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## Audit Committee

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THURSDAY, 23RD APRIL, 2009 at 19:30 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, N22 8LE.

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

### 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 15 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 - 8)**

To confirm and sign the minutes of the Audit Committee held on 3 February 2009.

**5. DEPUTATIONS AND PETITIONS**

**6. ACCOUNTING POLICIES AND ACCOUNTS 2008/09 (PAGES 9 - 18)**

Report of the Chief Financial Officer to report and consider the accounting policies that are being used for the closure of the Council's accounts for 2008/09.

**7. IMPLEMENTATION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (PAGES 19 - 22)**

Report of the Chief Financial Officer to provide a background to the introduction of International Financial Reporting Standards (IFRS) to Local Government and to outline the process Haringey Council will be taking to ensure full implementation.

**8. AUDIT COMMITTEE UPDATE FROM GRANT THORNTON (PAGES 23 - 24)**

Report of Grant Thornton.

**9. AUDIT AND INSPECTION FEES 2009/10 (PAGES 25 - 36)**

Report of the Chief Financial Officer to inform the Committee of the proposed audit and inspection fees for 2009/10 to be charged by Grant Thornton and the Audit Commission.

**10. PROGRESS REPORT ON COUNTER FRAUD ACTIVITY RELATING TO HOUSING BENEFIT AND COUNCIL TAX BENEFIT**

**TO FOLLOW**

**11. INTERNAL AUDIT ANNUAL PLAN AND STRATEGY 2009/10 (PAGES 37 - 76)**

Report of the Head of Audit and Risk Management to inform Members of the proposed Annual Internal Audit Plan for 2009/10 and to advise Members of the internal audit strategy.

**12. INTERNAL AUDIT PROGRESS REPORT - 2008/09 QUARTER 4 (PAGES 77 - 128)**

Report of the Head of Audit and Risk Management to inform the Committee of the work undertaken during the fourth quarter by the Internal Audit Service in completing the annual audit plan and any responsive fraud investigation work. In addition, the work of the Council's personnel division in supporting disciplinary action taken across all departments by respective council managers.

**13. RISK MANAGEMENT AND CORPORATE RISK REGISTER (PAGES 129 - 170)**

Report of the Head of Audit and Risk Management 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 and to provide a register of corporate business risks for review.

**14. OFFICE OF THE SURVEILLANCE COMMISSIONERS (OSC) INSPECTION (PAGES 171 - 182)**

Report of the Head of Audit and Risk Management to inform Members of the inspection visit made to Haringey by the Assistant Surveillance Commissioner in March 2009 and to inform Members of the recommendations made by the OSC and the council's response in order to ensure these are appropriately addressed.

**15. NEW ITEMS OF URGENT BUSINESS**

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

**16. DATE OF NEXT MEETING**

Tuesday, 2 June 2009 at 19:30hrs.

Yuniea Semambo  
Head of Local Democracy and Member Services  
5<sup>th</sup> Floor  
River Park House  
225 High Road  
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Wednesday, 15 April 2009

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**MINUTES OF THE AUDIT COMMITTEE  
TUESDAY, 3 FEBRUARY 2009**

Councillors Rahman Khan (Chair), Bull, Diakides, Gorrie and Mallett (Vice-Chair)

Apologies Councillor Davies

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PRAC62.	<p><b>APOLOGIES FOR ABSENCE</b></p> <p>Apologies for absence were received from Cllr Davies.</p>	
PRAC63.	<p><b>URGENT BUSINESS</b></p> <p>There were no items of urgent business.</p>	
PRAC64.	<p><b>DECLARATIONS OF INTEREST</b></p> <p>There were no declarations of interest.</p>	
PRAC65.	<p><b>MINUTES</b></p> <p>In respect of the circulated minutes of the 28 October 2008, Cllr Gorrie requested an update on how progress on the resolutions made in respect of the Health Inequalities report (PRAC53) would be monitored. The Chair would forward an update on this issue to Cllr Gorrie outside the meeting.</p> <p>Cllr Gorrie also requested an update on the position regarding Icelandic Banks (PRAC56), and expressed concern that there had been no Member involvement in the governance process for the review. Concern was also expressed that the initial report had yet to be published, although it had been due for the end of December 2008. The Chair noted the concerns expressed, and reported that the issue of Icelandic Banks was referred to by Grant Thornton in the CPA Use of Resources report. Grant Thornton had taken the view that the Council had acted in accordance with its treasury management policy.</p> <p><b>RESOLVED</b></p> <p>That the minutes of the Audit Committee held on 28 October 2008 be approved and signed by the Chair.</p>	
PRAC66.	<p><b>DEPUTATIONS AND PETITIONS</b></p> <p>There were no deputations or petitions.</p>	
PRAC67.	<p><b>COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA) - USE OF RESOURCES AND DATA QUALITY - AUDITOR'S REPORT 2008 - THE COUNCIL'S ACTION PLAN</b></p>	

**MINUTES OF THE AUDIT COMMITTEE  
TUESDAY, 3 FEBRUARY 2009**

The Committee received a report on the external auditors' report on the CPA Use of Resources and Data Quality audits undertaken during 2007/08 and the action plan. These two pieces of work contribute to the annual Value for Money (VfM) conclusion.

Grant Thornton outlined the key recommendations from the Use of Resources and Data Quality. The Chair thanked Grant Thornton for this important work and invited questions from the Committee.

In response to a question from the Committee regarding the nature of the role of the Sector in relation to investments made with Icelandic Banks, Grant Thornton responded that they considered that the Sector provided treasury management advice to the Council.

The Committee asked what evidence Grant Thornton had considered regarding how the Council's procurement arrangements were maximising local benefits and what the definition of local benefits was. Grant Thornton would provide the information on these issues and the basis on which their conclusions had been reached outside the meeting.

The Committee enquired further about the Data Quality conclusions, in light of Members having some negative experience of data issues from individual services. Grant Thornton reported that the data quality assessment was based on strict Audit Commission criteria relating to systems the Council was expected to have in place on a corporate level.

In response to questions from the Committee regarding the accounts of the Alexandra Palace and Park Charitable Trust, Grant Thornton reported that the system for producing separate accounts was consistent with current accounting standards. It was noted that, although the accounts were separate, the Chief Financial Officer, as Section 151 Officer, had responsibility for the proper administration of the financial affairs of the Council as a whole, including the Alexandra Palace and Park Charitable Trust.

The Committee asked for assurance regarding the information provided by the Council to Ofsted, and it was reported that Grant Thornton would take this into account in their forthcoming work.

In response to a request from the Committee for feedback relating to adult transport, it was reported that this would be covered as part of the Scrutiny Review of Service Based Transport with Adult Social Care and that if any issues arose that needed further attention, then these would be brought back to the Committee as necessary.

The Chair expressed satisfaction that the overall scores had improved on the previous year. The Chair requested that the Committee be provided with periodic updates on each of the Key Lines of Enquiry in order for the Committee to monitor the implementation of the recommendations, as recommended by Grant Thornton.

The Chair asked Grant Thornton about the public satisfaction element of

**MINUTES OF THE AUDIT COMMITTEE  
TUESDAY, 3 FEBRUARY 2009**

	<p>the new Comprehensive Area Assessment arrangements and the need to balance the interests of the organisation and the public on areas where these were not completely aligned. It was reported that the precise definition and scope for “public satisfaction”, and how this would be incorporated into the system, was still being developed. Eve Pelekanos, Corporate Head of Performance and Policy, reported that the Place Survey commissioned from MORI would form a key part of the Comprehensive Area Assessment, and that the results of the survey would be reported to Members as soon as they were available.</p> <p>The Chair commented that in order to get a balanced assessment from the External Auditors under the new CAA regime, he felt that it was essential for the inspecting agencies to have neutral eyes and ears in making the overall judgements, taking into account the performances of the Council along with other local partners. The Chair also requested a copy of the detailed report on management arrangements as provided to officers, as mentioned on paragraph 3.3 of the report, for the greater interest of proper discharge of duties.</p> <p><b>RESOLVED</b></p> <p>That the CPA Use of Resources and Data Quality scores for 2008, the auditors’ recommendations and the action plan in response be noted, and that the Committee be provided with periodic updates in order to monitor the implementation of the recommendations and to comply with the hopes and aspirations of Grant Thornton, as mentioned at the report in various sections.</p>	
<p><b>PRAC68.</b></p>	<p><b>GRANTS REPORT 2007/08</b></p> <p>The Committee received a report on the outcomes of the annual grant work by Grant Thornton. It was reported that the Council’s performance in relation to grants had improved in 2007/08 compared with 2006/07, and that the level of fees charged for grants work had reduced.</p> <p>In response to questions from the Committee relating to the late submission of the Housing and Council Tax Benefits claim, the Chief Financial Officer reported that the final settlement did not affect the Council’s cash-flow as an estimated payment had been received in advance. This also applied to the late submission of the EYC02 claim. Grant Thornton reported that it was important for the deadlines to be met in order to ensure that the audit could be certified on time, in line with the specifications of the Audit Commission.</p> <p>The Chair urged officers to ensure that the target for claims submitted on time was exceeded in future.</p> <p><b>RESOLVED</b></p> <p>That the management responses contained in the action plan be agreed.</p>	

**MINUTES OF THE AUDIT COMMITTEE  
TUESDAY, 3 FEBRUARY 2009**

<p><b>PRAC69.</b></p>	<p><b>REVIEW OF PROBITY AND PROPRIETY - FINAL REPORT BY GRANT THORNTON</b></p> <p>The Committee received a report on the outcome of the review of probity and propriety and the Council's response to the findings and recommendations.</p> <p>The Committee asked for further information on the recommendation that members of the Audit Committee be independent of both executive and scrutiny functions. Grant Thornton reported that this was part of CIPFA guidance, as there was a potential conflict of interest for any Member sitting on both Audit and either Standards or Scrutiny committees. The Chair agreed with the CIPFA guidance on this point, and suggested that this be looked into further.</p> <p>The Chair reported that he had requested a separate report on the Council's whistleblowing policy for consideration by the Audit Committee, and this was welcomed by the Committee.</p> <p>The Committee agreed on the necessity of robust partnerships, and the Council's role in influencing partner organisations in relation to best practice for ethical governance.</p> <p><b>RESOLVED</b></p> <p>That the report be noted and the management responses contained in the action plan be agreed.</p>	
<p><b>PRAC70.</b></p>	<p><b>AUDIT PROGRESS REPORT - FEBRUARY 2009</b></p> <p>The Committee received an audit progress report from Grant Thornton.</p> <p>The Chair requested that Grant Thornton present an in-depth report on the International Financial Reporting Standards to the Audit Committee, in order to help the Committee to monitor their implementation, and that Committee members be given an opportunity to join the workshops being arranged by Grant Thornton.</p> <p><b>RESOLVED</b></p> <p>That the content of the report be noted.</p>	
<p><b>PRAC71.</b></p>	<p><b>PROGRESS REPORT ON COUNTER FRAUD ACTIVITY RELATING TO HOUSING BENEFIT AND COUNCIL TAX BENEFIT</b></p> <p>The Committee received a report on the counter fraud performance of the Benefits and Local Taxation Service from the 1<sup>st</sup> October 2008 – 30<sup>th</sup> December 2008. Correcting some of the figures presented in the report, Tim Fisher, Deputy Head of Benefits and Local Taxation, advised the Committee that the number of cautions issued in the third quarter 2008/09 should be 23 and the number of admin penalties for the same period should be 9. Under successful outcomes for year-to-date</p>	

**MINUTES OF THE AUDIT COMMITTEE  
TUESDAY, 3 FEBRUARY 2009**

	<p>2008/09, the number of cautions should be 41, and the number of admin penalties 20. Mr Fisher reported that performance for the third quarter 2008/09 was above target, and that performance was expected to meet the target for the full year.</p> <p>Mr Fisher reported on activities relating to the anti-fraud and corruption strategy, particularly relating to the promotion of the 'keep us informed' message. Department for Work and Pensions (DWP) data indicated that in the period 1<sup>st</sup> June 2008 – 20<sup>th</sup> November 2008, the Benefits and Local taxation Service had made 17, 376 alterations to existing benefits claims as a result of claimants reporting changes or as a result of the activities to promote the 'keep us informed message'. It was also reported that 87% of those who had participated in the pilot scheme to report changes of circumstances at their local Post Office had indicated that they would wish to continue using this service, and that Royal Mail were in discussions with DWP regarding whether to promote this type of partnership nationally.</p> <p>The Committee suggested that the issue of how overpayments were handled should be considered by the Overview and Scrutiny Committee. Cllr Bull would discuss this further with the Scrutiny department. Mr Fisher confirmed that he would circulate the sanctions policy to Members for information.</p> <p>In response to a question from the Committee, Mr Fisher reported that benchmarking figures for the recovery of overpaid benefits by other local authorities were not available.</p> <p>For clarity, Mr Fisher agreed that he would include a key to the table of cases successfully sanctioned produced for future reports to the Committee.</p> <p><b>RESOLVED</b></p> <p>That the report and the work being carried out by the Benefits and Local Taxation Service in relation to Counter Fraud activity be noted.</p>	
<p><b>PRAC72.</b></p>	<p><b>INTERNAL AUDIT PROGRESS REPORT - 2008/09 QUARTER 3</b></p> <p>The Committee received a report on the work undertaken during the third quarter by the Internal Audit Service. It was reported that Deloitte and Touche were on target to complete the audit plan in full by year end, and that 12 projects had been finalised by Deloitte and Touche in the third quarter. A progress update on the implementation of outstanding recommendations was provided, following the Committee's request at the previous meeting that all outstanding recommendations be implemented by target dates of either 31 December 2008 or 31 March 2009.</p> <p>The Committee noted that some of the recommendations that had been given a deadline of 31<sup>st</sup> December 2008 at the previous meeting were still outstanding. Further to the proposal made at the previous meeting</p>	

**MINUTES OF THE AUDIT COMMITTEE  
TUESDAY, 3 FEBRUARY 2009**

that, where there was a failure to implement outstanding recommendations by the deadlines set, the relevant Heads of Service be required to attend the Audit Committee to explain why, it was reported that this had not been felt to be necessary, as sufficient progress had been reported against all the outstanding actions. In future, it was agreed Heads of Service would be required to attend meetings to explain to the Committee any failure to implement recommendations and that any exception to this would have to be approved by prior Consultation with the Chair of the Committee.

Following discussion with the services regarding realistic delivery dates, revised deadlines had been proposed. The Committee considered each of the revised deadlines and approved the revisions, as set out in the report, as the final dates, with the following exceptions:

- Waste Management 4. – a deadline had not been established as implementation was dependent on Enterprise. The Committee requested that the Director agree a deadline with Enterprise.
- Appointeeship & Receivership 9. – the Committee set a deadline of March 2009 for implementation.
- Appointeeship & Receivership 10. – the Chair stated that the Committee could not accept the present position, and requested that the Chief Financial Officer develop an appropriate framework, for implementation by September 2009.

For all the recommendations, the Chair emphasised that the revised deadlines must be adhered to.

The Chair emphasised that it was necessary to have a separate report on risk management at each of the quarterly meetings, as risk management could not be adequately covered as part of another report.

**RESOLVED**

- i) That the audit coverage and progress during the third quarter 2008/09 and on the reports outstanding from 2007/08 be noted.
- ii) That the progress and responses received in respect of outstanding audit recommendations be noted.
- iii) That Heads of Service be required to attend the Audit Committee to account for any failure to implement outstanding recommendations by the revised deadlines agreed by the Committee, with exceptions being agreed by the Chair.
- iv) That a standard report on Risk Management be presented by the Chief Financial Officer to the Committee on a quarterly basis and on a yearly basis with the Corporate Risk Registers, together with a detailed report on the actual maintenance of all

**MINUTES OF THE AUDIT COMMITTEE  
TUESDAY, 3 FEBRUARY 2009**

	the Risk Registers of different bodies of the Council, including the one covering the Council's position in terms of the risks associated with Alexandra Palace and Park.	
<b>PRAC73.</b>	<b>NEW ITEMS OF URGENT BUSINESS</b>  There were no new items of urgent business.	
<b>PRAC74.</b>	<b>DATE OF NEXT MEETING</b>  The next scheduled meeting of the Audit Committee would take place on Thursday, 23 April 2009 at 19:30hrs at the Civic Centre, Wood Green, London N22.  The meeting concluded at 21:15hrs.	

COUNCILLOR GMMH RAHMAN KHAN

Chair

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**Haringey** Council

Agenda Item

**Audit Committee**

**On 23 April 2009**

Report title: **Accounting Policies and Accounts 2008/09**

Report of: **Chief Financial Officer**

**Ward(s) affected:** All

**Report for:** Decision

### 1. Purpose

1.1 To report and consider the accounting policies that are being used for the closure of the Council's accounts for 2008/09.

### 2. Recommendation

2.1 That the committee reviews and agrees the attached accounting policies to be used in the closure of the Council's accounts for 2008/09.

**Report authorised by: Gerald Almeroth – Chief Financial Officer**

**Contact officer: Graham Oliver – Head of Finance – Accounting, Control & Income**  
**Telephone 020 8489 3725**

### 3. Executive Summary

3.1 Under the Council's constitution, the Audit Committee has a role to review and agree the accounting policies that are in operation in the Council and will be utilised for annual closure of accounts.

3.2 The accounting policies to be applied in preparing the Statement of Accounts 2008/09 are detailed in this report. There are only minor changes proposed to policies for 2008/09.

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

4.1 None.

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

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

Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice (SORP) – (CIPFA Publication)

Local Government Finance Act 1992

Local Government Act 2003

**6. Background**

6.1 The Council is required to produce an annual statement of accounts which set out the financial statements for the Council and the Pensions Fund and are prepared in accordance with the Accounting Code of Practice in Great Britain (ACOP) and the Best Value Accounting Code of Practice (BVACOP). These codes are incorporated into a Statement of Recommended Practice (SORP) which details how the accounting policies need to be applied and is the benchmark against which the accounts are audited.

6.2 A key part of the production of the accounts of the Authority is ensuring that accounting policies are applied in the most appropriate manner. The accounting policies that are to be applied are found in the attached appendix.

6.3 The Audit Committee has a role to review the accounting policies to be used as part of the year end process and to ensure they are being applied appropriately.

6.4 Internal auditors Deloitte and external auditors Grant Thornton have both given assurances that the Council has correctly applied appropriate accounting policies in relation to previous years. As part of the 2007/08 audit, Grant Thornton undertook a thorough review of the accounting policies in place and the adequacy of how they were disclosed and raised no issues or recommendations as a result of this review.

6.5

**7. Accounting Policies**

- 7.1 For 2008/09 there have been no changes to the accounting policies as a result of accounting regulations and therefore the accounting policies being used in 2008/09 are the same as in 2007/08.
- 7.2 A few minor changes to the wording of the policies has been done in order to improve the overall disclosure and understanding.
- 7.3 The accounting policies and their application are reviewed every year by the Council's external auditors, Grant Thornton, as part of the annual audit. In 2007/08 they undertook a thorough review of the policies but did not raise any issues or recommendations as a result.

**8. Recommendation**

- 8.1 That the committee reviews and agrees the attached accounting policies to be used in the closure of the Council's accounts for 2008/09.

## **Statement of Accounting Policies**

The accounting policies set out below apply to the Financial Statements of the Authority and the Pension Fund.

### **General Principle**

These accounts have been prepared in accordance with the Accounting Code of Practice on Local Authority Accounting in Great Britain (ACOP) and the Best Value Accounting Code of Practice (BVACOP), as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). These codes have been approved as a Statement of Recommended Practice (SORP). Details of the Pension Fund and accounting policies used can be found in section 5 of these accounts.

### **Accruals of Income and Expenditure**

The Council's accounts are prepared on an accruals basis in that, income and expenditure is accounted for in the year in which it arises, by the creation of material debtors and creditors, including estimates where appropriate.

### **Treatment of Debtors**

The Authority undertakes to recover all outstanding debts. However, where doubts exist over the recoverability of these debts a provision is made. Once a debt is deemed irrecoverable it is written off.

### **Government Grants and Contributions**

Government grants and other contributions are accounted for on the accruals basis and in accordance with the matching principle. This means that income must be matched to its corresponding expenditure, and will therefore remain on the balance sheet as a liability until the equivalent expenditure is incurred. They are shown in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution is to be received.

Grants and contributions relating to fixed assets are credited to the Government Grants Deferred Account and released to the revenue account in line with depreciation. Where a grant is not associated with a specific asset it is written-down to the income and expenditure account in the year of use.

### **Cost of Support Services**

The cost of central departments has been allocated to direct services on a variety of bases, reflecting the work provided by these support services.

### **Leases arrangements**

Finance Leases – Under the Statement of Standard Accounting Practice (SSAP) 21, assets acquired under finance leases are treated as being in the ownership of the

lessee. Therefore the outstanding liability that the Council has is recorded on the balance sheet as a capital sum outstanding and written down every year, over the life of the lease, with the annual interest element being charged to the Council's revenue account.

Operating Leases - Rentals payable under operating leases are charged to revenue on an accruals basis and on a straight-line basis.

### **Private Finance Initiative**

The Council has a PFI arrangement for its secondary schools. The ownership of these assets are with the Council and therefore they are contained within the balance sheet and valued in accordance with the fixed assets accounting policies.

In addition the total value of the liability that is due to the contractor is contained on the balance sheet and is written down each year as payment is made. This liability is split between a long-term liability and short term creditor, for the sum due within the next 12 months.

### **Valuation of Stock**

Stocks have been valued at net current replacement value. This is not compliant with SSAP 9 which states stock should be valued at the lower of cost and net realisable value. The divergence from normal accounting standards is due to the level of stock held and the additional costs involved with full compliance.

### **Capital Receipts**

These arise from the sale of long-term assets. The receipts arising from the sale of General Fund assets are 100% usable by the Authority on capital expenditure. For the sale of HRA assets the Local Government and Housing Act 1989 requires these generated from the sale of Council housing to be split between a usable and a pooled element (25%/75%), any receipts generated from the sale of other housing land and buildings are split 50%/50%. This pooled element is paid over to Central Government and the total amount paid can be seen in the income and expenditure account. The usable part is used to finance capital expenditure.

### **Deferred Capital Receipts**

When the Authority disposes of long-term assets such as council dwellings and advances a mortgage to the purchaser, the mortgage is shown in the balance sheet as a long-term debt and an equal amount is shown as a deferred capital receipt. The long-term debt and deferred capital receipt are both written down as the principal is repaid by mortgagees.

### **Capital Expenditure**

Expenditure is charged to capital where it meets the definition of capital as per the SORP and is greater than £10,000. This includes staffing costs where they are directly attributable to a capital project, e.g. architects costs, and non-enhancing expenditure where it is being directly used to maintain the value of the asset and ensuring it remains fit for purpose.

## Fixed Assets

Fixed assets are included in the Balance Sheet on the following basis:

- (a) specialist operational land and properties are valued based on Depreciated Replacement Cost (DRC), and non-specialist land and properties are valued based on DRC, existing use or market value as appropriate;
- (b) council housing is valued at Existing Use Valuation (EUV) and then has a social housing percentage applied to arrive at the valuation;
- (c) non-operational assets in the form of investment properties and surplus assets are valued on the basis of their open market value with other non-operational assets valued at net current replacement value;
- (d) infrastructure assets are included in the Balance Sheet at historical cost basis net of depreciation;
- (e) community assets such as parks are recorded at a nominal value;
- (f) intangible assets are valued at cost and amortised over their lifetime, normally 5 years.

All valuations are subject to review as part of a five year rolling programme.

The Authority has a process for identifying impairments that have incurred on fixed assets, e.g. where fire damage has occurred to an asset resulting in a reduced valuation, and have applied this in accordance with Financial Reporting Standard (FRS) 11.

## Deferred Charges

Deferred charges relate to expenditure on assets that do not belong to the Authority, for example Improvement Grants, but the expenditure still falls within the definition of capital expenditure. The treatment of these costs is:

- (a) Expenditure recorded in the balance sheet is written out to the income and expenditure account in the year in which the expenditure is incurred and then reversed through the Statement of Movement in General Fund Balances;
- (b) Financing costs for deferred charges are accounted for corporately after net expenditure has been disclosed;
- (c) No asset is shown within the Authority's balance sheet.

## Depreciation

Where asset life is short-term, the value of those assets is written out to revenue using the straight-line method over the following periods:

Vehicles Plant & Equipment	5 years
Infrastructure	30 years
Buildings	20 to 60 years
Council Dwellings	No depreciation charge is made but the Housing Major Repairs Allowance (MRA) is used as a proxy to depreciation.

## **Intangibles**

Amortised over 5 years

Depreciation is charged on all assets except non-operational investment assets, community assets and assets awaiting disposal. For community and awaiting disposal assets this is a departure from SORP as the amounts involved are deemed to be immaterial. Newly acquired assets are not depreciated in the year of acquisition and assets in the course of construction are not depreciated until they are brought into use. The MRA that is used as a proxy for council dwellings depreciation is a lower figure than if a straight line depreciation method were to be used. Depreciation is calculated on the opening balance of an asset and any revaluation is done as at the 31st March and will only be taken into account for depreciation purposes in the following year.

When assets are re-valued the accumulated depreciation to date is written out of the balance sheet to the Revaluation Reserve, in accordance with proper accounting practice. In addition, adjustments are made to historical depreciation which may result in additional charges being made to the I&E account. Where this occurs the adjustment is reversed back out through the STMGFB.

Where an asset disposal has occurred the cumulative depreciation is written down in the year of disposal.

## **Minimum Revenue Provision**

In accordance with the requirements of the Local Government and Housing Act 1989, the authority has set aside a minimum revenue provision for repayment of debt of 4% of the Council's capital financing requirement. In addition the Authority has set aside a voluntary revenue provision (VRP) to cover debt repayments where it is deemed more prudent to set aside over a shorter period of time.

## **Provisions**

The Authority has made a number of provisions for liabilities that are probable to occur, but the timing and amounts are uncertain and have applied this in accordance with Financial Reporting Standard (FRS) 12.

## **Reserves**

A reserve contains funds that have been set aside for a future earmarked purpose that may arise. Expenditure is charged to revenue and not directly to any reserve. For each reserve established, the purpose, usage and basis of transactions are identified in the notes to the Authority's Financial Statements. The general fund reserve is un-earmarked and is to allow for any future unknown contingencies that may arise. This reserve is set by the Chief Financial Officer at what is deemed to be a prudent level.

## **Pension Costs**

Under Financial Reporting Standard 17 (FRS 17) the Council is required to account for retirement benefits when it is committed to pay them, even if the actual payment will be many years into the future. In line with the requirements of the SORP the

Council's actuary uses the AA Corporate Bond rate (6.9% for 2007/08) to calculate future liabilities.

