



## NOTICE OF MEETING

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# Audit Committee

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MONDAY, 26TH JULY, 2010 at 19:30 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, N22 8LE.

MEMBERS: Councillors Khan (Chair), Amin (Vice-Chair), Diakides, Meehan, Bloch, Butcher and Gorrie

### AGENDA

#### 1. APOLOGIES

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 12 below).

#### 3. DECLARATIONS OF INTEREST

A member with a personal interest in a matter who attends a meeting of the authority at which the matter is considered must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the matter 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 - 14)**

To confirm and sign the minutes of the Audit Committee held on the 24 June 2010.

**5. DEPUTATIONS AND PETITIONS**

**6. AUDIT COMMITTEE UPDATE FROM GRANT THORNTON (PAGES 15 - 16)**

Report of Grant Thornton.

**7. ACCOUNTS AUDIT APPROACH MEMORANDUM 2009/10 (PAGES 17 - 30)**

Report of Grant Thornton.

**8. PROGRESS REPORT ON COUNTER FRAUD ACTIVITY RELATING TO HOUSING BENEFIT AND COUNCIL TAX BENEFIT (PAGES 31 - 36)**

Report of the Director of Corporate Resources to advise and update Members on the Counter Fraud performance of the Benefit and Local Taxation Service from the 1<sup>st</sup> April 2010 – 30<sup>th</sup> June 2010.

**9. INTERNAL AUDIT PROGRESS REPORT - 2010/11 QUARTER 1 (PAGES 37 - 92)**

Report of the Head of Audit and Risk Management to inform the Audit Committee of the work undertaken during the first quarter by the Internal Audit Service in completing the 2010/11 annual audit plan and reports issued for outstanding 2009/10 audits together with responsive fraud investigation work. In addition, to provide details of the work the Council's personnel division has undertaken in supporting disciplinary action taken across all departments by respective council managers.

**10. RISK MANAGEMENT UPDATE - QUARTER 1 2010/11 (PAGES 93 - 98)**

Report of the Head of Audit and Risk Management to inform the Audit Committee of the current position on compliance with the corporate risk management policy for the management of risk registers across the council.

**11. REPORT ON THE WORK OF THE AUDIT COMMITTEE 2009/10 (PAGES 99 - 112)**

Report of the Head of Audit and Risk Management to advise the Audit Committee of the proposed report to Full Council in respect of the work undertaken by the Audit Committee during 2009/10.

**12. NEW ITEMS OF URGENT BUSINESS**

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

**13. DATE OF NEXT MEETING**

Tuesday, 14 September 2010, 7.30pm.

Ken Pryor  
Deputy Head of Local Democracy and Member  
Services  
5<sup>th</sup> Floor  
River Park House  
225 High Road  
Wood Green  
London N22 8HQ

Helen Jones  
Principal Committee Coordinator  
Tel: 020 8489 2615  
Fax: 020 8489 2660  
Email: [Helen.jones@haringey.gov.uk](mailto:Helen.jones@haringey.gov.uk)

Friday, 16 July 2010

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**MINUTES OF THE AUDIT COMMITTEE**  
**THURSDAY, 24 JUNE 2010**

Councillors Khan (Chair), Amin (Vice-Chair), Diakides, Meehan, Butcher, Strang and Erskine

<b>MINUTE NO.</b>	<b>SUBJECT/DECISION</b>	<b>ACTION BY</b>
<b>PRAC01.</b>	<p><b>APOLOGIES</b></p> <p>Apologies for absence were received from Cllr Gorrie, for whom Cllr Strang was substituting, and from Cllr Bloch, for whom Cllr Erskine was substituting.</p> <p>Cllr Butcher apologised that he would be required to leave before the end of the meeting.</p>	
<b>PRAC02.</b>	<p><b>URGENT BUSINESS</b></p> <p>There were no items of urgent business.</p>	
<b>PRAC03.</b>	<p><b>DECLARATIONS OF INTEREST</b></p> <p>Cllr Butcher declared a personal interest in respect of item 8, the Review of Leasehold Service Charges, as a Haringey Leaseholder.</p>	
<b>PRAC04.</b>	<p><b>MINUTES</b></p> <p><b>RESOLVED</b></p> <p>That the minutes of the meeting held on 25 March 2010 be approved and signed by the Chair.</p>	
<b>PRAC05.</b>	<p><b>DEPUTATIONS AND PETITIONS</b></p> <p>There were no deputations or petitions.</p>	
<b>PRAC06.</b>	<p><b>AUDIT COMMITTEE UPDATE FROM GRANT THORNTON</b></p> <p>The Committee received an update report from Grant Thornton, the Council's external auditors. Paul Dossett, Grant Thornton, reported that as a result of the Use of Resources scored assessment being withdrawn, Use of Resources scores would not be published for 2009/10. The Council had previously scored a Level 3 for 2008/09. Although no score would be published, Grant Thornton would still present a report to the Committee, based on the Use of Resources work that had been undertaken, along with any recommendations.</p> <p><b>RESOLVED</b></p> <p>That the content of the report be noted.</p>	

**MINUTES OF THE AUDIT COMMITTEE  
THURSDAY, 24 JUNE 2010****PRAC07. AUDIT AND INSPECTION FEES 2009/10**

Kevin Bartle, Head of Corporate Finance, presented the report on Audit and Inspection Fees for 2010/11 and confirmed that officers were satisfied with the level of fees proposed. Paul Dossett, Grant Thornton, reported that the letter attached to the report was the indicative fee letter, as required by the Audit Commission. This would then be revised to take into account the outcome of the previous year's audit, once completed. Although the Use of Resources scored assessment had been withdrawn, it was reported that the majority of the work had already been undertaken and that a significant reduction in fee in respect of this was therefore unlikely in the current year. A reduction in fee would, however, be seen in 2011/12. It was reported that the Audit Commission would be issuing a fees consultation in the next month to consider the impact of recent changes by the Government. Grant Thornton offered to share the Audit Commission consultation document with the Committee, via officers, once it was published

In response to a question from the Committee, it was reported that the proposed fees for Haringey were 5% below the Audit Commission scale fee.

The Committee expressed the view that the abolition of the CAA should be reflected in a substantial reduction in audit fees for local authorities, and requested that these views be fed back to the Audit Commission. The Committee noted that in the current financial climate, the proposed expenditure of amounts such as those represented by the fees in the report had to be scrutinised closely.

In response to a question from the Committee regarding why a significant proportion of the Use of Resources work had already been carried out, Paul Dossett reported that although the scored assessment had been abolished, it was still a requirement as part of the audit process for the external auditors to form a conclusion regarding whether the Council was achieving value for money. In response to a question from the Committee regarding the engagement of officers with the progress, it was confirmed that officers worked together with Grant Thornton on this.

In response to a question from the Committee as to whether the fees outlined in the report had already been spent, it was confirmed that they were in the process of being paid. It was reported that the fees charged to the 2010/11 budget related to work already completed to the end of April 2010. The Committee expressed the hope that 2011/12 would see a significant reduction in fees. Kevin Bartle advised that the fee for certification of claims and returns was estimated, and that officers were working to increase the quality of these areas to ensure that the actual fee required was lower than the estimate. Mr Bartle reported that the number of areas which could be challenged in respect of the Audit fees was limited.

The Committee expressed concerns that the fees exceeded the amount

**MINUTES OF THE AUDIT COMMITTEE  
THURSDAY, 24 JUNE 2010**

	<p>budgeted, and asked what assumptions were used in setting the budget in this area, and how this could be avoided in future. Mr Bartle advised that it was usual for the budget to increase incrementally during the course of the year. It was reported that risk-based inspection work directed by the Audit Commission could not be anticipated or budgeted for, as a result of which it represented an overspend which could not be controlled in advance, but which officers were working to manage internally.</p> <p>The Chair noted that the indicative fees reported would be reviewed during the year, and that the Committee would be advised of any changes or further details. The Chair advised the Committee that, although the CAA scoring system had been abolished, the need to scrutinise performance was still there. It was noted that it was not yet clear what the charges would be for any new system, but the Chair requested that Grant Thornton feed back to the Audit Commission Members' opinion that fees should be substantially reduced. While hoping that fees would be reduced, the Chair requested that officers carefully scrutinise the fees already set to ensure that the Council was receiving best value and report back to the Committee periodically regarding any changes determined by the Audit Commission.</p> <p>Taking into account the comments made during the discussion it was:</p> <p><b>RESOLVED</b></p> <p>That the proposed audit and inspection fees for 2010/11 from Grant Thornton and the Audit Commission be noted, as recommended, subject to further scrutiny by the section 151 Officer of the Council given the Members' opinion that fees should be substantially reduced.</p>	
<p><b>PRAC08.</b></p>	<p><b>REVIEW OF LEASEHOLD SERVICE CHARGES</b></p> <p>Phil Harris, Assistant Director of Strategic and Community Housing, introduced the report on leasehold service charges from Grant Thornton, and the Council's responses. The overall conclusions of the Grant Thornton report were that the home ownership team were efficient in calculating service charges, and the report also set out examples of best practice and specific areas where Haringey could make improvements. It was reported that there were a number of areas where the recommendations of Grant Thornton had not been agreed and reasons had been provided for this, however Grant Thornton had confirmed that none of these areas were of fundamental importance, and would be kept under further review.</p> <p>David Longbottom, Grant Thornton, reported that the review was of a high-level, strategic nature rather than a detailed examination. It was reported that a number of examples of good practice had been found, and the overall conclusion was that the home ownership team managed charges in an efficient and effective manner, with statements being provided to leaseholders in a timely and well-managed way and based on good quality information. Mr Longbottom outlined the</p>	

**MINUTES OF THE AUDIT COMMITTEE  
THURSDAY, 24 JUNE 2010**

recommendations that had been made and reported that, where the recommendations had not been agreed by the Council, these were areas of low to medium risk and the responses were adequate for the time being but would require further review.

In response to questions from the Committee, Mr Longbottom confirmed that no leaseholders had been interviewed during the course of the review and that a single sample service charge statement had been reviewed. Mr Longbottom advised that they had requested to interview leaseholders, however this had not proved possible in the timescale available. It was reported that as it was a high level review, the focus was on the way in which systems were used to manage information, and not on the detailed analysis of individual accounts.

Committee Members confirmed that, as ward councillors, they often encountered residents with concerns regarding statements, and expressed concern that the methodology of this review would not be able to provide assurance on whether Homes for Haringey was obtaining the best value for money. Mr Longbottom stated that the review had been a short, high level diagnostic review, the scope of which was to focus on whether the systems were in place to deliver value for money. Based on experience of more extensive leasehold reviews carried out for other authorities, Grant Thornton recognised the issues raised by Members, but emphasised that this review was to look at the systems in place. Paul Dossett, Grant Thornton, reported that a decision had been taken to look at Haringey in respect of the high level controls in place. The findings of the review did not guarantee that every statement produced would be accurate, but gave an indication in respect of the overall systems and controls. The Committee noted that all Members were aware of case-studies where things had gone wrong, and Rowann Limond, Homes for Haringey, asked all Members to notify Homes for Haringey regarding any concerns they had.

In response to a request from the Committee regarding how the work undertaken provided assurance, Mr Longbottom reported that tests were applied such as whether contracts were competitively tendered and whether processes were in place for managing contracts and quality of work. The scope of the work gave the opportunity for Grant Thornton to highlight areas where there was a potential to review systems to increase their efficiency, for example in this review the area of pre- and post-work inspections had been raised as a potential area for the possible introduction of automated systems. In response to concerns from the Committee had this recommendation had not been agreed, Rowann Limond, Homes for Haringey, reported that this area would be reviewed in two years time when the existing systems in place would no longer be supported. It was confirmed that systems were currently in place to support this area, but that the issue identified by Grant Thornton was within these systems where manual checking was currently needed. The Committee noted that any manual system increased the likelihood of human error occurring, and that this was a concern, although it was acknowledged that a computerised system did not eliminate the risk of error. The Committee suggested that, as the potential for error had been



**MINUTES OF THE AUDIT COMMITTEE  
THURSDAY, 24 JUNE 2010**

recognised in this particular area, manual checks could be increased in this area until such time as the systems were fully reviewed and it was agreed that this would be taken into account.

In response to concerns from the Committee regarding the level of pre- and post-inspections reported, Rowann Limond confirmed that the amount was higher than indicated in the report as the contractor carried out 10% and the client team also carried out 10%. It was also confirmed that estate services staff were able to check on repairs carried out to any communal blocks in their care. The Committee raised the issue of areas where there was a high number of individual properties, where it was not possible for estates staff to carry out checks, and it was suggested that such properties could be targeted more specifically when arranging post-inspection.

The Committee asked why it had not been agreed that a written guide to leaseholder consultation procedures be produced, in response to which Homes for Haringey advised that a written guide would increase the risk associated with staff outside the Home Ownership Team taking decisions in relation to Qualifying Long Term Agreements without seeking guidance from the Home Ownership Team. Mr Longbottom confirmed that statutory duties were being met in this regard, but that it was good practice for a written procedure to be produced, for use in conjunction with advice from the Home Ownership Team. In response to the advice from Homes for Haringey that the guidance for other staff was to consult with the Home Ownership Team, it was suggested that this be confirmed in writing, as a way to resolve this issue.

Julie Parker, Chief Financial Officer, and Kevin Bartle, Head of Corporate Finance, confirmed that it was of concern that there were recommendations that had not been agreed, and suggested that these issues be reviewed in 6 months' time and a report produced on what changes had been made and how Homes for Haringey were managing the risks. In response to a question from the Committee, it was confirmed that if the progress outlined in the follow up report was not felt to be satisfactory, then the Chief Financial Officer would be required to direct that issues were addressed appropriately. Mr Bartle advised that, although there were concerns that certain recommendations had not been agreed, these issues were not felt to be serious internal control weaknesses and that it was on this basis that a six month review had been suggested.

The Committee noted that there had been a number of issues around housing in the past and that things had improved significantly, however progress in certain areas was still needed and it was essential for progress to be reported back to the Committee. The Committee agreed that a report should come back to the Committee in 6 months' time. Rowann Limond reported that the service was undergoing an Audit Commission inspection and that the draft recommendations from this inspection would be available for this follow up report.

The Committee agreed that a full report should come back in 6 months'

**MINUTES OF THE AUDIT COMMITTEE  
THURSDAY, 24 JUNE 2010**

	<p>time, but also requested an interim report in 3 months, the focus of which should be the work Haringey officers were undertaking to challenge and address the issues raised.</p> <p>On a motion by the Chair it was:</p> <p><b>RESOLVED</b></p> <ul style="list-style-type: none"> <li>i) That the Council's response to the report on leasehold service charges from Grant Thornton in the form of an agreed action plan be noted;</li> <li>ii) That a follow up report be presented to the Committee in 6 months' time and that an interim progress report be presented to the Committee at the meeting on 14 September 2010.</li> </ul>	
<p><b>PRAC09.</b></p>	<p><b>GRANT THORNTON - REVIEW OF PARTNERSHIP WORKING IN HARINGEY</b></p> <p>Cllr Butcher left the meeting at 20:45hrs.</p> <p>Eve Pelekanos, Corporate Head of Performance and Policy, presented the report on the outcomes and recommendations arising from the review of Haringey Strategic Partnership by Grant Thornton, which had been undertaken between November 2009 and February 2010. The 12 recommendations were set out in the action plan along with the Partnership's responses, and all 12 recommendations had been agreed by management, several of which had already been implemented. It was reported that further announcements were awaited from the Government in respect of the future of the LAA and plans for strategic partnerships.</p> <p>In response to a question from the Committee regarding progress with the agreed action to implement a new data platform, Ms Pelekanos confirmed that this work would enable joint needs assessments and would be of benefit to all partners.</p> <p>The Committee expressed concern that Members heard very little about the work of the HSP, and that this review had not identified this as an issue. Concern was also expressed regarding the recommendation on private sector engagement, as not all Members felt that private sector engagement was necessary. The Committee asked whether any payment was required in relation to the advice being sought on how best to engage with the private sector, in response to which Ms Pelekanos agreed to seek information on this point and report back.</p> <p>The Committee also expressed some concern regarding the recommendation on Community Link Forum representation, as it was felt that it was the responsibility of HAVCO to ensure that all delivery agencies were fully involved in the work of the Partnership and that effective involvement did not necessarily require every group to participate directly in the decision making process. Paul Dossett, Grant Thornton, advised that this recommendation had been made on the basis of feedback received, although the most important issue was to</p>	

**MINUTES OF THE AUDIT COMMITTEE  
THURSDAY, 24 JUNE 2010**

	<p>increase the number of demonstrable outcomes.</p> <p>The Chair advised the Committee that although the CAA ratings had been abolished, the need to continue and improve partnership working remained strong and this work should continue. The Chair welcomed the report that all 12 recommendations had been agreed, and noted the deadlines for implementation. The Chair noted the endorsement of the Section 151 officer in the report.</p> <p><b>RESOLVED</b></p> <p>That the content of the report and the 12 management actions contained in the action plan be noted.</p>	
<p><b>PRAC10.</b></p>	<p><b>DRAFT ANNUAL GOVERNANCE STATEMENT 2009/10</b></p> <p>Anne Woods, Head of Audit and Risk Management, presented the report on the requirements of the statutory Annual Governance Statement (AGS) and the draft AGS relating to 2009/10. In accordance with the terms of reference of the Audit Committee, the Committee was asked to review and approve the draft AGS. It was reported that the format of the document was prescribed by CIPFA, with the detailed content provided by the local authority. The statement should include significant governance and control issues identified during 2009/10, and any outstanding issues from the previous year. The report included recommendations arising from external inspections. It was reported that it was important that governance and control procedures were embedded, as the external inspection arrangements were changing in 2010/11.</p> <p>The Chair advised Members that it was the responsibility of the Audit Committee to approve the draft statement before it was presented to the General Purposes Committee with the Statement of Accounts.</p> <p>The Committee asked about the Data Quality issues identified, and whether any work had been undertaken to establish how the situation had developed in the first place. The Head of Audit and Risk Management reported that the issues had been identified as part of the Joint Area Review, which had looked at the processes from beginning to end as well as the individual actions carried out. The Committee asked about the data quality issues identified in Benefits, in response to which it was reported that these had been identified by the Council's external auditors and as part of the National Indicator audit work, and that officers had been working to identify and address the fundamental causes of these issues.</p> <p>The Committee noted the recent ruling against the Council in respect of the equalities impact assessment issues with the Ward's Corner planning application, as this had highlighted issues in respect of the Council's equalities impact assessment. Officers agreed to reflect the issue in the AGS.</p>	

**MINUTES OF THE AUDIT COMMITTEE  
THURSDAY, 24 JUNE 2010**

The Chair asked what steps were being taken in order to confirm that the Council was complying with the relevant guidelines and legislation, in response to which the Head of Audit and Risk Management reported that this was confirmed by the work of internal audit and the external auditors. The Chair asked whether the Head of Audit and Risk Management had looked into the relevant standing orders, standing financial instructions, scheme of delegation and supporting procedure notes and manuals, and the Head of Audit and Risk Management confirmed that this had been done.

