of Waltham Forest (LBWF) and the Royal Borough of Kensington and Chelsea (RBKC) to carry out reciprocal peer group reviews of compliance with the standards set out in the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006.
- 6.2 The approach was developed with reference to appropriate standards and available guidance and a Terms of Reference for the review was agreed.
- 6.3 In order to reach an opinion, the Internal Audit function at LBH was compared against the requirements of the CIPFA Code of Practice. A visit to LBH's Internal Audit department was made by RBKC and evidence of compliance against the CIPFA Code of Practice checklist was reviewed.
- 6.4 Based on the review undertaken, the Haringey's Internal Audit function was found to comply with the CIPFA Code of Practice for Internal Audit in Local Government in the UK (2006).
- 6.5 RBKC issued a report on their findings, which is attached at Appendix A. The report details the work undertaken and, although no high priority recommendations were made, identifies some areas for improvement in order to fully meet the CIPFA Code of Practice and Accounts and Audit Regulations.
- 6.6 In order to address these, an action plan has been drawn up and is attached at Appendix B for approval.

7. Recommendations

- 7.1 That the Audit Committee notes the findings of the review of the effectiveness of the system of internal audit.
- 7.2 That the Audit Committee approves the action plan to address the identified areas for development.

LB of Haringey Review of the Effectiveness of the System of Internal Audit - Internal Audit Report 2007/2008

London Borough of Haringey Review of the Effectiveness of the System of Internal Audit FINAL AUDIT REPORT

April 2008

Report circulated to: Anne Woods – Head of Audit and Risk Management LB of Haringey

Prepared by:

Steve Armstrong –Audit Manager

Royal Borough of Kensington and Chelsea

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EXECUTIVE SUMMARY

- 1. The Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, requires that a "relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices". These regulations also require that provision for Internal Audit must be made in accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006.
- 2. Regulation 4 of the Accounts and Audit Regulations (2003) required audited bodies to conduct a review at least once a year of the effectiveness of its system of internal control and publish a statement on internal control (SIC) each year with the authority's financial statements.
- 3. The Accounts and Audit (Amendment) (England) Regulations 2006 came into force on 1 April 2006. Whilst many of the amendments clarify or correct elements of the 2003 Regulations, two of the amended regulations in particular have an impact on the process for preparing the SIC:
 - Regulation 4 requires the findings of the review of the system of internal control to be considered by a committee of the relevant body, or by members of the body meeting as a whole.
 - **Regulation 6** requires bodies to review the effectiveness of their system of internal audit once a year and for the findings of the review to be considered by a committee of the body, or by the body as a whole, as part of the consideration of the system of internal control referred to in regulation 4.
- 4. To comply with these requirements arrangements have been made with the London Borough of Haringey and Waltham Forest Council, to carry out reciprocal peer group reviews of compliance with the standards set out in the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006. The reviews for 2007/2008 have been arranged as follows:

Council	Reviewed By
London Borough of Haringey	Royal Borough of Kensington and Chelsea
Waltham Forest Council	London Borough of Haringey
Royal Borough of Kensington and Chelsea	Waltham Forest Council

LB of Haringey Review of the Effectiveness of the System of Internal Audit - Internal Audit Report 2007/2008

- 5. This report details the results of the review carried out by the Royal Borough of Kensington and Chelsea of the effectiveness of the London Borough of Haringey's system of internal audit.
- 6. In order carry out this review Internal Audit at the London Borough of Haringey was compared against the requirements of the CIPFA Code of Practice for Internal Audit. The reviewer visited Haringey's Audit department and compared evidence of compliance against the CIPFA Code of Practice checklist. The Code of Practice comprises the following eleven standards and the checklist addressed all of these detail to ensure compliance:
 - Scope of Internal Audit
 - Independence
 - Ethics for Internal Auditors
 - Audit Committees
 - Relationships
 - Staffing, Training and Continuing Professional Development
 - Audit Strategy and Planning
 - Undertaking Audit Work
 - Due Professional Care
 - Reporting
 - Performance, Quality and Effectiveness
- 7. A detailed summary of the findings of the review are attached at Appendix A. No high priority recommendations were made as part of this review. The London Borough of Haringey's system of internal audit was found to be compliant with the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006.
- 8. A small number of areas for development were identified as part of this review and recommendations were made to address these issues. These are summarised below:
 - The terms of reference should be regularly reviewed and presented to Audit Committee for approval.
 - Audit staff should formally declare conflicts of interest annually.
 - Relations with other regulators and inspectors should be defined.
 - The Head of Audit should arrange to review the quality, performance and effectiveness of the service as a whole. The results should be reported to management and the Audit Committee.