- Pension Reserve

The Pension Reserve is the financial accounting mechanism to ensure that FRS17 has no impact on Council tax. The cost of providing pensions for employees is funded in accordance with the statutory requirements governing each scheme. Where the payments made for the year do not match the change in the Authority's recognised asset or liability for the same period, the recognised cost of pensions will not match the amount required to be raised in taxation. This difference is removed by an appropriation to or from the pension's reserve, which equals the net change in the pension's liability recognised in the Income and Expenditure Account.

- Classification of Schemes

The Council participates in two different pension schemes, one for teachers, an unfunded scheme administered by the Department for Children Schools and Families (DCSF) and the Local Government Pension Scheme for our other staff. The schemes provide members with a defined benefit pension related to pay and service. For the purposes of FRS17 pension schemes are classified into two categories, defined benefit or defined contribution. The Haringey scheme is classified as defined benefit. The teachers' schemes of the DCSF, although a defined benefit scheme, is treated as defined contribution scheme because it does not allow the allocation of its liabilities and assets consistently and reliably to participant authorities

- Defined Benefit Schemes

The attributable assets of the scheme are measured at fair value and include current assets and investments. The attributable liabilities are measured on an actuarial basis using the projected unit method. Scheme liabilities are discounted at the AA Corporate Bond Rate. The surplus or deficit in the scheme is the excess or shortfall of the value of the assets in the scheme over or below the present value of the scheme liabilities. The change in the defined benefit asset or liability is shown in the Income and Expenditure Account and analysed into the following components, current service costs, interest cost, expected return on assets and actuarial gains and losses, and past service costs and gains and losses on settlements and curtailments.

- Defined Contribution Schemes

The Teachers scheme, whilst being a defined benefit scheme is treated as a defined contribution scheme as explained above. This means that the pension costs reported for any year is equal to the contributions payable for the scheme for the same period. The costs are recognised within Net Cost of Services.

- Pensions

Further information on pension costs and the Pension Fund appear in the individual statements within the accounts.

### **Value Added Tax**

VAT is included within the accounts only where it is irrecoverable. Any recoverable amounts due from HMRC are included in the balance sheet as a debtor.

### **Contingent Liability or Asset**



Where the Authority has a potential future liability, or a potential future gain, but cannot say with any certainty whether it will come about or the value of this liability it is disclosed by way of a note to the accounts.

### **Associated and Subsidiary Companies (FRS2)**

The Authority has a financial relationship with a number of companies. Details are contained in the notes to the Authority's Financial Statements. The SORP requires Authorities to produce group accounts where group relationships occur with associated and subsidiary companies. All the companies with which Haringey has a relationship have been assessed against the group account requirements and only that with Homes for Haringey is deemed to be within the Haringey group. Homes for Haringey Ltd is a wholly owned subsidiary and therefore group accounts have been prepared in accordance with the accounting standards. These have been produced using the acquisition method and all intra-group transactions have been removed.

### **Exceptional Items, Extraordinary Items and Prior Period Adjustments**

Where applicable and relevant exceptional items and extraordinary items are disclosed in the Income and Expenditure Account with full supporting notes. The majority of prior period adjustments arise from corrections and adjustments and are accounted for in the year they are identified.

Material adjustments applicable to prior years arising from changes in accounting policy or correction of fundamental errors are accounted for by restating comparative figures for the preceding year in the statement of account and notes and adjusting the opening balance of reserves for the cumulative effect. More details and full explanations are given in the individual relevant financial statements.

### **Post balance sheet events**

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements were authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date); and
- those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date)

**Financial Instruments** – these are categorised as either financial assets or financial liabilities, which the accounting policies for both are stated below.

### **Financial Assets**

Financial assets are divided into the following categories: loans and receivables; financial assets at fair value through profit or loss; available-for-sale financial assets;

and held-to-maturity investments. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available. Haringey Council only holds loans and receivables.

All financial assets are recognised when an entity becomes a party to the contractual provisions of the instrument.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade debtors, long term borrowing and cash are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the profit and loss account.

Provision against trade debtors is made when there is objective evidence that the group/company will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

### **Financial liabilities**

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group/company becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, all transaction costs are recognised immediately in the profit and loss account. All other financial liabilities are recorded initially at fair value, net of direct issue costs. Liabilities valued on an amortised costs basis is done so using the effective interest rate (EIR) method.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.



**Haringey Council**

Agenda Item

**Audit Committee**

**On 23 April 2009**

Report title: **Implementation of new International Financial Reporting Standards (IFRS)**

Report of: **Chief Financial Officer**

**Ward(s) affected:** All

**Report for:** Decision

### 1. Purpose

1.1 To provide a background to the introduction of International Financial Reporting Standards (IFRS) to Local Government and to outline the process Haringey Council will be taking to ensure full implementation.

### 2. Recommendation

2.1 That Members note the contents of the report and information given to the Committee in the accompanying presentation and actions being taken to implement the new IFRS requirements.

**Report authorised by: Gerald Almeroth – Chief Financial Officer**

**Contact officer: Graham Oliver – Head of Finance – Accounting, Control & Income  
Telephone 020 8489 3725**

### 3. Executive Summary

3.1 In the budget in 2007 the Chancellor announced that the public sector would be moving to IFRS-based financial reporting, from 2008/09 for all areas except local

government. Local government would be required to report on these new standards from 2009/10.

3.2 In the 2008 budget it was announced that this timetable would slip by one year and, therefore, local government are required to meet these standards in closing the 2010/11 accounts.

3.3 This report sets out the action being taken by the Council to ensure these requirements are met.

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

4.1 None.

#### **5. Local Government (Access to Information) Act 1985**

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

Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice (SORP) – (CIPFA Publication)

Local Government Finance Act 1992

Local Government Act 2003

#### **6. Background**

6.1 International Financial Reporting Standards (IFRS) refer to the international equivalent to UK GAAP, the set of Generally Accepted Accounting Principles that include accounting standards, interpretations and established accounting practice. It has long been recognised in the corporate sector that there is a demand for a single set of accounting standards as both business and the financial markets become more global.

6.2 In the budget in 2007 the Chancellor announced that the public sector would be moving to IFRS-based financial reporting, from 2008/09 for all areas except local government. Local Government would be required to report on these new standards from 2009/10. The budget in 2008 subsequently slipped this by one year resulting in Local Government being required to have 2010/11 as the first set of accounts produced under IFRS.

6.3 The reasons for introducing IFRS included enhanced consistency and comparability between financial reports in the global economy and to follow private sector best practice.

6.4 Annual accounts for the Local Government will need to be prepared using IFRS for the year ending 31 March 2011. In addition, comparative financial

information for 2009/10 will need to be restated along with opening balances at 1 April 2009. In practice, this means that the transition period for all Local Government bodies starts in 2009/10, the current financial year.

- 6.5 The Council will also need to ensure it takes into account the new standards when setting its budgets for 2010/11 and understands any budgetary implications that may occur.

## **7. Haringey preparation and approach**

- 7.1 The implementation of the new standards is a major piece of work that will cut across a number of services, not only finance and there will be a number of work-streams. In order to fully understand where the Council needs to concentrate its efforts Grant Thornton have been commissioned to undertake a gap analysis on the current set of accounts and to subsequently produce a draft action plan and timetable for implementation.
- 7.2 Following on from this piece of work an IFRS implementation project team will be set up with key individuals. The membership of this project team will depend on the outcome of the gap analysis but will contain key finance staff, property and Grant Thornton, as an external advisor.
- 7.3 Grant Thornton are due to provide the Council with their draft report on the gap analysis a few days before this Committee and officers will update the Members on the outcome of this at the meeting.
- 7.4 As is stated in section 6.4 some balances are required to be restated as at 1<sup>st</sup> April 2009. As part of the accounts closure process for 2008/09, information is being collected to ensure these balances can be appropriately restated.
- 7.5 Further progress reports on the implementation of IFRS will be brought to future meetings of this Committee.
- 7.6 The additional work likely to be involved may have resource implications for the Council. This will need to be considered as part of the Council's budget process.

## **8. Recommendation**

- 8.1 That Members note the contents of the report and information given to the Committee in the accompanying presentation and actions being taken to implement the new IFRS requirements.

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**HARINGEY COUNCIL**

**AUDIT PROGRESS REPORT - APRIL 2009**

Work	Progress
Use of resources and data quality 2008	Reported to February 2009 Audit Committee
Review of probity and propriety	Reported to February 2009 Audit Committee
Grants 2007-08	Reported to February 2009 Audit Committee
Accounts planning workshop, interim accounts work and discussion of key issues	Following attendance at our 2008-09 accounts training sessions in January, we have held a number of liaison meetings to discuss key issues and plan for the 2008/09 audit. These are progressing well.
International Financial Reporting Standards (IFRS) workshop	<p>In February 2009, we held a workshop to help the Council to prepare for putting arrangements in place, from April 2009, in time for full implementation of IFRS in 2010/11.</p> <p>We will present an overview of IFRS to the Audit Committee.</p>
Interim accounts audit	The interim audit took place from 23 March to 3 April 2009. There are no significant issues to report to the Audit Committee.
Final accounts audit	To be carried out in July and August and reported to September 2009 Audit Committee as part of the Annual report to those charged with governance (ISA260).
Use of resources local risk based work	We will discuss with management the areas of work outlined in our 2008/09 audit plan and report findings, with our use of resources conclusion, in the Annual report to those charged with governance (September 2009).

Work	Progress
Treasury management	We worked with the Council to submit details of it's treasury management policies and investments to the Audit Commission. This information was requested from all local government bodies as part of the Commission's research to identify lessons for local government treasury management following the recent default of Icelandic banks. The Audit Commission published results from the research in March and recommended a number of actions for local authorities. We will assess the Council's response to these, and other internal and external treasury management recommendations, as part of our 2009/10 audit.
2009/10 audit fees	In accordance with Audit Commission guidance we have issued an indicative fees letter to the Council. This is included as a separate item on Audit Committee agenda..

Grant Thornton UK LLP

April 2009






**Haringey Council**

Agenda Item

**Audit Committee**

**On 23 April 2009**

Report title: <b>Audit and Inspection Fees 2009/10</b>	
Report of: <b>Chief Financial Officer</b>	
Ward(s) affected: All	Report for: Decision
<p><b>1. Purpose</b></p> <p>1.1 To inform the Committee of the proposed audit and inspection fees for 2009/10 to be charged by Grant Thornton and the Audit Commission.</p>	
<p><b>2. Recommendation</b></p> <p>2.1 That the Committee notes and approves the proposed audit and inspection fees for 2009/10 from Grant Thornton and the Audit Commission</p>	
<p>Report authorised by: <b>Gerald Almeroth – Chief Financial Officer</b></p> 	
<p>Contact officer: <b>Graham Oliver – Head of Finance – Accounting, Control &amp; Income</b> Telephone 020 8489 3725</p>	
<p><b>3. Executive Summary</b></p> <p>3.1 The Council are required to pay fees to its statutory auditors for the audit and inspection activities they undertake each year. The attached correspondence from the auditors are attached and set out their fees for 2009/10.</p>	

3.2 The fees charged by Grant Thornton are for the work they carry out for the statutory audit and the use of resources assessment under the CAA. The fees from the Audit Commission is for their function as the CAA lead for Haringey.

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

4.1 None.

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

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

#### 6. Background

6.1 The Council are required to pay fees to its statutory auditors for the audit activities they undertake each year. The attached correspondence from the auditors are attached and set out their fees for 2009/10.

6.2 The fees charged by Grant Thornton are for the work they carry out for the statutory audit and the use of resources assessment under the CAA. The fee from the Audit Commission is for their function as the CAA lead for Haringey.

#### 7. Proposed fees

7.1 The fees for 2009/10 from both the Audit Commission and Grant Thornton are set out in the table below.

<b>Audit Commission</b>	<b>£</b>
CAA inspection (directly grant funded)	nil
Managing performance theme of organisational assessment	19,956
<b>Sub total</b>	<b>19,956</b>
<b>Grant Thornton</b>	
Financial statements, including WGA	340,000
Use of resources/VFM conclusion, including data quality	165,000
<b>Sub total</b>	<b>505,000</b>
<b>Total Audit Fees 2009/10</b>	<b>524,956</b>

- 7.2 The basis of the fees is detailed in the attached letters from Grant Thornton and the Audit Commission.
- 7.3 The fees from the Audit Commission for the new CAA inspection regime are directly grant funded.
- 7.4 The fees from Grant Thornton show an increase of £34k (7%) over the cost for 2008/09. The two main additional sums are in respect of preparation for IFRS (£9.55k) and additional data quality work (£19.63k). The other increase is for inflation of 1%.

## **8. Recommendation**

- 8.1.1 That the committee notes and approves the audit fees for 2009/10 from Grant Thornton and the Audit Commission

Our Ref PD/PH

Mr Gerald Almeroth  
Chief Financial Officer  
London Borough of Haringey  
5th floor, River Park House  
225 High Road  
Wood Green  
London N22 8HQ

**Grant Thornton UK LLP**  
Grant Thornton House  
Melton Street, Euston Square  
London NW1 2EP

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25 March 2009

Dear Gerald

### **Annual audit fee 2009/10**

We are writing to set out the audit work that we propose to undertake for the 2009/10 financial year at the Council. The fee:

- is based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2009/10
- reflects only the audit element of our work, excluding any inspection and assessment fees. Your Comprehensive Area Assessment Lead will be writing to you separately on inspection fees.

The Audit Commission published its work programme and scales of fees 2009/10, in December 2008. From 2009-10, the Audit Commission has clarified that the starting point for any fee proposal is the scale fee, which is calculated using a prescribed formula. Any variation from scale fee must be approved by the Audit Commission, following agreement of the proposed fee with the audited body.

We are proposing a 2009/10 fee of £505,000 (excluding VAT). The proposed fee is 14% above the Audit Commission scale fee of £444,000 (from 10% above scale fee last year). This is due to increased risks relevant to our Code responsibilities, relating to preparing for accounting under International Financial Reporting Standards (IFRS), data quality, treasury management, managing performance through partnerships and workforce management arrangements.

A summary of the proposed fee is shown in the table below.

<b>Audit area</b>	<b>Planned fee 2009/10</b>	<b>Planned fee 2008/09</b>
Financial statements, including WGA	£340,000	£327,200
Use of resources/VFM conclusion, including data quality	£165,000	£143,920
<b>Total audit fee</b>	<b>£505,000</b>	<b>£471,120</b>
Certification of claims and returns	TBC (Dec. 09)	£100,000

**Chartered Accountants**

Member firm within Grant Thornton International Ltd  
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A list of members is available from our registered office.

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

In setting the fee at this level, we have assumed that the general level of risk in relation to the audit of the financial statements is not significantly different from that identified to 2008/09. A separate plan for the audit of the financial statements will be issued in December 2009. This will detail the risks identified, planned audit procedures and any changes in fee.

The audit fee is based on the assumption that detailed working papers, and other specified information, are provided to an agreed timetable. Where the Council does not meet agreed timetables and/or provide poor documentation such that additional audit work is necessary, or the audit is delayed, we reserve the right to charge additional fees to cover the costs incurred.

The Council must prepare its annual accounts under International Financial Reporting Standards (IFRS), from 2010/11. Early preparation is essential and there is a risk that the Council may not be adequately prepared for the transition.

Using our IFRS experts, we will continue to help the Council to prepare for introduction of IFRS, through awareness raising sessions for officers and members and constructive challenge on the Council's plans and progress. This is included within the financial statements audit fee.

Specialist colleagues from Grant Thornton's Financial Reporting Advisory Group, can also be commissioned for more detailed technical support, should the Council require it.

Our use of resources assessments will be based upon the evidence from three themes:

- Managing finances
- Governing the business
- Managing resources.

The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. Our work on use of resources informs our 2009/10 value for money conclusion. However, we have identified a number of risks in relation to the value for money conclusion. For each risk, we consider the arrangements put in place by the Council to mitigate the risk, and plan our work accordingly. Our initial risk assessment for value for money audit work is shown in the table overleaf:

Risk	Planned work	Timing
<p>Well publicised inspection activity at the Council during the year identified a number of issues for the Council to deal with.</p> <p>Some of the risks identified are in the areas covered by our Code of Practice responsibilities, most notably, data quality and working effectively in partnership.</p>	<p>We are allocating the Council a risk assessment of "high" for data quality, which means that we will carry out an extended programme of indicator testing to support our VFM conclusion.</p> <p>Fees in respect of data quality work already completed are included in this fee estimate.</p> <p>We plan to carry out a review of how effectively the Council works with its strategic partners to manage performance and deliver better outcomes for Haringey residents. This review will be jointly funded from the 2009-10 plans of the Council and PCT, and will be used to support our VFM conclusions for 2009/10.</p>	<p>February - August 2009</p> <p>October - December 2009</p>
<p>This time next year, we will review and score the Council's arrangements for managing its workforce, as part of the 2010 use of resources assessment.</p> <p>The assessment covers arrangements in place for 2009/10 and there is a risk that the Council's arrangements may not be sufficiently developed to perform well.</p>	<p>We will carry out an early review of the Council's workforce management arrangements and provide timely feedback on any areas where the Council is not progressing as well as it should be.</p> <p>This work will help the Council to improve its arrangements and will provide evidence to support our 2009/10 VFM conclusion.</p>	<p>July - September 2009</p>
<p>The Council has £37m of deposits with Icelandic banks, which are at risk.</p> <p>The Council has recently received a consultants report on its treasury management arrangements, which highlights some areas for improvement.</p>	<p>We will follow up on the Council's progress in implementing the required improvements.</p>	<p>October - December 2009</p>

The quoted fee for grant certification work is an estimate only and will be charged at published hourly rates.

Our fees exclude any additional work requested by you that we may agree to undertake. Each piece of work will be separately negotiated and a detailed project specification agreed with you.

As we have not yet completed our audit for 2008/09, the audit planning process for 2009/10, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary. If we need to make any significant amendments to the audit fee during the course of the audit, we will first discuss this with you and then prepare a report outlining the reasons why the fee needs to change for discussion with the Audit Committee.

The audit fee will be billed in quarterly instalments from June 2009.

We will issue a number of reports relating to our work over the course of the audit. These are listed at Appendix 1.

The key members of the audit team for 2009/10 are:

Engagement Lead - Paul Dossett                      020 7728 3180 / paul.dossett@gtuk.com

Audit Manager – Paul Hughes                      020 7728 2256 / paul.hughes@gtuk.com

Performance Manager – Martin Ellender                      07798 844712 / martin.ellender@gtuk.com

Audit Executive – Caroline Glitre                      020 7728 2078 / caroline.glitre@gtuk.com

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact the engagement lead in the first instance. Alternatively you may wish to contact the Head of Government Audit at Grant Thornton UK LLP, Richard Tremeer on richard.tremeer@gtuk.com.

Yours sincerely

Grant Thornton UK LLP

## A Planned Outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Audit Committee.

<b>Planned output</b>	<b>Indicative date</b>
Audit plan	December 2009
Audit strategy document	June 2010
Annual governance report	September 2010
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2010
Use of resources report	September 2010
Annual audit letter	November 2010

Any other specific outputs will be agreed with officers and communicated to the Audit Committee.



**London Borough of Haringey**  
**Itemisation of change in audit fee year on year**

<b>Audit area</b>	<b>Planned fee 2009/10</b>	<b>Planned fee 2008/09</b>
Financial statements, including WGA	£340,000*	£327,200
Use of resources/VFM conclusion, including data quality	£165,000#	£143,920
<b>Total audit fee</b>	<b>£505,000</b>	<b>£471,120</b>

\* Accounts fee increase is made up of £3,250 inflationary increase (at 1%) and £9,550 early IFRS work = £12,800

# Use of resources increase is made up of £1,450 inflationary increase (at 1%) and £19,630 additional DQ work required under the revised Audit Commission regime and the Council's high risk rating in this area =£21,080. The recently undertaken data quality review, which took 30 days, was largely funded from the increase in fee.

The remaining use of resources risk identified in the letter, including partnerships, treasury management and workforce, are to be managed as part of the recurrent audit fee.



**Reference** 20090407. Fee letters. I O Donovan

7 April 2009

Dr Ita O'Donovan  
 Chief Executive  
 London Borough of Haringey  
 Civic Centre  
 High Road  
 Wood Green  
 N22 8LE

**Direct line** 0844 798 2320

**Email** j-barry-purssell@audit-commission.gov.uk

Dear Ita

### **Annual inspection fee 2009/10**

Further to our discussions, I am writing to confirm the assessment and inspection work that we propose to undertake for the 2009/10 financial year at Haringey Council. The inspection fee:

- is based on the risk-based approach to inspection planning as set out in the Comprehensive Area Assessment (CAA) framework and associated guidance; and
- reflects only the Audit Commission's inspection work, excluding any audit fees. Your appointed auditor will be writing to you separately on fees for audit work.

CAA will deliver a more proportionate and risk based approach to inspection, targeting only high risk services and outcomes for inspection where alternative improvement activity is not appropriate. The inspection plan will be reviewed and updated as necessary.

The total indicative fee for inspection for 2009/10 is £19,956.00 and is shown in the table below. The inspection fee has been set in accordance with the Audit Commission's work programme and scales of fees 2009/10.

#### **Assessment and inspection work plan and fee**

<b>Assessment / inspection activity</b>	<b>Planned fee for 2009/10</b>
Area assessment of local partnership	n/a (CLG grant funded)
Managing performance theme of organisational assessment	£19,956.00
<b>Total inspection fee</b>	<b>£19,956.00</b>

If I need to make any significant amendments to the inspection plan and fee during the course of the year, I will first discuss this with you and then confirm in writing outlining the reasons for the change, including the proposed scope for the work.

The above fee excludes any work you requested and the Commission has agreed to undertake using its advice and assistance powers.

If you have any questions regarding this letter, please contact me in the first instance.

Yours sincerely,

Jackie Barry-Purssell  
Comprehensive Area Assessment Lead

cc Director of Finance - Mr Gerald Almeroth

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Haringey Council

Agenda item:

**[No.]****Audit Committee****On 23 April 2009**Report Title: **Internal Audit Annual Plan and Strategy 2009/10**Report authorised by: **Chief Financial Officer**

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

Tel: 020 8489 5973

Email: [anne.woods@haringey.gov.uk](mailto:anne.woods@haringey.gov.uk)Wards(s) affected: **All**Report for: **Non-key decision****1. Purpose of the report**

1.1 The purpose of this report is to inform members of the proposed Annual Internal Audit Plan for 2009/10.

1.2 The report also advises Members of the internal audit strategy.

**2. State link(s) with Council Plan Priorities and actions and/or other Strategies:**

2.1 Audit and Risk Management contribute to the Council priority to deliver excellent, customer focused, cost effective services by reviewing key services and making recommendations for improvement where appropriate. Follow up work is undertaken to ensure that managers implement agreed recommendations and improvements.

2.2 Internal audit forms a key element within the revised Use of Resources assessment and will continue to be part of the CAA from 2009 onwards. The reports to both managers and the Audit Committee on progress against the agreed audit plan and the implementation of audit recommendations ensure that the requirements of the CAA assessment are fulfilled.

**3. Recommendations**

3.1 That the Audit Committee approves the Annual Internal Audit Plan and the internal audit strategy for 2009/10.

**4. Reason for recommendation(s)**

4.1 The Audit Committee is responsible for reviewing and approving the annual internal

audit plan as part of its Terms of Reference. In order to facilitate this, a draft audit plan is provided for review and approval by the Audit Committee.

**5. Other options considered**

5.1 Not applicable

**6. Summary**

6.1 The internal audit service makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the authority. This report looks at the planned programme of work for 2009/10.

6.2 The information has been compiled from information held within Audit & Risk Management and from records held by business units across the Council.

**7. Head of Legal Services Comments**

7.1 The Head of Legal Services has been consulted in the preparation of this report, and advises that there are no specific legal issues arising out of the report or the proposed recommendations.

**8. Chief Financial Officer Comments**

8.1 The Chief Financial Officer has been consulted on this report and has no additional comments to make.

**9. Head of Procurement Comments**

9.1 Not applicable

**10. Equalities and Community Cohesion Comments**

10.1 This report deals with how risks to service delivery are managed across all areas of the council, which have an impact on various parts of the community. Improvements in managing risks and controls will therefore improve services the Council provides to all sections of the community.

**11. Consultation**

11.1 No external consultation was required or undertaken in the production of this report. Consultation has been undertaken with respective service managers, Assistant Directors and Directors in the production of the draft internal audit plan.

**12. Service Financial Comments**

12.1 There are no direct financial implications arising from this report. The work completed by Deloitte and Touche to undertake the annual audit plan is part of the five year contract which was awarded following a competitive tendering exercise in compliance with EU regulations from 1 April 2007. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget.

**13. Use of appendices**

13.1 Appendix A – Draft internal audit plan 2009/10

**14. Local Government (Access to Information) Act 1985**

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

**15. Background**

15.1 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.

15.2 Within Haringey, the Internal Audit function is comprised of Deloitte and Touche, 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, provision of advice on risk and controls and grant certification work.

15.3 Appendix A contains the proposed annual audit plan for 2009/10, which 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, the risk registers in place and the 2009/10 business plans. 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.

15.4 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.

15.5 The internal audit strategy has been updated as a result of ongoing work to develop the risk based audit programme. Paragraph 2.2.2 of the internal audit strategy highlights the proposed development in relation to key financial systems which has been discussed and agreed with the relevant directors, service managers and external audit. This approach will provide an additional source of assurance to internal and external auditors and the Audit Committee. The self assessment will be designed to complement the audit process and will provide further information to auditors to assist them in assessing the risks within the system, focusing controls testing and providing an audit opinion on the overall system.

#### **16. The Annual Audit Plan 2009/10**

16.1 The proposed annual internal audit plan for 2009/10 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.

16.2 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.

16.3 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.

16.4 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 will take place during 2009/10 to ensure that use of audit resources is effective.



16.5 Table 1 below summarises the numbers of audit projects planned for 2009/10, by directorate:

**Table 1**

<b>Directorate</b>	<b>Projects</b>
Corporate council-wide audits	<b>4</b>
Chief Executive – People and Organisational Development	<b>2</b>
Chief Executive – Policy, Performance, Partnerships, and Communication	<b>5</b>
Children and Young People’s Service (excluding schools)	<b>4</b>
Urban Environment	<b>6</b>
Adults, Culture and Community Services	<b>5</b>
Corporate Resources (including key financial systems)	<b>16</b>
Corporate Resources – IT audit	<b>7</b>
Corporate Resources – Procurement and contract audit	<b>6</b>
<b>Total</b>	<b>55</b>

16.6 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, including the proposed revisions described at 15.5 above, has been agreed with both the managers responsible and the council’s external auditors.

16.7 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.

16.8 We will continue to provide support to key projects, including advice to project boards at key stages of the scheme where appropriate, 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.