The Chair reported that the Audit Committee had received reports on 28 October 2009 and 5 November 2009 regarding the Alexandra Palace and Park governance issues and the Committee had agreed that all the recommendations relating to the APP should be implemented by set deadlines, the final date of which was 31 March 2010. As advice had previously been received from the Head of Legal Services that the Section 151 Officer was responsible for the effective financial management of the Council including the Alexandra Palace and Park, the Chair requested a report from the Section 151 Officer to this committee, updating the Committee on the quality of compliance with the deadlines set by the Committee in implementing the recommendations relating to Alexandra Palace and Park.

In response to a question from the Chair regarding who had made the judgement set out in paragraph 4.9 of the statement that no gaps in compliance had been identified in relation to the fulfilment of all the requirements set out in the CIPFA statement by the CFO, it was confirmed that this was the judgement of the Head of Audit and Risk Management. In relation to section i) of the governance framework, ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful, the Chair asked who assessed this, in response to which it was confirmed that this was determined by internal audit, the external auditors, the Chief Financial Officer and the Monitoring Officer.

The Chair asked if there were any other governance issues besides those included in the draft AGS which should be included, in response to which the Head of Audit and Risk Management confirmed that the draft statement was comprehensive and there were no further issues to be reported. The Chair asked the external auditors whether they felt that there were any other governance issues to be reported, in response to which Paul Dossett, Grant Thornton, reported that there were no outstanding issues that they felt should be reflected in the AGS. Mr Dossett reported that spot checks on data quality were being carried out and if any issues were identified as a result of these, the question of whether these should be included would be considered, although at present no significant control issues had been identified.

The Chief Financial Officer confirmed that she was satisfied with the content of the draft AGS.

Taking into account the comments made in discussion, the assurances

**MINUTES OF THE AUDIT COMMITTEE  
THURSDAY, 24 JUNE 2010**

	<p>of internal and external audit and the Chief Financial Officer, it was:</p> <p><b>RESOLVED</b></p> <ul style="list-style-type: none"> <li>i) That the draft AGS for 2009/10 be approved</li> <li>ii) That the approval timescale and processes for the draft AGS be noted.</li> <li>iii) That a report from the Section 151 Officer be presented to the Committee in due course, updating on the quality of compliance (with the deadlines set by the Committee) in implementing the recommendations relating to the governance issues of the Alexandra Palace and Park.</li> </ul>	
<p><b>PRAC11.</b></p>	<p><b>ANNUAL AUDIT REPORT AND ASSURANCE STATEMENT 2009/10</b></p> <p>Anne Woods, Head of Audit and Risk Management, presented the report on the overall adequacy and effectiveness of the system of internal control and risk management operating throughout 2009/10, in accordance with the terms of reference of the Audit Committee and the CIPFA Code of Practice annual reporting requirements. The report included the sources of assurance for the overall audit opinion for 2009/10, including external inspections. Appended to the report was a summary of the feedback from senior managers regarding the effectiveness of the system of internal audit.</p> <p>In response to a question from the Committee regarding the overall findings of the report, the Head of Audit and Risk Management confirmed that there were no significant governance issues which should be included in the AGS. Audit reports with limited assurance had been produced during the year, however these did not have an impact on the overall Audit opinion. The Committee expressed concern regarding priority 1 recommendations that were outstanding, in response to which the Head of Audit and Risk Management confirmed that 95% of recommendations had been implemented fully, and the remaining 5% were in the process of implementation. The Chair reminded officers that the Committee wished for all recommendations to be implemented fully, not just priority 1 recommendations.</p> <p>In response to a question from the Committee regarding the response rate for the feedback provided by senior managers, it was confirmed that the information was based on 1:1 interviews with 20 senior managers.</p> <p>The Chair noted the comments of the Chief Financial Officer in relation to the report, and asked how the Council could place confidence in its systems of internal control, risk management and internal audit. The Head of Audit and Risk Management confirmed that this reliance was based on the work of internal audit and the Council's external auditors. The Chair asked whether the review of effectiveness of the system of internal control received confirmation from a cross-section of senior officers that systems were sound, in response to which the Chief</p>	

**MINUTES OF THE AUDIT COMMITTEE  
THURSDAY, 24 JUNE 2010**

	<p>Financial Officer confirmed that this was the case, and that responses had been received from individual departments.</p> <p>In response to a question from the Chair regarding project management, the Head of Audit and Risk Management reported that resources were available within Internal Audit to undertake reviews covering areas such as terms of reference, project documentation and the compliance framework relating to project work. The Chair requested that a report on Project Management be produced for the Committee's consideration in order to satisfy Members that everything was being done in the appropriate manner.</p> <p>On a motion by the Chair it was:</p> <p><b>RESOLVED</b></p> <ul style="list-style-type: none"> <li>i) That the content of the annual audit report and assurance statement 2009/10 be noted for reasonable assurance, but not absolute assurance.</li> <li>ii) That the annual audit report and assurance statement be presented to the next available Full Council meeting for information.</li> <li>iii) That a report on the overall Project Management arrangements be produced for the Committee's consideration in order to satisfy the Committee that project management arrangements were adequate and sound.</li> </ul>	
<p><b>PRAC12.</b></p>	<p><b>REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT</b></p> <p>Anne Woods, Head of Audit and Risk Management, presented the report on the outcome of the independent review of Haringey's internal audit service and the requirements of the Accounts and Audit (amendment) (England) Regulations 2006 and the actions taken to address these. The review was undertaken in accordance with the CIPFA Code of Practice, and took the form of a peer review with three other London authorities. The report on Haringey had been produced by the London Borough of Kensington of Chelsea. A recommendation that the review of the effectiveness of Internal Audit should be presented to Audit Committee had been made, and had been addressed by the information provided to the Committee in the previous report on the agenda.</p> <p>In response to a question from the Chair, the Chief Financial Officer confirmed that she was fully satisfied with the content of the report. Grant Thornton also confirmed that they were satisfied with the report.</p> <p><b>RESOLVED</b></p> <ul style="list-style-type: none"> <li>i) That the findings of the review which confirms that Haringey's internal audit service fully complies with the CIPFA Code of Practice be noted.</li> </ul>	

**MINUTES OF THE AUDIT COMMITTEE  
THURSDAY, 24 JUNE 2010**

	<p>ii) That the actions taken to address the recommendation made be noted.</p>	
<p><b>PRAC13.</b></p>	<p><b>CORPORATE RISK REGISTER</b></p> <p>Anne Woods, Head of Audit and Risk Management, presented the report on the latest corporate risk register and business units' and departments' actions to monitor, review and update risk registers in compliance with the Council's risk management strategy. In accordance with the corporate risk management strategy, CIPFA code of practice and terms of reference of the Audit Committee, the corporate risk register was presented to the Committee on an annual basis. It was reported that the corporate risk register was reviewed on a quarterly basis by the Chief Executive's management board, and that the Audit Committee received quarterly reports on the implementation of the corporate risk management strategy.</p> <p>The Committee expressed concern regarding the high likelihood recorded in relation to inadequate financial management and reductions in specific and general grant allocations, in response to which the Chief Financial Officer advised that the likelihood related to the reduction in grant allocation aspect, rather than inadequate financial management. The Committee suggested that these two aspects should be separated into different risks, to make this point clear.</p> <p>In response to concerns from the Committee regarding the relatively high likelihood attributed to the risk of lack of safety and well-being for clients within child protection services, the Head of Audit and Risk Management advised that the risk remained high while actions from the ongoing action plan were still in the process of becoming embedded. It was reported that improvements had been made, but that there was further progress to be made and that, as this progress was reviewed, the risk would reduce further.</p> <p>The Committee asked for clarification of the basis on which the assessment of the risks associated with staffing issues was made, in response to which it was confirmed that this was in the context of the impact of reductions in grant funding and Government cuts. Members requested that this background be made clearer in the report, so that the commentary provided supported the scores given.</p> <p>In response to general questions and concerns regarding how the assessments of likelihood and impact were made, the Head of Audit and Risk Management advised that all the assessments were made on a subjective basis and would change as situations developed.</p> <p>The Chair advised the Committee that greater detail was provided in the quarterly risk management reports and that it was the responsibility of the Audit Committee to review the corporate risk register once a year. The Chair advised that he had looked into the corporate risk register in detail, and compared it with the previous year's report. The Chair had</p>	

**MINUTES OF THE AUDIT COMMITTEE  
THURSDAY, 24 JUNE 2010**

	<p>asked a number of questions regarding the report in advance of the meeting, and had received a full response from the Chief Financial Officer in respect of these questions. It was agreed that this correspondence would be circulated to all Members of the Committee for information. The Chair thanked the Chief Financial Officer for the response he had received and asked the Chief Financial Officer to confirm that the report and corporate risk register complied with the CIPFA guidance and the Council's overall requirements. The Chief Financial Officer confirmed that it did comply with the CIPFA guidance and the Council's overall requirements to the best of her professional knowledge and judgements, and that this confirmation would be reflected in future reports. In reply to the Chair's question, she further assured the Committee that the Risk Management Policies and Strategies were much more robust and there was an integrated approach to the risks across the authority.</p> <p>Members requested that the report be provided in colour in future, for clarity, and it was agreed that a colour copy of this report would also be circulated to members of the Committee. It was also agreed that the previous year's scores be incorporated in future reports, to enable Members to get an idea of the direction of travel.</p> <p>Taking into account the comments made in the discussion of the report, the Chair moved and it was:</p> <p><b>RESOLVED</b></p> <ul style="list-style-type: none"> <li>i) That the current version of the corporate risk register, prepared in accordance with the Council's risk management policies and strategies, be noted.</li> <li>ii) That CEMB_R 004 be separated into two separate risks relating to i) inadequate financial management impacting on the Council's ability to deliver services and ii) reductions in specific and general grant fund allocations being greater than expected impacting on the Council's ability to deliver services.</li> </ul>	
<p><b>PRAC14.</b></p>	<p><b>AUDIT COMMITTEE DRAFT WORK PLAN 2010/11</b></p> <p>Anne Woods, Head of Audit and Risk Management, presented the report on the Audit Committee's proposed annual work plan for the 2010/11 municipal year. The report included a summary of the statutory reports and those included in the Committee's terms of reference, and when these were expected to come to the Committee. It was reported that there were a number of external inspections and follow up reports which could not necessarily be anticipated and which would be added to the work programme throughout the year. It was reported that, at the request of the Chair, an additional Committee meeting had been scheduled for the 2010/11 municipal year.</p> <p>It was noted that 3-month and 6-months reviews in respect of the Leasehold Charges were to be added to the work plan further to</p>	



**MINUTES OF THE AUDIT COMMITTEE  
THURSDAY, 24 JUNE 2010**

	<p>discussion earlier in the meeting, and the Chair advised that additional noted that reports on the Housing Services inspection, safeguarding children and vulnerable adults, Health Inequalities, Alexandra Palace and Park, Project Management and Data Quality (together with any other items, meeting day to day needs) should also be added to the work plan.</p> <p>Taking into accounts the additional reports discussed, it was:</p> <p><b>RESOLVED</b></p> <p>That the annual work plan for the 2010/11 municipal year be approved with the added reports.</p>	
<b>PRAC15.</b>	<p><b>NEW ITEMS OF URGENT BUSINESS</b></p> <p>There were no new items of urgent business.</p>	
<b>PRAC16.</b>	<p><b>DATE OF NEXT MEETING</b></p> <p>Monday, 26 July 2010 at 19:30hrs.</p> <p>The meeting closed at 21:50hrs.</p>	

COUNCILLOR GMMH RAHMAN KHAN

Chair

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## LONDON BOROUGH OF HARINGEY

### AUDIT PROGRESS REPORT - JULY 2010

Work	Progress
<b>Audit Plan 2009/10</b>	Our full audit plan and updated audit fee was agreed with management and presented to the February 2010 Audit Committee.
<b>2009/10 accounts audit</b>	<p>We worked with the Council to help prepare for the 2009/10 accounts audit, including the Head of Corporate Finance attending a half day accounts workshop on 10 February at our offices.</p> <p>Interim - our interim audit work is complete and there were no issues to report to the Audit Committee. Following this, we will present our Accounts Audit Approach Memorandum to the July meeting.</p> <p>Final - we have recently begun our audit the year end accounts and will report our results to members as part of the Report to those charged with governance (ISA260) in September 2010.</p>
<b>International Financial Reporting Standards (IFRS)</b>	In 2009, we held a workshop with the Council and issued an IFRS conversion report planner to management which highlighted the areas of greatest likely impact for the Council and proposes a number of actions for the Council. We are continuing to work with management as preparations for IFRS continue and had a positive meeting with officers on 29 March to review the good progress being made to date. We are scheduling a further progress meeting for July.
<b>Value for Money conclusion 2009/10</b>	<p>The final accounts audit and finalisation of data quality spotcheck work this Summer will draw to a close our work to support the 2009/10 Value for Money conclusion. This work has included the 2009 Use of Resources (UoR) assessment work that we completed in Summer 2009 and the local risk based UoR work that we have reported on during 2009/10.</p> <p>We will present the results of our recent 2010 UoR assessment work to the November 2010 Audit Committee in our Value for Money report 2010. This will recognise the areas where the Council made progress since our last report and outstanding areas for development but, with the abolition of CAA and the scored assessment, we will not be reporting UoR scores.</p>

Work	Progress
<b>Grants claims and returns certification</b>	We presented our report of summary findings from our certification of 2008/09 claims and returns to the February 2010 Audit Committee. Our 2009/10 certification work is beginning in July.
<b>Audit Plan 2010/11</b>	We have agreed our indicative fee for 2010/11 with the Chief Financial Officer and presented this to the June meeting of the Audit Committee. This letter is prepared in advance of the audit year in order to provide the Audit Commission with details of indicative fees nationally. Our risk assessment and, if required, our audit fee will be updated and further detail provided in our full 2010/11 Audit Plan, which will be presented to the Audit Committee in early 2011.

Grant Thornton UK LLP

July 2010



## Accounts Audit Approach Memorandum

London Borough of Haringey

For the year ended 31 March 2010

8 July 2010

Paul Dossett  
Engagement Lead  
T 020 7728 3180  
E [paul.dossett@gtuk.com](mailto:paul.dossett@gtuk.com)

Paul Hughes  
Senior Audit Manager  
T 020 7728 2256  
E [paul.hughes@gtuk.com](mailto:paul.hughes@gtuk.com)

Helen Phillips  
Audit Senior  
T 020 7728 2385  
E [helen.phillips@gtuk.com](mailto:helen.phillips@gtuk.com)



**Grant Thornton UK LLP**  
Grant Thornton House  
Melton Street  
London NW1 2EP  
  
T +44 (0)20 73835100  
F +44 (0)20 7728 2085  
[www.grant-thornton.co.uk](http://www.grant-thornton.co.uk)

**To the Audit Committee of London Borough of Haringey**

We are pleased to perform the audit of London Borough of Haringey for the year ended 31 March 2010. This memorandum highlights the key elements of our proposed audit strategy for the benefit of those charged with governance, in accordance with the requirements of International Standard on Auditing (UK & Ireland) 260.

We have considered our independence and objectivity in respect of the audit and do not believe there are any matters which should be brought to your attention except as disclosed in Section 4, 'The small print'. This memorandum has been prepared on the basis of the limitations set out in 'The small print'.

We look forward to working with you during the course of the audit.

Grant Thornton UK LLP

**Chartered Accountants**

Member firm within Grant Thornton International Ltd

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP

A list of members is available from our registered office.

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## Contents

1 Our audit approach	1
2 Key audit issues and financial reporting matters	4
3 Logistics	7
4 The small print	9

# 1 Our audit approach

## **1.1 Audit objectives**

Our audit objectives are as follows:

- to audit the financial statements of London Borough of Haringey (the Council)
- to produce a concise and constructive report of key issues to the Council (our Annual Report to those Charged with Governance (ISA 260))
- to draw to your attention any material weaknesses in internal control that come to our attention during our audit work.

Our audit approach is based on an assessment of the audit risk relevant to the individual elements of the financial statements. We focus much of our audit effort on the areas that we deem to be of highest risk of material misstatement. Our work in other areas will typically be proportionately lower than for high risk areas.

## **1.2 Audit strategy**

We will be working closely with the finance team to ensure that we meet audit deadlines and conduct the audit efficiently, with the minimum of disruption to the Council's staff.

In summary our audit strategy comprises:

- updating our understanding of the business through discussions with management and a review of the management accounts
- reviewing the design and implementation of the internal financial control systems to the extent that they have a bearing on the highest risk areas of the financial statements
- assessing the audit risk and, based on that assessment and the assessment of the design of the internal control system, developing and implementing appropriate audit procedures
- testing the operating effectiveness of the internal financial controls, where appropriate
- reviewing the adequacy of material disclosures in the financial statements
- verifying all material balance sheet accounts and performing analytical review of income and expenditure streams.



### **1.3 Identified high risk areas**

In summary, our audit approach in respect of high risk areas will be as follows:

#### **Capitalisation of Loss on Icelandic Investment**

The Council has been permitted to capitalise the loss it has incurred on its Icelandic investments in the year. This capitalisation it intended to spread the cost to the Council over several years to minimise the impact in the current year when the Council is facing significant cost pressures in some service areas.

We will undertake procedures on this capitalisation to ensure that it has been accounted for in line with the guidance.

#### **Fixed Assets Valuation**

There is potential risk of material misstatement of asset values due to valuations not being performed in line with required standards. We have identified this as a significant issue for all of our local authority clients and raised some issues as part of last year's audit of the Council. In addition an asset management programme is now being used on SAP for the second time.

Our work will focus on whether asset values have been determined on the correct basis and are materially correct at the balance sheet date.

#### **Financial Targets**

The Council, in common with all local authorities, has to achieve significant savings in the next financial period. There is a risk that this could have a significant impact on the level of reserves held by the Council. We will carry out an updated review of the Council's financial position as part of our going concern procedures.

#### **IFRS**

As part of our audit we will be reviewing the Council's preparation for International Financial reporting Standards in 2010/11 including:

- accounting for any potential IFRIC 12 (service concession arrangements) transactions in the 2009/10 accounts.
- planning the restatement of 2009/10 accounts under IFRS.
- progress in addressing the key IFRS issues surrounding the accounting for Property, Plant and Equipment, Reserves and Group Accounts.

These are further detailed in Table 2.1.

### **1.4 Materiality**

An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.

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Materiality is set at the outset of planning to ensure that an appropriate level of audit work is planned. It is then used throughout the audit process in order to assess the impact of any item on the financial statements. Any identified errors or differences greater than 2% of materiality will be recorded on a schedule of potential misstatements. These are assessed individually and in aggregate, discussed with you and, if you do not adjust, signed off by you in your letter of representation to us, confirming your view that they are immaterial to the financial statements.

An item of low value may be judged material by its nature, for example any item that affects the disclosure of directors' emoluments. An item of higher value may be judged not material if it does not distort the truth and fairness of the financial statements.

### **1.5 Internal controls**

Auditing standards require that we evaluate the design effectiveness of internal controls over the financial reporting process to identify areas of weakness that could lead to material misstatement. Therefore, we will focus our control review on the high risk areas of the financial statements.

