
Audit Committee

MONDAY, 30TH JANUARY, 2006 at 19:30 HRS - CIVIC.

MEMBERS: Councillors Rahman Khan (Chair), Bloch, Gilbert, Patel, Reynolds and E Prescott

AGENDA

- 1. APOLOGIES FOR ABSENCE**
- 2. URGENT BUSINESS**
- 3. DECLARATIONS OF INTEREST**
- 4. MINUTES - TO CONFIRM & SIGN MINUTES OF 27TH OCTOBER MEETING (PAGES 1 - 8)**
- 5. DEPUTATIONS/PETITIONS**
- 6. ANNUAL AUDIT & INSPECTION LETTER (PAGES 9 - 32)**
- 7. RESPONSE TO ANNUAL AUDIT AND INSPECTION LETTER (PAGES 33 - 38)**
- 8. AUDIT COMMISSION: PROGRESS REPORT (PAGES 39 - 50)**
- 9. QUARTERLY REPORT ON INTERNAL AUDIT ACTIVITY - 2005/6 QTR 3**
- 10. PROGRESS REPORT ON COUNTER-FRAUD ACTIVITY RELATING TO HOUSING BENEFIT AND COUNCIL TAX BENEFIT (PAGES 51 - 54)**
- 11. USE OF RESOURCES ACTION PLAN (PAGES 55 - 92)**
- 12. NEW ITEMS OF URGENT BUSINESS**

13. DATES OF NEXT MEETINGS

Tuesday, 21 March 2006 @ 19:30
Thursday, 27 April 2006 @ 18:30

Yuniea Semambo
Head of Member Services
5th Floor
River Park House
225 High Road
Wood Green
London N22 8HQ

David S Fishman
Principal Support Officer (Council)
Tel: 020 8489 2615
Fax: 020 8489 2660
Email: david.fishman@haringey.gov.uk

MINUTES OF THE AUDIT COMMITTEE**27 October 2005**

Councillors: *GMMH Rahman Khan (Chair), Bloch, Gilbert, *Patel, *E. Prescott, Reynolds,

* Members present.

AUD15. APOLOGIES: (Item 1)

Apologies were received from Cllr Patel for lateness and possible absence.

AUD16. URGENT BUSINESS: (Item 2)

There were no items of urgent business.

AUD17. DECLARATIONS OF INTEREST: (Item 3)

There were no declarations of interest.

AUD18. MINUTES: (Item 4)**RESOLVED:**

That the minutes of the meeting of Audit Committee on 19th July be approved as an accurate record subject to the correction that the apologies for absence of Cllr E. Prescott be noted.

AUD19. DEPUTATIONS / PETITIONS: (Item 5)

There were no deputations or petitions.

AUD20. AUDIT COMMISSION: PROGRESS REPORT (Item 6)

The Committee was advised by the representative from the Audit Commission (Ms. Mounfield) that the Commission had previously qualified the accounts because of concerns over the handling of Alexandra Park & Palace long-term debts. Although this was a historic issue, it would still continue to affect the 2004/5 accounts. From this year onwards, it would be resolved.

The accounts for 2003/4 were formally closed. The accounts for 2004/5 will be issued on 31st October subject to the Alexandra Park & Palace qualification.

The Audit Commission were satisfied with the change that will be made to future accounts and so they will not need to be qualified from 2005/6 onwards.

RESOLVED:

That the report of the Audit Commission be noted.

AUD21. STATEMENT OF INTERNAL CONTROL 2004/05: (Item 7)

A draft statement had been presented to the 19th July meeting of the Committee by the Head of Audit & Risk Management. Amendments had been made as requested

by the Committee. Following consultation with the Audit Commission, further changes were made.

A modified version of Section 5.1 of the report was tabled at the meeting by the Head of Audit & Risk Management and was incorporated into the report.

RESOLVED:

That approval be given to the final Statement on Internal Control and the actions agreed to address the recommendations raised.

**AUD22. QUARTERLY REPORT ON INTERNAL AUDIT ACTIVITY - 2004 / 05
QUARTER 2: (Item 8)**

The Head of Audit & Risk Management (Ms. Woods) informed the Audit Committee that they were working to the audit plan agreed at the 19th July meeting of Audit Committee and the 25th July meeting of General Purposes. As of Quarter 2, they were on target to finish the work agreed. There was continued development of risk management processes at the business unit level.

Ms. Woods informed the Committee that there were a number of allegations of staff misconduct. Cases being investigated were listed in Appendix B. There was one case where a member of staff was working for another organisation while on sick leave. This person was successfully prosecuted and convicted and was ordered by the Court to repay a £16,800 overpayment.

Ms. Woods advised members that a summary of the findings that were reached was sent to Executive Members and to Services by Internal Audit. A number of recommendations were made for Services in the report. Recommendations were divided into three categories: Priority 1, Priority 2 and Priority 3 depending on how important they had been judged to be.