This document sets out the annual internal audit plan for Haringey internal audits to be completed during 2009/10. The audits proposed within the plan are based on the potential risks facing the council in 2009/10 and take into consideration the corporate, departmental and business unit risk registers and business plans 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 approval.

The council's strategy for delivery of the audit plan is included at the front of the 2009/10 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.

#### 1.2 Roles and Responsibilities

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

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

The Internal Audit opinion does not supersede the Audit Committee's responsibility for risk, control and governance and as long as internal audit work is demonstrably conducted in accordance with the Standards on Due Professional Care there can be no 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;
- Business plans for each business unit across the Council;
- 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 opinion;
- Risks not defined as key still require attention, to gain assurance that adverse impacts are not arising;
- In addition to existing risk, control and governance, consideration will be given to the extent of change taking place or 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 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.

## 2.2 Internal Audit Approach and Assurance

### 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 Management Policy and 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. All of these areas are considered when producing the draft annual audit plan. In some cases, these procedures and processes may be included in the audit plan to be reviewed in their own right.

### 2.2.2 Key Financial Systems

The Council has a number of systems which are important to achieving its operational objectives and have been identified by internal and external audit as 'key financial systems'. The key financial systems are those which would have a material impact on the council if they were to fail and include payroll, strategic financial management and budgetary control, accounts payable, accounts receivable, housing and council tax systems. As a result, a planned programme of work is in place which ensures that the key controls are tested on an annual basis and in-depth reviews are completed on a cyclical basis.

During 2009/10, it is proposed to develop a programme of controlled risk self assessment for those managers responsible for key financial systems. This will provide an additional source of assurance to internal and external auditors and the Audit Committee as it is still planned to test the key controls for each system on an annual basis. The self assessment will be designed to complement the audit process and will provide further information to auditors to assist them in assessing the risks within the system, focusing controls testing and providing an audit opinion on the overall system.

### 2.2.3 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:

##### Verification:

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.

**Validation:** 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 appropriate control strategy, action plan and assurance activities.

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

**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 follows:

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

##### 4.1 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 each audit project contained within the annual audit plan, including establishment audits. The style of report may be varied by 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 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:

- Priority 1:* Critical business risk not being adequately addressed; weaknesses in key business controls; substantial non-conformance with regulations and accepted standards.
- Priority 2:* Important business issues to be addressed; improvement area; inadequate risk identification or reduction; non-conformance with regulations.
- Priority 3:* Minor non-conformances with the business management system; other business issues to be addressed, good working practices.

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

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

#### 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 a summary of completed work, plus the following details for each of the completed internal audits which received 'limited' assurance:

- Objectives of the audit;
- Overall conclusion about the level of assurance;
- Number of recommendations in each priority category;
- Full details of all 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 Council's Audit Committee will also be produced incorporating our annual opinion and an agreed statement of the overall assurance we are able to provide, and including details of audit coverage against audit plan, summary of major recommendations made, and commentary on significant areas or recommendations not implemented.

## 5. 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

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

The internal audit service is delivered by a mix of in-house staff and an externally provided contract. The mix of resources and work was considered and approved by the Audit Committee in June 2006. A five year contract based on the Audit Committee's 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 of specific grant certification processes. The outsourced contract will provide the remaining internal audit services in order to fulfil the council's statutory requirements under Section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations. The contract for the outsourced audit work specifies the skills, resources and method statements required to enable delivery of the risk based audit plan.

## London Borough of Haringey – Draft Internal Audit Plan and Strategy 2009/10

### Haringey Internal Audit Coverage: 2009/10

The table below sets out the internal audit work to be completed during the 2009/10 financial year, which is in accordance with 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 of the SLA with Homes for Haringey. The breakdown of work can be summarised as:

Area	Directorate	Days
Corporate Council wide Systems	All Directorates	10
Key Financial Systems (KFS)	Corporate Resources	180
Directorate Systems and Risks	Corporate Resources	40
Procurement Audit	Corporate Resources	75
IT Audit	Corporate Resources	80
Project Management Assurance and Project Advice	All Directorates	80
Pro Active Fraud	All Directorates	40
Value for Money	All Directorates	10
Risk Management Development and Support	All Directorates	25
Directorate Systems and Risks	Urban Environment	75
Directorate Systems and Risks (including School Audits and FMSiS inspection for Primary Schools)	Children and Young Peoples Service	200
Directorate Systems and Risks	Adult, Culture and Community Services	60
Directorate Systems and Risks	Chief Executives - People and Organisational Development	25
Directorate Systems and Risks	Chief Executive - Policy, Performance, Partnerships and Communication	60
Follow Up	All Directorates	50
Management	All Directorates	100
Sub-total		1110
Contingency		40
<b>Total</b>		<b>1150</b>

# London Borough of Haringey – Draft Internal Audit Plan and Strategy 2009/10

## Corporate Council wide System Audits:

Audit title	Scope	Client	Quarter	Days
Risk Management	Key processes to be covered by the audit include: <ul style="list-style-type: none"> <li>• Implementation of the risk management strategy;</li> <li>• Risk identification;</li> <li>• Risk assessment;</li> <li>• Risk treatment plans;</li> <li>• Risk reporting and action;</li> <li>• Cross departmental risk identification; and</li> <li>• Updating of risk registers.</li> </ul>	Head of Audit & Risk Management	2	10
<b>Total</b>				<b>10</b>

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

Audit title	Scope	Client	Quarter	Days
Strategic Financial Management & Budgetary Control (KFS)	<p>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:</p> <ul style="list-style-type: none"> <li>- Budget setting;</li> <li>- Budgetary control and variance analysis;</li> <li>- Departmental management reporting;</li> <li>- Virements;</li> <li>- Corporate management reporting; and</li> <li>- Close down procedures.</li> </ul>	Head of Finance – Budgets, Projects & Treasury	3	15
Cash Receipting (KFS)	<p>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:</p> <ul style="list-style-type: none"> <li>- Policies and procedures;</li> <li>- Staff training;</li> <li>- Reconciliations;</li> <li>- Posting of receipts to the general ledger;</li> <li>- Segregation of duties;</li> <li>- Investigation of unidentified payments;</li> <li>- Storage of income;</li> <li>- Banking of income;</li> <li>- Returned cheques;</li> <li>- Management information being produced;</li> <li>- IT access, security and disaster recovery.</li> </ul>	Head of Finance – Accounting & Control/ Head of Income & Debt Management	3/4	15
Treasury Management (KFS)	<p>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:</p> <ul style="list-style-type: none"> <li>- Legislative requirements are complied with;</li> <li>- Treasury Management Strategy is complied with;</li> <li>- Necessary financial information is provided to</li> </ul>	Head of Finance – Budgets, Projects & Treasury	3	10

Audit title	Scope	Client	Quarter	Days
	<p>ensure that the performance of the Council's net cash flow is maximised;</p> <ul style="list-style-type: none"> <li>- Regular reconciliation carried out to support the integrity of loans and investments made;</li> <li>- Reporting complies with the legislation; and</li> <li>- Access to data is restricted.</li> </ul>			
Accounting & General Ledger (KFS)	<p>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:</p> <ul style="list-style-type: none"> <li>- Data entry;</li> <li>- Completion &amp; recording of journals;</li> <li>- Management information &amp; reports produced;</li> <li>- Feeder system and input to the Ledger;</li> <li>- Control account reconciliation;</li> <li>- Structure of the ledger; and</li> <li>- IT access, security &amp; disaster recovery.</li> </ul>	Head of Finance – Accounting & Control	4	15
Accounts Payable (Creditors) (KFS)	<p>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:</p> <ul style="list-style-type: none"> <li>- Receipt &amp; certification of invoices;</li> <li>- Input of invoices to system;</li> <li>- Payments;</li> <li>- Amendments to supplier master file;</li> <li>- BACS controls;</li> <li>- Cheque controls;</li> <li>- IT access, security &amp; disaster recovery; and</li> <li>- Follow up.</li> </ul> <p>Duplicate payments to be covered by the Pro Active fraud work with regards to Accounts Payable.</p>	Head of Corporate Procurement/P2P Performance Manager  (Head of Finance – Accounting & Control, and Financial Systems Manager)	4	15
Pension Fund Investment (KFS)	<p>High level system audit, including follow-up of previous audit recommendations, and including</p>	Head of Finance – Budgets,	4	10

Audit title	Scope	Client	Quarter	Days
Pension Fund Administration (KFS)	<p>documentation, and testing of both key and significant controls covering the following areas:</p> <ul style="list-style-type: none"> <li>- Guidance &amp; training;</li> <li>- Verification of investments;</li> <li>- Purchases &amp; sales;</li> <li>- Income;</li> <li>- Performance monitoring; and</li> <li>- IT access, security &amp; disaster recovery</li> </ul> <p>High level system audit, including documentation, and testing of both key and significant controls covering the following areas:</p> <ul style="list-style-type: none"> <li>● Starters;</li> <li>● Leavers, Deaths and Retirements;</li> <li>● Transfers;</li> <li>● Leavers, deaths, and retirements;</li> <li>● Transfers;</li> <li>● Amendments;</li> <li>● Payments;</li> <li>● Deductions;</li> <li>● Extra Contributions; and</li> <li>● IT Access, Security and Disaster Recovery.</li> </ul>	<p>Projects &amp; Treasury</p>	3	10
Accounts Receivable (Sundry Debtors) (KFS)	<p>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:</p> <ul style="list-style-type: none"> <li>- Policies and procedures;</li> <li>- Raising of invoices;</li> <li>- Cash receipts;</li> <li>- Reconciliation to general ledger; and</li> <li>- Debt recovery.</li> </ul>	<p>Head of Finance &amp; Debt Management</p>	3	15
Housing Benefits (KFS)	<p>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:</p>	<p>Acting Head of BLT</p>	3	20

Audit title	Scope	Client	Quarter	Days
Council Tax (KFS)	<ul style="list-style-type: none"> <li>- Policies and procedures;</li> <li>- IT access, security and disaster recovery;</li> <li>- Segregation of duties;</li> <li>- Compliance with scheme;</li> <li>- Scanning and Indexing;</li> <li>- Backdated claims;</li> <li>- Fraud management;</li> <li>- Payments;</li> <li>- Overpayments;</li> <li>- Appeals;</li> <li>- Reconciliation;</li> <li>- Quality Control;</li> <li>- Subsidy;</li> <li>- Budgetary control; and</li> <li>- Performance review.</li> </ul>	Acting Head of BLT	4	15
	<p>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:</p> <ul style="list-style-type: none"> <li>- Organisational structure;</li> <li>- Methods of payment</li> <li>- Reconciliation between debit and valuation list;</li> <li>- Discount &amp; reduction applications;</li> <li>- Billing;</li> <li>- Receipts from taxpayers;</li> <li>- Suspense accounts;</li> <li>- Debt recovery action;</li> <li>- Write off;</li> <li>- Monitoring of collection rates;</li> <li>- Reconciliation with general ledger;</li> <li>- Refunds;</li> <li>- Void allowances;</li> <li>- Benefits assessments;</li> <li>- Policies and procedures; and</li> </ul>			

London Borough of Haringey – Draft Internal Audit Plan and Strategy 2009/10

Audit title	Scope	Client	Quarter	Days
NNDR (KFS)	<ul style="list-style-type: none"> <li>- IT access, security &amp; disaster recovery.</li> </ul> <p>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:</p> <ul style="list-style-type: none"> <li>- Organisational structure;</li> <li>- Reconciliation between debit &amp; valuation list;</li> <li>- Charitable relief;</li> <li>- Billing;</li> <li>- Receipts from taxpayers;</li> <li>- Suspense accounts;</li> <li>- Debt recovery action;</li> <li>- Write off;</li> <li>- Monitoring of collection rates;</li> <li>- Reconciliation with general ledger;</li> <li>- Refunds;</li> <li>- Void allowance;</li> <li>- Policies &amp; procedures; and</li> <li>- IT access, security &amp; disaster recovery.</li> </ul>	Acting Head of BLT	4	10
VAT	<p>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.</p>	Head of Finance – Accounting & Control	3	15
Income	<p>We will agree the areas of focus of our work with management at the time of the audit. The audit will focus on key risk areas in relation to the income collection and/or generation process.</p> <p>The audit will also include issues affecting income collection during an economic downturn including write off processes and concessions provided to debtors, such as payment plans or deferred payment arrangements.</p>	Head of Corporate Finance	3	15
Fixed Assets	<p>High level system audit, including documentation, and testing of both key and significant controls</p>	Head of Corporate	2	15



# London Borough of Haringey – Draft Internal Audit Plan and Strategy 2009/10

Audit title	Scope	Client	Quarter	Days
	covering the following areas: <ul style="list-style-type: none"> <li>• Asset Register;</li> <li>• Asset Security;</li> <li>• Compliance with policies and procedures (including capitalisation and depreciation);</li> <li>• Asset Disposal and Write-offs – including a follow up of previous work and processes in place to secure capital receipts during the current economic situation; and</li> <li>• Reconciliation with Nominal Ledger.</li> </ul>	Property Services		
Commercial Property Income	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: <ul style="list-style-type: none"> <li>• Compliance with statutory requirements;</li> <li>• Documentation, policy and procedures;</li> <li>• System and controls for setting and applying rental charges;</li> <li>• Collection of income and reconciliation process;</li> <li>• Payment plans and concessions granted;</li> <li>• Arrears monitoring, enforcement and follow up processes;</li> <li>• Budget management; and</li> <li>• Monitoring and reporting arrangements.</li> </ul>	Head of Corporate Property Services	2	10
Registrars Service	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: <ul style="list-style-type: none"> <li>• Compliance with statutory requirements;</li> <li>• Documentation, policy and procedures (for all registrar services);</li> <li>• Processes for receiving, processing and responding to applications for services;</li> <li>• System and controls for setting and applying</li> </ul>	Head of Legal Services	1	15

London Borough of Haringey – Draft Internal Audit Plan and Strategy 2009/10

Audit title	Scope	Client	Quarter	Days
	statutory and local charges, collection of income and reconciliation processes; <ul style="list-style-type: none"> <li>• Monitoring and review processes; and</li> <li>• Reporting and management information, including statutory returns.</li> </ul>			
<b>Total</b>				<b>220</b>

# London Borough of Haringey – Draft Internal Audit Plan and Strategy 2009/10

## Corporate Resources – Procurement Audit:

Audit title	Scope	Client	Quarter	Days
Corporate Procurement – Risk Register Testing	This will be a risk based audit focusing on testing of the key controls within the risk register for the service.	Head of Procurement	1	10
Contract Management	<p>This audit will cover the controls in place with regard to contract management arrangements within a selection of business units across the Council.</p> <p>This audit will cover the following areas:</p> <ul style="list-style-type: none"> <li>• Contract Register;</li> <li>• Contract Monitoring(including monitoring of progress and evidence of review of contracts);</li> <li>• Determination of Key performance Indicators;</li> <li>• Service Standards; and</li> <li>• Contractor Information.</li> </ul>	Head of Procurement/ Process Manager	2	20
Public Realm Commissioning	<p>This will be a full review of the controls in place to ensure that the objectives of this area are met.</p> <p>We will review the following areas:</p> <ul style="list-style-type: none"> <li>• Identification of Service Areas;</li> <li>• Selection of Contractors (including tender process);</li> <li>• Contract Monitoring (including Performance Monitoring);</li> <li>• Payments to Contractors;</li> <li>• Monitoring of Outcome; and</li> <li>• Performance monitoring (including feedback from residents).</li> </ul>	Assistant Director, Frontline Services	3	15
Decent Home Standards	<p>This audit will look at controls over the management of the Decent Homes Programme.</p> <p>We will review the following areas:</p> <ul style="list-style-type: none"> <li>• Determination of Costs;</li> <li>• Procurement Arrangements (including VFM and selection of Contractors);</li> </ul>	Head of Procurement/ Executive Director of Finance, Homes for	2	10

London Borough of Haringey – Draft Internal Audit Plan and Strategy 2009/10

<p>Hostels</p>	<ul style="list-style-type: none"> <li>Monitoring of Outcome; and</li> <li>Performance Monitoring (including process for obtaining residents' feedback).</li> </ul> <p>This audit will look at controls over the management of Hostels owned by the Council, including the payment of bills. We will review the following areas:</p> <ul style="list-style-type: none"> <li>Asset Management;</li> <li>Procurement Arrangements (including VFM);</li> <li>Payment of Bills (including energy bills); and</li> <li>Movement of Residents.</li> </ul>	<p>Haringey</p> <p>Manager, Accounts Payable</p>	<p>1</p>	<p>10</p>
<p>Building Schools for the Future</p>	<p>This audit will look at controls over the monitoring and management arrangements with regard to consultants employed on the BSF programme. This audit will cover the following areas:</p> <ul style="list-style-type: none"> <li>Appointment of Consultants;</li> <li>Contract Management – including expectations, work programmes and performance monitoring;</li> <li>Payment to Consultants;</li> <li>Identification of Consultancy needs – including renewal of Contracts.</li> </ul>	<p>Head of Procurement</p>	<p>2</p>	<p>10</p>
<p><b>Total</b></p>				<p><b>75</b></p>

London Borough of Haringey – Draft Internal Audit Plan and Strategy 2009/10

Corporate Resources – IT Audit:

Audit title	Scope	Client	Quarter	Days
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Audit title	Scope	Client	Quarter	Days
iPlan Planning and Building Control application	<p>The last audit was completed as part of the 2005/06 Audit Plan and identified a high number of recommendations including some weak security controls. Since this time development has occurred within the system with regards to system upgrades and development of the Planning Portal interface. The audit will review the current security controls on the application. Sample testing will occur of the IT controls relating to the planning process to ensure that input controls are appropriate to restrict erroneous data entry and processing controls exist to ensure applications are picked up throughout the process. Specifically this will also look at the processes in place for online planning applications.</p>	Head of Building Control	4	10
Website Audit	<p>The last website audit was performed over five years ago during the tech refresh phase of the upgrade. As part of this upgrade the website will be reviewed to identify the controls in place over website management. This includes the security in place over access to the website, topology of the website, resilience of the website and support of the website. Also the process for publishing some content will also be audited.</p>	IT Application Development Manager	3	13
Corelogic Disaster Recovery Test	<p>Previous audits have attended both the Civica Parking and SAP Financials DR tests. There are currently two server environments for the Corelogic system which should allow the quick restoration of Council services in the event of a disaster event. The audit will look to review the processes for the DR test. This will include planning the test, involvement in identifying the data used to prove the test success, attendance at the test and discussion of post test activities.</p>	Head Of Systems Development & Performance - ACCS	3	8
RBS Banking Application	<p>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</p>	Head of Finance – Accounting and Control	2	10

Audit title	Scope	Client	Quarter	Days
Data Security (including Data Transfer)	<p>Local authorities need to sign up to the Code of Connection (CoCo) that defines the minimum standards and processes that an authority must comply with before being able to connect to the Government Connect Secure Extranet (GCSx), a secure private Wide-Area Network (WAN) which enables interactions between connected Local Authorities and organisations. Although compliance with CoCo is expected to start from 1 April 2009, Haringey Council have received an exemption until 1 October 2009.</p> <p>The audit will cover data security and data transfer and will include testing of a sample of key systems. Preliminary work on the audit will start in 2009 and will examine policies in place (to assist with compliance), training and communication.</p>	IT Security and Continuity Manager	4	16
Follow ups	<p>To ensure that management are implementing actions completed as part of previous audit reports we propose to undertake a series of follow up visits to audits issued as part of the 2008/09 Internal Audit Reports and any Priority One recommendations from the 2007/08 year. The focus of this work will be to ascertain the status of recommendations of previous audit recommendations and obtain evidence where recommendations are marked as implemented.</p>	Various	3/4	22
IT Security	<p>Discussions will be held with the IT Security and Continuity Manager initially to identify the current approach to audits performed as part of the ISO27001 accreditation. Any specific areas where further Internal Audit work may be required may be agreed following these meetings.</p>	IT Security and Continuity Manager	2	1
<b>Total</b>				<b>80</b>

All Directorates:

Audit title	Scope	Client	Quarter	Days
Project Management Assurance	<p>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.</p> <p>Projects to be audited will be identified in consultation with the Project Manager within the Policy &amp; Performance Team.</p>	Assistant Directors	1-4	80
Pro-active Anti-fraud	<p>Our work will cover high risk areas, where there have been previous fraud cases. We will also take into account the National Fraud Initiative, Audit Commission, London-wide view of high risk areas and the National Fraud Strategy.</p> <p>As a result of the risk analysis undertaken and fraud profiles, we will identify and recommend areas of work to be included in the pro-active anti-fraud plan.</p>	Assistant Directors	1-4	40
Value for Money	<p>We will continue our VFM work to cover areas of the Council not covered in the 2007/08 Audit Plan. Areas that will be included within the coverage include:</p> <ul style="list-style-type: none"> <li>• Costs within Business Units and services, including understanding of the cost identification and budget setting process;</li> <li>• Identification of performance of the Business Unit and services and linkages to cost.</li> </ul>	Chief Financial Officer/ Head of Performance and Policy	tbc	10
Risk Management Development and Support	<p>During the year we will liaise with key business unit managers and Directors for each Department across the Council to assist in the management of the council's performance management IT system</p>	All Directors and ACE's as required	1-4	25



London Borough of Haringey – Draft Internal Audit Plan and Strategy 2009/10

Audit title	Scope	Client	Quarter	Days
	<p>to ensure that all departments review and update their risk registers in accordance with the Council's Management of Risk Strategy.</p> <p>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.</p> <p>We will monitor the updating of risk registers on the Council's new performance management system ('Covalent').</p>			
<b>Total</b>				<b>155</b>

Urban Environment Directorate:

Audit title	Scope	Client	Quarter	Days
Parking Services	<p>The Parking Services function was subject of a business review during 2008/09. Internal audit will review and test the key controls and procedures which will be put in place following the business review, including development of an action plan to implement the recommendations raised following the business review.</p> <p>We will also undertake a follow-up of the recommendations raised in our 2008/09 Internal Audit report.</p>	Assistant Director – Frontline Services	4	10
Waste Management	<p>The focus of the audit will be on the North London Joint Waste Strategy (NLJWS) and the implementation of the North London Waste Plan. We will review the following areas:</p> <ul style="list-style-type: none"> <li>• Compliance with Legislation;</li> <li>• Policies and Procedures;</li> <li>• Partnership Arrangements (NLJWS);</li> <li>• Strategic Environmental Assessment (SEA); and</li> <li>• Performance Monitoring Arrangements.</li> </ul>	Assistant Director – Frontline Services	1	15
Recycling	<p>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:</p> <ul style="list-style-type: none"> <li>• Compliance with local and statutory requirements, including National Performance Indicators;</li> <li>• Documentation, policy and procedures;</li> <li>• System and controls for monitoring compliance with recycling strategy;</li> <li>• Monitoring of contractor performance;</li> <li>• Data collection and verification processes; and</li> <li>• Reporting and management information, including statutory returns.</li> </ul>	Assistant Director – Frontline Services	2	10

Audit title	Scope	Client	Quarter	Days
Highways and street lighting contracts	<p>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:</p> <ul style="list-style-type: none"> <li>• Compliance with statutory requirements</li> <li>• Documentation, policy and procedures;</li> <li>• Tendering procedures;</li> <li>• Monitoring and review of service providers;</li> <li>• Invoices and payments to service providers;</li> <li>• Budget management and control; and</li> <li>• Monitoring and reporting arrangements.</li> </ul>	Assistant Director – Frontline Services	3	10
Building Control Services	<p>The Building control section ensures compliance with the Building Regulations and deals with approximately 2000 applications a year. 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:</p> <ul style="list-style-type: none"> <li>• Compliance with statutory requirements;</li> <li>• Documentation, policy and procedures;</li> <li>• Processes for receiving, processing and responding to statutory and local notices;</li> <li>• System and controls for setting and applying statutory and local charges, collection of income and reconciliation process;</li> <li>• Monitoring and review processes; and</li> <li>• Reporting and management information, including statutory returns.</li> </ul>	Assistant Director – PPD	2	10
Temporary Accommodation	<p>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:</p> <ul style="list-style-type: none"> <li>• Compliance with statutory requirements</li> <li>• Documentation, policy and procedures;</li> <li>• Application, assessment and allocation</li> </ul>	Assistant Director – SCHS	3	20

London Borough of Haringey – Draft Internal Audit Plan and Strategy 2009/10

Audit title	Scope	Client	Quarter	Days
	processes; • Tendering procedures for TA suppliers; • Monitoring and review of service providers; • Invoices and payments to service providers; • Budget management and control; and • Monitoring and reporting arrangements.			
<b>Total</b>				<b>75</b>

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 – Business Support & Development	2	10
Unaccompanied asylum-seeking children	<p>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:</p> <ul style="list-style-type: none"> <li>• Compliance with local and statutory requirements</li> <li>• Documentation, policy and procedures;</li> <li>• Application, assessment and referral processes;</li> <li>• Monitoring and review of clients and service provision;</li> <li>• Payments to service providers where applicable</li> <li>• Budget management and control; and</li> <li>• Monitoring and reporting arrangements.</li> </ul>	Deputy – Children & Families	3	10
Assessment and referral processes	<p>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:</p> <ul style="list-style-type: none"> <li>• Compliance with local and statutory requirements</li> <li>• Documentation, policy and procedures;</li> <li>• Application, assessment and referral processes;</li> <li>• Monitoring and review of clients and service provision;</li> <li>• Budget management and control; and</li> <li>• Monitoring and reporting arrangements.</li> </ul>	Deputy – Children & Families	4	15
Connexions Services	This will be a full review of the controls in place to ensure that the Connexions services are delivering effective universal and targeted services for young	Deputy – School	2	10

Audit title	Scope	Client	Quarter	Days
<p><b>Schools Audit Programme:</b> Primary Schools</p>	<p>people and their families, covering the following areas and control objectives:</p> <ul style="list-style-type: none"> <li>• Compliance with local and statutory requirements</li> <li>• Documentation, policy and procedures;</li> <li>• Liaison processes for organisations involved in the Connexions services;</li> <li>• Assessment and referral processes;</li> <li>• Monitoring and review of contracts and service provision;</li> <li>• Budget management and control; and</li> <li>• Monitoring and reporting arrangements.</li> </ul>	Standards and Inclusion	1-4	70
	<p>A risk based approach is taken in completing the schools audit programme. Factors taken into account include:</p> <ul style="list-style-type: none"> <li>- History of inadequate financial management; and</li> <li>- Inability to manage deficits or surpluses.</li> </ul> <p>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:</p> <ul style="list-style-type: none"> <li>• Management organisation;</li> <li>• School inspections and OFSTED;</li> <li>• Budgetary control;</li> <li>• Staffing;</li> <li>• Disbursement accounting records;</li> <li>• Asset management;</li> <li>• Unofficial Fund;</li> <li>• Data protection and security;</li> <li>• Income;</li> <li>• Health and safety; and</li> <li>• School meals.</li> </ul>	Individual schools' Head teachers/ CYPs Finance		