We are also required to assess whether the controls have been implemented as intended. We will do this through a combination of inquiry and observation procedures, and, where appropriate, systems walkthroughs. However, our work cannot be relied upon necessarily to identify defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive controls review exercise might identify.

We will work with the internal audit function to ensure our audit approach takes account of the risks identified and the work they have conducted, subject to our review of the effectiveness of the internal audit function.

### **1.6 Audit of IT and outsourced systems**

Our audit approach assumes that our clients use a computer system for accounting applications that process a large number of transactions. Accordingly, our approach requires a review of the Council's internal controls in the information technology (IT) environment.

We have involved Technology Risk Services team members during the audit, this was based on the complexity of IT used in the significant transaction cycles and the control risk assessment.

## 2 Key audit issues and financial reporting matters

We will report to you in our Annual Report to Those Charged with Governance (ISA 260), our findings and conclusions in respect of each of the risks that we have identified at the planning stage of the audit:

### 2.1 Key audit issues

Issue	Response
<p><b>Capitalisation of Loss on Icelandic Investment</b></p> <p>The Council has been permitted to capitalise the loss it has incurred on its Icelandic investments in the year. This capitalisation it intended to spread the cost to the Council over several years to minimise the impact in the current year when the Council is facing significant cost pressures in some service areas.</p>	<p>We will undertake procedures on this capitalisation to ensure that it has been accounted for in line with the guidance.</p>
<p><b>Fixed Assets Valuation</b></p> <p>There is potential risk of material misstatement of asset values due to valuations not being performed in line with required standards. We have identified this as a significant issue for all of our local authority clients and raised some issues as part of last year's audit of the Council. In addition an asset management programme is now being used on SAP for the second time.</p>	<p>Our work will focus on whether asset values have been determined on the correct basis and are materially correct at the balance sheet date. We will carry out detailed testing of fixed assets during the audit and report our findings as part of the ISA 260.</p>
<p><b>Financial Targets</b></p> <p>The Council, in common with all local authorities, has to achieve significant savings in the next financial period. There is a risk that this could have a significant impact on the level of reserves held by the Council.</p>	<p>We will carry out an updated review of the Council's financial position as part of our going concern procedures.</p>

Issue	Response
<p><b>IFRS</b> As part of our audit we will be reviewing the Council's preparation for International Financial reporting Standards in 2010/11.</p>	<p>We will continue to liaise on a regular basis with officers and monitor the Council's progress against its IFRS project plan. We will also review the implications of any developing issues through reference to IFRS guidance and the finalised IFRS Code.</p> <ul style="list-style-type: none"> <li>• accounting for any potential non-PFI related IFRIC 12 (service concession arrangements) transactions in the 2009/10 accounts</li> <li>• planning the restatement of 2009/10 accounts under IFRS</li> <li>• progress in addressing the key IFRS issues surrounding the accounting for Property, Plant and Equipment, reserves and Group Accounts.</li> </ul>
<p><b>2009 SoRP</b> The Council is required to comply with the 2009 SoRP in preparing its 2009/10 accounts.</p> <p>The principal change in the 2009 SoRP is around current and prior year adjustments to accounting for Council Tax (CT) and National Non-Domestic Rate (NNDR) income.</p>	<p>We will work with management to agree the prior year adjustment required to the Council's income and expenditure account, balance sheet and cashflow statement.</p>
<p>From 1 April 2009 the Council's accounts should:</p> <ul style="list-style-type: none"> <li>• disclose CT balances net of any amounts that relate to other precepting bodies</li> <li>• only recognise NNDR cash collected in excess of the Council's cost of collection allowance.</li> </ul>	<p>This change in accounting policy requires an adjustment to the prior year comparator figures shown in the 2009/10 accounts. There is no anticipated impact on the Council's general fund balance.</p>

## 2.2 Financial reporting matters

Issue	Response
<p><b>Reporting Timetable</b> Un-audited accounts and summarisation schedules have to be submitted to the auditor by 30 June 2010. Audited annual reports, accounts and summarisation schedules have to be signed off by 30 September 2010.</p>	<p>Draft accounts were received by 30 June 2010. We will raise with management and, as required, those charged with governance, if there are any issues that would threaten achievement of opinion sign off by 30 September.</p>
<p><b>Other Regulators</b> We will need to consider the work of other regulators (e.g. The Audit Commission) in reviewing the Annual Governance Statement (AGS). Should other regulators identify significant weaknesses in the internal control environment, we would expect this to be reported in the AGS, along with the action plan to correct identified internal control weaknesses.</p>	<p>We will review the AGS to ensure that the disclosures in it are consistent with our knowledge of the organisation. In reviewing the AGS we will also consider the work of internal audit, knowledge of the Council gained in our Use of Resources and interim audit work, and overall links with the Council's Assurance framework.</p>
<p><b>Building Schools for the Future</b> The Government recently announced significant changes to the national BSF programme. although we understand that none of the Council's schemes have been cancelled there is a risk that future funding of the programme may be subject to change.</p>	<p>We will consider the need for any accounting or disclosure amendments that may be required in the context of any further national developments.</p>

## 2.3 Update on previous period's unresolved key audit issues (taken from our 2009-10 report)

Issue	Response
<p><b>Depreciation of Council Houses</b> The Council has previously used the major repairs allowance (MRA) as a proxy for Council house depreciation. This will not be consistent with IFRS compliant accounting.</p>	<p>The Council is to revalue its land and buildings providing a split between the land and buildings in order to calculate the depreciation of the buildings.</p> <p>We will review the depreciation calculation, including the revaluation exercise, as part of our audit of the Council's accounts.</p>

## 3 Logistics

### 3.1 Timetables and milestones

The following proposed timetable and deadlines have been set:

<b>Event</b>	<b>Date</b>
Pre-year end fieldwork including internal controls review	March 2010
Statutory Accounts emailed to Auditors	30 June 2010
Commence fieldwork	5 July 2010
Manager visit to review work	July and August 2010
Partner visit to review work	September 2010
Clearance meeting to discuss our findings	9 September 2010
Report to General Purposes Committee	23 September 2010

The audit process is underpinned by effective project management to ensure that we co-ordinate and apply our resources efficiently to meet your deadlines. It is therefore essential that we work closely with your team to achieve this timetable.

### 3.2 Engagement team

Our engagement team for the audit will include:

<b>Name</b>	<b>Role</b>	<b>Contact details</b>
Paul Dossett	Engagement partner	020 7728 3180
Paul Hughes	Senior Audit manager	020 7728 2256
Melanie Fox	Assistant Manager	017 5378 1218
Helen Phillips	Audit Senior	020 7728 2385
Negat Sultan	IT Manager	0116 257 5590

### 3.3 Fees

Our fee for the audit is £515,000 as agreed in our 2009/10 audit plan issued to the Council in December 2009. This fee includes the audit of the Council's financial statements and work to support our 2009/10 Value for Money conclusion, including the Use of Resources assessment work that we completed in Summer 2009 and the local risk based Use of Resources work that we have reported on during 2009/10.

We have proposed this fee on the basis that:

- statutory accounts are presented to us on 30 June 2010 for our review, with appropriate disclosures.
- supporting schedules for all figures in the accounts in line with the requirements of our audit arrangements letter are supplied by the agreed dates.
- all books and records are made available to us
- a trial balance together with reconciled control accounts are presented to us by 5 July 2010
- your staff are available to help us locate information and to provide explanations
- all deadlines agreed with us are met.

Our ability to deliver to the agreed timetable and fee will depend upon this. If there are any variances to the above plan, we will discuss them with you and agree any additional fees before costs are incurred, wherever possible.

## 4 The small print

ISAUK 260 requires communication of:

- relationships that have a bearing on the independence of the audit firm and the integrity and objectivity of the engagement team
- nature and scope of the audit work
- the form of reports expected

### Engagement terms

The purpose of this memorandum is to highlight the key elements in the proposed strategy for the audit of the Council for the year ended 31 March 2010.

The document is also used to report to management in order to meet the mandatory requirements of International Standard on Auditing (UK and Ireland) 260.

### Confidentiality

This memorandum is strictly confidential, and although it has been made available to management to facilitate discussions and should not be disclosed to third parties without our prior written consent.

### Ethical standards

We have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

### Communication of adverse or unexpected findings

We will communicate any adverse or unexpected findings affecting the audit on a timely basis with the appropriate person within the business. Such communication will be made either informally or via an audit progress memorandum.

The actual or potential resolution of significant audit and accounting issues will be discussed and agreed with the Council's management and documented for the General Purposes Committee's consideration.

### Audit quality assurance

Grant Thornton's audit practice is currently monitored by the Audit Inspection Unit, an arm of the Financial Reporting Council which has responsibility for monitoring the firm's public interest audit engagements. The audit practice is also monitored by the Quality Assurance Directorate of the ICAEW. Grant Thornton UK LLP also conducts internal quality reviews of engagements.

Furthermore, audits of Local Government bodies are subject to the Audit Commission's quality review process.

We would be happy to discuss further the firm's approach to quality assurance.

### Independence and robustness

To maintain our independence as auditors we ensure that:

- audit partners are rotated off the audit of audited bodies every five years and audit managers every seven years
- Grant Thornton, its partners and the audit team have no family, financial, employment, investment or business relationship with the Council
- our fees paid by the Council do not represent an inappropriate proportion of total fee income for either the firm, office or individual partner.
- At all times during the audit, we will maintain a robustly independent position in respect of key judgement areas.



**Audit and non-audit services**

Services supplied to the Council during the year are set out below:

	£
<b>Audit services</b>	
Statutory audit of accounts and Value for Money	£515,000

**Communication with those charged with Governance**

Communication with those charged with governance is an essential element of the audit. We will discuss with the Audit Committee the scope of our work in advance. We propose that we meet with the General Purposes Committee following the conclusion of our procedures in order to communicate the matters arising

We would also be interested to hear if there are other matters that the Audit Committee would like us to address and to understand more fully the Committee's expectations and requirements from the audit process.

**Roles and responsibilities**

The directors are responsible for the preparation of the financial statements which show a true and fair view of the Council's affairs and for making available to us all the information and explanations we consider necessary.

Legislation requires that the directors' report must contain a statement that, for each person who was a director when the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware
- they have taken all steps they ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Legislation also requires that the Council maintains such books and records as will be sufficient to show the nature of all transactions and disclose, at any time, the financial position of the Council.

The Council's management is responsible for:

- the identification, assessment, management and monitoring of risk
- developing, operating and monitoring the system of internal control
- providing assurance to the Audit Committee that this has been done.

The Audit Committee is required to review the Council's internal financial controls. In addition, the Committee is required to review all other internal controls and approve the statements included in the annual report in relation to internal control and the management of risk.

The Audit Committee should receive reports from management as to the effectiveness of the systems they have established, as well as the conclusions of any testing conducted by internal audit.

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Haringey Council

**[No.]**

Agenda Item

**Audit Committee**On 26<sup>th</sup> July 2010

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

Report of : Julie Parker, Director of Corporate Resources

Signed : *Julie Parker for DoCR*

Contact Officer : Ian Biggadike, Deputy Head of Benefits and Local Taxation (020 8489 1939)

Wards(s) affected: All

Report for: Information Only

#### 1. Purpose of the report

- 1.1 To advise and update Members on the Counter Fraud performance of the Benefit and Local Taxation Service from the 1<sup>st</sup> April 2010 – 30th June 2010.

#### 2. Introduction by Cabinet Member (if necessary)

- 2.1 N/A

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

- 3.1 The Council has a published Anti-Fraud and Corruption Strategy. The activities stated in this report directly relate to the Council maintaining effective counter –fraud activities as defined by this strategy

#### 4. Recommendations

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

#### 5. Reason for recommendation

- 5.1 For Members to remain informed of the activity of the Fraud Investigations Team and are able scrutinise this accordingly.

#### 6. Other options considered

- 6.1 Not applicable

**7. Summary**

- 7.1 The Benefits and Local Taxation Service continues to maintain and further develop an effective approach to counter benefit fraud activity.
- 7.2 During quarter 1 from 1/4/10 to 30/6/10 BLT achieved 24 sanctions and have a further 5 cases referred for prosecution.
- 7.3 Key work priorities for the Fraud Investigation Team in 2010/2011 will be prosecutions, the National Fraud Initiative, Housing Benefit Matching Service, pro-active operations with the Police and Homelessness and joint working with the Department for Work and Pensions.

**8. Director of Corporate Resources Comments**

- 8.1 The Director of Corporate Resources notes the contents of this report and confirms that the counter-benefit fraud activity undertaken is provided within the overall benefits & local taxation cash limit.

**9. Head of Legal Services Comments**

- 9.1 The Head of Legal Services has been consulted in the preparation of this report, and advises that there are no specific legal implications which arise out of the contents.
- 9.2 Legal Services will continue to support Benefits and Local Taxation, in terms of advice and prosecution work, in order to maximise the level of Government subsidy available for recovering overpaid housing benefit.

**10. Head of Procurement Comments – [ Required for Procurement Committee]**

- 10.1 Not applicable

**11. Equalities &Community Cohesion Comments**

- 11.1 The activities detailed in this report relate to the day to day work of the Fraud Investigation Team. All counter fraud activity is undertaken with due regard and adherence to the Council's Equalities and Community Cohesion policies.

**12. Consultation**

- 12.1 No consultation was required for the production of this report.

**13. Service Financial Comments**

- 13.1 The role of the Fraud Investigation Team does not attract direct financial subsidy from Central Government as there is no specific statutory duty to maintain counter fraud activity in respect of Housing Benefit and Council Tax Benefit.
- 13.2 However, there is a clear expectation on Local Authorities to maintain

effective counter fraud activity. The Benefits and Local Taxation Service currently maintains a dedicated team to tackle benefit fraud. The role of the Fraud Investigation Team is clearly defined in the Council's Counter Fraud Strategy relating the Housing Benefit and Council Tax Benefit.

**14. Use of appendices /Tables and photographs**

14.1 Appendix 1 - Detailed breakdown of sanction cases achieved during Quarter 1 2010/11

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

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

**16. BACKGROUND**

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

16.2 The Council has adopted an Anti - Fraud and Corruption Strategy relating to Housing Benefit and Council Tax Benefit. This specifies the type of activities which underpin effective counter fraud activity.

**17. COUNTER FRAUD ACTIVITY**

17.1 Performance of the Fraud Investigation Team for April to June 2010/11 is summarised in table 1.

17.2 Successful outcomes for 1<sup>st</sup> quarter 2010/11 (figures in brackets are for the equivalent period in 2009/10)

Sanction Type	Number Issued	April to June Target	Status
Caution	16 (4)		Accepted
Admin Penalty	3 (2)		Accepted
Prosecution	5 (5)		Guilty
Total	24 (11)	30 (25)	

Table 1

17.3 A more detailed breakdown of cases forwarded for prosecution and sanctions is included in appendix 1 of this report. This gives details of the type of fraud discovered. The Fraud Team has continued to work closely with internal agencies in order to tackle cases where criminality involving multiple services has been undertaken

- 17.4 Sanctions performance during quarter 1 was slightly below the target of 30 Sanctions. However this was largely due to the identification of 30 new cases in June 2010 with overpayments totalling circa £209,000 where Sanctions are appropriate. It is therefore projected that the shortfall in the target for sanctions will be recovered by the end of August 2010.
- 17.5 Partnership working with the Police took on a higher profile in the last quarter of 2009/10 and in the first quarter 2010/11. The Fraud Team have been providing extensive intelligence into Police led Operations – particularly Trident, Golf (Child Trafficking), Horwood (Eastern European crime) and Payback (Proceeds of Crime). In addition – we continue to work closely with Safer Communities to provide intelligence towards the Gang Action Group initiative
- 17.6 We have achieved our first successful prosecution from Operation Rize (Money Laundering) in May 2010 – and have a further 3 ongoing prosecution's with the Crown Prosecution Service as a result of these partnership initiatives. These cases represent serious acquisitive crimes so the Authority will be applying for compensation in respect of the Housing and/or Council Tax Benefit overpayments (Criminal Benefits) and in the most serious cases via the liquidation of criminally obtained assets (Criminal Lifestyle offences) by using the Proceeds of Crime Act after a successful conviction has been achieved.

## 18. Overpaid Housing Benefit

- 18.1 From 1/4/10 to 30/6/10 - counter fraud activity has identified £292,305.10 in overpaid benefit and a further £1,894.77 in Administrative Penalties. Central government subsidy paid in relation to overpayments is paid at a rate of 40p to the £1.00 or 40%.
- 18.2 Consequently, it can be estimated that £116,922.04 has been generated in subsidy which effectively results in a 60% shortfall against benefit expenditure.
- 18.3 Currently, recovery performance in relation to all in-year created overpayments cannot be accurately recorded due to a problem with the software application. This is due to be resolved by the supplier in July 2010. The problem is affecting all councils using this software

## 19. ANTI-FRAUD AND CORRUPTION STRATEGY

- 19.1 The Council's Anti-Fraud and Corruption Strategy – relating to Housing Benefit and Council Tax Benefit is published on the Council's website, along with the Sanctions Policy and advice on how to refer suspected cases of benefit fraud.
- 19.2 The Anti-Fraud and Corruption Strategy outlines the types of activities the Council will use to both detect and prevent benefit fraud. Since April 2008 the Benefit and Local Taxation Service has re-focussed activities to remind benefit claimants of the importance to report changes in their circumstances to ensure that the right benefit is being paid.