Appendix A

CIPFA Code of Practice - Standards

2006 Code standard	Evidence of Achievement	Areas for development
1. Scope of Internal Audit	1. Scope of Internal Audit 1.1 Terms of reference reflecting the current The terms of reference should	The terms of reference should
Terms of reference	Code of Practice were approved by the Audit be regularly reviewed and	be regularly reviewed and
• Scope	Committee on 26 April 2007. It is planned to presented to Audit Committee	presented to Audit Committee
•Responsibilities in respect	•Responsibilities in respect review the terms of reference and re-present for approval.	for approval.
of:	them to the Audit Committee during 2008/2009.	
-Other organisations	1.2 The scope of audit work takes into account	
-Fraud and corruption	risk management processes and wider internal	
	control.	,
	1.3 The terms of reference define audit	
	responsibilities in relation to fraud and	
	consultancy work.	

London Borough of Haringey Review of the Effectiveness of the System of Internal Audit - April 2008

2006 Code standard	Evidence of Achievement	Areas for development
2. Independence • Organisational	2.1 Internal Audit is independent of the activities it audits.	
independence	2.2 The Head of Audit has direct access to those	
 Status of Head of Internal 	charged with governance, members and officers	
•Independence of individual	as liecessary. 2.3 Reports are in the Head of Audit's own name	
internal auditors	to both management and the Audit Committee.	
•Independence of internal	2.4 No conflict of interests between operational	
addit collitacions)
ספרומו מנוסון סן ווונפן פאר	u to declare judit planning	Audit staff should formally declare conflicts of interest.
	process, audit staff are not required to make	
	formal declarations of interest.	
3. Ethics	3.1 Staff are regularly reminded of their ethical	
Integrity	responsibilities.	
Objectivity	3.2 Internal Audit has established an environment	
•Competence	of trust, confidence and confidentiality.	
Confidentiality	3.3 Staff rotation is part of normal processes.	
	3.4 The Head of Audit ensures that staff have	
	\circ	
	specific audit area in order to fulfil the scope of audit work.	

2006 Code standard	Evidence of Achievement	Areas for development
4. Audit Committee	4.1 The Audit Committee approves and monitors	
•Purpose of the Audit	Audit Internal Audits terms of reference, strategy and	
Committee	plan and monitors progress.	
 Internal Audit's relationship 	Internal Audit's relationship 4.2 The Head of Audit attends Audit Committee	
with the Audit Committee	meetings, reports on the outcome of internal	
	audit work, identifies necessary changes to the	
	audit plan, and presents an annual report and	
	opinion or assurance on the internal control and	
	risk management framework.	
	4.3 The Audit Committee carries out an annual	
	review of their own remit and effectiveness.	
	4.4 The Head of Audit has the facility to meet	
	privately with the Committee.	
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London Borough of Haringey Review of the Effectiveness of the System of Internal Audit - April 2008

2006 Code standard	Evidence of Achievement	Areas for development
 S. Relationships With management With other internal auditors With other regulators and inspectors With elected Members 	5.1 Good working relationships have been defined and established with management, external audit and elected members. 5.2 Relationships with other regulators and inspectors have not been as well explored. defined.	Relations with other regulators and inspectors should be defined.
6. Staffing, Training and DevelopmentStaffingTraining and CPD.	6.1 Internal Audit are appropriately staffed to achieve their objectives and comply with the Code standards.6.2 Individual training and development plans have been agreed through the appraisal process and are being delivered.6.3 Professional staff are required to complete CPD.	