London Borough of Haringey – Draft Internal Audit Plan and Strategy 2009/10

Audit title	Scope	Client	Quarter	Days
Secondary Schools (including FMSiS follow up)	<p>Additionally, for Primary schools, work will also include a visit to schools to ascertain compliance with the statutory Financial Management Standard in Schools (FMSiS).</p> <p>A risk based approach, as for Primary schools, is used to determine the audit programme for secondary schools.</p> <p>Additionally, for relevant Secondary schools, work will include a visit to ascertain continued compliance with the statutory FMSiS where the FMSiS certificate from DCSF is due for renewal.</p>	Individual schools' Head teachers/ CYPS finance	1-4	70
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	1-4	10
<b>Total</b>				<b>200</b>

Adults, Culture and Community Services:

Audit title	Scope	Client	Quarter	Days
Recreational Services (including Leisure) – Risk Register Testing	This will be a risk based audit focusing on testing of the key controls within the risk register for the service. It is proposed that this audit will be completed in June/July 2009.	AD - Recreational Services	2	10
Adult Learning, Libraries and Culture – Risk Register Testing	This will be a risk based audit focusing on testing of the key controls within the risk register for the service. It is proposed that this audit will be completed in September 2009.	AD - Adult Learning, Libraries and Culture	2	10
Domiciliary Care Contracts	<p>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:</p> <ul style="list-style-type: none"> <li>• Compliance with local and statutory requirements</li> <li>• Documentation, policy and procedures;</li> <li>• Tendering and appointment processes for service providers;</li> <li>• Monitoring and review of clients and service provision;</li> <li>• Payments to service providers;</li> <li>• Budget management and control; and</li> <li>• Monitoring and reporting arrangements.</li> </ul>	AD – Commissioning & Strategy	3	15
Mental Health	<p>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:</p> <ul style="list-style-type: none"> <li>• Identification of adults who are potentially at risk;</li> <li>• Recording and screening of referrals;</li> <li>• Assessment of client needs (including case conference and decision making);</li> <li>• Assessment of appropriate care package;</li> <li>• Monitoring and review of service and service providers;</li> </ul>	AD - Adult Services	2	15



	<ul style="list-style-type: none"> <li>• Payments for services received; and</li> <li>• Budgetary Control.</li> </ul>			
<p>Leisure Centres – income generation and collection</p>	<p>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:</p> <ul style="list-style-type: none"> <li>• Compliance with local and statutory requirements</li> <li>• Documentation, policy and procedures;</li> <li>• Tendering and contract processes for external service providers;</li> <li>• Payments to service providers;</li> <li>• System and controls for setting and applying charges, collection of income and reconciliation process;</li> <li>• Budget management and control; and</li> <li>• Monitoring and reporting arrangements.</li> </ul>	<p>AD - Recreational Services</p>	<p>3</p>	<p>10</p>
<p><b>Total</b></p>				<p><b>60</b></p>

## London Borough of Haringey – Draft Internal Audit Plan and Strategy 2009/10

### Chief Executive – People and Organisational Development:

Audit title	Scope	Client	Quarter	Days
Payroll & Expenses – Key financial system (annual audit)	<p>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:</p> <ul style="list-style-type: none"> <li>• Compliance with statutory requirements</li> <li>• Documentation, policy and procedures;</li> <li>• Reliability &amp; integrity of transactions and records;</li> <li>• New starters and Leavers;</li> <li>• Payments, variations &amp; adjustments to pay;</li> <li>• Payroll deductions; and</li> <li>• System reconciliation.</li> </ul>	Head of Shared Services	3	15
Community Call to Action	<p>As part of the Local Government and Public Involvement in Health Bill, any Member of the authority is able to refer a matter affecting their ward to the relevant authority for review. 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:</p> <ul style="list-style-type: none"> <li>• Compliance with statutory requirements;</li> <li>• Documentation, policy and procedures;</li> <li>• Application and referral processes;</li> <li>• Monitoring and review of progress; and</li> <li>• Monitoring and reporting arrangements.</li> </ul>	Head of Member Services	4	10
<b>Total</b>				<b>25</b>

# London Borough of Haringey – Draft Internal Audit Plan and Strategy 2009/10

## Chief Executive - Policy, Performance, Partnerships and Communication:

Audit title	Scope	Client	Quarter	Days
PPPC – risk register testing	This will be a risk based audit focusing on testing of the key controls within the risk registers for the service.	PPPC - Heads of Service	2	10
Statutory enquiry processes.	<p>This will be a full review of the controls in place to ensure that the Council is meeting the requirements of relevant legislation and local requirements for enquiries relating to the Freedom of Information and Data Protection Acts. 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:</p> <ul style="list-style-type: none"> <li>• Documentation, policy and procedures</li> <li>• Compliance with statutory requirements</li> <li>• Recording of requests – DPA and FoI;</li> <li>• Processing and monitoring requests;</li> <li>• Reporting and management information.</li> </ul>	Corporate Head of Performance & Policy	2	10
Voluntary Organisations	<p>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:</p> <ul style="list-style-type: none"> <li>• Compliance with local and statutory requirements;</li> <li>• Documentation, policy and procedures;</li> <li>• Application and assessment processes for external service providers;</li> <li>• Payments to service providers;</li> <li>• Monitoring of service delivery;</li> <li>• Budget management and control; and</li> <li>• Monitoring and reporting arrangements.</li> </ul> <p>The audit will include visits to a sample of voluntary organisations funded by the Council.</p>	Head of Safer Communities	3	20

## London Borough of Haringey – Draft Internal Audit Plan and Strategy 2009/10

Audit title	Scope	Client	Quarter	Days
Neighbourhood Management – compliance with contract and finance procedures rules	<p>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. This audit will cover the following areas:</p> <ul style="list-style-type: none"> <li>• Identification of Suppliers;</li> <li>• Contract letting and tendering procedures;</li> <li>• Raising of Orders;</li> <li>• Cash Purchases;</li> <li>• Travel Bookings; and</li> <li>• Use of Purchasing Cards.</li> </ul>	Head of Safer Communities	4	10
Data quality – national performance indicators	<p>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:</p> <ul style="list-style-type: none"> <li>• Compliance with statutory and local requirements</li> <li>• Documentation, policy and procedures;</li> <li>• Data collection and verification processes;</li> <li>• Monitoring and reporting arrangements, including statutory returns.</li> </ul>	Corporate Head of Performance & Policy	1	10
<b>Total</b>				<b>60</b>



Haringey Council

Agenda item:

**Audit Committee****On 23 April 2009**Report Title: **Internal Audit Progress Report – 2008/09 Quarter 4**Report authorised by: **Chief Financial Officer**

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

**Tel:** 020 8489 5973**Email:** [anne.woods@haringey.gov.uk](mailto:anne.woods@haringey.gov.uk)Wards(s) affected: **All**Report for: **Non-key decision****1. Purpose of the report**

1.1 To inform the Audit Committee of the work undertaken during the fourth quarter by the Internal Audit Service in completing the annual audit plan and any responsive fraud investigation work. In addition, the work of the Council's personnel division in supporting disciplinary action taken across all departments by respective council managers.

**2. State link(s) with Council Plan Priorities and actions and/or other Strategies:**

2.1 Audit and Risk Management contribute to the Council priority to deliver excellent, customer focused, cost effective services by reviewing key services and making recommendations for improvement where appropriate. Follow up work is undertaken to ensure that managers implement agreed recommendations and improvements.

2.2 Internal audit forms a key element within the revised Use of Resources assessment and will continue to be part of the CAA from 2009 onwards. The reports to both managers and the Audit Committee on progress against the agreed audit plan and the implementation of audit recommendations ensure that the requirements of the CAA assessment are fulfilled.

**3. Recommendations**

3.1 The Audit Committee is recommended to note the audit coverage and progress during the fourth quarter 2008/09.

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

3.3 That the Audit Committee considers whether any further action is necessary to address outstanding priority 1 recommendations.

**4. Reason for recommendation(s)**

4.1 The Audit Committee is responsible for monitoring the completion of the annual internal audit plan and the implementation of agreed recommendations as part of its Terms of Reference. In order to facilitate this, progress reports are provided on a quarterly basis for review and consideration by the Audit Committee.

4.2 Where further action is required or recommended, this is highlighted in the covering report and associated appendices and included in the recommendations for the Audit Committee.

**5. Other options considered**

5.1 Not applicable

**6. Summary**

6.1 The internal audit service makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the authority. This report looks at the work undertaken in the quarter ending 31<sup>st</sup> March 2009 and focuses on:

- Progress by Deloitte and Touche (internal auditors) on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised
- Progress in implementing outstanding internal audit recommendations with special attention given to priority 1 recommendations
- Details of investigative work undertaken relating to fraud and/or irregularities that fall outside the remit of the Housing Benefit Fraud Investigation Team, including information in respect of disciplinary action taken.

6.2 The information has been compiled from information held within the Audit & Risk Management Unit and from records held by Deloitte and Touche and Human Resources.

**7. Head of Legal Services Comments**

7.1 The Head of Legal Services has been consulted in the preparation of this report, and advises that there are no specific legal issues which arise out of the report, or the proposed recommendations.

**8. Chief Financial Officer Comments**

8.1 The Chief Financial Officer notes that there are no direct financial implications arising from this report and also suggests that the targeted work outlined in paragraph 16.2 in ensuring that greater focus is placed on implementing Priority 1 recommendations should also reduce the potential for any negative financial outcomes arising.

**9. Head of Procurement Comments**

9.1 Not applicable

**10. Equalities and Community Cohesion Comments**

10.1 This report deals with how risks to service delivery are managed across all areas of the council, which have an impact on various parts of the community. Improvements in managing risks and controls will therefore improve services the Council provides to all sections of the community.

**11. Consultation**

11.1 No external consultation was required or undertaken in the production of this report. Consultation is undertaken with respective service managers, Assistant Directors and Directors are consulted in the production of individual internal audit reports and follow up programmes and their comments included in the final report which is circulated in accordance with the agreed internal audit reporting protocol.

**12. Service Financial Comments**

12.1 There are no direct financial implications arising from this report. The work completed by Deloitte and Touche is part of the five year contract which was awarded following a competitive tendering exercise in compliance with EU regulations from 1 April 2007. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget.

**13. Use of appendices**

13.1 Appendix A – Deloitte and Touche Progress report  
 Appendix B – In-house Team – investigations into financial irregularities  
 Appendix C – Council-wide disciplinary information

**14. Local Government (Access to Information) Act 1985**

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

## 15. Performance Management Information

15.1 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. Table 1 below shows the targets for each area of audit activity monitored and gives a breakdown between the quarterly and cumulative performance.

**Table 1**

PI Ref.	Performance Indicator	4 <sup>th</sup> Quarter	Year to date	Target
A1	Audit work Completed vs. Planned programme	100%	95%	95%
A2	User satisfaction (1 = low, 5 = high)	5.00	3.88	3.75
A3	Time taken to complete investigations (2008/09 referrals)	17.6 weeks	14.5 weeks	12 weeks
A4	Priority 1 recommendations implemented at follow up (based on position as at 31/03/09)	99%	95%	95%

## 16. Internal Audit work – Deloitte and Touche contract

16.1 The activity of Deloitte and Touche for the fourth quarter of 2008/09 to date is detailed at Appendix A. In this quarter, a total of 22 projects have been finalised, including 13 school visits to assess compliance with the Financial Management Standard in Schools (FMSiS). All 13 schools achieved the required outcomes against FMSiS and will be receiving their certificate from the Department for Children, Schools and Families.

16.2 The programme of planned follow up audits is also reported at Appendix A. The work of internal audit and the new reporting requirements to both the Audit Committee and Cabinet, which receive details of all outstanding Priority 1 recommendations as part of the 2008/09 corporate performance reporting arrangements, have ensured that managers take greater responsibility for implementing recommendations. Details of the outstanding Priority 1 recommendations from 2004/05 to 2008/09 are shown in Table 2 below.



**Table 2**

<b>Year</b>	<b>Number of Priority 1 recommendations</b>	<b>Number of recommendations fully implemented or addressed at follow up</b>	<b>Implementation rate</b>	<b>Target</b>
2008/09	12	10	83%	95%
2007/08	20	18	90%	95%
2006/07	39	38	97%	95%
2005/06	7	6	86%	95%
2004/05	1	0	0%	95%
<b>Total</b>	<b>79</b>	<b>72</b>	<b>91%</b>	<b>95%</b>

16.3 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 and from 2008/09, the implementation of Priority 1 recommendations has been included in the PI reporting requirements for all departments.

16.4 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. Appendix A details the current position in relation to all outstanding recommendations.

## **17. In-house Team – Fraud investigation/Irregularities**

17.1 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 2008/09 and any which were brought forward from 2007/08.

17.2 Within the fourth quarter, 6 new cases were referred to Internal Audit for investigation, and 3 cases were completed during the quarter involving Council employees. The cases investigated during the fourth quarter covered allegations involving fraudulent right to buy and working whilst off sick. The three cases completed in quarter four took 17 weeks on average to complete. The increased timescales were as a result of one case being co-ordinated between another borough and the police. Internal Audit work closely with officers from personnel and the service involved to ensure that the investigation is completed as quickly as possible. During 2008/09 to date, the average length of time taken to investigate each case was 14.5 weeks.

17.3 The council has a dedicated email address and telephone number, which is advertised on the Council website, by which members of the public can report instances of suspected fraud or irregularity. The In-house Team manage and monitor these referrals. During quarter four, seven referrals in relation to new allegations were made via the council's email reporting facility. Of these, five related to housing benefit/council tax issues and were

referred to the Housing Benefit Fraud Investigation Team for further review. Two referrals were in relation to housing issues and were referred to the Strategic Housing Service for further review. Follow up discussions with Strategic Housing Services to assess the information received conformed that no further audit action was required. No referrals were made via the telephone reporting facility.

17.4 The In-house Team also investigates claims of non-receipt of Council cheques. In 2008/09, there has only been one referral for investigation as reported in the previous quarter. The council has not lost any money, as the fraud was detected and the cheque was not cashed. This is a substantial reduction on previous years' figures. 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 reduced the opportunity for attempted fraud in this area.

## **18. Council-wide disciplinary statistics**

18.1 Appendix C details the number of disciplinary suspensions and/or action taken in the fourth quarter of 2008/09. The data is taken from SAP and the information has been provided by the Council's Human Resources business unit in line with council statistics reported elsewhere.

18.2 Improved processes, monitoring, management information and liaison between service departments and HR has been in place during 2008/09. These actions has enabled the Council to reduce the average number of days per suspension case by approximately 40%, from 104 days in the first quarter to 64 days in the fourth quarter.

**Internal Audit  
Quarter 4 Internal Audit Report  
2008/2009  
London Borough of Haringey**

Deloitte & Touche Public Sector Internal Audit Ltd.  
April 2009

**Contents**

	<b>Page</b>
Executive Summary	1
Audit Progress Summary - Quarter 4 2008/09:	2
FMSIS Assessments	11
Follow Up 2004/05 and 2005/06	13
Follow Up 2006/07	15
Follow Up 2007/08	21
Follow Up 2008/09	29
Statement of Responsibility	33

## Executive Summary

### Introduction

This is our fourth quarter report to the Audit Committee for the 2008/09 financial year including details of all reports which are now at final stage. The report provides information on those areas which have achieved full or substantial assurance and gives an indication of the direction of travel for key systems work which will provide Members with information on how risks are being managed over time. The format of this report is also designed to highlight the key risks facing individual departments and the council which have been identified during the course of internal audit reviews. A more detailed summary of the limited assurance audit findings is included for information. The report draws together the summary information which is provided on a monthly basis to Members of the Audit Committee. Members of the Committee will also be provided with full copies of our audit reports upon request.

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

The attached tables reflect the status of the systems at the time of the audit, and recommendations may already have been implemented by Council officers by the time the final report is issued and reported to the Audit Committee.

Our agreed reporting strategy provides Members of the Audit Committee with a detailed summary of all finalised audit reports on a monthly basis. As part of the reporting strategy, only those audits receiving 'limited' or 'no' assurance ratings are included in the summary report to Audit Committee.

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

- Priority 1* - major issues for the attention of senior management
- Priority 2* - other recommendations for local management action
- Priority 3* - minor matters and/or best practice recommendations

**Audit Progress Summary - Quarter 4 2008/09:**

The following table sets out the audits completed in this quarter and the status of the systems at the time of the audit. It must be noted that the recommendations may already have been implemented by Council officers by the time the final report is issued and reported to the Audit Committee. The audits highlighted in bold are those not previously reported to the Audit Committee.

Detailed summaries of all audits which do not receive 'Full' or 'Substantial' assurance ratings are also provided for Members' information. Within this report, although a 'substantial' rating was provided, details of the Treasury Management audit have been included. This has been done to provide Members with information on recommendations raised as part of additional reviews either specific to Haringey or local authorities in general.

Audit Title	Date of Audit	Date of Final Report	Assurance level	Direction of Travel	Number of Recommendations (Priority)			Comments
					1	2	3	
Treasury Management	November 2008	9/4/09	Substantial	↔	0	0	0	Summary includes details of recommendations raised by PWC and Audit Commission which have not been classified.
PCI Gap Analysis	October 2008	09/02/09	N/A	N/A	1	5	0	
I-World Database Application	October 2008	09/02/09	Substantial	N/A	0	5	1	
Complaints Procedures	June 2008	19/02/09	Substantial	↔	0	3	1	
Information Management and Security	October 2008	06/03/09	Substantial	N/A	0	3	0	
Civica Disaster Recovery	January 2009	12/03/09	N/A	N/A	0	2	0	
Cleaning Materials Procurement	August 2008	12/03/09	Limited	N/A	5	5	1	
Accounting and General Ledger	January 2009	16/03/09	Full	↔	0	0	0	
Chestnuts Park Project Management Assurance	August 2008	19/03/09	Substantial	N/A	3	3	0	

Detailed summaries

Audit area	Scope	Status/key findings	Assurance
<b>CORPORATE RESOURCES</b>			
<p><b>Treasury Management</b> 2008/09</p>	<p>A review of treasury management arrangements, commissioned by the Chief Executive, was undertaken by Price Waterhouse-Coopers (PWC) in November 2008. A review of treasury management within local authorities was also undertaken by the Audit Commission at the same time.</p> <p>Internal Audit did not duplicate the work undertaken by PWC and the Audit Commission in the routine planned audit, but our assurance rating also takes into account the issues raised by them. In addition, we will review implementation of the recommendations raised, as part of our follow up programme. The recommendations raised in the two reports have been included as part of our report for completeness and to ensure that they are all addressed and reviewed as part of the normal reporting process. This approach is considered to be the most effective with regard to the use of officers' time and resources.</p> <p>Internal Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> <li>• Compliance with legislation (including reporting);</li> </ul>	<p>While there is a basically sound system, there are weaknesses which put some of the system objectives at risk.</p> <p>A number of controls were observed to be operating satisfactorily, some of which are listed below:</p> <ul style="list-style-type: none"> <li>• The Treasury Management Strategy is reviewed by both Cabinet and Full Council on an annual basis in accordance with agreed procedures;</li> <li>• Credit rating specialists are used to rank the credit worthiness of counterparties to an investment agreement;</li> <li>• Limits have been placed on certain investments since the crisis came to light in October 2008;</li> <li>• There was evidence that financial information is produced on a regular basis to assist with the maximisation of the Council's net cash flow performance;</li> <li>• Investments and borrowings were recorded on the Logotech system with minimum delay, on the same day in almost all cases sampled; and</li> <li>• There was evidence of regular reconciliations being carried out between the Logotech system and the SAP accounting system.</li> </ul> <p>As a result of the reviews completed by PWC and the Audit Commission in this area 18 recommendations have been</p>	<p><b>Substantial</b></p>

Audit area	Scope	Status/key findings	Assurance
	<ul style="list-style-type: none"> <li>• Protection of Council assets;</li> <li>• Financial information re. net cash flow;</li> <li>• Reconciliation of loans and investments;</li> <li>• Security of data; and</li> <li>• Follow-up of 2007/08 internal audit recommendations.</li> </ul>	<p>made, nine of which are specific to Haringey (PWC) and nine of which apply to local authorities in general (Audit Commission). Implementation of these should help to improve the control environment. PWC and the Audit Commission did not classify their recommendations according to priority ratings. The Head of Corporate Finance and Chief Financial Officer have agreed and responded to the recommendations raised by PWC and the Audit Commission. Internal Audit will review the implementation of these as part of the follow up work. This will be reported to the Audit Committee in due course.</p> <p>The recommendations have been included here for completeness.</p> <p>PWC recommendations for Haringey Council:</p> <ul style="list-style-type: none"> <li>• The Council should consider the extent to which it invests in financial institutions that are placed on Negative Outlook or Ratings Watch by credit ratings agencies, regardless of whether they meet the other minimum lending criteria at the time of the investment decision;</li> <li>• The Council should consider using a matrix of counterparty limits dependent on the credit ratings of institutions;</li> <li>• The geographical concentration of investments should be considered with thresholds stipulated as part of the Council's investment policy;</li> <li>• The Treasury Management Strategy should be formally reviewed on a quarterly basis and meetings should be held between the lead Member and the Chief Financial Officer as part of this review;</li> <li>• A formal process for reviewing Sector Treasury Services Limited ("Sector") communications on a daily</li> </ul>	



Audit area	Scope	Status/key findings	Assurance
		<p>basis should be established; this process should be documented and a record or log should be maintained to demonstrate that Sector advice has been considered by officers with comments, where appropriate, noting the Council's response to the advice received;</p> <ul style="list-style-type: none"> <li>• The Council should consider applying the current counterparty limit to the collective banks within a group, rather than to individual institutions;</li> <li>• The interdependencies between groups of banks should be identified and recorded so that counterparty limits can be applied by officers, independently from the advice received from Sector;</li> <li>• A review of the treasury management function should be undertaken to assess the increased role it has to play in the Council as a source of income generation and the heightened financial risks attached to this activity. A review of the skills and competencies required in the department for those who are investing public money on a daily basis should be performed; and</li> <li>• Compliance with daily authorisation limits should be checked on a daily basis.</li> </ul> <p>Audit Commission recommendations for local authorities:</p> <ul style="list-style-type: none"> <li>• The Council should set the treasury management framework so that the organisation is explicit about the level of risk it accepts and the balance between security and liquidity and the yield to be achieved. At the highest level, the organisation should decide whether it has: <ul style="list-style-type: none"> <li>○ appetite and capability to be able to manage risk by placing funds with financial institutions; or</li> <li>○ no appetite and/or sufficient capability to manage</li> </ul> </li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<p>the risk of placing funds in the market, and should instead place funds with the UK government's Debt Management Office;</p> <ul style="list-style-type: none"> <li>• The Council should ensure that treasury management policies:                             <ul style="list-style-type: none"> <li>○ follow the revised CIPFA code of practice;</li> <li>○ are scrutinised in detail by a specialist committee, usually the audit committee, before being accepted by the authority; and</li> <li>○ are monitored regularly;</li> </ul> </li> <li>• The Council should ensure that elected Members receive regular updates on the full range of risks being run;</li> <li>• The Council should ensure that the treasury management function is appropriately resourced, commensurate with the risks involved. Staff should have the right skills and have access to information and external advice;</li> <li>• The Council should ensure that the elected Members of authorities who have accountability for the stewardship of public money are trained so that they are able to scrutinise effectively and be accountable for the treasury management function;</li> <li>• The Council should ensure that the full range of options for managing funds is considered, and note that early repayment of loans, or not borrowing money ahead of need may reduce risks;</li> <li>• The Council should ensure that the fullest range of information is used before deciding where to deposit funds;</li> <li>• The Council should ensure that the roles of external advisers are clear and that it is recognised that local</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<p>authorities remain accountable for decisions made; and</p> <ul style="list-style-type: none"> <li>The Council should ensure that economies of scale are sought by sharing resources between authorities or with pension funds, while maintaining separation of those funds.</li> </ul>	
<b>CORPORATE RESOURCES - PROCUREMENT</b>			
<p><b>Cleaning Materials Procurement</b></p> <p><b>2008/09</b></p>	<p>Audit work was undertaken to assess the control environment in the following areas:</p> <ul style="list-style-type: none"> <li>Identification of material requirements;</li> <li>Procurement arrangements (including selection of suppliers);</li> <li>Monitoring of spending and usage;</li> <li>Identification of delivery points;</li> <li>Ordering and delivering; and</li> <li>Stock control.</li> </ul>	<p>Weaknesses in the system of controls are such to put the system objectives at risk.</p> <p>A number of controls were observed to be operating satisfactorily, which are listed below:</p> <ul style="list-style-type: none"> <li>The invoices in the sample selected were seen to have been stamped as evidence of authorisation to pay, by the Admin Finance Officer;</li> <li>The 'order sheets' completed by the Supervisors clearly state the addresses of the site, for delivery purposes; and</li> <li>The cleaning materials stock were stored securely at the four sites visited.</li> </ul> <p>Within the system there are weaknesses which put the system objectives at risk. The areas where weaknesses were found include:</p> <ul style="list-style-type: none"> <li>There is currently no formal budget setting and budget monitoring process within the Service;</li> <li>There was no evidence to show that a tender process was completed for the current supplier used by the Service;</li> <li>There is no documented and formal contract monitoring process in place for the supplier used by the Service; and</li> </ul>	<b>Limited</b>

Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> <li>• The Service currently place orders with suppliers via email prior to the receipt of authorisation of the orders. As a result of our internal audit work in this area we have raised five priority 1, five priority 2 and one priority 3 recommendations, which should help to improve the control environment.</li> </ul> <p>The priority 1 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• The Service should ensure that the contract for the supply of cleaning materials is put out to tender as required by the Council's Procurement Procedure Rules;</li> <li>• The Service should ensure (with the help of the Legal Services and Procurement teams) that a formal contract with the chosen supplier(s) is signed and retained. In addition, the contract should contain details of any service level agreements, key performance indicators and performance monitoring arrangements;</li> <li>• The Service should ensure that regular and periodic meetings are held with the Service's budget holders; Service Manager, Area Managers and Supervisors. In addition, budget variances and performance, along with any commitments should be discussed at these meetings. The decisions should be documented in minutes, along with any action plans and responsibilities;</li> <li>• The Service's budget-setting process should be reviewed and appropriately revised to ensure that the budget set is realistic and reflective of the Service's current needs. In addition, the initial budget setting should be completed in consultation with the key stakeholders (the Head of Facilities Management,</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<p>Cleaning Services Manager and the Area Managers) and should include an appropriate zero-based costing exercise; and</p> <ul style="list-style-type: none"> <li>• The Service's Senior Management should complete a sample check on a sample of invoices authorised for payment against the delivery notes/ good received notes to ensure that the authorisation is only given following certification that the goods have been received as ordered.</li> </ul> <p>The priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• The Service should ensure that it reminds the Area Managers of the responsibility and requirement to complete regular site visits on all the Council's sites managed by Property Services;</li> <li>• The Service should ensure that regular monitoring meetings are held with the chosen supplier, as part of the performance monitoring process;</li> <li>• The Service should ensure that the Supervisors are reminded of the procedure for receipt of orders including certifying delivery notes;</li> <li>• The Service should maintain stock cards for the materials, which it maintains in the storage units at the sites. The Stock Cards should contain details of the minimum and maximum re-order levels; and</li> <li>• The Service should complete a comparison of stock usage across the different sites using the chemical usage spreadsheet, which should be sent on a regular basis by the Suppliers.</li> </ul> <p>The priority 3 recommendation is as follows:</p> <ul style="list-style-type: none"> <li>• The Service should ensure that annual/ regular refresher training is provided to relevant members of</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		staff to ensure that up-to-date guidelines on usage and responsibility is provided.	