Fraud Team Sanctions 2010/2011

Apr-10

FRD Referral	Referral Source	Date investigation closed	Total OPT	Sanction Date	Prosecution Date	OPT created date	Type of fraud discovered	Sanction	Ad Pen Amount
16340A	HBMS	09-Mar-10	5,469.10	07-Apr-10		08-Mar-10	HBMS Saving - Undeclared Earnings	A	1,454.92
20010SN	HBMS	02-Mar-10	4,701.00	07-Apr-10		23-Mar-10	HBMS Saving - Tax Credits	C	0.00
16428A	HBMS	10-Mar-10	2,583.88	30-Apr-10		08-Mar-10	HBMS Saving - Tax Credits	C	0.00
16441a	HBMS	20-Jan-10	4,800.34	07-Apr-10		22-Mar-10	HBMS Saving - Tax Credits	C	0.00
16422A	HBMS	20-Jan-10	471.31	22-Apr-10		29-Jan-10	HBMS Saving - Tax Credits	C	0.00
16418A	HBMS	20-Jan-10	2,803.91	30-Apr-10		04-Feb-10	HBMS Saving - Tax Credits	C	0.00
16417a	HBMS	20-Jan-10	4,141.37	30-Apr-10		03-Feb-10	HBMS Saving - Tax Credits	C	0.00
20010SD	HBMS	29-Jan-10	506.54	28-Apr-10		05-Feb-10	HBMS Saving - Tax Credits	C	0.00
20010RA	HBMS	18-Nov-09	1,576.96	07-Apr-10		26-Nov-09	Definite Gone Away (100%)	C	0.00
16036A	HBMS	15-Jul-09	22,702.36	08-Apr-10		11-Sep-09	Undeclared Capital	S	0.00
									<b>49,756.77</b>

1,454.92

May-10

FRD Referral	Referral Source	Date investigation closed	Total OPT	Sanction Date	Prosecution Date	OPT created date	Type of fraud discovered	Sanction	Ad Pen Amount
15932A	Other LA	18-Jan-08	54,850.00		20-May-10	14-Feb-08	Contrived Tenancy	P	0.00
15932A	Other LA	18-Jan-08	0.00		20-May-10	14-Feb-08	Contrived Tenancy	P	0.00
16250A	External Agency	26-May-09	26,331.61	01-Jul-09		27-May-09	Undeclared Capital	P	0.00
16364a	HBMS	05-Jan-10	6,820.23	18-May-10		19-Jan-10	HBMS Saving - Tax Credits	C	0.00
20010CX	HBMS	09-Mar-10	3,322.79	18-May-10		15-Mar-10	HBMS Saving - Undeclared Earnings	C	0.00
16452A	HBMS	15-Feb-10	3,193.65	18-May-10		02-Mar-10	HBMS Saving - Tax Credits	C	0.00
16456A	HBMS	10-Mar-10	1,118.93	18-May-10		06-May-10	HBMS Saving - Tax Credits	C	0.00
16457A	HBMS	22-Feb-10	1,736.61	18-May-10		22-Apr-10	HBMS Saving - Tax Credits	C	0.00
20010SP	HBMS	15-Mar-10	745.50	24-May-10		08-Apr-04	HBMS Saving - Tax Credits	A	223.65
									<b>98,119.32</b>

223.65

June-10

FRD Referral	Referral Source	Date investigation closed	Total OPT	Sanction Date	Prosecution Date	OPT created date	Type of fraud discovered	Sanction	Ad Pen Amount
16196A	DWP	11-Feb-09	33,083.73		17-May-10	03-Mar-09	Living Together - Prrr working (100%)	P	0.00
16343a	DWP	22-Oct-09	16,921.87		18-Jun-10	29-Oct-09	Multiple Claims	P	0.00
20010OP	HBMS	19-Oct-09	1,104.84	10-Jun-10		15-Dec-09	Undeclared Wages Used	C	0.00
16414a	HBMS	20-Jan-10	720.68	10-Jun-10		03-Feb-10	HBMS Saving - Tax Credits	A	216.20
16455A	HBMS	03-Jun-10	1,696.35	02-Jul-10		29-Jun-10	HBMS Saving - Tax Credits	C	0.00
16429A	HBMS	12-Apr-10	3,009.99	01-Jul-10		07-May-10	HBMS Saving - Tax Credits	C	0.00
20010SS	HBMS	25-Feb-10	6,400.96	03-Jun-10		15-Mar-10	HBMS Saving - Tax Credits	S	0.00
									<b>62,938.42</b>

216.20

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Haringey Council

Agenda item:

**Audit Committee****On 26 July 2010**

Report Title: Internal Audit Progress Report – 2010/11 Quarter 1

Report authorised by: Director of Corporate Resources

*J. Parke 15/7/10*

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 first quarter by the Internal Audit Service in completing the 2010/11 annual audit plan and reports issued for outstanding 2009/10 audits together with the responsive fraud investigation work. In addition, to provide details of the work the Council's personnel division has undertaken 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 provide assurance that managers have implemented agreed recommendations and improvements.

**3. Recommendations**

3.1 The Audit Committee is recommended to note the audit coverage and progress during the first quarter 2010/11.

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

3.3 That the Audit Committee confirms that the actions taken during Quarter 1 to

address the outstanding recommendations are appropriate.

**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 30 June 2010 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; and
- 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 the Council's corporate Human Resources business unit.

**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 direct legal implications arising out of the report.

**8. Chief Financial Officer Comments**

8.1 There are no direct financial implications arising out of this report. The costs for the internal audit service as a whole are contained within the revenue budget for the service.

8.2 The Chief Financial Officer is pleased to note the implementation of all Priority 1 recommendations by their due date. Whilst there remain a number of lower priority recommendations which remain outstanding or only partly implemented, the Chief Financial Officer considers the actions taken by management to be satisfactory in managing the risks facing the Council.

## 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 in the production of individual internal audit reports and follow up programmes. 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	1st Quarter	Year to date	Target
A1	Audit work Completed vs. Planned programme	95%	95%	95%
A2	User satisfaction (1 = low, 5 = high)	3	3	3.75
A3	Time taken to complete investigations (2009/10 referrals)	11 weeks	11 weeks	8 weeks
A4	Priority 1 recommendations implemented at follow up	100%	100%	95%

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

16.1 The activity of Deloitte and Touche for the first quarter of 2010/11 to date is detailed at Appendix A, which also includes reports issued for outstanding work from the 2009/10 audit plan. Members of the Audit Committee receive detailed summaries of all projects for which a final report has been issued on a monthly basis to allow for any issues to be raised and discussed in a timely manner. Appendix A provides a list of all final reports which have been issued during the quarter, together with detailed summaries of all reports which are issued with a 'limited' assurance rating.

16.2 Appendix A also provides detailed summaries of all recommendations which were previously recorded as outstanding at the time of the follow up audit work. Members have been monitoring the progress and implementation of these at each Audit Committee to ensure that managers were taking appropriate action to address outstanding recommendations. As at 30 June, only 2 recommendations from prior years remained outstanding: 2005/06 - One Priority 2 recommendation remains outstanding; and 2007/08 - One Priority 3 recommendation remains outstanding. Work is ongoing to address these and internal audit is satisfied that managers' actions are appropriate to manage the lower priority risks facing the Council. Internal Audit will continue to monitor implementation of recommendations to ensure appropriate actions are taken to mitigate identified risks.

16.3 A summary of all follow up audits projects which have been undertaken is also included in Appendix A (pages 26-27). We have followed up on 181 recommendations and found that 152 (84%) have been implemented, 11 have been partly implemented, 11 have not been

implemented and seven are no longer applicable. All Priority 1 recommendations followed up to date, where the deadline for implementation has passed, have been implemented.

16.4 To date, 95% of the planned annual programme of work for quarter 1 has been delivered. A total of 20% of the total annual audit plan was estimated to be delivered in the first quarter of 2010/11. At this stage there are no issues identified at this date which will prevent the 95% annual target from being achieved and ongoing monthly contract monitoring reviews ensure that performance levels are kept under review.

16.5 In conjunction with the Director of Corporate Resources, Directors are kept advised of the outstanding recommendations and any actions required to ensure that implementation of recommendations is achieved. From 2008/09 onwards, the implementation of Priority 1 recommendations has been included in the performance reporting requirements for all departments. During quarter 1, Internal Audit are satisfied that managers have been taking appropriate action to address the issues raised in the original recommendations prior to 2008/09.

## **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 to date in 2010/11 and any which were brought forward from 2009/10. The listing at Appendix B also includes any referrals made using the Council's whistle blowing policy which were investigated by Internal Audit. During the first quarter, one whistleblowing referral was made.

17.2 Within the first quarter, no new cases were referred to Internal Audit for investigation, and three cases were completed during the quarter involving Council employees. The three cases completed took 11 weeks on average to complete. One case required liaison with the Department for Work and Pensions, another London borough and our own Housing Benefit department in order to conclude and this took a total of 14 weeks. The remaining two cases both took less than the 8 week target. Internal Audit work closely with officers from personnel and the service involved to ensure that the investigation is completed as quickly as possible.

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 the first quarter, 16 referrals in relation to new allegations were made via the Council's email reporting facility. Of these, nine related to housing benefits issues and were referred to the Housing Benefit Fraud Investigation Team for further review and two referrals related to school admissions. Five referrals were not related to fraud within Haringey Council.

17.4 The In-house Team also investigates claims of non-receipt of Council cheques. In the first quarter of 2010/11, there have been no referrals for investigation and no losses to the

Council. 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.

17.5 During the first quarter, the in-house team has also undertaken work to support the Corporate Finance business unit in the review and certification of grant claims which fall outside the remit of external audit. Reviews of grant claims for Adult Stroke Care and GAF have been satisfactorily completed and the certification provided within the central government timescales.

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

18.1 Appendix C details the number of disciplinary suspensions and/or action taken in the first quarter of 2010/11. 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 During quarter 1, the number of disciplinary cases investigated was 64, with 45 remaining 'open' at the end of the quarter. The average length of time taken to resolve disciplinary cases in quarter 1 was 105 days, the same as the previous quarter. Five of the complex cases which contributed to the increased length of suspension time in recent quarterly reports were resolved during quarter 1, although some remain under investigation.

**Internal Audit  
Quarter 1 Internal Audit Report  
2010/2011  
London Borough of Haringey**

Deloitte & Touche Public Sector Internal Audit Ltd.  
July 2010

Contents

	<b>Page</b>
Executive Summary.....	1
Audit Progress Report and Detailed Summaries: 2009/10.....	3
Financial Management Standard in Schools – Assessments .....	25
Follow-up Recommendations –2005/06.....	27
Follow-up Recommendations – 2007/08.....	28
Follow-up Table – 2008/09.....	29
Detailed Progress Report - Outstanding Priority 1 - 3 Recommendations 2008/09.....	32
Follow Up Recommendations: Decent Homes Standards – 2009/10.....	40
Statement of Responsibility.....	42



## **Executive Summary**

### **Introduction**

This is our first quarter report to the Audit Committee for the 2010/11 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 our internal audits. 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.

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

### **Key Highlights/Summary of Quarter 1 2010/11 – Final Reports issued:**

- Temporary Accommodation Audit 2009/10
- Risk Management Audit 2009/10
- Payroll Audit 2009/10
- Accounting and General Ledger Audit 2009/10
- Data Quality Audit 2009/10
- Strategic Financial Management and Budgetary Control Audit 2009/10
- Treasury Management Audit 2009/10
- Pension Fund Investment 2009/10

As part of the 2010/11 Internal Audit Plan, we also issued a draft report in Quarter 1 for the following audits:

- Corporate Property Services – Risk Register Testing
- Catering Services (CYPS) – Compliance with Financial Regulations
- Transport Services (CYPS) – Compliance with Financial Regulations

The above list does not include reports which we have issued to schools in Quarter 1.

#### **Follow Up of Prior Years' Recommendations**

The results of our follow-up work are as follows:

##### **2005/06**

One Priority 2 recommendation remains outstanding; work is ongoing to address this.

##### **2007/08**

One Priority 3 recommendation remains outstanding; work is ongoing to address this.

##### **2008/09**

We have followed up 181 recommendations and found that 152 (84%) have been implemented, 11 have been partly implemented, 11 have not been implemented and seven are no longer applicable. **All Priority 1 recommendations followed up to date, where the deadline for implementation has passed, have been implemented.**

##### **2009/10**

We reported to the Audit Committee in Quarter 3 on the results of our follow-up work on the recommendations raised in the **Decent Homes Standards** report issued in September 2009, which was completed as part of the Corporate Procurement Plan for 2009/10. Our report to the Audit Committee showed that two Priority 1 recommendations had not been implemented. We have followed these up with management and can report that both recommendations have now been implemented.

# DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2010/11

## APPENDIX A

### Audit Progress Summary:

The following table sets out the audits finalised in quarter four of 2009/10 and quarter one of 2010/11 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.

Detailed summaries of all audits which do not receive 'Full' or 'Substantial' assurance ratings are also provided for Members' information.

Audit Title	Date of audit	Date of Final Report	Assurance level	Direction of Travel	Number of Recommendations (Priority)		
					1	2	3
<b>2009/10</b>							
Heritage & Conservation Regeneration – Project Management Assurance	July '09	14.01.10	Substantial	N/A	1	0	0
Waste Management & Recycling	July '09	14.01.10	Substantial	↔	1	10	0
Voluntary Organisations	Sept. '09	13.01.10	Substantial	↔	0	6	0
ACCS – Culture, Libraries & Learning – Risk Register Testing	Oct '09	19.01.10	Substantial	N/A	0	3	0
Lordship Recreation Ground Regeneration Programme – Project Management Assurance	Oct '09	25.01.10	Limited	N/A	3	3	0
Highways & Street Lighting	Oct '09	25.01.10	Substantial	↔	0	4	0
Website Security	Nov '09	13.01.10	Substantial	N/A	0	1	2
Temporary Accommodation	Aug. '09	18.02.10	Limited	↔	8	3	0
Risk Management	Oct. '09	16.02.10	Substantial	N/A	0	3	0
Children & Young People's Service – Risk Register Testing	Aug'09	05.03.10	Substantial	N/A	2	1	0
Sundry Income	Oct. '09	05.03.10	Substantial	N/A	0	5	2
Markfield Park Development – Project Management Assurance	Oct'09	10.03.10	Limited	N/A	3	4	0
Payroll	Oct'09	22.03.10	Substantial	↔	0	5	1

## APPENDIX A

## DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2010/11

Audit Title	Date of audit	Date of Final Report	Assurance level	Direction of Travel	Number of Recommendations (Priority)		
					1	2	3
Statutory Enquiry Processes	Nov'09	09.03.10	Substantial	N/A	0	2	0
Accounting and General Ledger	Jan'10	05.03.10	Full	↔	0	0	1
Marsh Lane Depot – Project Management Assurance	Aug'09	09.04.10	Substantial	N/A	1	2	0
Website Security	Nov'09	09.04.10	Substantial	N/A	0	1	2
Data Quality	Dec'09	09.04.10	Substantial	N/A	0	1	0
Strategic Financial Management & Budgetary Control	Dec'09	06.04.10	Substantial	↔	0	2	0
Leisure Centres Income Generation & Collection	Jan'10	23.04.10	Substantial	N/A	1	2	1
Councillor Call for Action	Apr'10	09.04.10	Substantial	N/A	0	1	0
Pension Fund Administration	Dec'09	17.05.10	Substantial	↔	0	2	1
Sundry Debtors	Jan'10	25.05.10	Substantial	↔	0	3	1
Treasury Management	Jan'10	24.05.10	Substantial	↔	0	4	1
NNDR	Jan'10	20.05.10	Substantial	↔	0	1	0
Planning & Building Control Application	Jan'10	20.05.10	Limited	↔	2	10	0
Neighbourhood Management	Jan'10	11.05.10	Limited	N/A	1	4	1
Cash Receipting	Feb'10	21.05.10	Substantial	↔	0	3	1
Pension Fund Investment	Jan'10	01.06.10	Substantial	↔	0	0	0
Parking Services	Jan'10	01.06.10	N/A	N/A	1	2	0

DETAILED SUMMARIES:

Audit area	Scope	Status/key findings	Assurance
<b>IT AUDIT</b>			
<p><b>Planning &amp; Building Control Application</b> 2009/10</p>	<p>Audit work was undertaken to cover the following areas:</p> <p><b>Logical Access Controls</b></p> <ul style="list-style-type: none"> <li>To help ensure that only authorised users can gain access to the system and the password controls are adequate to restrict system access.</li> </ul> <p><b>Data Input</b></p> <ul style="list-style-type: none"> <li>To help ensure that adequate on-screen validation and exception reporting is available to manage and identify potential inaccurate data input.</li> </ul> <p><b>Data Processing</b></p> <ul style="list-style-type: none"> <li>To help ensure that any processing schedules are managed in accordance with supplier guidelines, are completed and timely.</li> </ul> <p><b>Output Controls</b></p> <ul style="list-style-type: none"> <li>To help ensure output reports are in a format as to provide information in suitable format identifying data source, etc, and which serves a purpose.</li> </ul> <p><b>Audit Trail</b></p> <ul style="list-style-type: none"> <li>To help ensure management trails are available for use and appropriately</li> </ul>	<p>Weaknesses in the system of controls are such as to put the system objectives at risk.</p> <p>Some of the controls were observed to be operating satisfactorily and are listed below:</p> <ul style="list-style-type: none"> <li>The iLAP server uses two servers (live and test) located at River Park House in Wood Green. The system is backed up on a nightly basis and there is also a weekly and monthly back up performed. All back up tapes are stored in a fire safe at an off-site location at the Techno Park Data Centre located in Tottenham Hale.</li> <li>Change Control procedures are in place for any changes or upgrades to the iLAP application. It was noted that the impact of system changes to the interfaces with the iBuild application had not been previously subject to change control and as a result, the e-Forms address fields no longer match the address fields in iBuild. We do note that since this error the test scripts have now been amended to include the testing of interfaces with iBuild.</li> <li>The iLAP planning application is supplied and supported by Northgate IS. Service Levels have been defined within the agreement for calls raised with the Northgate Helpdesk. A half yearly service performance report is received from Northgate to track performance against the agreed Service Level Agreement (SLA). In addition to this, regular service reviews are performed every quarter with Northgate which are attended by the Supplier Managers, Head of Building Control, Technical Project Manager and Application</li> </ul>	<b>Limited</b>

Audit area	Scope	Status/key findings	Assurance
	<p>configured.</p> <p><b>Backup Arrangements</b></p> <ul style="list-style-type: none"> <li>To help ensure that adequate arrangements are in place for the backup of system data.</li> </ul> <p><b>Business Continuity/Disaster Recovery Planning</b></p> <ul style="list-style-type: none"> <li>To identify the existence and appropriateness of arrangements for disaster recovery in the event of a disaster.</li> </ul> <p><b>Interfaces</b></p> <ul style="list-style-type: none"> <li>To help ensure interface output files are produced in a secure manner and details provided to the receiving application users to allow appropriate reconciliation, and to ensure incoming interfaces are managed and reconciled appropriately.</li> </ul> <p><b>Support Arrangements and Change Control</b></p> <ul style="list-style-type: none"> <li>To help ensure maintenance agreements and support contracts are in place where required, and changes to the application are managed.</li> </ul>	<p>Support. Any outstanding incidents or service performance issues are addressed during these reviews.</p> <p>Within the system there are weaknesses such as to put the system objectives at risk. The areas where weaknesses were found include:</p> <p><b>Access Control</b></p> <ul style="list-style-type: none"> <li>Users access the iPlan and iBuild system after authenticating to the Haringey network and accessing the application over the Citrix environment. The iPlan and iBuild systems require passwords to be alphanumeric, the minimum password character length is set to 8 characters, password change is enforced on the initial login and passwords are forced to expire after 30 days of use. However, password controls could be enhanced to enforce the system to remember the last passwords selected and the account lockout facility enforced for unsuccessful login attempts. Our review of the user ids in place on the system identified that in some cases accounts are not allocated to named users and some generic accounts are in place.</li> <li>User access is allocated by groups and these are defined by job role depending on the permissions required. Currently, user access is managed by the Head of Building Control for iBuild and the Performance Officer within Development Control for iPlan. It was, however, noted that there are more than ten users with System Administration permissions defined on the system. We also note that current user group set up does not accurately reflect system access requirements and there are a number of permissions allocated to users that are unnecessary and excessive. This situation has evolved over some time and requires review to ensure that user access is appropriate to users' job requirements. Users with additional access would also have</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<p>permission to access the “System Management” option which allows users to make changes to master data; access and delete the received planning applications and their attachments stored within the network F drive and access the decision tab to grant or reject applications.</p> <ul style="list-style-type: none"> <li>• A formal procedure is not in place to amend and remove user access to the iPlan and iBuild applications.</li> </ul> <p><b>Data Input</b></p> <ul style="list-style-type: none"> <li>• The iPlan and iBuild applications have a number of inbuilt input controls to restrict the entry of incorrect data and to enhance data quality on the system and we were only able to enter a few incorrect details in the invoice entry and date fields. Due to errors in the introduction of changes, the e-Forms address fields no longer match the address fields in iBuild. The addresses have to be manually checked and amended each time a building application is downloaded from e-Forms.</li> <li>• Usually within 5 days of receipt, applications are checked to make sure that all the required documentation and plans are present and that the correct fee has been submitted. Planning and Building Control applications are allocated a status code within iPlan/iBuild and initial cases are either allocated a void or incomplete application code in preparation for validation. Although a report is generated by the Building Control team to check that work has not commenced on an incomplete application, a review of applications on iPlan and iBuild revealed numerous amounts of cases where the status code was incomplete or void; some of which date back to 2000.</li> </ul> <p><b>Output Controls</b></p> <ul style="list-style-type: none"> <li>• For the majority of planning applications there is a</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<p>requirement to process the application within an eight week period, however, for more complicated cases this can be extended to thirteen weeks upon consent of the applicant. For the majority of building applications there is a requirement to process the application within a five week period, for more complicated cases this can be extended to eight weeks upon consent of the applicant. Although there is some system reporting for decisions approaching the eight week and five week expiry dates, there is no reporting on applications that have been incomplete or void for some time and this process relies on the Validation Officer checking the filing on a regular basis to send reminder letters to applicants. In order for the planning and building control applications to be decided within the statutory timeframes of five and eight weeks, enforcement and case officers are required to complete their consultation and submit their decision within the dates specified on the application. However, there is no automatic reporting in place to remind Enforcement/Case officers of applications reaching their deadlines; reliance is placed on the technical officers being available to run these reports.</p> <p><b>Interface Controls</b></p> <ul style="list-style-type: none"> <li>The iPlan and iBuild applications have an online look up to the Land and Property Gazetteer, Geographical Information Systems and the Haringey website. Applicants can make payments online using the Planning Portal or the e-forms on the Haringey website. These payments are received via the Authority's e-Payments system and reflected within iPlan or iBuild when the payments have been submitted. However, there is no procedure in place to ensure the complete reconciliation of planning income and there have been certain instances when iBuild or iPlan have not been updated to reflect that an applicant has submitted his fee</li> </ul>	