2006 Code standard		Evidence of Achievement	Areas for development
7. Audit Strategy Planning	and	7.1 The Audit Strategy complies with the Code of Practice and has been formally approved by the	
Strategy			
Planning Adhorong to the Ctandard	\tag{7}	specifies the resources and skills required for it's	
אמוופו פוורפ נס נוופ אמוו	מ	7.2 The Audit Plan has been prepared in	
		accordance with the strategy and was approved	
		register has been used as the basis of the plan. The Head of Andit has also carried out a risk	
		7.3 Stakeholders were consulted on the plan.	
Jndertaking	Audit		
Work		agreed with management for each audit.	
• Planning		8.2 A risk-based approach is used and issues are	
•Approach		discussed with management as they arise.	
 Recording Audit 			
Assignments		and checked as part of the file review.	
		8.4 Adequate document retention and access	
		policies were in place.	

2006 Code standard	Evidence of Achievement	Areas for development
9. Due Professional Care	9. Due Professional Care 9.1 All internal auditors are aware of their	
•Responsibilities of the	 Responsibilities of the individual responsibilities for due professional 	
individual auditor	care, and arrangements are in place to monitor	
 Responsibilities of the Head this. 	this.	
of Internal Audit	9.2 Work is assigned so as to avoid potential	
 Head of Internal Audit conflicts of interest. 	conflicts of interest.	
reviews all audit files and	reviews all audit files and 9.3 Procedures and policies are in place for the	
reports.	disclosure of fraud, corruption or improper	
 Appraisal and training 	conduct e.g. Anti-Fraud strategy and Whistle-	
	blowing policy.	

2006 Code standard	Evidence of Achievement	Areas for development
10. Reporting	10.1 Standards have been set-out for audit	
 Reporting on audit work 	reports, and each report gives an opinion on the	
Annual reporting	control environment and risk exposure.	
	10.2 Draft reports are discussed with	
	management and action plans agreed in response	
	to recommendations made.	
	10.3 Assurances are sought from managers on	
	delivery of agreed actions and an escalation	
	procedure has been defined and is used as	
	appropriate.	
	10.4 Issues are referred as necessary, to ensure	
	that risk registers are up-dated.	
	10.5 An annual report to support the Statement	
	on Internal Control is presented to the Audit	
	Committee. The report includes the opinion on	
	the control environment and any qualifications to	
	that opinion. The work on which the opinion is	
	based is set out in the report and significant	
	issues are highlighted. The report compares the	
	actual work undertaken with that planned.	

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2006 Code standard	Evidence of Achievement	Areas for development
11. Performance, quality 11.1 Policies	11.1 Policies and procedures are defined in the	
and effectiveness	audit manual.	
•Principles of performance, 11.2 The	11.2 The Head of Audit has adequate The Head of Audit should	The Head of Audit should
quality and effectiveness	arrangements in place to assess the performance	arrange to review the quality,
 Quality assurance of audit 	and effectiveness of each audit, however the	performance and effectiveness
work	effectiveness of the service as a whole is not of the service as a whole. The	of the service as a whole. The
 Performance and 	formally appra	results should be reported to
effectiveness of the internal	11.3 Audits are assigned according to the skills,	management and the Audit
audit service	experience and competencies required for the	Committee.
	work. Audit work is appropriately supervised and	
	monitored throughout.	
	11.4 A performance management and quality	
	assurance programme is in place.	
	11.5 Client feedback forms are issued with each	
	final report and are summarised in the annual	
	report.	
	11.6 Arrangements have been made for periodic	
	reviews to ensure compliance with the Code of	
	Practice and the audit manual and processes.	

INTERNAL AUDIT REVIEW OF EFFECTIVENESS 2007/08 - ACTION PLAN

Recommendation	Response	Responsibility & Implementation Date
The terms of reference should be regularly reviewed and presented to Audit Committee for approval.	Agreed. The Terms of Reference were last reviewed and approved in April 2007, but will be reviewed on an annual basis and presented to the Audit Committee for formal approval	Head of Audit July 2008
Audit staff should formally declare conflicts of interest (or provide a NIL return).	Agreed. A formal declaration, or a NIL return, will be provided and retained for review. The Internal audit manual will be updated to reflect this requirement.	Head of Audit June 2008
Relations with other regulators and inspectors should be defined.	Agreed. The relationships with other regulators and inspectors will be formally defined in a protocol August 2008 and will be included in the audit manual.	Head of Audit August 2008
The Head of Audit should arrange to review the quality, performance and effectiveness of the service as a whole. The results should be reported to management and the Audit Committee.	Agreed. A formal review of the Internal Audit Service as a whole will be undertaken and the outcome presented to Audit Committee.	Head of Audit October 2008