**FMSiS Assessments and Summary:**

Our work during 2008/09 will involve on checking compliance with the requirements of the Financial Management Standard in Schools (FMSiS).

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

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

Our schedule of visits to Primary Schools in 2008/09 covers 30 schools (43%). Of these, 27 schools have already been visited and 20 schools have been assessed as meeting the standard. Six schools have been given conditional passes and, in accordance with FMSiS guidance, further time is being allowed to enable these schools to provide the required evidence which would ensure that they achieve the standard. One school has been assessed as failing the standard. We are liaising with relevant Secondary and Primary Schools that have not yet met the Standard to ensure that key recommendations are implemented as soon as possible.

The table below sets out the Primary Schools for which a final report was issued in Quarter 4 and the current status with regards to compliance with the Standard (which is reported as either pass or fail):

## APPENDIX A

## DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2008/09

Primary School	Date of Assessment	Date of Final Report	Outcome (Pass/Fail)	Comments
Campsbourne Primary School	July 2008	20/01/09	Pass	
Moselle Special School	October 2008	20/01/09	Pass	
Woodlands Park Nursery	November 2008	23/01/09	Pass	
Lea Valley Primary School	December 2008	05/02/09	Pass	
Tetherdown Primary School	November 2008	09/02/09	Pass	
St Peter in Chains RC Infants School	October 2008	09/02/09	Pass	
St Aidan's VC Primary School	November 2008	17/02/09	Pass	
North Harringay Primary School	October 2008	17/02/09	Pass	
Highgate Primary School	November 2008	25/02/09	Pass	
Broadwater Farm Primary School	December 2008	25/02/09	Pass	
Welbourne Primary School	November 2008	27/02/09	Pass	
Haringey Sixth Form Centre	December 2008	03/03/09	Pass	
Downhills Primary School	December 2008	18/03/09	Pass	



Detailed Progress Report - Implementation of Priority 1 Recommendations 2004/05 and 2005/06

Audit Area	Priority	Original Implementation Deadline	Progress/Status	Comments/Update
Payroll & Expenses	1	31.03.06	<p style="text-align: center;"><b>2004/05</b></p> <p>An online process is being developed for Payroll to manage expense claims payments. <b>Deadline: 2008/09</b></p>	<p><b>In Progress</b></p> <p>Representatives of Personnel have already met with Finance staff to begin a review of the expenses being claimed and paid through petty cash. It has highlighted that there are distinct types of expense; a) genuine employee expenses for Travel and Subsistence, b) other business expense (where an employee has purchased something on behalf of the Authority and is re-claiming the cost), c) Agency Workers claiming expenses.</p> <p>The HR Support Team is in the process of preparing new claim forms, one for each of the types mentioned above. At the same time Personnel will be preparing guidance to issue to Managers and employees on the situations and levels of expenses that can be claimed. This will also confirm the need for all claims to be covered by receipts. Following a review of the resources required there will also be a move towards payment of the Travel and Subsistence type of claim through the payroll and a drive to get Managers to use the Procurement process and P Cards to reduce the need for employees to incur individual expenses.</p> <p>Update 16.1.09: HR confirm that actions are in place to implement the proposal for expenses claims to be processed through payroll from April 2009.</p>

Audit Area	Priority	Original Implementation Deadline	Progress/Status	Comments/Update
				<p>Update 8.4.09 HR stated that new claim forms have been developed and the payment of travel and subsistence expenses should go live through payroll during May 2009.</p> <p><b>Internal Audit Comment:</b> There are controls in place within the current system being used, which mitigates the criticality of this recommendation. The aim of the recommendation is to strengthen the process by which expense claims are paid.</p> <p><b>Revised Deadline: May 2009</b></p>
<b>2005/06</b>				
TOREX Leisure Management System	1	Ongoing/ May 2008	Request to software suppliers to correct the system in order to fully prevent access following repetitive invalid logon attempts <i>Deadline: December 2008</i>	<p><b>In Progress</b></p> <p>Several requests have been made by IT to the software supplier (XN Leisure) pressing for the recommended control to be built into their next release. XN Leisure confirms they intend to build this security control into their software during 2009, however they could not provide firm dates for compliance. An upgrade to their proposed new version containing this control is planned before the end of June 2009, which will also address PCI DSS requirements.</p> <p><b>Revised Deadline: June 2009</b></p>

## APPENDIX A

## DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2008/09

## Follow Up - 2006/07 audit work

AUDIT AREA	Assurance Level	Recommendations											Priority 1 Recommendations Outstanding				
		Category			Implemented				N/A								
		1	2	3	Total	1	2	3	Total	N/A	Not Imp.	In Progress					
<b>Chief Executives – PPP&amp;C</b>																	
Programme Budget & Budget Control Reporting Independent Challenge	Substantial	1	6	0	7	0	5	0	5	0	2	0	0	0	0	0	0
Partnership Arrangements	Substantial	0	6	0	6	0	5	0	5	0	0	0	0	1	0	0	0
<b>Chief Executives – P&amp;OD</b>																	
Payroll & Expenses	Limited	0	9	2	11	0	7	2	9	1	0	1	0	1	0	0	0
<b>Corporate Resources</b>																	
Debtors	Substantial	1	5	0	6	1	3	0	4	1	0	0	0	0	0	0	0
Creditors	Substantial	0	4	1	5	0	4	1	5	0	0	0	0	0	0	0	0
Treasury Management	Substantial	0	3	0	3	0	3	0	3	0	0	0	0	0	0	0	0
Strategic FM & Budgetary Control	Substantial	0	1	2	3	0	1	2	3	0	0	0	0	0	0	0	0
Council Tax	Substantial	0	1	1	2	0	1	1	2	0	0	0	0	0	0	0	0
Accounting & General Ledger	Substantial	0	3	0	3	0	3	0	3	0	0	0	0	0	0	0	0
NNDR	Substantial	2	2	0	4	2	2	0	4	0	0	0	0	0	0	0	0
Housing & Council Tax Benefits	Substantial	0	4	3	7	0	4	3	7	0	0	0	0	0	0	0	0
Contract & Document Mgmt – Legal Services	Substantial	1	3	1	5	1	3	1	5	0	0	0	0	0	0	0	0
<b>Corporate Resources - IT</b>																	
Email Usage	Substantial	0	3	1	4	0	2	0	2	0	2	0	0	0	0	0	0

## APPENDIX A

## DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2008/09

AUDIT AREA	Assurance Level	Recommendations													Priority 1 Recommendations Outstanding		
		Category					Implemented					N/A					
		1	2	3	Total	1	2	3	Total	Not Imp.	In Progress						
<b>Urban Environment</b>																	
Temporary Housing Repairs	Substantial	2	5	0	7	1	4	0	5					2	0	0	0
Housing Association Leasing Scheme	Limited	6	3	1	10	6	3	1	10					0	0		0
Pointing of Housing Register applications	Limited	2	8	1	11	2	7	1	10					0	1	0	0
Waste Management	Limited	7	7	0	14	6	7	0	13					0	0	1	1
Health and Safety-Environmental	Limited	3	3	0	6	3	3	0	6					0	0		0
Parking Control and Enforcement	Substantial	2	5	0	7	2	4	0	6				1	0	0		0
New Deal for Communities	N/A	6	5	0	11	6	5	0	11					0	0		0
<b>Adults, Culture &amp; Community Services</b>																	
Haringey Integrated Community Equipment Services (HICES)	Limited	4	9	1	14	4	5	0	9				5	0	0		0
<b>Children and Young People's Service</b>																	
Sure Start: Early Years	Substantial	2	4	2	8	1	3	2	6					2	0	0	0
Financial Monitoring of Schools	Substantial	0	3	1	4	1	2	0	3				1	0	0		0
Building Schools for the Future – Project Management	Substantial	0	3	1	4	0	3	0	3				1	0	0		0
<b>Total</b>		<b>39</b>	<b>105</b>	<b>18</b>	<b>162</b>	<b>36</b>	<b>89</b>	<b>14</b>	<b>139</b>	<b>18</b>	<b>1</b>	<b>3</b>					<b>1</b>

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

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

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

**Partly implemented** – officers have started implementation of recommendations

Detailed Progress Report - Outstanding Priority 1 – 3 Recommendations 2006/07

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status	Comments/Update
<b>CORPORATE RESOURCES</b>					
<b>CHIEF EXECUTIVES – PEOPLE &amp; ORGANISATIONAL DEVELOPMENT</b>					
<b>Payroll &amp; Expenses</b>					
1	<p>The list of authorised signatories should be promptly updated as changes occur.</p> <p>An exercise should be conducted whereby all departments are requested to provide an up-to-date signatories list, which reconfirms existing authorised signatories, and includes new ones.</p>	2	<p>March 2007 (Revised February 2009)</p>	<p><b>In Progress</b></p> <p>The management response to the recommendation raised in our 2006/07 Internal Audit report indicated that a list of authorised signatories would be completed within two months of the Council re-structure in early 2007. However, the Pay Control Manager has confirmed that this is still in progress and an approved list is still not in place.</p> <p>Update 16.1.09: HR will ensure that pay changes for an individual employee are authorised at an appropriate level in the organisation i.e. Head of Service/ Business Unit level. E-forms are being modified to include a new field for the appropriate authorisation to be confirmed. The use of the forms will cover changes in terms and conditions, job grades and other changes. The modified forms will be in use by end of February 2009.</p> <p>Presently, an email or other communication is received from the Line Manager requesting changes and these are put through on the basis that the changes are in line with individual budgets.</p> <p>Update 7.4.09:</p>	

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status	Comments/Update
				Corporate Finance have confirmed that although they are taking the lead on updating the overall Scheme of Delegation, they have not received the required information from the Payroll Service.  <b>Revised Deadline: May 2009</b>	
<b>URBAN ENVIRONMENT</b>					
<b>Pointing of Housing Register Applications</b>					
2	<p>All relevant staff should formally declare any personal interest they may have in the processing of applications, awarding of points and approval of successful applicants.</p> <p>A Declaration of Interest register should be maintained by a delegated officer and updated on a regular basis.</p>	2	June 2007 <i>(Revised Deadline January 2009)</i>	<p><b>Not Implemented</b></p> <p>Update received from management on 12.1.09: All new staff are advised on the need to declare any conflict of interest as part of their induction. Where it is identified that a housing application or homelessness application is being made by a member of staff or a member of their immediate family, the case is dealt with by a senior officer. Where an officer identifies that a case involves a friend or someone that they know, the case is dealt with by their senior.</p> <p>There is no declaration of interest register which covers such situations. This will be taken forward.</p> <p>Update as at 9.4.09: Management have confirmed that no staff are aware of any register in existence, and it was identified that this is an issue with wider implications than just housing register applications, as it applies to the Senior management Team as well. Will be taken to SMT.</p> <p><b>Revised Deadline: April 2009</b></p>	

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status	Comments/Update
<b>Waste Management</b>					
3	<p>'Household' information should be uploaded on the Mayrise system at Haringey Accord to assist with the production of performance reports.</p> <p><i>Internal Audit Note:</i></p> <p><i>Haringey Accord have been taken over by Enterprise.</i></p>	1	August 2007	<p><b>In Progress</b></p> <p>Management update at November 2008:</p> <p>The Council has engaged with Enterprise with regard to the potential for using the LLPG to assist in the production of performance reports. Enterprise is currently estimating that the change to using Works Manager will happen in Dec 08 / Jan 09. The Council will seek agreement for Works Manager to link with the LLPG when Works Manager is implemented or as soon as possible afterwards. Enterprise are yet to confirm a date when Works Manager and LLPG will be implemented on the Haringey contract.</p> <p>Update 14.4.09: Enterprise will not be updating Mayrise as this system will be replaced by their own corporate IT system, WorksManager. Their IT system works on UPRN and as such will be using the updated version of the LLPG supplied by the Council. The implementation project to utilise WorksManager will commence in the next couple of months.</p> <p><b>Revised Deadline: June 2009.</b></p>	
<b>CHIEF EXECUTIVE'S – PPP&amp;C</b>					
<b>Partnership Arrangements</b>					
4	A clearly defined consultation strategy should be developed and incorporated within the overall	2	May 2008	<b>In Progress</b>	A Communications and Consultation Strategy is

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2008/09 APPENDIX A

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status	Comments/Update
	<p>strategy for each partnership arrangement.</p> <p>Consultation strategies should be communicated to all responsible individuals and stakeholders, and should define who will be consulted, methods of consultation, responsibility for consultation and how consultation findings will be utilised.</p>			<p>being developed both for the Council and the HSP. The development of the strategies is being led by Mike Browne, Head of Communications for the Council. This will support complementary principles and actions across the Council and its partners. The HSP Communications and Consultation Strategy will govern the activities of all the sub-groups of the HSP in this matter.</p> <p>Update 23.1.09: The development of the strategy is still on course. A new HSP Community Engagement Framework is in development to take account of the new 'Duty to Involve' legislation, which incorporates linking these strategies.</p> <p>Update 9.4.09: A multi agency group is developing the framework and an initial phase of consultation was undertaken to inform the framework. A second phase consultation is currently underway whereby individuals and community groups give their views on the draft framework. The framework will be agreed by the Haringey Strategic Partnership at the end of April 2009.</p> <p><b>Revised Deadline: April 2009</b></p>	



Follow Up - 2007/08 audit work

AUDIT AREA	Assurance Level	Recommendations											Priority 1 Recommendations Outstanding				
		Category			Implemented				N/A								
		1	2	3	Total	1	2	3	Total	N/A	Not Imp.	In Progress					
<b>Urban Environment</b>																	
Compliance with Procurement Procedures - Streetscene	Substantial	1	5	0	6	0	2	0	2	0	0	2	4	0	0	0	0
CCTV Systems	Substantial	2	2	1	5	2	2	1	5	0	0	5	0	0	0	0	0
Pro-active Anti-fraud – Blue Badges	Limited	6	3	0	9	6	3	0	9	0	0	9	0	0	0	0	0
Pro-active Anti-fraud – Freedom Passes	Limited	2	4	0	6	1	3	0	4	0	0	4	2	0	0	0	0
Management of ALMO	Substantial	0	1	1	2	0	0	1	1	0	0	1	1	0	0	0	0
<b>Corporate Resources</b>																	
Cash Receipting	Substantial	0	3	3	6	0	3	2	5	0	0	5	1	0	0	0	0
Customer Services	Substantial	1	2	0	3	1	2	0	3	0	0	3	0	0	0	0	0
Un-metered Electricity Supply	Substantial	0	6	0	6	0	4	0	4	0	0	4	2	0	0	0	0
E-Procurement: Energy Management-Team	Limited	1	9	0	10	1	9	0	10	0	0	10	0	0	0	0	0
IT Procurement	Substantial	0	4	4	8	0	4	4	8	0	0	8	0	0	0	0	0
<b>Children and Young People's Service</b>																	
Recoupment	Substantial	0	3	1	4	0	3	1	4	0	0	4	0	0	0	0	0
Primary Capital Programme	Substantial	3	0	0	3	1	0	0	1	0	0	1	0	0	2	2	0
Adoption	Substantial	0	1	0	1	0	1	0	1	0	0	1	0	0	0	0	0
Formula Funding/ Fair Funding	Substantial	1	3	0	4	1	3	0	4	0	0	4	0	0	0	0	0

AUDIT AREA	Assurance Level	Recommendations											Priority 1 Recommendations Outstanding			
		Category			Implemented			N/A	Not Imp.	In Progress						
		1	2	3	Total	1	2					3		Total		
Adults, Culture & Community Services																
Compliance with Procurement Procedures - Parks	Substantial	2	3	0	5	2	3	0	5	0	0	0	0	0		
Appointeeship and Receivership	Limited	1	10	3	14	1	6	2	9	1	1	3	0			
<b>Total</b>		<b>20</b>	<b>59</b>	<b>13</b>	<b>92</b>	<b>16</b>	<b>47</b>	<b>11</b>	<b>74</b>	<b>11</b>	<b>1</b>	<b>5</b>	<b>2</b>			

**Implemented** – officers has indicated through self-certification the progress of recommendations. We have verified a sample of responses.  
**N/A** – the recommendation is no longer applicable due to changes in the system, or alternative action has been taken to address the risk.  
**Not implemented** – the recommendation has not been addressed, alternative action has not been taken.  
**Partly implemented** – officers have started implementation of recommendations

Detailed Progress Report – Outstanding Priority 1- 3 Recommendations 2007/08

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status	Comments/Update
<b>CHILDREN AND YOUNG PEOPLE'S SERVICE</b>					
<b>Primary Capital Programme</b>					
1	<p>A Project Initiation Document (PID) should be developed for all key projects and should be authorised by the Project Sponsor and Corporate Finance, in line with the Council's Project Management Framework.</p> <p>Management should consider developing an approval process for related projects (such as a reduced PID)</p>	1	Changes suggested to start immediately	<p><b>In Progress</b></p> <p>Management Update 15.1.09: The Primary Strategy for Change bid (Programme Business Case) was submitted to the DCSF in June 2008. This bid formed the basis of Haringey's proposed delivery plan for Primary capital programme for 2009/10 onwards.</p> <p>Audit were advised in August 2008 that on receipt of approval of the bid:</p> <ul style="list-style-type: none"> <li>a. A PCP programme PID would be drafted and submitted for Council approval by December 2008;</li> <li>b. A mandate would be given to proceed with project brief development and approval for 2 major projects - Broadwater Farm Inclusive learning campus and a School expansion project by September 2008; and</li> <li>c. Feasibility studies and a draft of the business cases would be completed by November 2008.</li> </ul> <p>The council were anticipating a response from DSCF by September 2008 but did not receive a response until November 2008.</p> <p>The bid (business case) approval was deferred until the submission of evidence of adherence to 2 Nr</p>	

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status	Comments/Update
				<p>Conditions within the programme delivery plan by 31st March 2009:</p> <ul style="list-style-type: none"> <li>a. More detail is required for Choice and diversity; and</li> <li>b. More detail is required for ICT change management &amp; procurement.</li> </ul> <p>On receipt of the feedback to the Councils bid in November 2008, the Project Sponsor/Programme Board gave approval to the respective PCP project briefs and approval to proceed with the feasibility studies and preparation of the project business cases.</p> <p>The present projected programme milestones are:</p> <ul style="list-style-type: none"> <li>a. Completion the draft PCP programme PID – March 2009; and</li> <li>b. Approval of PCP programme PID – April 2009 (critical path is subject to the milestone – ‘the receipt of DCSF approval of the additional information requested to support Haringey’s bid/business case’).</li> </ul> <p>Update 8.4.09: As per the responsible Officer, the PID for the Primary Capital Programme is virtually complete but is awaiting responses from the various stakeholders. The PID for the whole programme will include the Business Case. It is planned that for major projects within the programme an individual PID and Business Case will be developed.</p> <p><b>Revised Deadline: April 2009</b></p>	

**DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2008/09**      **APPENDIX A**

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status	Comments/Update
2	<p>A Business Case should be developed for the Programme and for all individual projects within the programme, in line with the Council's Project Management Framework.</p> <p>For smaller projects, the Business Case should be approved by the Project Sponsor or management team, and that for projects that report to the Programme, the Business Case must also be signed off by Corporate Finance and agreed by the Stream Board.</p>	1	System now in place	<p><b>Partly Implemented</b></p> <p>Please see comments above</p> <p><b>Deadline: April 2009</b></p>	See above.
<b>ADULTS, CULTURE &amp; COMMUNITY SERVICES</b>					
<b>Appointeeship &amp; Receivership</b>					
3	<p>Management should liaise with the Head of Corporate Finance to consider holding Appointeeship service user funds in interest bearing bank accounts, for the benefit of the clients.</p> <p>Consideration should be given to apportioning all interest earned on these accounts in an appropriate manner and crediting the interest to</p>	2	March 2009	<p><b>Partly Implemented</b></p> <p>The Service is still in discussion with Corporate Finance, who have confirmed that relevant action will be taken by end of April 2009.</p> <p><b>Revised Deadline: April 2009</b></p>	

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status	Comments/Update
	individual clients, based on the level of funds that they hold. In all cases, it should be specified whether the interest is credited gross or net, for tax return purposes.				
4	Management should put in place a process for invoices to be raised in a timely manner for all the relevant cases where care is provided to service users.	2	<p>March 2009 – System purchase</p> <p><b>September 2009</b> – actual implementation</p>	<p><b>Partly Implemented</b></p> <p>2We were informed that there is currently nothing in Framework-i to enable this functionality.</p> <p>The new system is likely to be purchased by March 2009. However, the actual implementation, allowing the interface to be configured may have to be delayed to September 2009. Management will be looking to have interface between Framework-I and the charging system.</p> <p>Management Update 15.1.09: In light of the implementation of Framework-i Finance, the service will use reconciliation reports, cross referenced to SAP AR, to achieve this objective. This will ensure that when assessments are completed, invoices are raised in a timely manner where relevant.</p> <p>Management Update 09.4.09: The new system has been purchased and a go live date of the third week in May has been set. The full interface is still scheduled for September 2009.</p>	

APPENDIX A

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2008/09

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status	Comments/Update
5	<p>A reminder should be sent to Social Workers of the importance to enter the correct cost code all Payment Request Forms.</p> <p>Cashiers should also be reminded of the importance to input the correct SAP cost code on the system (as noted on the Payment Request Form) when processing payment.</p> <p>It is further recommended reconciliations should be completed every two months between payments charged to community service users and the Payment Request Forms in order to identify and correct any miscoding errors.</p>	2	N/A	<p><b>Not Implemented</b></p> <p>New methods of achieving this are currently being discussed with Bernard Lanigan (Manager for Community and Social Care). A proposal is to produce a 'look up table' whereby a weekly schedule is approved. Coding will be maintained by the Finance Division: this should overcome the issue of inaccurate SAP coding by staff. However, this is an ongoing process that still needs to be discussed further.</p> <p>Management Update 09.04.09: Due to reviews being undertaken with Social Workers this has not been implemented. However, the team are currently working with Care Managers so that all payment request forms are check manually on an individual basis. A revised deadline of May 2009 has been set.</p> <p><b>Deadline: May 2009</b></p>	

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2008/09 APPENDIX A

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status	Comments/Update
6	<p>It is recommended that all policies and procedures should be reviewed regularly, and at least annually, and updated, if necessary.</p> <p>It is further recommended that all documents should be dated and communicated to all relevant staff.</p>	3	N/A	<p><b>Partly Implemented</b></p> <p>Management Update 15/01/09: A renewed Section 48 policy is being re-drafted in line with the standardized Adults, Culture &amp; Community Services template. This template will include a review date.</p> <p>Management Update 09.04.09: The Section 48 policy has been revised apart from one remaining section in which the department are awaiting legal advice – this should be completed by May 2009.</p> <p><b>Deadline: May 2009</b></p>	



## APPENDIX A

## DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2008/09

## Follow Up - 2008/09 audit work

AUDIT AREA	Assurance Level	Recommendations											Priority 1 Recommendations Outstanding					
		Category			Implemented			N/A	Not Imp.	In Progress	Not yet due							
		1	2	3	Total	1	2					3		Total				
<b>Chief Executives – PPP&amp;C</b>																		
Complaints Procedure	Substantial	0	3	1	4	0	2	1	3	0	0	0	0	1				0
<b>Chief Executives – P&amp;OD</b>																		
Pre-employment checks	Substantial	1	4	0	5	1	1	0	2	0	0	0	0	3				0
<b>Corporate Resources</b>																		
Insurance Arrangements	Full	0	0	0	0	0	0	0	0	0	0	0	0	0				0
Accounting and General Ledger	Full	0	0	0	0	0	0	0	0	0	0	0	0	0				0
Pension Fund Investment	Full	0	0	0	0	0	0	0	0	0	0	0	0	0				0
<b>Urban Environment</b>																		
Highways (Contractor Processes)	Substantial	1	2	0	3	1	0	0	1	0	0	0	0	2				0
<b>Adults, Culture &amp; Community Services</b>																		
Cranwood Residential Care Home	Substantial	0	7	1	8	0	7	1	8	0	0	0	0	0				0
Red House Residential Home	Substantial	0	8	1	9	0	7	1	8	1	0	0	0	0				0
Cemeteries & Crematorium	Substantial	1	6	1	8	1	5	1	7	0	0	0	0	1				
<b>Children &amp; Young People's Services</b>																		
Children's Centres – Broadwater Farm	Substantial	1	1	0	2	1	1	0	2	0	0	0	0	0				0

APPENDIX A

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2008/09

AUDIT AREA	Assurance Level	Recommendations													
		Category					Implemented					N/A			Priority 1 Recommendations Outstanding
		1	2	3	Total	1	2	3	Total	N/A	Not Imp.	In Progress	Not yet due		
Children's Centre – General	Limited	3	6	1	10	1	6	1	8	0	1	0	1	1	
Children's Centres – Pembury Hs.	Substantial	0	2	0	2	0	2	0	2	0	0	0	0	0	
Passenger Transport Services	Substantial	2	9	0	11	1	8	0	9	0	1	1	0	1	
<b>All Directorates – Project Mgmt, Assurance and Project</b>															
Building Schools for the future	Substantial	3	3	0	6	2	2	0	4	0	0	0	2	0	
<b>Total</b>		<b>12</b>	<b>51</b>	<b>5</b>	<b>68</b>	<b>8</b>	<b>41</b>	<b>5</b>	<b>54</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>10</b>	<b>2</b>	

**Implemented** – officers has indicated through self-certification the progress of recommendations. We have verified a sample of responses.  
**N/A** – the recommendation is no longer applicable due to changes in the system, or alternative action has been taken to address the risk.  
**Not implemented** – the recommendation has not been addressed, alternative action has not been taken.  
**Partly implemented** – officers have started implementation of recommendations

Detailed Progress Report - Outstanding Priority 1 – 3 Recommendations 2008/09

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status	Comments/Update
<b>CHILDREN AND YOUNG PEOPLE'S SERVICES</b>					
<b>Children's Centre - General</b>					
1	Policies and procedures currently used are the generic Haringey Council policies available on Harinet. The bespoke policies and procedures will be developed and once approved, they will be made available to the centres. Centres will ensure that staff are fully trained and a training programme will be adopted to ensure this is effected.	1	31/12/08	Task was allocated to a team member who did not implement within the given timeline. A new deadline was agreed which was 03/03/09, which again was not met.  <b>Revised Deadline: 17/04/09</b>	
<b>Passenger Transport Services</b>					
2	It is recommended that contractors should be reminded of their contractual obligations to provide quarterly reports identifying their performance against the standards set out in the contract.	1	3/11/08 – Contractors Meetings	The last quarterly meeting minutes were obtained, but there is currently no reporting of KPI's yet.  <b>Revised Deadline: April 2009</b>	
3	It is recommended that the procedures by which the Passenger Transport Service operates should be documented, dated, approved at the appropriate level and made available to all relevant staff for reference.  It is further recommended that	2	Nov 08	A new Transport Operations Manager (John Belt) has been appointed as from February 2009 and is currently in the process of reviewing and updating all procedures operated by the Transport Service in addition to management of the service and plans to have the procedures completed within six months  <b>Revised Deadline: September 2009.</b>	

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2008/09 APPENDIX A

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status	Comments/Update
	responsibility should be assigned to a nominated officer for maintaining the procedures, including reviewing and updating these, where appropriate, on a periodic basis.				