Audit area	Scope	Status/key findings	Assurance
		<p>payment online; thus the application has been incorrectly set as Void. This is only rectified once a complaint is received from the applicant.</p> <p><b>Management Trail</b></p> <ul style="list-style-type: none"> <li>There is limited management trail activity on iPlan and iBuild applications and this was delivered as part of an upgrade in November 2008. As a result, only minimum fields are set for system auditing and in iBuild an audit log has not been retained since 2008. Areas that are currently not set to be audited include the finance and invoice entry fields.</li> </ul> <p><b>Back-Up and Recovery</b></p> <ul style="list-style-type: none"> <li>Discussions with the Service Delivery Manager determined that there are currently no Disaster Recovery arrangements in place for the iLAP system.</li> <li>There is a Business Continuity Plan in place which covers the processes for the recovery of the Planning and Building Control service. Although this is a comprehensive document it requires an update to include contact details for the Assistant Director, details of the processes to be followed to recover the iLAP Disaster Recovery arrangements and the inclusion of the Planning Portal and e-Forms facility.</li> </ul> <p><b>Support Arrangements</b></p> <ul style="list-style-type: none"> <li>It was noted that the iLAP servers are using Oracle 8i Relational Database Management System (RDBMS) with a Windows NT4 Operating System, which is going out of support. Plans have been in place for over a year to upgrade the system to an Oracle 10g or 11g platform; however, this has not yet been implemented.</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<p>As a result of our audit work we have raised two Priority 1 recommendations, ten Priority 2 recommendations and no Priority 3 recommendations which will help improve controls in the area.</p> <p>The priority 1 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• A Disaster Recovery Plan should be implemented for the iPlan/iBuild systems; and</li> <li>• The current Relational Database Management System (RDBMS) for the iLAP server should be upgraded from the existing Oracle 8i and Windows NT4 operating system.</li> </ul> <p>The priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• The number of users with System Administrator access on the iPlan and iBuild system should be reviewed and where this level of access is not required this should be removed;</li> <li>• Password controls on the iBuild and iPlan system should be configured to enforce password controls;</li> <li>• User access on the iPlan and iBuild applications should be reviewed to ensure that users do not have excessive permissions and the user groups are in line with duties required to complete jobs;</li> <li>• The use of the application should be reviewed to help ensure that sufficient knowledge is held by the System Administrators for the completion of administration tasks;</li> <li>• Management should review data validation and input controls on the iPlan application;</li> <li>• The final list of invalid or void cases should be reviewed by the Building Control and Development Control to ensure that older cases where the status is Invalid or Void are closed down to ensure the completeness of</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<p>applications;</p> <ul style="list-style-type: none"> <li>• The current reports available for use with the Crystal Reports for the iPlan and iBuild systems should be reviewed to ensure only reports that are required are defined;</li> <li>• A procedure should be established to reconcile payments received from the Planning Portal and iPlan as well as e-Forms on the Haringey website and iBuild application via the Haringey e-Payments system;</li> <li>• The current audit trail in place on the iPlan and iBuild application should be reviewed to ensure audit trail functionality specifies the tables required for auditing; and</li> <li>• The current Planning and Building Control Business Continuity Plan should be updated to help ensure that all contact details of the Assistant Director are populated and the inclusion of the Planning Portal functionality and e-Forms used on the Haringey website.</li> </ul>	
<b>POLICY, PERFORMANCE, PARTNERSHIPS &amp; COMMUNICATIONS</b>			
<p><b>Neighbourhood Management - Compliance with contract and finance procedure rules 2009/10</b></p>	<p>Audit work was undertaken to 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 Purchase Cards.</li> </ul>	<p>Weaknesses in the system of controls are such as to put 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>• There is segregation of duties in the process for procuring goods and services;</li> <li>• Suppliers of goods and services are selected from the Council's Framework Agreements; and</li> <li>• There is segregation of duties with regard to raising and approval of orders.</li> </ul>	<b>Limited</b>

Audit area	Scope	Status/key findings	Assurance
		<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>• Three quotes are not always obtained, where required, when procuring goods and services;</li> <li>• There is no lettings policy in place within the Service;</li> <li>• The Neighbourhood Management Team was unable to identify the petty cash claim forms and petty cash advance forms to which payments recorded on the Nominal Ledger related to;</li> <li>• There is no protocol in place regarding the booking of taxi journeys; and</li> <li>• There is a lack of control over the use of purchasing cards to ensure that these are used in line with agreed guidelines.</li> </ul> <p>As a result of our audit work we have raised one Priority 1, four Priority 2 and one Priority 3 recommendations, which will help improve controls in the area.</p> <p>The priority 1 recommendation is as follows:</p> <ul style="list-style-type: none"> <li>• Management should, as a matter of urgency, undertake a full review of the use of individual purchasing cards within the Service to determine whether these are being used for the intended purpose, in line with the Purchasing Card User Guide. Management should ensure that the cards are only used as a legitimate means of purchasing low value ad-hoc goods and services. The financial limits attached to the cards (for single and total monthly transactions) should be reduced to restrict its use to the intended purpose of only making ad-hoc purchases, which cannot be ordered using the Council's purchasing procedures.</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<p>The priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• A reminder should be issued to all staff within the Neighbourhood Management Team reinforcing the requirement to comply with the Council's Finance Procedures for Ordering Goods and Services, and the Council's Procurement Processes;</li> <li>• A lettings policy should be developed for the Service covering the rental of properties managed by the Neighbourhood Management Team;</li> <li>• The petty cash claim forms and petty cash advance forms, as submitted by the Neighbourhood Management Team, should be clearly referenced to the Nominal Ledger; and</li> <li>• A protocol should be established with regard to booking taxi journeys.</li> </ul> <p>The priority 3 recommendation is as follows:</p> <ul style="list-style-type: none"> <li>• Management should reconsider the use of cash advances for expenses incurred by staff and advise staff to manage expenses in line with the 'Guidance on Claiming Expenses' available on the intranet.</li> </ul>	
<b>URBAN ENVIRONMENT</b>			
<p><b>Temporary Accommodation</b></p> <p><b>2009/10</b></p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> <li>• Compliance with Statutory Requirements;</li> <li>• Documentation, Policy and Procedures;</li> <li>• Application, Assessment and Allocation Processes;</li> <li>• Tendering Procedures for TA Suppliers;</li> </ul>	<p>Weaknesses in the system of controls are such as to put the system objectives at risk.</p> <p>Some of the controls were observed to be operating satisfactorily, some of which are listed below:</p> <ul style="list-style-type: none"> <li>• Completed 'Head of Terms' were obtained for the sample of properties tested, which were signed by other managers on behalf of the Assistant Director for Strategic &amp;</li> </ul>	<b>Limited</b>

Audit area	Scope	Status/key findings	Assurance
	<ul style="list-style-type: none"> <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>	<p>Community Housing Services;</p> <ul style="list-style-type: none"> <li>• There was evidence to show that the complaints tested (which were received centrally) were fed down to the relevant officers within the Temporary Accommodation Service; and</li> <li>• Service Improvement Group (SIG) meetings were held on a monthly basis, for the months selected.</li> </ul> <p>As a result of our audit work we have raised eight Priority 1 and three Priority 2 recommendations, which will help improve controls in the area.</p> <p>The priority 1 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• Management should undertake a review of all current procedures covering every team within the Service to ensure that these are up-to-date and properly reflect the new operational practices resulting from the ‘whole service’ restructure of Strategic &amp; Community Housing Services and that, where procedures do not exist, these are developed;</li> <li>• The Service should develop a file management system in line with the Council’s Document Retention Policy. All relevant staff should be informed of any changes and requirements resulting from this;</li> <li>• A quality checking procedure should be developed. The results of the checks undertaken should be retained and formally reported to the Senior Management Team so that appropriate action can be taken. Staff within the Service are reminded of the requirement to ensure that appropriate supporting documentation is retained on file in all cases;</li> <li>• Access rights given to staff should be reviewed on a regular basis and those who no longer work for the Service should</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<p>be deleted from the system. Further, access levels and segregation of duties should be considered for all individuals, taking account of their role, responsibilities and team structures. The Service should notify the IT Team of any changes in staff employment so that the access levels and rights can be appropriately amended;</p> <ul style="list-style-type: none"> <li>• The Service should complete a periodic review of a sample of amendments made to the data within the OHMS system to ensure that amendments are being made by suitably authorised members of staff;</li> <li>• A process should be developed to ensure that gas safety checks on properties are only carried out by registered contractors who are recognised on the Gas Safe website;</li> <li>• Up-to-date copies of the contracts with all service providers, including Housing Associations should be obtained and retained by the Service. Formal approval should be sought for all extensions to the contract and these should be documented and retained; and</li> <li>• Monthly budget monitoring reports should be submitted to the managers of the Service, and these should be profiled and detailed to include data applicable to all aspects of the Temporary Accommodation Service.</li> </ul> <p>The priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• A formal analysis of complaints received by the Service should be completed in order to determine any trends and areas of persistent developmental needs, and the results of this should be evaluated and used to develop relevant action plans;</li> <li>• The Service should introduce checks to confirm that invoices are only approved where relevant supporting</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<p>documentation exists and is in line with the agreed terms of contracts, and records of these checks should be retained and used in the performance management of relevant staff, and</p> <ul style="list-style-type: none"> <li>Regular budget monitoring meetings should be held with managers and key finance staff to address and discuss all expenditure across the Service.</li> </ul> <p>We identified a number of additional findings that whilst referred to in our audit report, did not give rise to recommendations, as management were able to demonstrate that corrective action was being taken to address these.</p> <p><b>Follow up work:</b></p> <p>We have recently followed up the eight Priority 1 and three Priority 2 recommendations and are currently in the process of finalising our draft follow up report with management. Our initial findings indicate that significant progress has been made by management in implementing the recommendations raised.</p> <p>We found that seven Priority 1 and all priority 2 recommendations have been implemented. One Priority 1 recommendation has been partly implemented and as a result, we have identified further actions that need to be taken to fully implement the recommendation.</p>	
<b>ADULTS, CULTURE &amp; COMMUNITY SERVICES</b>			
<p><b>Lordship Recreation Ground Regeneration Programme – Project</b></p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> <li>Application and compliance with the Council Project Management Framework arrangements;</li> </ul>	<p>Weaknesses in the system of controls are such as to put the system objectives at risk.</p> <p>A number of key controls were observed to be operating satisfactorily, some of which are listed below:</p> <ul style="list-style-type: none"> <li>The Project Management Framework and its pro-formas</li> </ul>	<b>Limited</b>



Audit area	Scope	Status/key findings	Assurance
<p><b>Management Assurance 2009/10</b></p>	<ul style="list-style-type: none"> <li>• Project monitoring and reporting;</li> <li>• Link to capital or revenue budget and monitoring and identification of early signals of projects being under/over spent or delayed;</li> <li>• Impact of risks and issues and the distinction between the two;</li> <li>• Delegation of responsibility;</li> <li>• Monitoring of the Critical Path; and</li> <li>• Actions to ensure delivery of the project and contingency reporting and actions.</li> </ul>	<p>are available to staff on Harinet;</p> <ul style="list-style-type: none"> <li>• For the period tested, monthly Project Highlight Reports were produced, which detail the progression of the Project as well as highlighting key risks and issues;</li> <li>• The status of the budget was highlighted in the monthly Project Highlight Reports examined;</li> <li>• A detailed risk log is maintained and there was evidence that this is updated regularly, although the issues below should be noted in respect of budget management;</li> <li>• Individual roles and responsibilities of project staff are documented within the Project Initiation Document;</li> <li>• Key milestones of the project are documented within key project documents; and</li> <li>• A contract is in place with Norfolk Property Services (NPS) as consultants to help manage the delivery of the Project.</li> </ul> <p>Within the system there are weaknesses which put some the system objectives at risk. The areas where weaknesses were found include:</p> <ul style="list-style-type: none"> <li>• Key Project documents have not been approved by senior management;</li> <li>• The budget forecast is not accurately calculated and regular budget monitoring meetings are not held;</li> <li>• The budget has not been profiled monthly where applicable;</li> <li>• There is no approved scheme of delegation in place; and</li> <li>• There are no contingency plans in place in the event of the project not being able to be completed in its current</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<p>format.</p> <p>As a result of our audit work we have raised three Priority 1 and three Priority 2 recommendations, which should help improve controls in the area.</p> <p>The Priority 1 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• All key project documents should be approved by the Project Sponsor and Corporate Finance and the approval should be appropriately documented;</li> <li>• Budget monitoring reports should be produced monthly and signed by the preparer and reviewer as confirmation that the report has been reviewed and evidence of this should be retained; and</li> <li>• Contingency plans should be drawn up and documented in the event that the original project plan is unable to be completed.</li> </ul> <p>The Priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• Key project documentation should be subject to a quality assurance check by a Council Project Monitoring Officer and the check should be documented and results retained;</li> <li>• Programme Board meetings should be held at least monthly in line with the agreed terms of reference and minutes documented to monitor the progress of the project; and</li> <li>• A Scheme of Delegation should be developed for the project detailing the approval structure and process, including but not limited to:                         <ul style="list-style-type: none"> <li>(a) Approval for delays to project;</li> <li>(b) Changes in budget; and</li> </ul> </li> </ul>	

Audit area	Scope	Status/key findings	Assurance
<p><b>Markfield Park Development – Project Management Assurance 2009/10</b></p>	<p>Audit work was undertaken to assess the control environment in the following areas:</p> <ul style="list-style-type: none"> <li>• Management and Compliance with the Council Project Management Framework Arrangements;</li> <li>• Project Monitoring and Reporting;</li> <li>• Link to Capital or Revenue Budget and Monitoring and Identification of Early Signals of Project being Under/over spent or Delayed;</li> <li>• Impact of Risks and Issues, and the Distinction between the Two;</li> <li>• Delegation of Responsibility;</li> <li>• Monitoring of the Critical Path; and</li> </ul> <p>Actions to Ensure Delivery of the Project, and Contingency Reporting and Actions</p>	<p>(c) Changes in project outcome.</p> <p>Weaknesses in the system of controls are such as to put 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 Project Board regularly met to review the progress of the project;</li> <li>• Highlight reports were produced and reviewed at Programme Board – Greener Borough Strategy Group (formally known as Better Haringey);</li> <li>• A finance spreadsheet is maintained and used to keep track of allocated funding towards each small project;</li> <li>• A finance Scheme of Delegation was developed and documented for the project and signed by relevant officers; and</li> <li>• A Risk Register was developed to consider possible threats impacting the project at the various stages.</li> </ul> <p>Some of the areas where weaknesses were found include:</p> <ul style="list-style-type: none"> <li>• Although a Project Brief was developed for the project, this was not in line with the Council’s agreed format and was not formally approved;</li> <li>• We identified three Project Initiation Documents for 2006/07, 2007/08 and 2008/09 but there was no evidence of the documents being formally approved by the Programme Board;</li> <li>• Of a sample of 11 Highlight reports, three of these did not</li> </ul>	<p><b>Limited</b></p>

Audit area	Scope	Status/key findings	Assurance
		<p>have details of the current budget (May, June and July 2009). In two out of 11 reports obtained, the overspend against the budget was not identified and documented (July 2009 and August 2009);</p> <ul style="list-style-type: none"> <li>• In three of the 11 Highlight reports obtained, there was no record of how the issues previously identified had been resolved (April, May and June 09) and the deadline for the resolution of the identified issues had been amended without any explanation;</li> <li>• A milestone plan was not produced in line the Council's Project Management Framework and formally adopted; and</li> <li>• A contingency plan and contingency budget had not been developed and formally approved.</li> </ul> <p>As a result of our internal audit work in this area we have raised three priority 1 and four priority 2 recommendations which should help to improve the control environment.</p> <p>The priority 1 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• An action plan should be devised and formalised to address funding shortages and any identified overspends. Each identified action should be assigned to a responsible officer and a deadline identified for completion;</li> <li>• Staff responsible for preparing and processing orders should be reminded of the requirement to ensure that there is adequate segregation of duties; and</li> <li>• For any future projects, a contingency plan and contingency budget should be developed and formally approved.</li> </ul> <p>The priority 2 recommendations are as follows:</p>	

Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> <li>• For any future projects, relevant documentation as required by the Project Management Framework, should be produced, approved and implemented, including, but not be limited to, a Project Brief, a Project Initiation Document and a detailed project plan;</li> <li>• The annual budget for a project should be agreed at the start of the financial year and the amount reflected in the monthly highlight reports, and any variances to the agreed budget should be appropriately documented;</li> <li>• For the remainder of the Markfield Park Development project and any future projects, risks and issues should be appropriately recorded and monitored, taking into account previous risks and issues and whether they have been closed or remain open; and</li> <li>• For any future projects, a milestone plan should be produced in line with the Council's Project Management Framework and formally adopted, and in addition, agreement to both the individual ownership of the milestones and the interdependency between milestones should be obtained from individual owners.</li> </ul>	

**FMSiS Assessments and Summary:**

Our work during 2009/10 involved checking compliance with the requirements of the Financial Management Standard in Schools (FMSiS). Where the validity of the FMSiS certificate is due to expire, we have scheduled visits to relevant schools to assess continued compliance with the requirements of the Standard. This includes visits to three secondary schools.