# Statement of Responsibility

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

The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system. The assurance level awarded in our internal audit report is not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

## **Deloitte & Touche Public Sector Internal Audit Limited**

**London**

**April 2009**

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## APPENDIX B

## IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/08 - 31/03/2009 &amp; B/F FROM 2007/08

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 31/03/09	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Adult, Culture and Community Services	Allegation of housing fraud	1	1	1	Employee Dismissed Appeal Heard Employee Reinstated on Appeal	
	Alleged private working whilst off sick	1	1	1	Employee Dismissed	
	Alleged misuse of Blue Badge	1	1	1	Dismissed Appeal Heard Employee Reinstated on Appeal	
	Alleged misuse of Blue Badge	1	1	1	Final Written Warning Disciplinary Pending	
	Allegation misuse of equipment in work time	1	1	1	Employee Resigned Warning	
	Allegation of misuse of clients money	1	1	1	Dismissed	

## APPENDIX B

## IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/08 - 31/03/2009 &amp; B/F FROM 2007/08

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 31/03/09	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Chief Executive	Allegation of irregular timekeeping	2	2	2	1 x Employee Resigned 1 x Employee Dismissed	
Children & Young Peoples Service	Alleged HB Fraud and misuse of resources	1	1	1	Employee Resigned	
	Alleged failure to disclose motoring convictions/Irregular expense claims	1	1	1	Disciplinary Pending Employee Dismissed	
	Allegation that employee running business whilst off sick	1	1	1	Pending	
	Allegation of Irregular Grant applications	3	2	2	2 x Verbal Warning	
Corporate Resources	Allegation of irregular overtime claims	1	1	1	Employee Resigned	
	Alleged irregular undervaluation of property	1	0	0		



## APPENDIX B

## IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/08 - 31/03/2009 &amp; B/F FROM 2007/08

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 31/03/09	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Urban Environment	Alleged Irregular housing application B/F	1	1	1	Employee Dismissed Dismissal Upheld at Appeal ET Heard ET found in favour of Council	
	Alleged Irregular CT & HB claim B/F	1	1	1	Employee Resigned	

## APPENDIX B

## IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/08 - 31/03/2009 &amp; B/F FROM 2007/08

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 31/03/09	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
	Alleged Irregular Timekeeping	1	0	0		
	Alleged irregular procurement of PSL properties	1	0	0		
	Alleged employee attending university whilst off sick	1	0	0		
	Alleged failure to disclose connections with local contractors	1	1	1	Employee Dismissed	
<b>Non-specific</b>	LBH cheques claims of non-receipt	1	N/A	N/A	N/A	£1,040
<b>Total</b>		23	17	17		£1,040

## Haringey Council – Audit Committee

## Disciplinary Case Analysis January 2009 to March 2009

## Introduction

The information in this report is taken from SAP, covering the period 01 January 2009 – 31 March 2009.

The data is based on Haringey Council employees who

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

Note that this data excludes:

- Casual or Sessional Workers
- Schools
- Agency Workers

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

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

The procedure aims to:

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

## Disciplinary Cases

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

Disciplinary Cases by Directorate				
Directorate	Cases Open	Cases Closed	No of cases	No of employees
AS	5	14	19	18
C	13	5	18	16
CR	3	1	4	4
PO	1	0	1	1
PP	0	0	0	0
UE	6	4	10	9
HGY	28	24	52	48

Please, note that the total number of cases is 52, but this only represents 48 employees. The reason being, that one employee can have more than one case running concurrently. For example, an employee's dismissal could count as one case and their appeal as another.

- **Urban Environment** has the highest percentage of disciplinary cases against its workforce at 1.50%
- 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 Open	Cases Closed	Total	%
Invest. - not suspended	9	12	21	40
Invest. - suspended	16	8	24	46
ET	1	0	1	2
Appeal	2	4	6	12
<b>Total</b>	<b>28</b>	<b>24</b>	<b>52</b>	<b>100</b>

The following table identifies the outcomes of the 24 cases that were concluded.

Disciplinary Case Outcomes						
Outcome	Invest. - not suspended	Invest. - suspended	Invest. - appeal	Invest. - ET	Total	%
Appeal dismissed	0	0	1	0	1	4
Appeal upheld	0	0	0	0	0	0
Dismissal	1	1	0	0	2	8
No action	1	0	0	0	1	4
Other	1	1	0	0	2	8
Part upheld	0	0	0	0	0	0
Verbal warning	2	0	1	0	3	13
Written warning	6	1	0	0	7	29
Final writ warning	1	1	1	0	3	13
Resigned	0	1	0	0	1	4
Suspension lifted	0	3	0	0	3	13
Relegation/Demotion	0	0	0	0	0	0
Compromise Agreement	0	0	1	0	1	4
<b>Total</b>	<b>12</b>	<b>8</b>	<b>4</b>	<b>0</b>	<b>24</b>	<b>100</b>

- 29% of cases resulted in **Written Warning**
- 8% of cases resulted in **Dismissal**

This table displays reasons for Disciplinary action against employees.

Reasons for Disciplinary Cases				
Reason	Cases Open	Cases Closed	Total	%
Assault	0	4	4	8
Attendance	2	2	4	8
Behaviour	9	2	11	21
Fraud / Theft	4	4	8	15
Misuse of resources	2	4	6	12
Negligence	3	0	3	6
Other	8	8	16	31
<b>Total</b>	<b>28</b>	<b>24</b>	<b>52</b>	<b>100</b>

- The highest cause for disciplinary action was for **Other** reasons not categorised at 31%

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

Disciplinary Case employee representation by Ethnicity and Gender						
Ethnic Class	Female		Male		All	
	Total	%	Total	%	Total	%
B & M E	19	54	16	46	35	73
White	7	58	5	42	12	25
Not Declared	1	100	0	0	1	2
Total	27	56	21	44	48	100

- 33% of the workforce is male, but the male representation of the disciplinary cases is significantly higher at 44%

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

Disciplinary Case employee representation by Ethnicity and Grade Band (T = Total no. in grade band, WF = % of total disciplined employees in Directorate)															
Dir	Ethnic Group	MANUAL		SC1-SC5		SC6-SO2		PO1-PO3		PO4-PO7		PO8+		TOTAL	
		T	WF	T	WF	T	WF	T	WF	T	WF	T	WF	T	WF
AS	B & ME	0	0.0	10	55.6	4	22.2	0	0.0	1	5.6	0	0.0	15	83.3
	White	0	0.0	2	11.1	0	0.0	0	0.0	1	5.6	0	0.0	3	16.7
	Total	0	0.0	12	66.7	4	22.2	0	0.0	2	11.1	0	0.0	18	100
C	B & ME	0	0.0	1	6.7	2	13.3	2	13.3	3	20.0	0	0.0	8	53.3
	White	0	0.0	0	0.0	2	13.3	1	6.7	1	6.7	3	20.0	7	46.7
	Total	0	0.0	1	6.7	4	26.7	3	20.0	4	26.7	3	20.0	15	100
CR	B & ME	0	0.0	0	0.0	2	50.0	1	25.0	0	0.0	0	0.0	3	75.0
	White	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	25.0	1	25.0
	Total	0	0.0	0	0.0	2	50.0	1	25.0	0	0.0	1	25.0	4	100
PO	B & ME	0	0.0	0	0.0	1	100	0	0.0	0	0.0	0	0.0	1	100
	White	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	Total	0	0.0	0	0.0	1	100	0	0.0	0	0.0	0	0.0	1	100
PP	B & ME	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	White	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	Total	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
UE	B & ME	0	0.0	4	44.4	3	33.3	1	11.1	0	0.0	0	0.0	8	88.9
	White	0	0.0	1	11.1	0	0.0	0	0.0	0	0.0	0	0.0	1	11.1
	Total	0	0.0	5	55.6	3	33.3	1	11.1	0	0.0	0	0.0	9	100
HGY	B & ME	0	0.0	15	31.9	12	25.5	4	8.5	4	8.5	0	0.0	35	74.5
	White	0	0.0	3	6.4	2	4.3	1	2.1	2	4.3	4	8.5	12	25.5
	Total	0	0.0	18	38.3	14	29.8	5	10.6	6	12.8	4	8.5	47	100

NB: 1 employee from Children and Young Peoples Service is excluded from the above table due to not having an ethnicity declared, however, falls into salary band SC6-SO2

## Suspensions

This table shows a summary of suspension cases.

Summary of Suspension Cases	
Case status	Total
No. of cases heard	7
No. of cases not concluded	16
No. of cases not concluded - leaver	1
<b>Total</b>	<b>24</b>

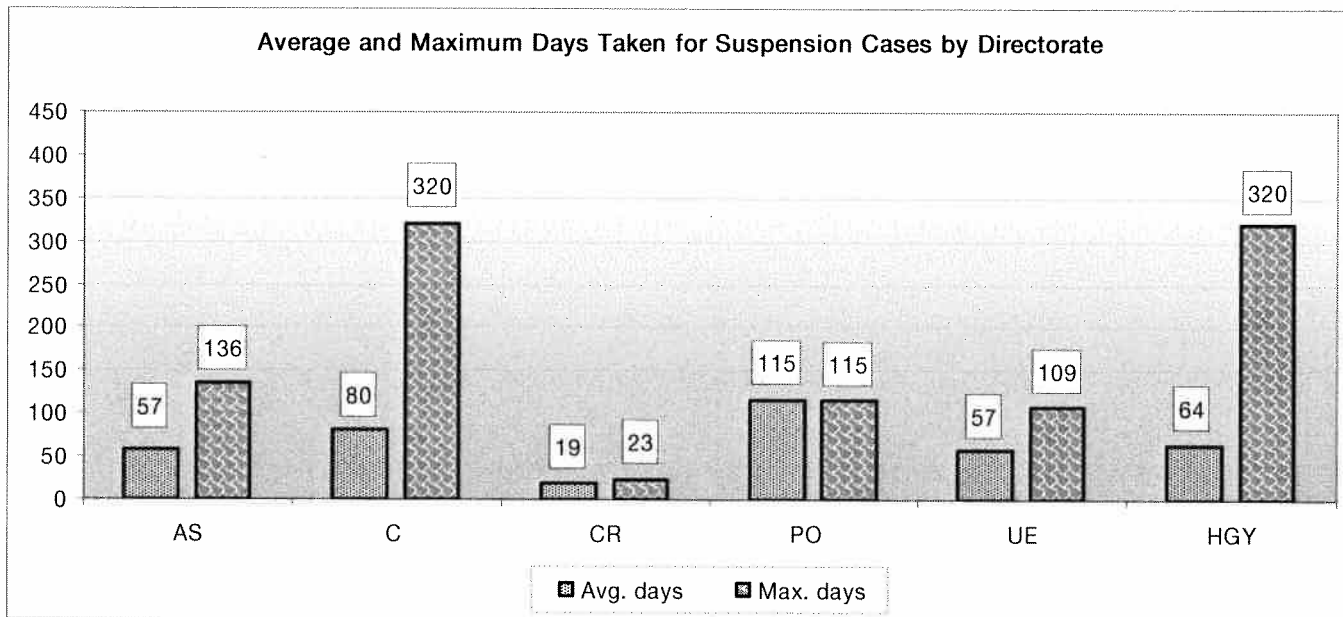
### Timescales (no of days) of Suspension Cases

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.

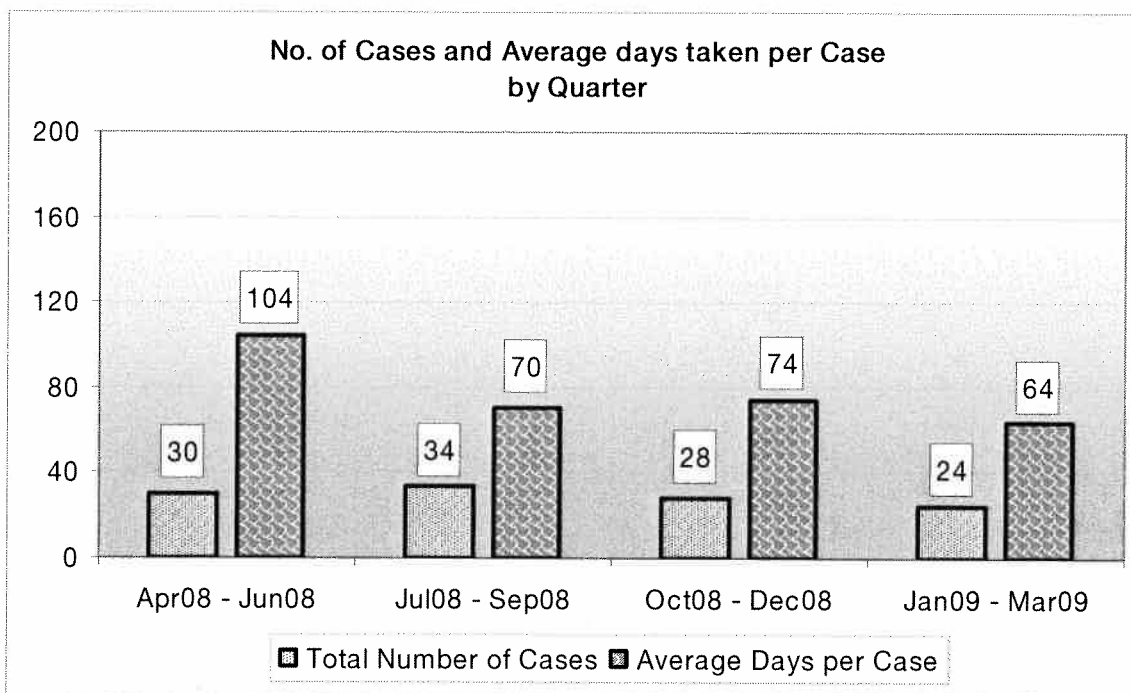
The table also identifies, by directorate, the average number of days suspension for all cases, the maximum days for a single case and average days suspension for cases heard within that period.

Timescales (no of days) of Suspension Cases											
Directorate	1-60	61-120	121-180	181-240	240+	Total cases	Total days	Avg days of total cases	Max. Days	Total cases heard	Avg days of cases heard
AS	6	2	2	0	0	10	572	57	136	5	36
C	4	3	0	0	1	8	643	80	320	1	320
CR	2	0	0	0	0	2	37	19	23	0	0
PO	0	1	0	0	0	1	115	115	115	0	0
PP	0	0	0	0	0	0	0	0	0	0	0
UE	2	1	0	0	0	3	171	57	109	1	109
HGY	14	7	2	0	1	24	1538	64	320	7	87
<b>Total cases heard</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>7</b>					

On average, 64 days were spent on each suspension case within the quarter. Of the 7 cases heard, 4 were concluded within 60 days of suspension.



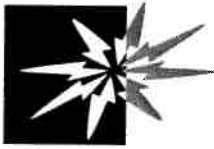
The chart below looks at the number of suspension cases per quarter and highlights Haringey Council's average number of days per case.



The average number of days taken per suspension case has significantly reduced over the last year, showing the benefit of the extra scrutiny and focus on management action that is continuously ongoing.

In quarter 2 we achieved our target of 70 days average per suspension case and have exceeded this target in quarter 4.





Haringey Council

Agenda item:

**Audit Committee****On 23 April 2009**Report Title: **Risk Management and Corporate Risk Register**Report authorised by: **Chief Financial Officer**

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

**Tel:** 020 8489 5973**Email:** [anne.woods@haringey.gov.uk](mailto:anne.woods@haringey.gov.uk)Wards(s) affected: **All**Report for: **Non-key decision****1. Purpose of the report**

- 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 register of corporate business risks for review.

**2. State link(s) with Council Plan Priorities and actions and/or other Strategies:**

- 2.1 Audit and Risk Management contribute to the Council priority to deliver excellent, customer focused, cost effective services by ensuring that the Council's risk management framework is in place and operating effectively. Internal audit reviews key risk registers, the controls in place and makes recommendations for improvement where appropriate.
- 2.2 Risk management forms a key element within the revised Use of Resources assessment and will continue to be part of the CAA from 2009 onwards. The reports to both managers and the Audit Committee on the implementation of the Council's risk management policy and strategy ensure that the requirements of the CAA assessment are fulfilled.

**3. Recommendations**

- 3.1 The Audit Committee is recommended note the implementation of the risk management strategy across the Council.
- 3.2 The Audit Committee is recommended to review and approve the revised risk management policy and strategy .

**4. Reason for recommendation(s)**

4.1 The Audit Committee is responsible for approving the Council's Risk Management Policy as part of its Terms of Reference. In order to facilitate this, and provide information on its implementation across the Council, progress reports are provided on a regular basis for review and consideration by the Audit Committee.

**5. Other options considered**

5.1 Not applicable

**6. Summary**

6.1 The internal audit service makes a significant contribution to ensuring the implementation of the Council's risk management framework throughout the authority. This report focuses on:

- The work undertaken during 2008/09 to implement the risk management framework;
- The corporate risk register
- The updated risk management policy and strategy

**7. Head of Legal Services Comments**

7.1 The Head of Legal Services has been consulted in the preparation of this report, and advises that there are no specific legal issues which arise out of the report, or the proposed recommendations.

**8. Chief Financial Officer Comments**

8.1 The Chief Financial Officer has been consulted over the contents of this report and notes that there are no direct financial implications arising from this report.

8.2 The Council's overall business planning process allows it to assess the impact of any risk highlighted during the course of regular review of risk registers or the PBPRs and those felt to have key financial implications over the medium term are addressed in the Council's financial plans. The financial or business impact of any risks materialising in year will be addressed as part of the council's monthly budget & performance management process.

**9. Head of Procurement Comments**

9.1 Not applicable

**10. Equalities and Community Cohesion Comments**

10.1 This report deals with how risks are managed across all areas of the council, which have an impact on various parts of the community. Improvements in managing risks

and controls will therefore improve services the Council provides to all sections of the community.

### **11. Consultation**

11.1 No external consultation was required or undertaken in the production of this report. Consultation is undertaken with respective service managers, Assistant Directors and Directors in the production of risk registers and internal audit reports and follow up programmes, and their comments are included in the final report which is circulated in accordance with the agreed internal audit reporting protocol.

### **12. Service Financial Comments**

12.1 There are no direct financial implications arising from this report. The work within internal audit to implement the risk management framework is part of the contract with Deloitte and Touche which was awarded following a competitive tendering exercise in compliance with EU regulations from 1 April 2007. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget. Service departments manage risks as part of the routine work to achieve their business plans and costs are contained within their revenue budgets.

### **13. Use of appendices**

13.1 Appendix A – Corporate Risk Register  
 Appendix B – Risk Management Policy and Strategy  
 Appendix C – Update on risk registers

### **14. Local Government (Access to Information) Act 1985**

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

### **15. Background**

15.1 The Council's Risk Management strategy is reviewed on an annual basis to ensure that it reflects current operational requirements and best practice. The previous version was approved by CEMB in January 2008, and the Audit Committee, in May 2008.

15.2 During 2008/09, Internal Audit has continued to work with business unit and departmental representatives to review, test and update the risk registers in accordance with the requirements of the risk management strategy. The review and testing of risk registers formed part of the 2008/09 annual audit plan and will be an ongoing process in 2009/10 to ensure the key controls to manage identified risks are effective and operate as intended. This will also ensure compliance with the agreed strategy.

15.3 The Council has been implementing a new performance management system (Covalent) during 2008/09. This system will also include a risk management module which will enable all risk registers to be managed electronically at business unit, department and corporate level. The process to input the current risk registers on to the performance management system will start in April 2009, and this will be completed by Internal Audit, supported by Policy and Performance. Training for system users will be provided during May and September 2009, with full reporting in place across the Council by October 2009.

## **16. Corporate Risk Register and Departmental/Business Unit Risk Registers**

16.1 The corporate risk register is attached at Appendix A for review and approval. This reflects those risks identified at corporate level, referenced CEMB 1 – 12 in the corporate register. Following discussions at CEMB during 2008/09, additional risks have been included in the corporate register to cover:

- Current economic conditions (CEMB1);
- Data quality issues (CEMB2);
- Treasury Management (CEMB3);

16.2 The current high risks identified in business unit and departmental risk registers, referenced CEMB 13 – 21 and cross-referenced to the individual departmental and business unit risk registers. These risks may also have a corporate impact either in financial or reputation terms. Some of the key risks included in departmental or business unit risk registers may already be included as corporate risks e.g. overspends; staffing issues; safety of staff and clients.

16.3 Appendix C shows the latest position for all Business Units and Directorates as at April 2009. All Business Units have been requested to provide copies of the latest version of their risk registers in accordance with the risk management strategy and we are awaiting final copies of some Business Unit risk registers in order to complete the process of loading the information onto Covalent.

## **17. Electronic risk registers**

17.1 The electronic Covalent system will replicate the majority of the existing format for the council's risk registers, but will provide Business Unit Managers with a more effective and flexible reporting and monitoring process than the current manual process.

17.2 The electronic system is able to produce a variety of reports and information to suit the managers' requirements. The electronic system allows managers to view and sort their current risks individually, or by risk rating; RAG status; or actions due.

17.3 As stated earlier, all existing risk registers will be loaded onto Covalent by Internal Audit and checked to ensure that the data is correct. After the initial data has been input onto the system, business units will be provided with the risk register information relevant to them and will be able to update and amend their risk registers online. In order to facilitate this, all business units will have a nominated representative who will

have access to the system and will be responsible for keeping the risk register up to date.

17.4 Covalent will automatically send reminders to the business unit representatives when updates are due. Internal Audit will provide resources as part of the annual audit plan to assist business units on an ongoing basis and to ensure that all actions and updates are being done in accordance with the relevant timescales.

## **18. Risk Management Policy and Strategy**

18.1 In addition to risk registers, the 2008 risk management strategy has brought together all key processes involving risk, including health and safety, business continuity, emergency planning and project management. A Risk and Emergency Planning Steering Group has been established during 2008/09 which reviews key risk issues on a regular basis and ensures implementation of the risk management strategy across the council. Key documentation, including the PBPR templates have been revised to take account of the revised risk management strategy and ensure that risk management processes are embedded across all key functions and processes. Risk management forms an integral 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.

18.2 The risk management strategy and policy has now been updated to reflect the development of the electronic performance management system and is attached at Appendix B for review and approval.

## Haringey Council – Corporate Risk Register 2009/10

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.

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

## Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk		Controls	Residual Risk		Further Action/ Responsibility
		Impact	Likelihood		Impact	Likelihood	
CEMB1	Poor national and local economic conditions impact adversely on Haringey Council, including an inability to deliver services due to increased demand.  Risk Owner: All Directors and ACE's	9	7 <hr/> 63	<ul style="list-style-type: none"> <li>General contingency in future budgets to help deal with pressures arising from economic downturn</li> <li>The Community Care Strategy's core objective is to reduce commissioning of residential care and reinvest revenue into improved services in the community.</li> <li>Demand led forecast in order to effectively profile budgets to meet demand.</li> <li>Contingency plans in place in order to deal with cases of service demand above forecast levels.</li> <li>First phase of JSNA complete. ACCS working with Joint Director of Public Health to complete 2<sup>nd</sup> phase.</li> </ul> <p>Control Owner: All Directors and ACE's</p>	8	7 <hr/> 56	<ul style="list-style-type: none"> <li>Recession identified as priority to be addressed in business plans. Corporate lead. Recession/resilience plan being produced.</li> <li>Comprehensive mapping exercise of 3<sup>rd</sup> sector by ACCS .</li> <li>Brokerage service with be refocused in line with personalisation agenda to ensure adequate provision.</li> <li>Look critically at what needs evidence can be produced by FWi and OHMS etc.</li> <li>Identify specific needs mapping projects, where gaps in information and knowledge.</li> </ul>

## Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk		Controls	Residual Risk		Further Action/ Responsibility
		Impact	Likelihood		Impact	Likelihood	
CEMB2	An inability to provide accurate and robust data to support external corporate and departmental assessments impacts on the Council's reputation and CAA ratings. Risk Owner: All Directors and ACE's	8	7 <hr/> <b>56</b>	<ul style="list-style-type: none"> <li>New corporate performance management system is in place for 2009/10</li> <li>Regular reports to CEMB and Cabinet on performance issues</li> <li>Indicators both national and local are monitored through performance clinics and DMT.</li> <li>Recent audit found no level 1 recommendations with performance reporting</li> <li>Capital Ambition supported external validation of data quality</li> <li>Quality Outcomes Board put in place to provide support and commentary on key issues to the Council</li> </ul> Control Owner: All Directors and ACE's	8	4 <hr/> <b>32</b>	Corporate Performance Management team established with responsibility for ensuring data quality and supporting corporate and directorate assessments,
CEMB3	Lack of appropriate controls over the Council's Treasury Management function Risk Owner: Director of Corporate Resources/CFO	9	6	<ul style="list-style-type: none"> <li>External review of treasury management arrangements completed and reported in 2008/09</li> <li>Specialist contractors in place to provide advice to Treasury Management section</li> </ul>	9	4 <hr/> <b>36</b>	<ul style="list-style-type: none"> <li>Ensure any recommendations from the review of Treasury Management are addressed and reported appropriately</li> </ul> Responsibility:



## Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk		Controls	Residual Risk		Further Action/ Responsibility
		Impact	Likelihood		Impact	Likelihood	
CEMB4	Inadequate financial management/ overspends/ lack of Value For Money/ loss of central government funding e.g. homelessness.  Risk Owner: All Directors and ACE's	9	9 <hr/> 81	<ul style="list-style-type: none"> <li>Review of the Council's investments and Treasury Management investment policies and procedures completed following external review</li> <li>Regular review of operational functions in place</li> <li>Performance of the Treasury Management function reported on a regular basis</li> <li>Budget Holders and Directors monitor their budgets on an ongoing basis with support from Heads of Finance.</li> <li>Formal monthly budget monitoring process with Finance and Performance report submitted to Cabinet.</li> <li>Four year financial strategy in place with regular reports to Members re Capital and Revenue budgets.</li> <li>Management of projects within a formal project management framework.</li> <li>Sufficient levels of reserves to be able to manage any budget risks.</li> <li>Comparison against the Use</li> </ul>	9	5 <hr/> 45	<p>Director of Corporate Resources/CFO</p> <ul style="list-style-type: none"> <li>Regular reviews and scrutiny by DMT and identification of risk and management via business unit risk registers and corporate risk register.</li> <li>Budgetary monitoring processes/scrutiny reviewed</li> <li>Action plan to control and reduce down overspends is in place</li> <li>PBPR savings: detailed financial plans being completed prior to new financial year;</li> <li>Targets set and monitored via monthly budget call over;</li> </ul>

## Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk		Controls	Residual Risk		Further Action/ Responsibility
		Impact	Likelihood		Impact	Likelihood	
				<p>of Resources requirements undertaken on regular basis</p> <ul style="list-style-type: none"> <li>• No budget overspends on a corporate basis reported</li> <li>• Budget proposals reflect increase in pension back-funding</li> <li>• Value for Money being embedded into way of working.</li> </ul>			<ul style="list-style-type: none"> <li>• AD now authorises all commissioning spend</li> <li>• Work ongoing within the CAA sub group to ensure appropriate links across ACCS and to support controls in place.</li> <li>• Develop market management strategy to ensure VfM services.</li> <li>• All budget holders &amp; 4<sup>th</sup> tier managers to receive budget management training.</li> <li>• Commissioning and Strategy to identify linked functions between divisions in ACCS for rationalisation and integration.</li> <li>• Lobby central government in respect of funding levels</li> <li>• Liaison with other boroughs</li> </ul>

Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk		Controls	Residual Risk		Further Action/ Responsibility
		Impact	Likelihood		Impact	Likelihood	
CEMB5	Lack of safety and well-being for clients and staff. Risk Owner: All Directors and ACE's	8	9 <hr/> 72	<ul style="list-style-type: none"> <li>Joint Area Review (JAR) action plan agreed and being monitored and reported on a regular basis by CYPs</li> <li>Quality Outcomes Board put in place</li> <li>Safeguarding training implemented</li> <li>Risk Management strategy in place with links to health and safety requirements</li> <li>Corporate Health &amp; Safety audits undertaken</li> <li>Risk assessments undertaken</li> <li>Compulsory DSE training for staff who use computer equipment.</li> <li>Home Safety advice provided by the crime reduction team</li> <li>Directorate SLOs to implement H&amp;S strategies/objectives</li> </ul>	7	6 <hr/> 42	<p>Directorate review of interface with safeguarding and prioritisation of action arising.</p> <p>Ensure key tasks in JAR action plan are completed and reported to all relevant parties in accordance with the agreed timetable</p> <p>Responsibility: Director of CYPs</p> <p>Ensure any recommendations arising out of the 2009 external inspection of Adult Services are addressed and reported appropriately (Pending receipt of report)</p> <p>Responsibility: Director of ACCS</p>
CEMB6	Staffing issues impact on the ability to deliver high quality services: <ul style="list-style-type: none"> <li>High staff turnover</li> </ul>	7	7 <hr/> 49	<ul style="list-style-type: none"> <li>Posts filled using agreed Council procedures.</li> <li>Regular one to ones in place for all staff.</li> </ul>	6	5 <hr/> 30	<ul style="list-style-type: none"> <li>Develop apprenticeship programme in</li> </ul>

Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk		Controls	Residual Risk		Further Action/ Responsibility
		Impact	Likelihood		Impact	Likelihood	
	<ul style="list-style-type: none"> <li>Inability to recruit and/or retain right staff</li> <li>management team turnover; and</li> <li>lack of continuity and/or succession planning</li> <li>inability to provide appropriate support to corporate services.</li> </ul> <p>Risk Owner: All Directors and ACE's</p>			<ul style="list-style-type: none"> <li>Internal communications ensure that team briefing cascades to all staff.</li> <li>Management development programme in place for all managers/supervisors.</li> <li>Agreed performance appraisal process in place and monitored to ensure compliance at a corporate level</li> <li>Corporate HR Policies &amp; procedures in place</li> <li>HR statistics produced and reviewed on a monthly basis</li> <li>Exit interviews undertaken</li> <li>People Plan and annual staff development programme.</li> </ul>			Recreation Services.
CEMB7	<p>Failure of key projects, e.g. Building Schools for the Future, Decent Homes Standards impact on the council's overall objectives.</p> <p>Risk Owner: All Directors and ACE's</p>	7	8 <hr/> <b>56</b>	<ul style="list-style-type: none"> <li>Delivery and monitoring of Local Area Agreements and similar cross cutting strategic partnership programmes.</li> <li>Haringey Forward programme in place and monitored by CEMB and Members on a regular basis</li> <li>Specific Project Boards e.g. BSF in place and reports to CEMB and Members on a</li> </ul>	6	6 <hr/> <b>36</b>	<ul style="list-style-type: none"> <li>Project management approach adopted for key projects.</li> <li>Create cycle of reporting from sub groups to WBCE.</li> </ul>

Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk		Controls	Residual Risk		Further Action/ Responsibility
		Impact	Likelihood		Impact	Likelihood	
CEMB8	Lack of, or inappropriate, management of the council's capital programme leading to a risk of non-delivery of the programme or budget overspends. Risk Owner: All Directors and ACE's	9	9 <hr/> <b>81</b>	<ul style="list-style-type: none"> <li>regular basis</li> <li>Project Management arrangements in place which are monitored and reported on</li> <li>Formal monthly budget monitoring process in place, with Finance and Performance report submitted to Cabinet.</li> <li>Stream Board monitoring (for individual projects.</li> <li>Capital Strategy in place and monitored on regular basis</li> <li>WBPB outcome groups are outcome focussed and monitor progress of projects and report to the WBCE and WBPB. The effectiveness of the sub groups are monitored by the WBPB.</li> </ul>	6	5 <hr/> <b>30</b>	
CEMB9	Failure to meet statutory and legal requirements and targets, e.g. National and Local Area Agreement Indicators Risk Owner: All Directors and ACE's	7	9 <hr/> <b>63</b>	<ul style="list-style-type: none"> <li>Council Constitution including scheme of delegation and finance/contract procedure rules in place and reviewed regularly</li> <li>Performance profiling</li> <li>Data Quality Strategy developed.</li> </ul>	7	6 <hr/> <b>42</b>	Regular monitoring, review and prioritisation of action via DMT and relevant project/programme/partnership board, i.e. Housing Improvement Board, Better Haringey, and Better Places

Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk		Controls	Residual Risk		Further Action/ Responsibility
		Impact	Likelihood		Impact	Likelihood	
CEMB 10	Failure of corporate I.T. systems, e.g. SAP. Risk Owner: All Directors and ACE's	7	7 <hr/> 49	<ul style="list-style-type: none"> <li>Random sample audits undertaken</li> <li>Regular reports on compliance with performance measures</li> <li>Procedure notes in place for key financial and other systems.</li> <li>Business Plans identify actions to meet targets</li> </ul>	7	4 <hr/> 28	Partnership. Projects linked to LAA indicators to be tracked directly through to the ABG budget and SMART objectives put in place.
CEMB 11	Failure to maximise and promote partnership working opportunities which may impact on the council's reputation with external organisations and different business sectors. Risk Owner: All Directors and ACE's	9	7 <hr/> 63	<ul style="list-style-type: none"> <li>Business process in place, including system disaster recovery and business continuity arrangements.</li> <li>Disaster recovery and business continuity plans tested</li> <li>Service review meetings with IT providers</li> <li>Establishment and development of key relationships with external organisations and business sectors.</li> <li>Code of Governance and annual governance statement for the HSP implemented.</li> <li>Community Engagement Forum for the HSP in place.</li> </ul>	6	5 <hr/> 30	<ul style="list-style-type: none"> <li>Consider how the HSP could be used to promote positive aspects of the Haringey area</li> </ul> Responsibility: ACE – PPP&C

Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk		Controls	Residual Risk		Further Action/ Responsibility
		Impact	Likelihood		Impact	Likelihood	
				<ul style="list-style-type: none"> <li>Executive level performance management group for HSP in place.</li> <li>Ongoing work with statutory and voluntary/ community sector partners, e.g. the Police, LDA, Employment Service, Small Business Service and Health agencies.</li> </ul>			

Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk		Controls	Residual Risk		Further Action/ Responsibility
		Impact	Likelihood		Impact	Likelihood	
CEMB 12	<p>Council policies and procedures fail to manage the risk of fraud to an acceptable level</p> <p>Risk Owner: All Directors and ACE's</p>	9	6 <b>81</b>	<ul style="list-style-type: none"> <li>• Anti-fraud and corruption strategy, whistle-blowing policy and fraud response plan in place and reviewed on a regular basis</li> <li>• Programme of pro-active fraud work in internal audit and Housing Benefit plans</li> <li>• Risk of fraud included in departmental risk registers</li> <li>• Fraud awareness briefings provided on a regular basis in Team Brief and Smart Talk</li> <li>• Council participates in the National Fraud Initiative</li> <li>• Robust procedures in place in relation to procurement and contracting</li> <li>• Segregation of duties in relation to processing of goods and services</li> <li>• Monthly budget management identifies any variances and services have the opportunities to investigate and comment</li> <li>• Internal controls when designing systems to alleviate fraud</li> </ul>	9	3 <b>27</b>	<ul style="list-style-type: none"> <li>• Publish details of successful fraud investigations</li> </ul> <p>Responsibility: Director of Corporate Resources/CFO</p>



Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk	Controls	Residual Risk	Further Action/ Responsibility
CEMB 13 (UEFS -ST2)	<p>Deterioration of highways infrastructure and street furniture impacting on the environment and posing a health and safety risk.</p> <p>Failure to ensure that carriageway and footway are kept to a reasonable standard. Contributing factors to this risk may include:</p> <ul style="list-style-type: none"> <li>• Insufficient investment</li> <li>• Not meeting the required index level from 'scanner' surveys.</li> <li>• Exposure to insurance claims.</li> <li>• Staffing</li> <li>• Failure to implement work on site</li> <li>• Contractor resources</li> <li>• Coordination with NRSWA team</li> </ul> <p><b>Risk Owner:</b> Highways Maintenance Manager</p>	<p>8</p> <hr/> <p>9</p> <p><b>72</b></p>	<ul style="list-style-type: none"> <li>• Progress meetings are held with the NRSWA team to ensure there is a coordinated approach to works occurring in close proximity.</li> <li>• Frequent progress meetings are held with contractors to ensure any envisaged delays are discussed and resolved.</li> <li>• Capital funding provided by the council which is targeted at the roads requiring intervention and in full lengths.</li> <li>• The Borough spending plan provides resources to fund the maintenance and infrastructure programme within the borough.</li> <li>• Inspection regime in place to identify faults on the highways and ensure that contractors work is completed in accordance with contract standards.</li> <li>• £200,000 allocated to pothole blitz programme which has been very successful and reduced complaints about potholes.</li> </ul>	<p>5</p> <hr/> <p><b>45</b></p>	<p>Problems are highlighted at coordinated meeting. Project highlight reports during budget monitoring mechanisms in place to ensure reactive maintenance is dealt with. Asset Management Plan has been developed which identifies a ten year investment strategy to ensure the adequate condition of the network.</p>

## Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk	Controls	Residual Risk	Further Action/ Responsibility
CEMB 14  (UE PPD1)	<p>Delivery of Key sites programme: Inability to process a significant number of Major Applications within statutory timescales may result in legal challenges.</p> <p>Risk Owner: Assistant Director of Planning Policy &amp; Development Service</p>	<p>9</p> <hr/> <p>9</p> <hr/> <p><b>81</b></p>	<ul style="list-style-type: none"> <li>Additional resources in place for the development of a Major Sites team.</li> <li>Recruitment of experienced staff currently underway.</li> </ul>	<p>9</p> <hr/> <p><b>54</b></p>	<p>Additional resources may need to be identified to ensure all applications are efficiently processed. Action by: Head of Planning Policy &amp; Development Service</p>
CEMB 15  (ACCS C&S1.6)	<p>Supporting People (SP) allocation in 2008/09 has been reduced by 3% from £21.3 million per annum to £20.7million.</p> <p>Further SP reductions now confirmed through to 31/3/2011</p> <p>5% reduction 2009/10 to approximately £19.6 million</p> <p>5% reduction 2010/11 to approximately £18.6 million</p> <p>SP programme grant going into Area Based Grant (ASB) in 2010/11, although may not be linked to local area agreement</p> <p>Risk Owner: Assistant Director of Commissioning &amp; Strategy/Head of Commissioning</p>	<p>9</p> <hr/> <p>9</p> <hr/> <p><b>81</b></p>	<ul style="list-style-type: none"> <li>Plans in hand to manage the impact on the level of services which can be commissioned</li> <li>Issues around funding for 2009/10 and 2010/11 being managed through the SP Partnership Board and the budget process</li> <li>Long term funding and Savings Strategy already developed and agreed by the Supporting People Partnership Board (SPPB)</li> <li>Specific areas of cost savings/efficiencies in the SP programme considered by the SP partnership Board on 22/01/09</li> <li>SPPB Executive Group to meet twice yearly to focus on the budget</li> </ul> <p>Control owner:</p>	<p>6</p> <hr/> <p><b>30</b></p>	<p>Programme of consultation with providers and formal ratification of funding reduction proposals through SP partnership board</p> <p>SP Partnership Board also looking at specific proposals to re-designate and/or re-model the funding within existing services in order to achieve better value for money</p> <p>Review of proposed savings being carried out in light of the requirement to re-tender current SP contracts. Corporate Procurement working to support ACCS in this.</p>

Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk	Controls	Residual Risk	Further Action/ Responsibility
			Assistant Director of Commissioning & Strategy/Head of Commissioning		SP reductions to go to CAB for discussion and agreement from members on taking forward prior to sign off by SPPB  Responsibility: Assistant Director of Commissioning & Strategy/Head of Commissioning

Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk	Controls	Residual Risk	Further Action/ Responsibility
CEMB 16  (ACCS RS7)	<p>Deterioration of assets:</p> <ul style="list-style-type: none"> <li>- increased risk of injuries;</li> <li>- risk of increased costs if assets are not appropriately maintained;</li> <li>- increased insurance costs; and</li> <li>- memorial safety in cemeteries (Service objective 2)</li> </ul> <p>Risk Owner: Assistant Director Recreation Services</p>	<p>8</p> <hr/> <p>72</p>	<ul style="list-style-type: none"> <li>• Parks Asset Improvement Programme in place</li> <li>• Service investment/ capital programme for the year</li> <li>• Development of Parks policy, service specification and management/ development plans</li> <li>• Open Space Strategy/Open Space Renewal programme</li> <li>• Surveys/ Annual user surveys</li> <li>• Customer feedback/ corporate complaints</li> <li>• Planned preventive maintenance regime</li> <li>• Annual benchmarking exercise (benchmark baselines)/target setting</li> <li>• QMS/ ISO 9002</li> </ul> <p>Control Owner: Assistant Director Recreation Services</p>	<p>5</p> <hr/> <p>25</p>	<ul style="list-style-type: none"> <li>• Bid for additional funding (internal or external)</li> <li>• Development of parks policy strategy, service specification and management/ development plans</li> <li>• Planned investment in new facilities and renewals/PPM</li> </ul> <p>Action by: Assistant Director Recreation Services</p>

Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk	Controls	Residual Risk	Further Action/ Responsibility
CEMB 17  (CR2)	Alexandra Park & Palace (APP) requires additional and/or ongoing resources which may be subject to challenge and subsequently impact on the council's key objectives. Inability to defend claims made against the Council and Trustees resulting in significant financial pressures.  Risk Owner: Director of Corporate Resources, Chief Financial Officer	9  <hr/> 7  <b>63</b>	<ul style="list-style-type: none"> <li>Director of Corporate Resources on APP Board</li> <li>Legal advice obtained with regard to ongoing involvement by the council</li> <li>Financial and other support subject to formal approval processes</li> <li>Reviews completed to assess corporate governance and control processes</li> <li>Action plan in place to address identified areas for improvement and improve governance and internal control</li> </ul> <p>Control Owner: Director of Corporate Resources, Chief Financial Officer</p>	9  <hr/> 3  <b>27</b>	Continue to provide ongoing support and monitoring where relevant to ensure that action plan is implemented  Review any claims received with the Trust and Trust Solicitor  Action by: Director of Corporate Resources, Chief Financial Officer

## Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk	Controls	Residual Risk	Further Action/ Responsibility
CEMB 18 (AR11)	<p>Legal challenge to LAML is successful and contracts in place are rendered void</p> <p>Risk owner: Head of Audit &amp; Risk Mgmt</p>	<p>7</p> <hr style="width: 50%; margin: 0 auto;"/> <p>6</p> <p style="font-size: 1.5em; font-weight: bold;">42</p>	<ul style="list-style-type: none"> <li>• Early acceptance of LAML terms ensured that contracts in place prior to court case</li> <li>• Specialist insurance broker contracted to provide external independent advice</li> <li>• External solicitors appointed (on a cost-share basis) by London boroughs to provide defence to court summons</li> <li>• Co-ordinated approach with other London boroughs and in-house Legal Services</li> <li>• Regular meetings held with LAML to review options and approach</li> </ul> <p><b>Control Owner:</b> Risk and Insurance Manager</p>	<p>7</p> <hr style="width: 50%; margin: 0 auto;"/> <p>5</p> <p style="font-size: 1.5em; font-weight: bold;">35</p>	<p>Interim insurance arranged via LAML for April – June 2009 pending judgement of appeal court.</p> <p>Contingency arrangements with LAML in place to cover July 09 – March 2010 pending judgement of appeal court</p> <p>Court case stayed pending resolution of RMP v Brent</p> <p>Action by Head of Audit and Risk Management</p>

## Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk	Controls	Residual Risk	Further Action/ Responsibility
CEMB 19  (CR PS 5/ PS8)	<p>Project delivery: Strategic projects fail to progress to development stage.</p> <p>Risk Owner: Head of Corporate Property Services</p>	<p>9</p> <p>7</p> <p><b>63</b></p>	<ul style="list-style-type: none"> <li>A programme management system with clear responsibility for all projects is in place.</li> <li>Specific staff and specialist consultants assigned to all major projects to focus on timetable outcomes</li> <li>Reporting/review structure in place to manage progress of projects</li> <li>improved monitoring and tracking systems have been implemented to ensure greater control.</li> <li>Detailed analysis and monitoring of all disposals and projects is in place on a monthly basis.</li> <li>Established the Property Regeneration Board with dedicated resource.</li> </ul>	<p>7</p> <p>5</p> <p><b>35</b></p>	<p>Develop improved project control and expertise. Improve the skills of those responsible for individual projects.</p> <p>Established the Property Regeneration Board with dedicated resource.</p> <p>Ongoing process of monitoring and reviewing market conditions and impacts on programme. Strategic decisions to defer some projects have been considered, as market conditions worsen.</p>
	<p>Council's Accommodation Strategy is not completed on time and so fails to meet targets set by the Haringey Forward programme.</p> <p>Risk Owner: Head of Corporate Property Services</p>	<p>5</p> <p>8</p> <p><b>40</b></p>	<p>Control owner: Asset Strategy &amp; Development Manager</p> <ul style="list-style-type: none"> <li>A detailed Risk Register is in place and being maintained and monitored.</li> <li>Ensuring that resources are made available and tight controls are in place to track progress.</li> </ul>	<p>5</p> <p>7</p> <p><b>35</b></p>	<p>Actioning tasks listed in mitigation plan</p> <p>With the involvement of the Corporate Team, the strategy and principles have been agreed/ consolidated at a corporate level.</p>

## Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk	Controls	Residual Risk	Further Action/ Responsibility
			Control owner: <ul style="list-style-type: none"> <li>Corporate Landlord Manager</li> </ul>		A change consultant has been added to the implementation team as part of the overall Project Plan arrangements
CEMB 20  (PPPC – SC8)	Failure to prepare appropriately for a flu pandemic, increasing the risks to residents and staff  Risk Owner: Head of Service and EP&BC Manager	9  <hr style="width: 20%; margin: auto;"/> 3  <b>27</b>	<ul style="list-style-type: none"> <li>Corporate contingency plan which complies with statutory requirements (Civil contingencies Act) is in place and approved by CEMB</li> <li>Critical services to be maintained during any pandemic have been identified</li> <li>Haringey PCT Flu plan in place</li> <li>Draft Flu pandemic contingency plan in place</li> </ul> Control Owner: Head of Safer Communities	8  <hr style="width: 20%; margin: auto;"/> 3  <b>24</b>	BU's to complete their BCPs  Further planning in specific BU's  Sign-off Council's Flu Plan  Action by: Head of Service and EP&BC Manager



Haringey Council – Corporate Risk Register 2009/10

Ref	Risk	Inherent Risk	Controls	Residual Risk	Further Action/ Responsibility
CEMB 21  (POD HR1)	Failure to deliver the equal pay project or the implementation plan.  Risk Owner: Head of Human Resources	9  4 <hr/> <b>36</b>	<ul style="list-style-type: none"> <li>Project governance including Member group, senior mgmt project group, project plan, reporting through CEMB</li> <li>Implementation and delivery plan in place</li> </ul> Control Owner: Head of Human Resources	9  3 <hr/> <b>27</b>	<ul style="list-style-type: none"> <li>Monitor project risks and refine engagement plan as required.</li> <li>Contingency plan for legal claims</li> </ul> Action by: Head of Human Resources

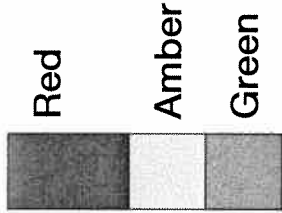
## Haringey Council – Corporate Risk Register 2009/10

Appendix 1 - 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	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
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

Haringey Council – Corporate Risk Register 2009/10  
 Measuring what is an acceptable risk

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



**London Borough of Haringey**

**The Management of Risk – Corporate Strategy**

**Version 5.0**

**March 2009**

## Contents

### RISK MANAGEMENT POLICY

1. BACKGROUND	1
2 INTRODUCTION	3
3 WHAT IS RISK?	4
4 WHAT IS AN ACCEPTABLE RISK?	5
5 WHAT IS RISK MANAGEMENT?	6
6 WHO IS RESPONSIBLE FOR RISK MANAGEMENT?	7
7 RISK MANAGEMENT – THE FRAMEWORK	9
8 HOW ARE RISKS REVIEWED AND REPORTED	

APPENDIX A - RISK REGISTERS - SUMMARY

APPENDIX B - PROJECT RISKS

APPENDIX C - BUSINESS CONTINUITY PLANS

APPENDIX D - PERFORMANCE MANAGEMENT FRAMEWORK

## **RISK MANAGEMENT POLICY**

Haringey is committed to developing a Risk Management Strategy, framework and the necessary supporting processes as part of the Council's on-going improvement programme. This will help to improve and strengthen corporate governance and front-line service delivery throughout the Council. The aim is to minimise the incidence and impact of risk taking activity, improve decision making and increase opportunities for innovation.

*The Council undertakes that this policy will promote and ensure that:*

1. The management of risk is linked to performance improvement and the achievement of its priorities and service objectives.
2. Members, CEMB and senior management own, lead and support on risk management.
3. Ownership and accountability are clearly assigned for the management of risks throughout the Council.
4. There is a commitment to embedding risk management into the Council's culture and organisational processes at all levels including strategic, programme, project and operational.
5. All Members and officers acknowledge and embrace the importance of risk management as a process, by which key risks and opportunities are identified, evaluated, managed and contribute towards good corporate governance.
6. Effective monitoring and reporting mechanisms are in place to continuously review the Council's exposure to, and management of, risks and opportunities.
7. Open and inclusive processes are established and maintained by involving all those associated with the planning and delivery of services, including stakeholders and partners.
8. Best practice systems for managing risk are used throughout the Council, including mechanisms for monitoring and reviewing effectiveness against agreed standards and targets.
9. Accountability to stakeholders is fully demonstrated through periodic progress reports and an annual statement on the effectiveness of and the added value (benefits) from the Council's risk management strategy, framework and processes.
10. The Council's approach is regularly benchmarked against high performing public and private sector organisations.
11. The Risk Management Strategy is reviewed and updated annually in line with the Council's developing needs and requirements.

## 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, systems they have in place to control and manage the services they provide. From 2007/08, the Council must 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 and is still a key part of the assessment criteria for 2009 that is integral to the new Comprehensive Area Assessment (CAA).
- 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, including business continuity and emergency planning - which all require risk management to be considered.
- 1.7 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

- 2.1 This 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 CAA assessments. It updates the previous risk management strategy (January 2008) 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.
- 2.4 The 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;
  - ensuring that the council takes advantage of opportunities to improve its performance; and
  - working with organisations within the Haringey Strategic Partnership to maximise opportunities available.
- 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.
- 2.6 The 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, or working as part of the Haringey Strategic Partnership 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 means the Council should always carefully think 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. Alternatively, risks arising from the credit crunch and economic downturn, e.g. on investments, debt management, etc.

## 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 or reputational 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. UK economy, changes to legislation, climate and weather influences, or external power failure. This is not an exhaustive list, but provided for illustrative purposes only.
- 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 change programmes 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:<sup>1</sup>
- 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, or 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.