Our schedule of visits in 2009/10 included 13 Primary Schools, two Children's Centres and three Secondary Schools. The audit of John Loughborough Secondary School has been deferred until 2010/11. As the School has not been in a position to provide us with the required information for us to complete the assessment, the School is deemed to have failed the assessment. We have issued final reports for 12 Primary Schools, all of which were assessed as meeting the Standard. We have also issued final reports to the two children's centres, both assessed as meeting the Standard. We have issued a final report for one of the two secondary schools visited. The School was assessed to have met the Standard.

Our work during 2010/11 involves visits to 16 Primary and Infant Schools and five Secondary Schools, whose FMSiS certificates are due to expire to check compliance with the FMSiS.

The table overleaf sets out the results of our FMSiS audit with regards to compliance with the Standard by the 13 Primary Schools, two Children's Centres and three Secondary Schools visited (which is reported as either pass or fail):

**DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2010/11**

**APPENDIX A**

<b>Primary Schools</b>	<b>Date of Assessment</b>	<b>Date of Final Report</b>	<b>Outcome (Pass/Fail)</b>	<b>Comments</b>
Alexandra Primary School	October 2009	30.11.09	Pass	
Bounds Green Primary School	November 2009	10.02.10	Pass	
Crowland Primary School	January 2010		To be confirmed	Deficit recovery plan being discussed
Lancasterian Primary School	October 2009	26.11.09	Pass	
Mulberry Primary School	November 2009	21.12.09	Pass	
Noel Park Primary School	January 2010	06.05.10	Pass	
Rokesly Juniors School	October 2009	25.11.09	Pass	
St. Gilda's RC Junior School	March 2010	29.03.10	Pass	
St. James CE Primary School	October 2009	20.01.10	Pass	
St. Mary's CE Juniors School	November 2009	27.01.10	Pass	
St. Mary's Priory RC Infants School	October 2009	21.12.09	Pass	
St. Paul & All Hallows CE Primary School	November 2009	21.01.10	Pass	
Stamford Hill Primary School	October 2009	06.11.09	Pass	
<b>Children's Centres</b>				
Pembury House Nursery School	December 2009	23.12.09	Pass	
Rowland Hill Nursery School	November 2009	16.03.10	Pass	
<b>Secondary Schools</b>				
John Loughborough Secondary School	N/A	N/A	Fail	School not ready for audit by 31.3.10
Park View Academy	February 2010		To be confirmed	Evidence now received. Expected to pass
Northumberland Park Community School	November 2009	08.02.10	Pass	

Detailed Progress Report - Implementation of Recommendations 2005/06

Ref	Recommendation	Priority	Original Deadline	Progress/Status
<b>ADULTS, CULTURE &amp; COMMUNITY SERVICES</b>				
<b>TOREX Leisure Management System</b>				
1	<p>Management should contact the software suppliers with a view to investigating whether and how 'failed logon attempts' can be included in the existing Audit Trail logging, as are successful logons and logouts currently.</p>	2	Ongoing / May 2008	<p><b>Partly Implemented</b>  <b>Quarter 3 2009/10 update:</b>                      The recommendation has not yet been actioned. However, the ITS Business Partner has stated that this has been raised with Xn, the software supplier, who are writing an amendment to the software for another client, which will be available on general release for all their clients to install. The ITS Business Partner also stated that it is understood that this will be released in March 2010 and that it is the business' intention to get this installed as a change request when it becomes available.  <i>(Revised Deadline: March 2010)</i>  <b>Update at 5 July 2010:</b>                      This recommendation has not been fully implemented due to problems with the software upgrade. The supplier issued an upgrade and some councils implemented this early but experienced significant problems resulting in the upgrade being withdrawn. The latest news from the supplier is that the issues have been resolved and the Council is due to migrate to 9.5 later this year.  <i>Revised Deadline: Quarter 2/3 2010</i></p>



**DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2010/11**

**APPENDIX A**

**Detailed Progress Report - Implementation of Recommendations 2007/08**

Ref	Recommendation	Priority	Original Deadline	Progress/Status
<b>ADULTS, CULTURE &amp; COMMUNITY SERVICES</b>				
<b>Appointeeship &amp; Receivership</b>				
<b>1</b>	<p>All policies and procedures should be reviewed regularly, and at least annually, and updated, if necessary.</p> <p>Furthermore, all documents should be dated and communicated to all relevant staff.</p>	3	March 2008	<p><b>Partly Implemented</b></p> <p><b>Update 23.12.09:</b></p> <p>The draft policy from legal services has not yet been completed and is still with Legal Services. It is expected to be received in January 2010.</p> <p><i>Revised Deadline: January 2010</i></p> <p><b>Update 5.7.10:</b></p> <p>The Service has confirmed that they have discussed an additional section with Legal Services at their last liaison meeting in the previous week. A draft is now complete and is expected to be with the Service shortly once a few points have been clarified with Urban Environment. The Service will book a slot for the revised procedure document to be agreed at DMT.</p> <p><i>Revised Deadline: Quarter 2 2010/11</i></p>

Follow Up Table - 2008/09 Audit Work

AUDIT AREA	Assurance Level	Recommendations													Priority 1 Recs. Outstanding			
		Category				Implemented				N/A	Not Imp.	In Progress	Not due					
		1	2	3	Total	1	2	3	Total									
<b>Council-wide</b>																		
Information Management & Security	Substantial	0	3	0	3	0	3	0	3	0	3	0	3	0	0	0	0	0
<b>Chief Executives – PPP&amp;C</b>																		
Complaints Procedure	Substantial	0	3	1	4	0	3	1	4	0	3	1	4	0	0	0	0	0
Emergency Planning Procedures	Substantial	0	5	1	6	0	5	1	6	0	5	1	6	0	0	0	0	0
<b>Chief Executives – P&amp;OD</b>																		
Pre-employment checks	Substantial	1	4	0	5	1	4	0	5	1	4	0	5	0	0	0	0	0
Implementation of Equal Pay Project	Substantial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payroll	Substantial	1	6	1	8	1	4	1	6	1	4	1	6	0	2	0	0	0
<b>Corporate Resources</b>																		
Insurance Arrangements	Full	0	0	0	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	0	0	0
Pension Fund Investment	Full	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Disposal of Properties	Substantial	1	5	1	7	1	5	1	7	1	5	1	7	0	0	0	0	0
Council Tax	Substantial	1	1	2	4	1	1	2	4	1	1	2	4	0	0	0	0	0
Creditors	Substantial	0	2	1	3	0	2	1	3	0	2	1	3	0	0	0	0	0
Housing & Council Tax Benefits	Substantial	0	1	4	5	0	1	4	5	0	1	4	5	0	0	0	0	0
Cash Receipting	Substantial	0	0	1	1	0	0	1	1	0	0	1	1	0	0	0	0	0
NNDR	Substantial	0	3	3	6	0	3	3	6	0	3	3	6	0	0	0	0	0
Strategic Financial Management & Budgetary Control	Substantial	0	0	1	1	0	0	1	1	0	0	1	1	0	0	0	0	0
Sundry Debtors	Substantial	1	4	0	5	1	2	0	3	1	2	0	3	1	1	0	0	0

## APPENDIX A

## DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2010/11

AUDIT AREA	Assurance Level	Recommendations														Priority 1 Recs. Outstanding
		Category					Implemented					N/A				
		1	2	3	Total	1	2	3	Total	N/A	Not Imp.	In Progress	Not due			
Cleaning Materials Procurement	Limited	5	5	1	11	5	5	1	11				0	0	0	0
Framework-I Application	Substantial	0	8	2	10	0	5	1	6				1	1	2	0
I-World Database	Substantial	0	5	1	6	0	4	1	5				0	1	0	0
ALBACS	Substantial	0	7	1	8	0	1	0	1				0	5	2	0
SAP CRM	Substantial	0	4	2	6	0	1	0	1				0	3	2	0
<b>Urban Environment</b>																
Highways (Contractor Processes)	Substantial	1	2	0	3	0	0	0	0				3	0	0	0
Parking Services	Limited	0	11	0	11	0	8	0	8				0	1	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
Red House Residential Home	Substantial	0	8	1	9	0	7	1	8				1	0	0	0
Cemeteries & Crematorium	Substantial	1	6	1	8	1	6	1	8				0	0	0	0
Commissioning & Strategy	Full	0	0	0	0	0	0	0	0				0	0	0	0
Leisure Centre Procurement	Substantial	2	4	0	6	2	4	0	6				0	0	0	0
Chestnuts Park (Project Mgmt. Assurance)	Substantial	3	3	0	6	2	3	0	5				1	0	0	0
<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
Children's Centre - General	Limited	3	6	1	10	3	6	1	10				0	0	0	0
Children's Centres - Pembury House	Substantial	0	2	0	2	0	2	0	2				0	0	0	0
Passenger Transport Services	Substantial	2	9	0	11	2	9	0	11				0	0	0	0
Building Schools for the Future (PMA)	Substantial	3	3	0	6	3	3	0	6				0	0	0	0
<b>Total</b>		<b>26</b>	<b>128</b>	<b>27</b>	<b>181</b>	<b>24</b>	<b>105</b>	<b>23</b>	<b>152</b>	<b>7</b>	<b>14</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</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 Recommendations 2008/09

Ref	Recommendation	Priority	Original Deadline	Progress/Status
<b>CHIEF EXECUTIVE – PEOPLE &amp; ORGANISATIONAL DEVELOPMENT</b>				
<b>Payroll</b>				
1	All payroll reconciliations should be checked for completeness and accuracy in a timely manner, and should signed off and dated by the officer completing the check. Where there are discrepancies, explanations should be provided and these discrepancies promptly cleared from the systems.	2	Immediately	<b>Not Implemented</b> While the payroll reconciliation is completed by the Pay Control Manager monthly, it is not checked and reviewed by the Shared Services Manager. <b>Update 5.7.10</b> The Pay Control Manager is to liaise with Finance to clear down a number of the outstanding historical items in order that the reconciliation review is easier to process for a person not directly involved in the day to day payroll activity. <i>Revised Deadline: 31 July 2010</i>
2	HR Support Services should remind all Business Unit Line Managers to retain a copy of an employee's letter of resignation on their file and to check the actual date of leaving against the date recorded in the employee's resignation letter, which would have been communicated to HR through the Leavers' Notification forms. Any discrepancies in the dates should be communicated to HR Support Services.	2	July 2009	<b>Not Implemented</b> <b>Internal Audit Comments</b> We followed this recommendation up as part of the 2009/10 internal audit completed in October/November 2009 and found that the recommendation had not been implemented. The HR Support Services Manager agreed that the recommendation is still outstanding but will be in place by end of March 2010, when e-forms would be reviewed. We have not been able to obtain confirmation from the Service that the relevant actions have been completed. We will report on the status of the recommendation in our next report to the Audit Committee.

Ref	Recommendation	Priority	Original Deadline	Progress/Status
<b>CORPORATE RESOURCES</b>				
<b>Debtors</b>				
3	<p>The SAP Debtors Procedures should be finalised and approved as soon as possible, and should be made available to all relevant staff either on the Intranet or on a shared drive.</p> <p>The procedures should be reviewed on a regular basis and updated, if appropriate, with the date and version of the update recorded on the document.</p>	2	December 2009	<p><b>Not Implemented</b></p> <p>The procedures will be finalised and issued to all relevant officers.</p> <p><i>Revised Deadline: July 2010</i></p> <p><i>Responsibility: Head of Debt Management</i></p>
<b>Framework-I Application</b>				
4	Management should undertake a review of potential duplicate records that are present in the application with a view to link, merge and / or remove the duplicate records.	2	December 2008	<p><b>Partly Implemented</b></p> <p>This is ongoing with the supplier, Corelogic. However, there is a documented protocol for dealing with duplicated records. There is a link to the Framework-i Help page on Harinet which contains the protocols for dealing with duplicate records. These protocols are also communicated to all users.</p> <p><i>Revised Deadline: To be confirmed</i></p>
5	<p>Management should seek to ascertain from Corelogic whether formal processes have been established for the monitoring of the applications processing schedules.</p> <p>Where formal processes are not found to exist, these should be developed in line with service requirements.</p>	2	August 2008	<p><b>Partly Implemented</b></p> <p>The Council is currently working with the supplier, Corelogic and this is a complex and problematic issue. Current arrangements in place are email notifications and processing schedule failure reports from Corelogic.</p> <p><i>Revised Deadline: To be confirmed</i></p>
6	The backup tapes for the Framework-i application should be held securely in a	2	'Completed'	<p><b>Not Implemented</b></p> <p>Former arrangements created operational difficulties.</p>

**DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2010/11**  
**APPENDIX A**

Ref	Recommendation	Priority	Original Deadline	Progress/Status
	location that is physically separate from the application servers and offers a reduced exposure to water damage.			Currently, tapes are stored in the office in a secure cupboard and IT are investigating the purchasing of a fire-proof safe. <i>Revised Deadline: To be confirmed</i>
<b>i-World Database</b>				
7	Consideration should be given to seeking clarification regarding the extent of the vendor support provided for the use of the Oracle 10g "Flashback" feature.	2	December 2009	<b>Not Implemented</b> The Council has recently, upgraded and migrated to Oracle 10g and a feasibility test is required. The implementation of this recommendation is deferred until July 2010 for evaluation and testing. <i>Revised Deadline: July 2010</i>
<b>ALBACS</b>				
8	Individual user accounts should be set up for all users with system administrator functions to allow for activity on the system to be accountable to an individual user.	2	January 2009	<b>Not Implemented</b> The system has been upgraded and action has been deferred to July 2010. <i>Revised Deadline: July 2010</i>
9	System support for the BACS system should be reviewed to ensure that all system administrators are provided with adequate training and information on the support of the system. This should include the provision of appropriate documentation to help administrators effectively carry out the system control function.	2	January 2009	<b>Partly Implemented</b> There is system support documentation in a central location but support function and training is to be reviewed. <i>Revised Deadline: July 2010</i>
10	Management should request the system provider to configure the application to force a password change when users first log on to the application. Consideration should be given to raising	3	January 2009	<b>Not Implemented</b> <i>Revised Deadline: July 2010</i>

Ref	Recommendation	Priority	Original Deadline	Progress/Status
	<p>this issue through the user group for a system enhancement.</p> <p>In the absence of such functionality, the Council should advise all users to change their password following initial logon to the application.</p>			
11	<p>User administration procedures should be prepared, approved and communicated. The procedures should include:</p> <ul style="list-style-type: none"> <li>• ensuring that system administrators are notified of user changes;</li> <li>• amending user rights following changes in job role;</li> <li>• periodic review of user access rights; and</li> <li>• retrieval of smartcards from leavers/movers.</li> </ul>	2	'Immediate'	<p><b>Not Implemented</b></p> <p>Formal documentation for user administration procedures has commenced.</p> <p><i>Revised Deadline: July 2010</i></p>
12	<p>Management should ensure that all BACS output files from main system applications are created in read only format where possible.</p>	2	'No action required'	<p><b>Partly Implemented</b></p> <p><i>Revised Deadline: To be confirmed</i></p>
13	<p>Management should develop a process to proactively monitor audit trails to identify any unusual activity on the system.</p>	2	February 2009	<p><b>Not Implemented</b></p> <p>There is no process to proactively monitor audit trails and is part of the ALBACS action plan.</p> <p>Deferred to February 2010.</p> <p>We have not been able to obtain confirmation from the Service that the relevant actions have been completed. We will report on the status of the recommendation in our next report to the Audit Committee.</p>



DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2010/11

APPENDIX A

Ref	Recommendation	Priority	Original Deadline	Progress/Status
14	The Disaster Recovery and Business Continuity Plans for the ALBACS-IP system should be reviewed and the capability of the ability to recover the system should be reviewed on an annual basis.	2	May 2009	<b>Not Implemented</b> There is no process to proactively monitor audit trails and is part of the ALBACS action plan. Deferred to February 2010. We have not been able to obtain confirmation from the Service that the relevant actions have been completed. We will report on the status of the recommendation in our next report to the Audit Committee.
<b>SAP CRM</b>				
15	Management should ensure the following actions are taken in relation to Business Continuity for the Customer Services department: <ul style="list-style-type: none"> <li>Review the priorities for CRM recovery and align the corporate and Customer Services department Business Continuity Plans (BCP);</li> <li>Ensure the Customer Services departmental BCP is tested to evaluate adequacy and possible improvements; and</li> <li>Update the Customer Services departmental BCP to refer to hardcopy customer interaction forms.</li> </ul>	2	March 2010	<b>Partly Implemented</b> Work is ongoing. <i>Revised Deadline: To be confirmed</i>
16	Management should ensure the CRM element of the SAP system is included in Disaster Recovery Plans and is subject to testing.	2	October 2009	<b>Partly Implemented</b> Work is ongoing Testing scheduled for January 2010 by Logica. We have not been able to obtain confirmation from the

Ref	Recommendation	Priority	Original Deadline	Progress/Status
				Service that the relevant actions have been completed. We will report on the status of the recommendation in our next report to the Audit Committee.
17	Version and change control on solution documents should be maintained to help ensure that changes are tracked and that documents are up to date.	3	March 2010	<b>Not Implemented</b> Work is ongoing <i>Revised Deadline: To be confirmed</i>
18	Management should ensure system administrators of back-office applications are informed of leavers from the Authority. A review of the Customer Service roles provided to Customer Service Officers (CSO) under the back-office applications should take place to ensure adequacy and appropriateness of user access.	3	'Ongoing'	<b>Not Implemented</b> Work is ongoing <i>Revised Deadline: To be confirmed</i>
19	Management should take steps to implement the CRM strategy defined in the CRM roadmap which requires the resolution and management of customer queries within the CRM system.	2	'Ongoing'	<b>Not Implemented</b> Work is ongoing <i>Revised Deadline: To be confirmed</i>
<b>Parking Services</b>				

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2010/11

APPENDIX A

Ref	Recommendation	Priority	Original Deadline	Progress/Status
20	Data cleansing reports should be produced on an appropriate periodic basis (as decided by the Service). These should be reviewed and evidence of production and review should be documented.	2	'Implemented'	<p><b>Partly Implemented</b></p> <p>Whilst there was evidence of data cleansing reports being produced twice a month, there was no evidence that they had been reviewed.</p> <p><i>Revised Deadline: April 2010</i></p> <p>Management response: 'Data cleansing reports are now reviewed regularly, and identified errors corrected before uploading the reports unto Civica'.</p> <p>We have not been able to obtain confirmation from the Service that the relevant actions have been completed. We will report on the status of the recommendation in our next report to the Audit Committee.</p>
21	All relevant staff within the service are reminded of the requirement to ensure that the SAP 'holding' account is cleared on a weekly basis and a journal raised to transfer parking income held within the account to the parking 'revenue' account.	2	December 2009	<p><b>Not Implemented</b></p> <p>On examination of the holding account balance, we found that there were large amounts included in the account. The balance at the time of the follow up audit was approximately £217,000. The reason given was that the focus was on clearing older items. There was no evidence of a reminder being sent to relevant staff to reinforce the requirement for the SAP 'holding' account to be cleared.</p> <p><i>Revised Deadline: Ongoing</i></p> <p>Management response: 'SAP holding account is cleared on a weekly basis; however, where SAP data does not reconcile to cashiers' report, the data will not be cleared until the correct data is established. Debt management is carried out on Civica, and SAP income reconciliation does not affect the debt position on Civica'.</p> <p>We have not been able to obtain confirmation from the Service that the relevant actions have been completed. We will</p>

Ref	Recommendation	Priority	Original Deadline	Progress/Status
22	<p>The Parking Service, in conjunction with the Debt Management team, should develop and approve set processes for the processing of write-offs. The Write-off Policy should contain as a minimum:</p> <ul style="list-style-type: none"> <li>• The criteria to be used when identifying PCN debts;</li> <li>• Debt-recovery processes;</li> <li>• Timing of the write-offs; and</li> <li>• Authorisation and sign-off processes for the write-offs.</li> </ul>	2	December 2009	<p>report on the status of the recommendation in our next report to the Audit Committee.</p> <p><b>Partly Implemented</b></p> <p>We obtained a draft copy of the Parking Write Off Policy Statement, dated November 2009. The Policy was discussed during the Parking Financial Review on 17 June 2009. We were informed that there are changes required to the document due to the potential change to debt management.</p> <p>Examination of the Policy noted that it contains a section on Categories of write off, such as 'No return from DVLA', Untraceable (address unknown), 'Uneconomical to Collect', 'Expired Warrants' and 'Old Debts'.</p> <p><i>Revised Deadline: July 2010</i></p>

Decent Homes Standards - Implementation of Recommendations 2009/10

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
<b>PROCUREMENT AUDIT</b>				
<b>DECENT HOMES STANDARDS</b>				
1	The Council should make a formal decision over the additional funds requested and amendment to original schedule works claims by Homes for Haringey.	1	October 2009	<b>Implemented</b> The outcome status for this recommendation has been dealt with by the Housing Capital Programme Board following the HRA review which informed the way forward. A further efficiency savings report was presented to the Board by the previous Director of Asset Management for Homes for Haringey and decisions were taken regarding this recommendation. Management have confirmed that "As good practice, this will continue to be an ongoing business priority for the Housing Capital Programme Board to ensure that both organisations review funding and schedule of works to deliver quality services to residents".
2	Management should measure the progress of the Decent Homes project against the initial strategic objectives agreed at the project outset. Furthermore, to aid the measurement of progress, management should set key milestones along the critical path of the project in order to gauge how the ALMO is achieving these strategic objectives. This should be undertaken in line with the Council's Project Management Framework in order to achieve continuity.	1	Ongoing	<b>Implemented</b> The Decent Homes Programme Board has been established. The progress of the Decent Homes project is measured against the strategic objectives as set out in the Asset Management Directors Final report to the Board. The Project baseline has been plotted by the Client Team. Currently, there is monitoring against targets and returns are made to The Department for Communities and Local Government (DCLG) quarterly. Evidence of quarterly finance returns have been provided to Audit. This is in line with the Performance Framework.  The Decent Homes progress update from Homes for Haringey to the Client Team and the Housing Capital Programme Board now allows measurement of the progress of the project against the initial strategic objectives.

# 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**

**July 2010**

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APPENDIX B  
IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/10 - 30/06/10 & B/F FROM 2009/10

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/06/2010	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Chief Executive Service	Allegation that employee undertaking other employment during contracted hours B/F 2009/10	1	1	1	Employee Dismissed  Appeal Pending	
Corporate Resources	Allegation of irregular land sale B/F 2009/10	1	1	1	Employee Dismissed  Appeal Pending	
Urban Environment	Allegation of irregular housing allocation B/F 2009/10	1	1	1	Final Written Warning & Relegation  Appeal Pending	
<b>Total</b>		<b>3</b>	<b>3</b>	<b>3</b>		

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## Haringey Council – Audit Committee

## Disciplinary Case Analysis April to June 2010

## Introduction

The information in this report is taken from SAP, covering the period 01 April 2010 – 30 June 2010.

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	6	11	10
C	19	5	24	23
CR	4	2	6	4
PO	1	0	1	1
PP	5	0	5	4
UE	10	6	16	13
HGY	44	19	63	55

Please, note that the total number of cases is 63, but this only represents 55 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 2.35% in this quarter
- 44 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	15	5	20	32
Invest. - suspended	17	13	30	48
ET	2	1	3	5
Appeal	10	0	10	16
Total	44	19	63	100

The following table identifies the outcomes of the 19 cases that were concluded.

#### Disciplinary Case Outcomes

Outcome	Invest. - not suspended	Invest. - suspended	Invest. - appeal	Invest. - ET	Total	%
Compromise agreement	0	0	0	0	0	0
Dis. Appeal Dismissed	0	0	0	0	0	0
Dis. Appeal Upheld	0	0	0	0	0	0
Dis. Dismissal	0	2	0	0	2	11
Dis. ET Withdrawn	0	0	0	1	1	5
Dis. Final Written Warning	0	3	0	0	3	16
Dis. No Action	0	1	0	0	1	5
Dis. Other	2	0	0	0	2	11
Dis. Relegation/Demo	0	2	0	0	2	11
Dis. Resigned	0	1	0	0	1	5
Dis. Verbal Warning	2	0	0	0	2	11
Dis. Written Warning	0	1	0	0	1	5
Escalated to next stage	1	0	0	0	1	5
Suspension Lifted	0	3	0	0	3	16
Total	5	13	0	1	19	100

- 16% of cases resulted in Final Written Warning and Suspension being lifted

This table displays reasons for Disciplinary action against employees.

#### Reasons for Disciplinary Cases

Reason	Cases Open	Cases Closed	Total	%
Assault	1	1	2	3
Attendance	1	2	3	5
Behaviour	19	6	25	40
Fraud / Theft	4	2	6	10
Misuse of resources	2	2	4	6
Negligence	10	2	12	19
Other	7	4	11	17
Total	44	19	63	100

- The highest cause for disciplinary action was for Behaviour at 40%

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	18	51	17	49	35	64
White	10	53	9	47	19	35
Not Declared	0	0	1	100	1	2
<b>Total</b>	<b>28</b>	<b>51</b>	<b>27</b>	<b>49</b>	<b>55</b>	<b>100</b>

- 33% of the workforce is male, but the male representation with disciplinary cases is significantly higher at 49%

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	4	40	3	30	0	0	0	0	0	0	7	70
	White	0	0	2	20	1	10	0	0	0	0	0	0	3	30
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>60</b>	<b>4</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>100</b>
C	B & ME	0	0	3	14	2	9	4	18	3	14	0	0	12	55
	White	0	0	1	5	3	14	2	9	2	9	2	9	10	45
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>18</b>	<b>5</b>	<b>23</b>	<b>6</b>	<b>27</b>	<b>5</b>	<b>23</b>	<b>2</b>	<b>9</b>	<b>22</b>	<b>100</b>
CR	B & ME	0	0	1	25	0	0	1	25	0	0	0	0	2	50
	White	0	0	0	0	2	50	0	0	0	0	0	0	2	50
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>25</b>	<b>2</b>	<b>50</b>	<b>1</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>100</b>
PO	B & ME	0	0	0	0	1	100	0	0	0	0	0	0	1	100
	White	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>100</b>
PP	B & ME	0	0	0	0	0	0	2	50	2	50	0	0	4	100
	White	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>50</b>	<b>2</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>100</b>
UE	B & ME	0	0	6	46	2	15	1	8	0	0	0	0	9	69
	White	0	0	2	15	0	0	2	15	0	0	0	0	4	31
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>62</b>	<b>2</b>	<b>15</b>	<b>3</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>100</b>
HGY	B & ME	0	0	14	26	8	15	8	15	5	9	0	0	35	65
	White	0	0	5	9	6	11	4	7	2	4	2	4	19	35
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>19</b>	<b>35</b>	<b>14</b>	<b>26</b>	<b>12</b>	<b>22</b>	<b>7</b>	<b>13</b>	<b>2</b>	<b>4</b>	<b>54</b>	<b>100</b>

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 PO8+

## Suspensions

This table shows a summary of suspension cases.

## Summary of Suspension Cases

Case status	Total
No. of cases heard	12
No. of cases not concluded	17
No. of cases not concluded - leaver	1
Total	30

## Timescales (no of days) of Suspension Cases

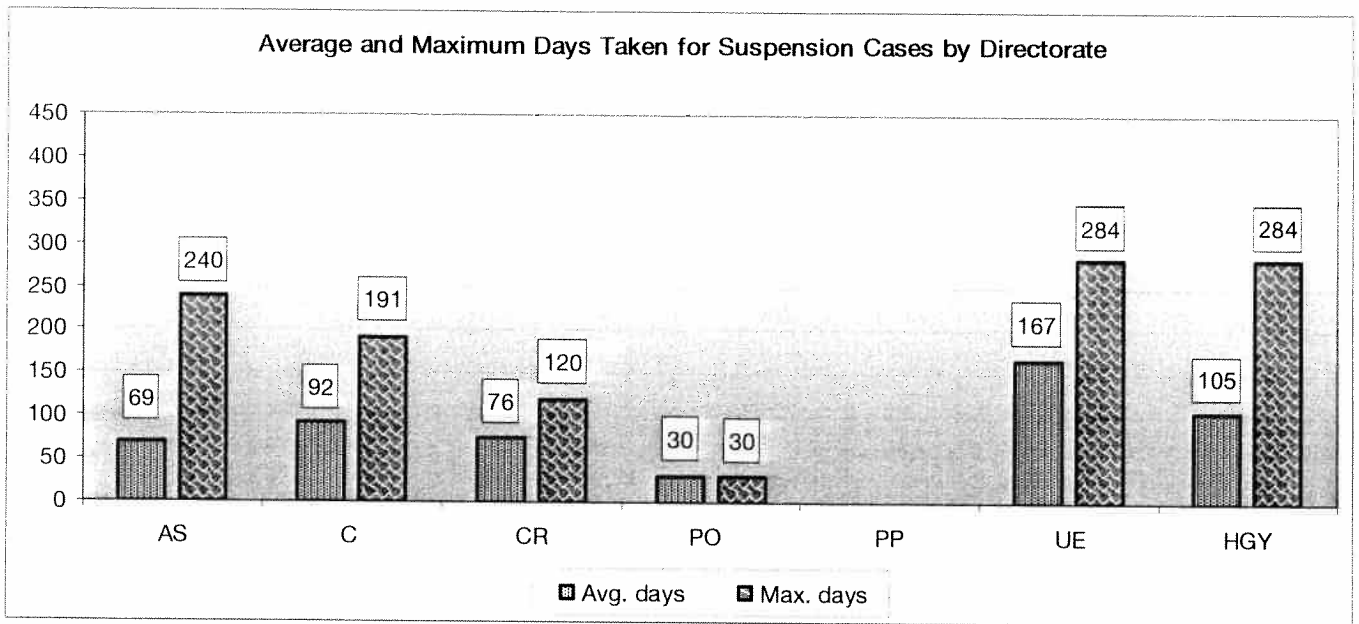
The table below looks at the 30 suspension cases and identifies the no. of working days each case has taken. If the case has not concluded by the end of the period, the number of working days is calculated from the start date of the current disciplinary stage to the end of the quarter.

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.

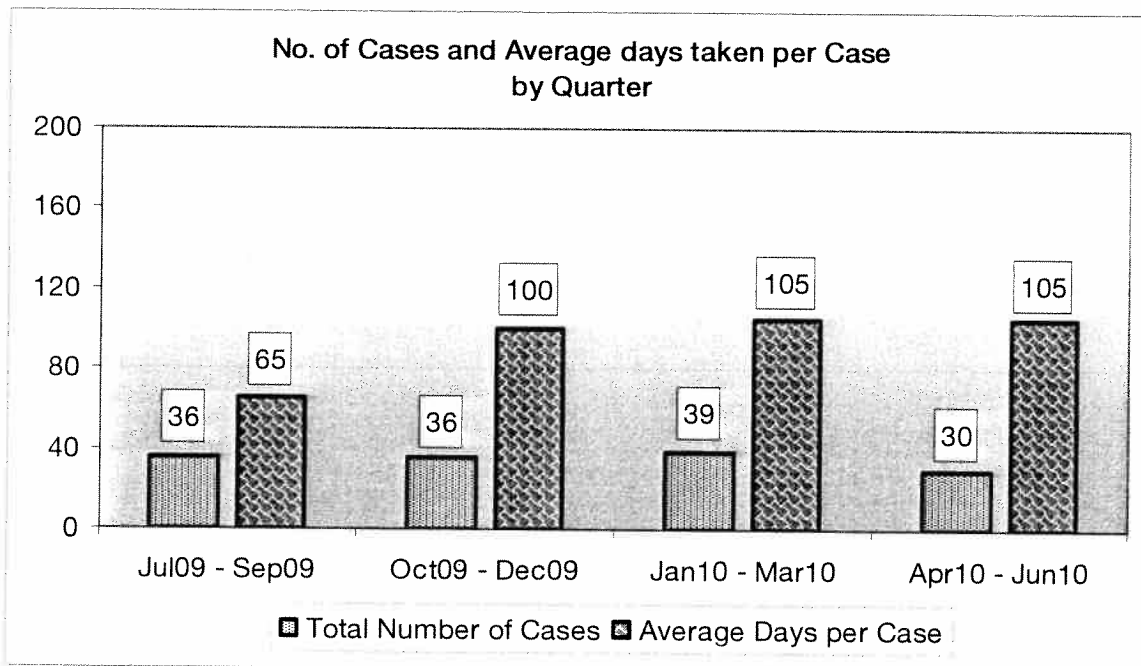
## Timescales (no of days) of Suspension Cases

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	5	2	0	1	0	8	555	69	240	4	112
C	3	5	1	1	0	10	920	92	191	2	114
CR	1	1	0	0	0	2	152	76	120	2	76
PO	1	0	0	0	0	1	30	30	30	0	0
PP	0	0	0	0	0	0	0	0	0	0	0
UE	2	1	1	2	3	9	1501	167	284	4	132
HGY	12	9	2	4	3	30	3158	105	284	12	113
Total cases closed	7	2	0	3	1	13					

On average, 105 days were spent on each suspension case within the quarter.



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



There are a number of difficult and complicated suspension cases, 5 of these have been concluded in this quarter and there are still a number under investigation. As a result of these ongoing cases, the average days suspended remains high but remains the same as the last quarter.

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**Haringey** Council

Agenda item:

**Audit Committee**

**On 26 July 2010**

Report Title: Risk Management update Quarter 1 2010/11

Report authorised by: Director of Corporate Resources

*J. Power 15/7/10*

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: Information

#### 1. Purpose of the report

1.1 To inform the Audit Committee of the current position on compliance with the corporate risk management policy for the management of risk registers across the Council.

#### 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 to manage the identified risks. Recommendations for improvement are made, where appropriate.

#### 3. Recommendations

3.1 The Audit Committee is recommended to note the compliance with the risk management strategy for the completion of risk registers across the Council.

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

4.1 The Audit Committee is responsible for approving the Council's Risk Management Policy and Strategy as part of its Terms of Reference. In order to facilitate this, and provide information on its implementation across the Council, the corporate Policy progress reports are provided on a regular basis 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 implementation of the Council's risk management framework throughout the authority. This report focuses on the compliance with the corporate risk management framework for risk registers during the first quarter of 2010/11.

**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 direct legal implications arising out of the report.

**8. Chief Financial Officer Comments**

8.1 The CFO notes that that the Council is fully compliant with the Corporate risk management strategy with regard to managing risk registers.

8.2 As stated in paragraph 12.1, there are no direct financial implications from this report as the work associated with implementing, updating and monitoring the Council's various risk registers is included within service budgets.

8.3 However, the risks themselves highlighted within Appendix 1 could have financial implications if the risk materialises but, should this occur, the impact, mitigation and reporting of these would normally be addressed in a separate report. Any significant implications would be reported to the Audit Committee as part of the agreed Terms of Reference.

**9. Head of Procurement Comments**

9.1 Not applicable

**10. Equalities and Community Cohesion Comments**

10.1 This report deals with how risk registers are managed across all areas of the Council. Improvements in managing risks and controls will 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.

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 Council's 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 and managing the corporate risk management policy 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 1 – Update on risk registers Quarter 1 2010/11

## **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 latest version was approved by the Audit Committee at its meeting on 25 March 2010.

15.2 The Chair of the Audit Committee requested that a report on risk management and compliance with the Council's strategy in respect of risk registers be presented to the Committee on a quarterly basis. The review and testing of risk registers forms part of the 2010/11 annual audit plan which was approved at the Audit Committee meeting on 25 March 2010. This is an ongoing process to ensure the key controls to manage identified risks are effective and operate as intended.

## **16. Risk Registers**

16.1 All risk registers are managed electronically at business unit, department and corporate level. Appendix 1 shows the latest position for all Business Units and Directorates as at 30 June 2010.

16.2 The corporate risk register is reviewed on a quarterly basis by the Chief Executive's Management Board and reported annually to the Audit Committee. The last review by the Audit Committee was completed at its meeting on 24 June 2010.

16.3 Covalent provides an audit trail to allow for monitoring and follow up by Internal Audit. Three risk registers are awaiting review and update during July 2010 (Strategic and Community Housing Service, Communications and Safer Communities). All other risk registers for business units and directorates have been reviewed and updated in accordance with the corporate policy. During 2009/10, the Audit Committee received details of the Safeguarding/JAR action plan, which has its own risk register. Details of this risk register have been included in Appendix 1 for completeness.