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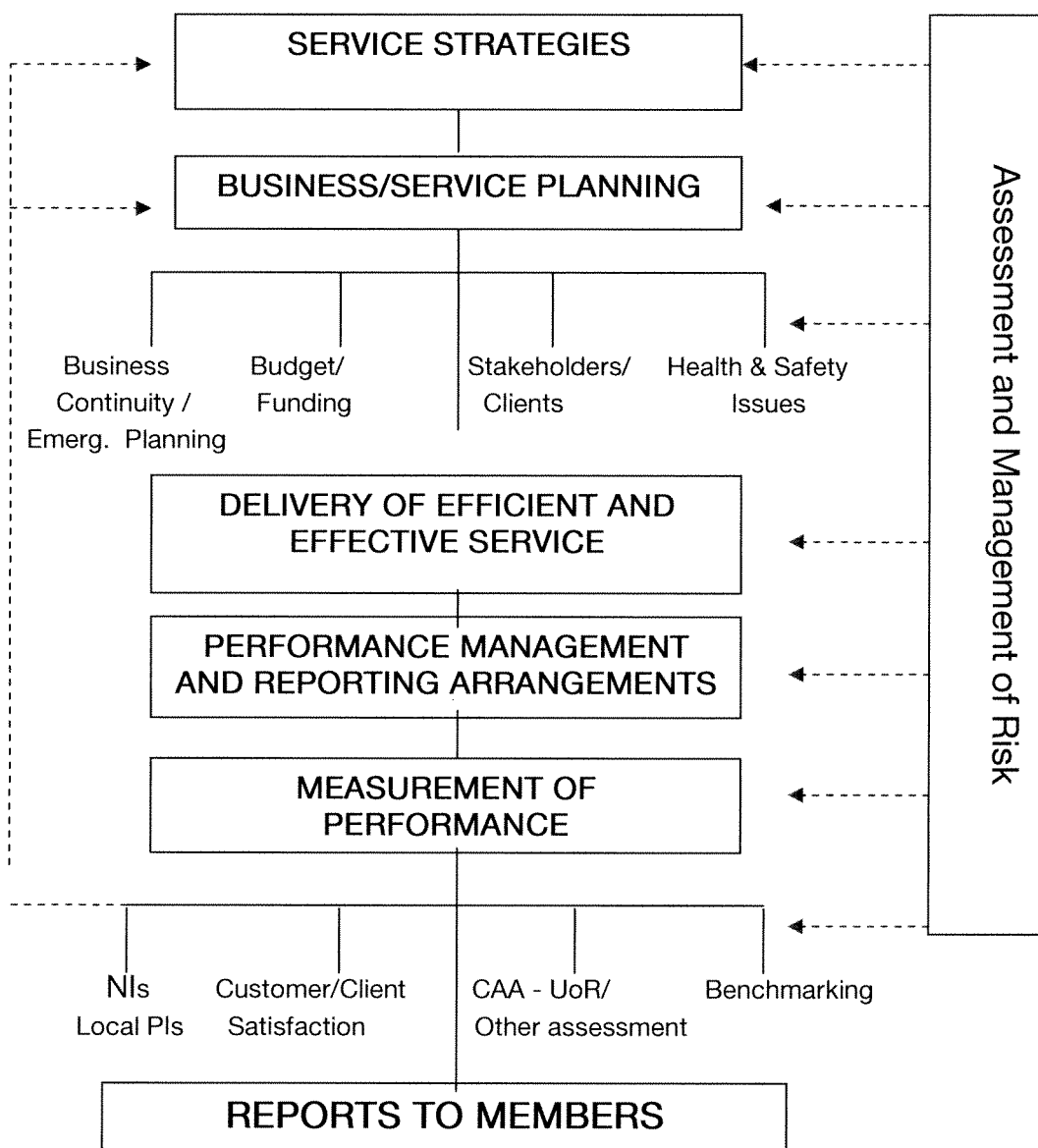
<sup>1</sup> Source: 'Embedding Risk Management into the Culture of your Organisation', *The Institute of Internal Auditors – UK and Ireland, October 2003.*

## 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.

Figure 1



- 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 at officer level 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 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 The Council also has a responsibility to ensure that the strategy covers bodies working in partnership with the Council. It is critical that both the risk appetite and risk management arrangements for all parties are discussed and clearly understood before a partnership is created. In particular, a risk management strategy has been developed for the Haringey Strategic Partnership and risk registers are being developed for each of the partnership theme boards.
- 6.8 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/Process	Action required/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	National (LAA) and local indicators 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 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 Education, training & awareness is achieved by:

- Facilitated workshops, training sessions and meetings with Members, managers and staff at various levels.
- A developing framework of standards, practical guidance notes and briefings.
- Regular meetings with managers and staff to heighten awareness and share views, ideas and experiences.

7.6 From April 2009, the Council will implement **Covalent Software** and this interactive database will be used to develop:

- Corporate, departmental and business unit risk registers that will be updated on a continuous basis. These will be based on identifying an “analysis gap” between “where we are now” and where we want to be over an agreed timeframe.
- High level risk actions that form part of Managers’ performance management dashboards.
- A database of risk data and information for analysis and reporting.
- The identification of control areas that need to underpin the Strategic and Annual Internal Audit Plans.
- Further integration with outcomes from value for money reviews; outstanding high risk audit recommendations; corporate health and safety risks; business continuity management; Civil Contingencies Act; Crime and Disorder; and Equalities, etc.
- Effective links between risk management, performance management, project management and business planning, etc.

7.7 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
Completion of Risk Registers	A
Project & Programme Management	B
Business Continuity Plans	C
H & S Risk Assessments	Under review
Performance Management Framework (Overview)	D

## 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.
- 8.7 The 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.



## Risk Registers - Status as at April 2009

	Department	Level	Register Title	Date of most recent update
1	Corporate - CEMB	Corporate	Corporate Register	April 09
2	CE – Policy Performance Partnerships & Communication	Dept	Policy Performance Partnerships & Communication	September 08
3	CE – PPPC	BU	Safer Communities	September 08
4	CE – PPPC	BU	Neighbourhood Management	September 08
5	CE – PPPC	BU	Communications	September 08
6	CE – PPPC	BU	Improvement and Performance	September 08
7	CE – Organisational Development	Dept	Organisational Development	June 08
8	CE – OD	BU	Human Resources	June 08
9	CE – OD	BU	Local Democracy and Member Support	June 08
10	CE – OD	BU	Organisational Development & Learning	June 08
11	Corporate Resources (CR)	Dept	Corporate Resources	April 09
12	CR	BU	Legal Services	April 09
13	CR	BU	IT Services	April 09
14	CR	BU	Customer Services	April 09
15	CR	BU	Benefits & Local Taxation	April 09
16	CR	BU	Corporate Finance	April 09
17	CR	BU	Audit & Risk Management	April 09
18	CR	BU	Corporate Procurement	April 09
19	CR	BU	Corporate Property Services	April 09
20	Children and Young People's Service (CYPS)	Dept	Children and Young People's Service	October 08
21	CYPS	BU	Children & Families	October 08
22	CYPS	BU	School Standards and Inclusion	October 08
23	CYPS	BU	Business Support & Development	October 08
24	CYPS	BU	Change for Children	October 08

	Department	Level	Register Title	Date of most recent update
25	Adults Culture and Community Services (ACCS)	Dept	Adults Culture and Community Services	April 09
26	ACCS	BU	Commissioning & Strategy	April 09
27	ACCS	BU	Adult Services	April 09
28	ACCS	BU	Recreation Services	April 09
29	ACCS	BU	Adult learning, Libraries & Culture	April 09
30	Urban Environment (UE)	Dept	Urban Environment	January 09
31	UE	BU	Strategic & Community Housing	January 09
32	UE	BU	Frontline Services	January 09
33	UE	BU	Planning Policy & Development	January 09
34	UE	BU	Enforcement	January 09

Agenda item:

**[No.]****Audit Committee****On 23 April 2009**Report Title: **Office of the Surveillance Commissioners (OSC) Inspection**Report authorised by: **Chief Financial Officer**

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

**Tel:** 020 8489 5973**Email:** [anne.woods@haringey.gov.uk](mailto:anne.woods@haringey.gov.uk)Wards(s) affected: **All**Report for: **Non-key decision****1. Purpose of the report**

- 1.1 To inform Members of the inspection visit made to Haringey by the Assistant Surveillance Commissioner in March 2009.
- 1.2 To inform members of the recommendations made by the OSC and the council's response in order to ensure these are appropriately addressed.

**2. State link(s) with Council Plan Priorities and actions and/or other Strategies:**

- 2.1 Audit and Risk Management contribute to the Council priority to deliver excellent, customer focused, cost effective services by reviewing key services and making recommendations for improvement where appropriate.

**3. Recommendations**

- 3.1 That the Audit Committee notes the content of the OSC inspection report.
- 3.2 That the Audit Committee approves the action plan to address the recommendations made by the Surveillance Commissioner.

**4. Reason for recommendation(s)**

- 4.1 The Audit Committee is responsible for overseeing the Council's arrangements for corporate governance and compliance with its own and other regulations as part of its Terms of Reference. Compliance with legislation in relation to the Regulation of Investigatory Powers Act 2000 (RIPA) falls within this remit. In order to facilitate this, reports are provided for review and consideration by the Audit Committee.
- 4.2 Where further action is required or recommended, this is highlighted in the covering report and appendices and included in the recommendations for the Audit Committee.

<p><b>5. Other options considered</b></p> <p>5.1 Not applicable</p>
<p><b>6. Summary</b></p> <p>6.1 The Head of Audit and Risk Management acts as the lead officer in relation to compliance with RIPA legislation for the Council. This report outlines the results of the recent inspection of the Council's policies and procedures by the Office of the Surveillance Commission and focuses on:</p> <ul style="list-style-type: none"> <li>• The conclusions of the inspector on the Council's policies, procedures, training and application/use of RIPA in practice</li> <li>• The recommendations for improvement and how the Council will address these.</li> </ul>
<p><b>7. Head of Legal Services Comments</b></p> <p>7.1 The Head of Legal Services has been consulted in the preparation of this report, and makes the following comments.</p> <p>7.2. The Head of Legal Services agrees that the measures set out in the action plan at Appendix A, do form an appropriate and adequate response to the OCS Recommendations.</p>
<p><b>8. Chief Financial Officer Comments</b></p> <p>8.1 The Chief Finance Officer has no additional comments to make.</p>
<p><b>9. Head of Procurement Comments</b></p> <p>9.1 Not applicable</p>
<p><b>10. Equalities and Community Cohesion Comments</b></p> <p>10.1 This report deals with how RIPA legislation is applied and used within the Council. Use of directed surveillance could have an impact on the community as a whole if used incorrectly; therefore it is important to ensure that safeguards are in place to enable the council to comply with the legislation. Used in accordance with the requirements of the Act, directed surveillance can enable the council to improve conditions for those who live and work in the borough.</p>
<p><b>11. Consultation</b></p> <p>11.1 No external consultation was required or undertaken in the production of this report. Consultation has been undertaken with relevant service managers where the application of RIPA is included in their responsibilities to ensure that the recommendations will be addressed.</p>
<p><b>12. Service Financial Comments</b></p> <p>12.1 There are no direct financial implications arising from this report. The costs of ensuring the Council complies with RIPA legislation and operating guidelines are contained and managed within the Audit and Risk Management and relevant service departments' revenue budgets.</p>

**13. Use of appendices**

- 13.1 Appendix A – Action Plan  
Appendix B – OSC report

**14. Local Government (Access to Information) Act 1985**

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

**15. Background**

- 15.1 An inspection of the Council's policies and procedures relating to the Regulation of Investigatory Powers Act, 2000 (RIPA) was conducted by an Assistant Surveillance Commissioner (ASC), from the Office of Surveillance Commissioners, in March 2009.
- 15.2 The inspection focused on directed surveillance and covert human intelligence sources (CHIS) and a range of compliance issues. Broadly speaking these were: policies and procedures, completion of RIPA authorisations, training, and roles and responsibilities, including the designated Lead Officer to oversee RIPA.
- 15.3 A report on the outcome of the inspection was received by the Chief Executive on 30<sup>th</sup> March 2009 from the Chief Surveillance Commissioner, the Rt. Hon. Sir Christopher Rose. This is attached as Appendix B. In summary, the report concludes that the Council has good policies, procedures and training in place.
- 15.4 Whilst the Chief Surveillance Commissioner stated that the council appeared to be well placed to use the powers available to it under RIPA, the report at Appendix A does contain some suggestions for improving the application of the required processes.
- 15.5 The Council has confirmed that it accepts the Surveillance Commissioner's recommendations and will implement them in order to ensure full compliance with the requirements of RIPA.

**16. The Inspection**

- 16.1 The ASC met with the Head of Audit & Risk Management (the Council's Lead Officer for RIPA), together with the Head of Enforcement to the Council's use of RIPA.
- 16.2 The ASC reviewed and discussed the Council's policy and procedures documentation in relation to their operation and best practice. A review of RIPA applications, authorisations, renewals and cancellations was also undertaken. Feedback from the ASC during the course and at the end of the inspection was positive on the understanding and application of RIPA principles across the Council, and on the Council's training for Authorised Officers, which was provided in-house by Legal Services.
- 16.3 The ASC did not find any material gaps in approach or compliance in the Council's use of RIPA. No omission in information required by the authorisation forms, or the authorising officer statements was identified. However, the ASC did make a number of recommendations to ensure the Council met best practice and improved its existing processes. The recommendations made by the OSC are detailed in the table below, which indicates how these are to be addressed and implemented.



Haringey Council

## Appendix A

### OSC INSPECTION VISIT MARCH 2009 – ACTION PLAN

OSC Recommendation	Management Response	Deadline and Responsibility
<p><b>Procedure Notes</b> The Council's procedure notes (paragraph 7.1.2) should be amended to include the OSC's guidance, as contained within paragraphs 103 and 104 of their December 2008 'Procedures and Guidance' handbook, on proportionality.</p>	<p>Agreed. The OSC guidance will be incorporated into the revised procedure notes and circulated to all authorising officers.</p>	<p>Completed. Head of Audit &amp; Risk Management</p>
<p><b>Home Office Forms</b> The Council should ensure that the most up to date Home Office applications forms are used by all departments to ensure that the process is efficient and includes all relevant information.</p>	<p>Agreed. The Head of Audit &amp; Risk Management will: 1. formally remind all authorising officers to destroy copies of pre-existing forms and only use the forms contained within the re-issued guidance notes; 2. request authorising officers provide copies of the latest guidance notes and forms to their staff; and 3. ensure that a final check is undertaken on receipt of completed forms within Audit &amp; Risk Management to ensure that current forms are in use.</p>	<p>Completed for points 1 and 2. Ongoing for point 3. Head of Audit &amp; Risk Management All Authorising Officers</p>
<p><b>Central Record of Authorisations</b> An Index, compliant with the Home Office Code of Practice (paragraphs 2.14, 2.15 and 4.14) should be added to the central record of authorisations.</p>	<p>Agreed. An index is already incorporated into the electronic central record, but one will be added to the hard copy records.</p>	<p>May 2009 Head of Audit &amp; Risk Management</p>
<p><b>Training</b> Based on a review of authorised forms, it was recommended that future training should concentrate on how to ensure that:</p>	<p>Agreed. Refresher training will be planned for authorising officers in the future and will incorporate the recommendations made in</p>	<p>March 2010 Head of Audit and Risk Management</p>

OSC Recommendation	Management Response	Deadline and Responsibility
<ul style="list-style-type: none"> <li>• the details of the proposed operation are full and complete, including the use of any equipment;</li> <li>• the issue of proportionality is appropriately addressed;</li> <li>• the authorising officer's statement is a full account of what is being authorised.</li> </ul>	the report.	Senior Lawyer - Criminal
<p><b>Authorising Officer's Statement</b></p> <p>It is good practice for the Authorising Officer's statement to be completed in handwriting as a personal contemporaneous record of the thinking which justified the authorisation.</p>	<p>Partly agreed.</p> <p>In the majority of cases, requests for and authorisations are done electronically.</p> <ol style="list-style-type: none"> <li>1. Authorising officers will be formally reminded to complete the forms based on the evidence contained within each individual request.</li> <li>2. A final check will be undertaken on receipt of completed forms within Audit &amp; Risk Management to ensure that authorising officers are fulfilling this requirement.</li> </ol>	<p>Completed for point 1. Ongoing for point 2.</p> <p>Head of Audit &amp; Risk Management All Authorising Officers</p>
The Chief Executive should write to the Chief Surveillance Commissioner confirming the Council's acceptance of the OSC Inspection Report and recommendations.	Agreed.	Completed.

The Rt Hon. Sir Christopher Rose

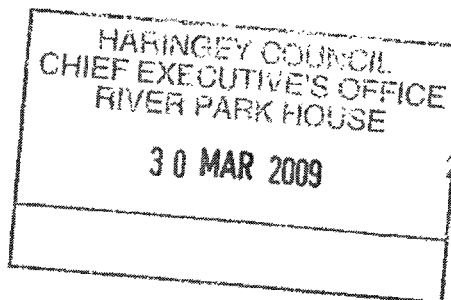


Office of Surveillance  
Commissioners



Chief  
Surveillance  
Commissioner

Restricted



25<sup>th</sup> March 2009

*Dear Dr. O'Donovan,*

### Covert Surveillance

On 3<sup>rd</sup> March 2009, an Assistant Surveillance Commissioner HH Dr Colin Kolbert again visited your Council on my behalf to review your management of covert activities. I am grateful to you for the facilities afforded for the inspection.

I enclose a copy of Dr Kolbert's report which I endorse.

I am pleased to see that you have good policies, procedures and training in place, so it is disappointing to see that up to date Home Office forms are still not being used, despite Dr Kolbert drawing attention to this in the report 2 years ago.

The recommendations are that your RIPA Procedure Notes be revised as discussed, that only up to date Home Office forms be used, that future training concentrate on the matters identified in para 10 of the report and that an index, compliant with the Code of Practice, be added to your Central Record and used by the monitoring officer.

I shall be glad to learn that your Council accepts the recommendations and will see that they are implemented.

One of the main functions of review is to enable public authorities to improve their understanding and conduct of covert activities. I hope your Council finds this process constructive. Please let this Office know if it can help at any time.

*Yours sincerely  
Chris Rose*

Dr Ita O'Donovan  
Chief Executive  
London Borough of Haringey  
Civic Centre  
High Road  
Wood Green  
London  
N22 8LE



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Office of Surveillance  
Commissioners

**OFFICE OF SURVEILLANCE COMMISSIONERS**

**INSPECTION REPORT**

**COUNCIL OF THE LONDON BOROUGH OF  
HARINGEY**

**3 March 2009**

**Assistant Commissioner:  
His Honour Dr. Colin Kolbert**

**RESTRICTED**

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### DISCLAIMER

This report contains the observations and recommendations identified by an individual surveillance inspector, or team of surveillance inspectors, during an inspection of the specified public authority conducted on behalf of the Chief Surveillance Commissioner.

The inspection was limited by time and could only sample a small proportion of covert activity in order to make a subjective assessment of compliance. Failure to raise issues in this report should not automatically be construed as endorsement of the unreported practices.

The advice and guidance provided by the inspector(s) during the inspection could only reflect the inspectors' subjective opinion and does not constitute an endorsed judicial interpretation of the legislation. Fundamental changes to practices or procedures should not be implemented unless and until the recommendations in this report are endorsed by the Chief Surveillance Commissioner.

The report is sent only to the recipient of the Chief Surveillance Commissioner's letter (normally the Chief Officer of the authority inspected). Copies of the report, or extracts of it, may be distributed at the recipient's discretion but the version received under the covering letter should remain intact as the master version. Distribution beyond the recipient's own authority is permissible but it is requested that the 'Secretary to OSC', Office of Surveillance Commissioners, is informed of the named individuals to whom copies or extracts have been sent. Any references to it, or extracts from it, must be placed in the correct context.

The Office of Surveillance Commissioners (OSC) is not a public body listed under the FOI Act 2000, however, requests for the disclosure to a third party of any information contained within this report should be notified to the Secretary to OSC."

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Office of Surveillance  
Commissioners

**OSC/INSP/075**

Chief Surveillance Commissioner  
Office of Surveillance Commissioners  
PO Box 29105  
LONDON  
SW1V 1ZU

5<sup>th</sup> March 2009

**OSC INSPECTION REPORT – LONDON BOROUGH OF HARINGEY**

Date of Inspection                      3<sup>rd</sup> March 2009  
Assistant Commissioner                HH Dr Colin Kolbert

**London Borough of Haringey**

- 1     The nature of the area for which the Council is responsible, the size of its staff and the extreme diversity of the population served, many of whom are newcomers to the United Kingdom and amongst whom over 200 different languages are spoken, have not changed significantly since Irwin Nettleship made the first OSC Inspection Report in October 2002. Since then I have made Inspections in August 2004 and in May 2006, when I was able to report that all the elements were in place for effective use to be made of covert surveillance when necessary.
- 2     The Chief Executive, as previously, is Dr Ita O'Donovan, Civic Centre, High Road, Wood Green, London, N22 8LE. She heads a Corporate Management Team of two Assistant Chief Executives and four Directors.

**Inspection**

- 3     The Inspection was conducted with the most helpful assistance of Anne Woods (Head of Audit and Risk Management) who is a veteran of my two previous visits, and Robin Payne (Assistant Director, Urban Environment).
- 4     A copy of the Council's *RIPA Procedure Notes*, revised after my last Inspection, was made available in advance of this Inspection. It is succinct, accurate and practical in its approach. In light of the issues raised in paragraph 10 below, which were thoroughly discussed during the Inspection, it is suggested that paragraph 7.1.2 of the *Procedure Notes* would gain in value by adding full guidance on *proportionality* as in the OSC's *Procedures and Guidance*, paragraphs 103 and 104.

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- 5 Several other policy documents were also made available, dealing with Fraud and Corruption (Housing Benefit and Council Tax Benefit), Anti-Social Behaviour, CCTV, Food Health and Safety and Noise Control. Some gave wording of the potential use of covert surveillance, but did not raise any RIPA issues. The Heavy Enforcement Team (now given the less dramatic title "Tactical Enforcement Team") claims significant successes in dealing with anti-social behaviour in many forms throughout the Borough, notably gangs, brothels, and crack houses (74 closures in eleven months to February 2008).

### **Policies and Procedures**

- 6 The Council's *RIPA Procedure Notes* are considered in paragraph 4 above.
- 7 Copies of the latest Home Office application forms for authorisation of Directed Surveillance were included in the pre-inspection bundle, but they were not in use by the main user. The out-of-date forms make the task of applicant and Authorising Officer more difficult than it need be, because the questions to be dealt with do not appear in the most logical order, nor is there guidance as to the issues which need to be spelt out.
- 8 Nine Authorising Officers are listed by name and post in Appendix 1 to the *Procedure Notes*. All comply with S.I. 2003, No. 3171. The Chief Executive is listed as Authorising Officer for cases involving *confidential information*. Both Assistant Chief Executives are listed also, with particular responsibility for serious anti-social cases – gangs, brothels and crack houses.
- 9 The Central Record of Authorisations is kept securely by Anne Woods in her capacity as "lead officer for monitoring the implementation of RIPA and the use of the authorisation forms" (*Procedure Notes*, paragraph 10.1.1). It exists as a paper bundle (complete with the authorisations) and as a computer spreadsheet. The addition of an Index compliant with the Home Office *Code of Practice* paragraphs 2.14, 2.15 and 4.14 (referred to in paragraph 9 of my last Report) is no mere bureaucratic requirement, but would enable the monitoring officer, at a glance, to ensure a degree of quality control and prompt reviews, renewals and cancellations.
- 10 Examination of a sample of authorisations led to a discussion of four specific issues which, once put right, should enable an Authorising Officer unfortunate enough to be in the witness box, to withstand hostile cross-examination. All are more easily dealt with by following all the prompts on the most up-to-date Home Office forms:
- (i) Description of the proposed operation should be full and detailed. Specify any equipment to be used; use maps or sketches to show, e.g. observation posts and target premises. Be sure that there are no ambiguities, remembering the disaster which befell the Lincolnshire Police in *R v Sutherland* as the result of a simple misunderstanding.

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- (ii) *Proportionality* must be carefully explained, not merely asserted, nor is describing parts of the operation itself germane to *proportionality*. A good explanation should refer to three elements (a) balance the extent of the problem against the size and scope of the operation, demonstrating that it is not the proverbial “sledgehammer to crack a nut”, (b) explain that intrusion is to be kept to a minimum and (c) show that having considered all other practical courses there is no other way in which the necessary evidence can be obtained (i.e. a covert operation is the last resort).
  - (iii) The Authorising Officer’s statement is not a mere rubber stamp. It should include a full account of what is being authorised (five “Ws”) and *how* and *why* the Authorising Officer is satisfied that the operation is *necessary* and *proportionate*. Do not be put off if there seems to be repetition – the Authorising Officer, possibly under cross-examination two years later must be able to demonstrate his own thought processes *at the time* and will be in a weak position if he has to rely upon the applicant’s account by adoption. A competent cross-examiner would be able easily to raise the point that the Authorising Officer did not apply his mind to the vital issues in the case.
  - (iv) It is good practice for the Authorising Officer’s statement to be completed in handwriting as a personal contemporaneous record of the thinking which justified the authorisation.
- 11 There were twelve authorisations of Directed Surveillance in the past year. Although anti-social behaviour and environmental crime are high-profile priorities in Haringey, the Tactical Enforcement Team has been highly successful in using straightforward methods and covert surveillance is used only in the last resort. This approach in itself shows a good practical understanding of *proportionality*, even if it is not yet usually fully spelled out on application forms.
- 12 No use has been made of CHIS and none is contemplated, as was noted in paragraph 12 of my last Inspection Report.

**Training**

- 13 Training is evidently effective and the most recent session had been conducted on 2<sup>nd</sup> March 2009 (the day before this Inspection). It was provided by Joyce Golder (Senior Criminal Litigation Lawyer) who should be commended for her excellent training materials. One notable PowerPoint slide on *proportionality* and *necessity* was headed KEY TERMS in bold capitals.
- 14 All updates, such as new forms are circulated electronically on the Council’s Intranet: so it is all the more surprising to find old authorisation forms still in use, though the solution would seem to be straightforward if a fool-proof method can be devised to ensure that all relevant staff do consult the intranet regularly for RIPA methods. As a last resort, the monitoring officer should reject such forms when they are presented for inclusion in the Central Record.

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## CCTV

- 15 The Council's CCTV control room was not visited on this occasion. It has previously been noted as excellent with fully trained staff and good practical protocols which are still operated in close co-operation with the Metropolitan Police.

## Conclusions

- 16 The Council appears to have everything necessary in place to operate RIPA effectively, namely good policies and procedures and good training: so it is a little disappointing to find it necessary to repeat the conclusion of my last Report, especially as it is such a simple matter which could yield significant results: "it is hoped that use of the revised Home Office forms will in itself ease or even remove the long-standing problems referred to in paragraph 11" (c.f. paragraph 10 of this Report).

## Recommendations

- 17 The Council's *RIPA Procedure Notes* should be revised as was discussed and as outlined in paragraph 4 above.
- 18 All out-of-date authorisation forms should be removed and only the latest version used in future (see paragraphs 7 and 14 above).
- 19 Future training would be enhanced by concentrating on the issues outlined in paragraph 10 above.
- 20 A compliant Index should be added to the Central Record of Authorisations and used by the RIPA monitoring officer as a simple tool for management and quality control (see paragraph 9 above).



Assistant Surveillance Commissioner

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