## Progress Report Quarter 1 2010/11 - Risk Register Update Summary

	Department	Level	Risk Register Title	Date of most recent review
1	Corporate - CEMB	Corporate	Corporate Register	June 2010
2	CE - Policy Performance Partnerships & Communication	Dept	Policy Performance Partnerships & Communication	
3	CE - PPPC	BU	Safer Communities	July 2010
4	CE - PPPC	BU	Communications	April 2010
5	CE - PPPC	BU	Policy & Performance	March 2010
6	CE - Organisational Development	Dept	Organisational Development	July 2010
7	CE - OD	BU	Human Resources	July 2010
8	CE - OD	BU	Local Democracy & Member Support	July 2010
9	CE - OD	BU	Organisational Development & Learning	July 2010
10	Corporate Resources (CR)	Dept	Corporate Resources	June 2010
11	CR	BU	Legal Services	June 2010
12	CR	BU	IT Services	June 2010
13	CR	BU	Customer Services	June 2010
14	CR	BU	Benefits & Local Taxation	June 2010
15	CR	BU	Corporate Finance	July 2010
16	CR	BU	Audit & Risk Management	June 2010
17	CR	BU	Corporate Procurement	June 2010
18	CR	BU	Corporate Property Services	July 2010
19	Children & Young People's Service (CYPS)	BU	Children & Young People's Service	June 2010
20	CYPS	Dept	Safeguarding/JAR	July 2010
21	CYPS	BU	Children & Families	June 2010
22	CYPS	BU	School Standards & Inclusion	July 2010
23	CYPS	BU	Business Support & Development	July 2010
24	CYPS	BU	Children's Networks	May 2010
				July 2010

## Progress Report Quarter 1 2010/11 - Risk Register Update Summary

	Department	Level	Risk Register Title	Date of most recent review
25	Adults Culture & Community Services (ACCS)	Dept	Adults Culture & Community Services	June 2010
26	ACCS	BU	Commissioning & Strategy	June 2010
27	ACCS	BU	Adult Services	June 2010
28	ACCS	BU	Recreation Services	June 2010
29	ACCS	BU	Culture, Learning & Libraries	June 2010
30	Urban Environment (UE)	Dept	Urban Environment	July 2010
31	UE	BU	Strategic & Community Housing Services	April 2010
32	UE	BU	Frontline Services	July 2010
33	UE	BU	Planning & Policy Development	July 2010



Haringey Council

Agenda item:

**[No.]****Audit Committee****On 26 July 2010**

Report Title: Report on the work of the Audit Committee 2009/10

Report authorised by: Director of Corporate Resources *J. Pawler 15/7/10*

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 advise the Audit Committee of the proposed report to Full Council in respect of the work undertaken by the Audit Committee during 2009/10.

**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 External audit is also a key part of the overall governance and control framework and their work to the Audit Committee gives further independent assurance and reporting.

**3. Recommendations**

3.1 That the Audit Committee reviews and approves the draft report on the work of the Committee during 2009/10.

3.2 That the final version of the report is presented to the next available Full Council meeting for information.

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

4.1 The Audit Committee Terms of Reference require it to report the work it has undertaken to full Council. In order to facilitate this, a draft report is provided for review and consideration by the Audit Committee.

**5. Other options considered**

5.1 Not applicable

**6. Summary**

6.1 The Audit Committee has responsibility for audit, governance and risk management across the Council. Regular reports are presented to the Audit Committee and additional work is requested during the year to ensure that the Audit Committee fulfils its responsibilities.

6.2 This report looks at the work undertaken by the Audit Committee during 2009/10. The details within the report have been compiled from the agendas, reports and minutes of the Audit Committee during the 2009/10 municipal year.

**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 direct legal implications arising out of the report.

**8. Chief Financial Officer Comments**

8.1 The Chief Financial Officer notes that this report has been compiled to ensure compliance with the Council's agreed Terms of Reference of the Audit Committee which are based on CIPFA guidance and therefore best practice.

8.2 The work undertaken last year was comprehensive and plays an important role in providing an environment of strong internal control.

**9. Head of Procurement Comments**

9.1 Not applicable

**10. Equalities and Community Cohesion Comments**

10.1 This report deals with the work of the Audit Committee during 2009/10 which includes any recommendations made to improve governance and service delivery 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 the Audit Committee to review and approve



the final version of the report in accordance with the committee's agreed terms of reference.

## **12. Service Financial Comments**

12.1 There are no direct financial implications arising from this report. The work undertaken to produce the report is contained and managed within the Audit and Risk Management revenue budget.

## **13. Use of appendices**

13.1 Appendix A – Annual report to Full Council  
Appendix B – Committee Attendance 2009/10  
Appendix C – Audit Committee activity 2009/10

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

14.1 Audit Committee Agendas and Minutes 2009/10.

## **5. Introduction**

5.1 Haringey Council's Audit Committee has been established for a number of years, in accordance with best practice, with agreed Terms of Reference based on CIPFA guidance, which have been formally adopted and incorporated into the Council Constitution.

5.2 In fulfilling its Terms of Reference the Audit Committee produces an annual report of the work it has completed during the year which is submitted to a meeting of the Full Council for information.

## **6. Reporting Process**

6.1 In order for the Audit Committee to review and provide input into the report to Full Council, a draft annual report of the Audit Committee is attached as Appendix A. The report has been compiled using the agreed agendas, reports and minutes of the 2009/10 municipal year. During this year, the Audit Committee met on five occasions: 2 June, 30 July, and 5 November 2009; 1 February and 25 March 2010.

6.2 The annual report of the Audit Committee includes the recorded resolutions and recommendations of the meetings which have been approved as an accurate record in accordance with Council procedures.

6.3 The report at Appendix A is structured against headings which reflect the Audit Committee's agreed terms of reference, rather than chronological order of committee meetings, in order to prevent repetition and duplication.

## 1. Background

- 1.1 The Terms of Reference of the Audit Committee require it to maintain an overview of the Council's arrangements for corporate governance and the regulatory framework; internal control; risk management; internal audit; external audit; and the accounts. This report has been produced to advise Full Council of the matters considered by the Audit Committee at its meetings during the municipal year 2009/10, in fulfilment of its Terms of Reference. It is presented to Full Council for information.
- 1.2 The Audit Committee is required to meet at least four times per year in accordance with the Council's reporting and financial cycles. During 2009/10, the Committee has met on five occasions and each meeting was quorate. Members' attendance is recorded in Appendix B attached to this report.
- 1.3 CIPFA best practice guidance recommends that the Council's Section 151 Officer (or his deputy) and Head of Audit and Risk Management should attend each meeting, with other Chief and Senior Officers attending as required. The Council's external auditors, Grant Thornton, also attended all meetings of the Committee during 2009/10. Appendix B identifies all the Council officers who attended the respective committee meetings during 2009/10.

## 2. Summary

- 2.1 The Audit Committee takes its responsibilities very seriously and considers its role in enhancing the Council's internal control environment to be significant in assisting the Council to achieve the highest possible rating as part of the previous Comprehensive Performance Assessment (CPA) process. During 2009/10, key achievements for the Committee were:
- Contributing to the CAA assessment for 2008/09 and assisting the Council achieve a score of 3 out of 4 for Internal Control, as part of the Use of Resources assessment;
  - Providing input into to the Internal Audit function thorough review and approval of the annual audit plan and quarterly review process. This included monitoring implementation of audit recommendations as part of the formal follow up reporting process, resulting in 95% of all high priority recommendations being fully implemented at the time of the follow up audit;
  - Reviewing the Council's responses to external inspections in a number of key areas and providing independent challenge to the agreed action plans; and
  - Contributing to and approving the Council's Annual Governance Statement for 2008/09.
- 2.2 The purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process. Over the last year the Audit Committee has fulfilled its purpose and terms of

reference and presented a challenge in relation to the Council's system of internal control and financial reporting arrangements.

2.3 The following sections describe the work of the Audit Committee in relation to the key tasks identified within the committee's agreed Terms of Reference which were in effect during 2009/10. The Audit Committee agrees and maintains a work programme for its main areas of activity. The reports received during the 2009/10 municipal year are shown at Appendix C.

### **3. Corporate Governance and regulatory framework**

3.1 The core functions of the Audit Committee in this area are:

- To maintain an overview of the Council's Constitution in respect of finance and contract procedure rules and codes of conduct and behaviour.
- To maintain an overview of the Council's arrangements for Corporate Governance and agreeing necessary actions to enable the authority to implement best practice as set out in statutory and other guidance.
- To receive and recommend for adoption the Council's Statement on Internal Control (now Annual Governance Statement).
- To monitor council policies on 'Whistleblowing' and Anti-fraud and Corruption.
- To review any issue referred to it by the Chief Executive, a Director, or any Council body.
- To consider the Council's compliance with its own and other published standards and controls.

3.2 During the 2009/10 municipal year, the Audit Committee:

- Reviewed and approved the Council's draft Annual Governance Statement, recommending changes be made to the draft statement to reflect members' concerns in relation to safeguarding and treasury management governance issues and approved the final version
- Received reports on a quarterly basis on compliance with the Council's finance and contract procedure rules as part of the annual programme of internal audit work
- Received reports on a quarterly basis on counter-fraud activity relating to Housing Benefit and Council Tax benefit
- Received and approved the revised and updated Council policies for Whistleblowing, Anti-fraud and Corruption, and Fraud Response Plan
- Received and approved the revised and updated Council anti-money laundering policy and approved its inclusion with the existing corporate anti-fraud policies
- Received a report on the implementation and use of the Council's Whistleblowing Policy across the Council

### **4. Risk Management**

4.1 The core functions of the Audit Committee in this area are:

- To approve the Council's Risk Management Policy and receive regular reports on compliance with the policy across the authority.

- To review the effectiveness of systems for the assessment and management of material areas of risk within Haringey and monitor their maintenance and development in accordance with the Risk Management Policy.

4.2 During the 2009/10 municipal year, the Audit Committee:

- Received and approved the revised and updated Risk Management Policy and Strategy
- Received reports on a quarterly basis on compliance with the Council's risk management strategy

## 5. Audit activity

5.1 **Internal Audit.** The core functions of the Audit Committee in this area are:

- To consider the Head of Audit and Risk Management's annual report and opinion, and a summary of Internal Audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.
- To consider and approve the Council's Annual Internal Audit Plan and ensure that it is consistent with the scope of the audit engagement or service delivery arrangements.
- To consider reports dealing with the management and performance of the Council's providers of Internal Audit Services.
- To consider quarterly reports in respect of internal audit activity including ethical oversight issues and any major findings arising from internal audit reviews and ensure that appropriate corrective action has been taken.
- To consider a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale.
- To approve any significant changes to the strategic or annual audit plan as requested by officers
- To receive reports from the Head of Audit and Risk Management on appropriate matters

5.2 During the 2009/10 municipal year, the Audit Committee:

- Received the Head of Audit and Risk Management's annual report and assurance statement for 2008/09, including a summary of internal audit activity
- Received a report on the independent assessment of the effectiveness of the system of internal audit and approved the action plan to address the one recommendation made to ensure full compliance with the CIPFA Code of Practice
- Received and approved the 2010/11 annual internal audit plan and internal audit strategy
- Received quarterly reports detailing internal audit activity of the Council's internal audit service provider (Deloitte and Touche), and the in-house audit team, including details of agreed performance management indicators
- Received quarterly reports on implementation of all recommendations made by internal audit and approved the actions taken by managers to implement outstanding recommendations
- Received a report on the follow up audit of governance arrangements at Alexandra Palace and Park (APP Trust and APTL Company)

5.3 **External Audit.** The core functions of the Audit Committee in this area are:

- To receive and note the Annual Audit Plan from the external auditor.
- To receive the Annual Audit Letter from the external auditor and make any appropriate recommendations to the Council or The Executive in respect of these matters.
- To receive quarterly and annual reports in respect of external audit activity including ethical oversight issues.
- To question officers and Executive Members on the above matters
- To make any appropriate recommendations to full Council or The Executive in respect of these matters.
- To commission work from Internal and External Audit.
- To liaise with the Audit Commission over the appointment of the Council's external auditor.

5.4 During the 2009/10 municipal year, the Audit Committee:

- Received the Annual Audit and Inspection Letter 2008/09 and recommended the action plan to reduce teenage pregnancy be included in the Council's response to the Audit and Inspection Letter
- Received the External Audit Strategy Document for year ending 31 March 2009
- Received and considered the 2009/10 external audit and inspection plan and requested further information to substantiate the additional work undertaken which resulted in an increased external audit fee
- Received quarterly reports providing updates on key external audit issues and progress against the agreed external audit plan
- Received a follow up report in respect of progress against the agreed action plan for the Health Inequalities in Haringey review, covering the Council, Primary Care Trust and the Haringey Strategic Partnership and requested the Joint Director of Public Health provide an explanation to a subsequent meeting of progress made against the agreed action plan. The subsequent report by the Acting Joint Director of Public Health provided progress updates against the action plan, in light of the pressures experienced in responding to the Flu pandemic during 2009/10, was noted
- Received a report detailing the external auditor's report in respect of the Comprehensive Performance Assessment (Use of Resources) for 2008/09 and requested further reports be provided on progress to address the identified issues with data quality
- Received the external auditor's grant claims and returns planning memorandum for 2008/09
- Received the external auditor's report on the outcomes of the annual grant work 2008/09 and requested that progress against the agreed action plan be reported during 2010/11
- Received the external auditor's report following their review of information technology controls

- Received the external auditor's report on Leaseholder service charges and requested that officers provide a response and an agreed action plan to the next meeting of the committee.

## 6. Accounts

6.1 The core functions of the Audit Committee in this area are:

- To review the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- To consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

6.2 During the 2009/10 municipal year, the Audit Committee:

- Received a report detailing the outcome of the annual audit of the 2008/09 statement of accounts, reporting an unqualified audit opinion and requested officers provide update reports on progress against the agreed action plan
- Received a progress report on the implementation of the new International Financial Reporting Standards (IFRS) and the Council's actions to meet the required deadlines

## 7. Other issues

7.1 During the 2009/10 municipal year, The Audit Committee also:

- Received and approved the Audit Committee 2009/10 work plan and implemented a monitoring system to ensure that all requests and recommendations made by the Committee were appropriately addressed
- Received and approved a report on the work of the Audit Committee in 2008/09, recommending that the implementation of recommendations arising out of the internal audit report of governance arrangements at Alexandra Palace and Park be given a final deadline, and presented this to Full Council
- Received a report on the review of the effectiveness of the Audit Committee and recommended: increasing the number of Audit Committee meetings held during the year; increasing the opportunity for members to meet with the Head of Audit and Risk Management; producing a clear timetable and agenda for the Audit Committee meetings; and undertaking the assessment on an annual basis from 2009/10
- Received a report on the Council's participation in the statutory national data matching exercise, the National Fraud Initiative, and its progress in reviewing data matches
- Received a report on the Council's Treasury Management Strategy Statement (TMSS) and Investment Strategy 2010/11 to 2012/13 in order to comply with the revised CIPFA Code of Practice. Members highlighted the need for caution in considering any investments in foreign banks and requested that they receive appropriate training in order to fulfil their new responsibilities in this area

- Received a report on the results of the CIPFA benchmarking exercise for internal audit in 2009/10
- Received update reports on the implementation of external inspection recommendations for:
  - External Inspection report – Housing Service. The progress on implementation of recommendations was noted
  - JAR action plan. Concern was noted in respect of the performance indicators on the safeguarding plan and further explanations on the limited progress were presented by the respective Cabinet Member at the Committee's next meeting. The subsequent report by the Cabinet Member which highlighted the good progress in improving safeguarding and delivery of key milestones was noted by the Audit Committee
  - Data quality. The progress against the agreed action plan was noted, but Members requested further reports in respect of Children's Services and Housing Benefits be presented to the next Committee meeting. The subsequent report was noted, although Members expressed concerns in relation to the accuracy and assessment of data and requested that the Chief Executive be asked to ensure that a culture of reviewing data and ensuring safeguarding be embedded across the authority.

## Member/Officer attendance at Audit Committee Meetings 2009/10

Member/Officer	2 June 2009	30 July 2009	5 November 2009	1 February 2010	25 March 2010
<b>Members</b>					
Cllr Khan (Chair)	√	√	√	√	√
Cllr Mallett (Vice- Chair)	√	√	√	A	A
Cllr Diakides	√	√	√	√	√
Cllr Meehan	√	√	√	√	√
Cllr Gorrie	A	A	√	A	A
Cllr Butcher	√	√	√	√	A
Cllr Mughal	A	A	A	A	A
Cllr Dobbie	N/A	√	√	√	√
<b>Other Member attendances:</b>					
Cllr Winskill		S			
Cllr Scott		S			
Cllr Demirci				S	
Cllr Santry					S
Cllr Aitken					S
Cllr Reith					√
<b>Officers</b>					
Chief Financial Officer (CFO)	√	√	√	√	A
Interim CFO	-	-	-	-	√
Head of Audit & Risk Management	√	√	√	√	A
Head of Corporate Finance	-	√	√	√	√
Deputy Head of Benefits & Local Taxation (BLT)	-	√	√	-	-
External Auditor (Grant Thornton)	√	√	√	√	√
Head of Finance – Accounting & Control	-	-	-	√	-
Acting Head of BLT	-	-	-	√	√
Director Of CYPS	-	-	-	-	√
JAR Programme Manager	-	-	-	√	-
Acting Joint Director of Public Health	-	-	-	-	√
Assistant Chief Executive (PPP&C)	-	-	-	√	√
Assistant Director	-	√	-	-	-



Member/Officer	2 June 2009	30 July 2009	5 November 2009	1 February 2010	25 March 2010
Strategic & Community Housing					

**Notes/key to symbols:**

√ = attended the meeting

A = apologies for absence recorded

S = Substituting for Audit Committee member

N/A = not a member of the Audit Committee at the time of the meeting

## Audit Committee Activity and Reports Received 2009/10

Function/Issue	2 June 2009	30 July 2009	5 November 2009	1 February 2010	25 March 2010
<b>Corporate Governance and regulatory framework</b>					
Draft Annual Governance Statement 2008/09	Approved	Noted			
Whistleblowing Policy – implementation and use		Noted			
Housing Benefit and council tax benefit counter fraud progress report			Noted	Noted	Noted
Anti-fraud and Corruption Policy & Strategy			Approved		
Anti-money laundering policy				Deferred	Approved
<b>Risk Management</b>					
Risk Management Policy and Strategy				Deferred	Approved
Risk Management update report		Noted	Noted	Deferred	Noted
<b>Audit Activity – Internal audit</b>					
Review of effectiveness of Internal Audit	Approved				
Internal audit terms of reference	Approved				
Annual internal audit report & assurance statement	Noted				
Progress report 2009/10		Noted	Noted	Noted	
Governance arrangements at Alexandra Palace – follow up report			Agreed		
Internal audit strategy & plan 2010/11					Approved

Function/Issue	2 June 2009	30 July 2009	5 November 2009	1 February 2010	25 March 2010
<b>Audit Activity – External audit</b>					
Progress report	Noted	Noted	Noted	Noted	Noted
External audit strategy 2009		Noted			
Grant Claims and returns planning memorandum 2008/09		Noted			
Report on IT controls		Noted			
Audit and inspection letter 2008/09		Noted			Noted
CAA Use of Resources report			Noted		
Grants report 2008/09				Agreed	
External audit plan 2009/10				Approved	
Tackling Health Inequalities – follow up					Noted
Leaseholder charges					Noted with request for further report
<b>Accounts</b>					
Audit of accounts 2008/09			Agreed		
Implementation of IFRS progress report				Noted	
<b>Other issues</b>					
Committee work programme 2009/10	Approved				
External Inspection report (Housing) progress report		Noted			
Annual report on Audit Committee work		Approved and referred to Full Council			
National Fraud Initiative			Noted		
Review of the effectiveness of the Audit Committee				Noted and agreed	
Internal audit				Noted	

Function/Issue	2 June 2009	30 July 2009	5 November 2009	1 February 2010	25 March 2010
benchmarking report					
Treasury Management Strategy Statement & Investment Strategy				Noted	
Data Quality update report				Noted with request for further report	Noted
JAR Action Plan update report				Noted with request for further report and Cabinet Member attendance	Noted