The Committee was advised by Ms. Woods and the representative from Deloitte & Touche (Mr. Evans) that the Haringey Teenage Intervention Service had refused Deloitte the right of access to audit. This issue was clarified only after further investigation, when the auditor had left the Intervention Service premises. Deloitte had issued a memo to Social Services recommending that the department satisfy itself that the service is meeting the conditions of its contract. The Audit Committee asked the relevant Executive Member to investigate this difficulty.

Regarding proactive anti-fraud measures, the Committee instructed that proper procedures be followed for the drawing of staff allowances.

The Chair asked that a timescale to be set for action on the irregularities mentioned in Appendix B. The Committee requested that the relevant Executive Members to ensure the recommendations made in the report were implemented to timescale.

The Chair instructed the appropriate officer to ensure that the anti-fraud procedure was followed.

The Committee requested that the 11 pending cases of alleged irregularities be completed as per procedure.

RESOLVED:

That the audit coverage and progress during the second quarter of 2005/06 and progress on the reports outstanding from 2004/05 be noted subject to the comments made that:

- Difficulty in auditing Haringey Teenage Intervention Service be addressed by the relevant Executive Member
- Proper procedure be followed for the drawing of staff allowances by the relevant officers
- A timescale be set for actions on the irregularities identified in the report
- The relevant Executive Members be requested to ensure through the respective Chief Officers that the recommendations made in the report be implemented within the agreed timescale
- The pending cases of alleged irregularities be investigated as laid out in procedure

AUD23. RISK MANAGEMENT STRATEGY AND CORPORATE RISK REGISTER: (Item 9)

The Committee was provided with the revised Risk Management Strategy and with the Corporate Risk Register by the Head of Audit & Risk Management (Ms Woods). A modified version of “What is Risk?” (Point 3) and “What is an acceptable risk?” (Point 4) were tabled at the meeting by Ms. Woods and incorporated into the report.

Services were asked to provide 36 risk registers. Of these, members were advised by Ms. Woods that all except 9 had been completed or were in the process of being drafted.

Ms Woods stated the top 19 risks identified at a corporate level were outlined in the corporate risk register attached to the report. They were depicted using two scales each ranging from 1 to 9. One scale referred to bands of potential losses flowing from a risk. The other scale referred to the likelihood of a risk occurring, estimated in percentage terms. A ‘risk score’ was established by multiplying together the two figures.

Ms. Woods and the Head of Corporate Finance (Mr. Almeroth) stated that figures were given for the risk scores, firstly, assuming that no action was taken and, secondly, assuming that controls were in place.

Ms. Woods and Mr. Almeroth advised the Committee that a risk score of 12 or lower was deemed to be an acceptable risk. Risk scores of 14-30 needed consideration of additional action by relevant DMTs and risk scores above 32 points needed to be referred to CEMB.

The Committee requested officers to provide precise figures for the potential losses that would flow from the occurrence of risks.

Members of the Committee were advised by Ms. Woods and Mr. Almeroth that risks classified in the 12-points or less category related to potential losses up to £50,000. Risks classified in the 14-30 point category related to potential losses ranging from £5,000 up to £300,000. Risks classified in the 32 points and above category related to potential losses ranging from £50,000 to those in excess of £1m.

The Chair requested that the Director of Finance be involved in the process of dealing with risks in the second category.

The Chair sought clarification as to whether officers had followed the CIPFA and SOLACE guidelines when drawing up the report. The Head of Audit & Risk Management informed members that officers had followed the relevant guidelines when writing the report.

The Committee requested that best practice be followed with regard to risk management. The Committee was informed by the officers present that there had been no official evaluation to define 'best practice'. Therefore there was only good practice and not best practice and the Council had taken account of good practice in drawing up the strategy and risk registers.

The representative from the Audit Commission (Ms. Mounfield) advised members that the Audit Commission would be compiling guidelines, based on the procedures followed by local authorities that gained a CPA score of 4 for risk management. The Audit Commission would classify these guidelines as 'proper practice'.

Members requested that the deadline for job descriptions for managers to be revised to include responsibilities for risk management should be completed before July 2007. The Committee wished the time scale to be reduced and instructed officers to take measures to do so.

RESOLVED:

That the revised Risk Management Strategy and the actions proposed to develop and embed the risk management process within the Council be approved, subject to the recommendations made by the Committee that:

- Monetary values be added to the report in Appendix B under the heading "Measuring what is an acceptable risk" to clarify the potential losses that could occur if risks falling into various bands occurred
- The Director of Finance be involved in the process of drawing up plans to deal with risks which fell into the second category
- Proper practice as identified either by the Audit Commission or by reviewing the risk management systems followed in other London boroughs be followed by officers of the Council when dealing with risk management matters
- The length of time taken to revise job descriptions of relevant managers to include risk management responsibilities be reduced

AUD24. COMPREHENSIVE PERFORMANCE ASSESSMENT – USE OF RESOURCES 2005: (Item 10)

The Committee was advised by the Head of Corporate Finance (Mr. Almeroth) that the Council was to receive its CPA score at the end of November. The Chair reported that he had been interviewed by the Audit Commission as part of the CPA process.

With regard to 2.28 in Appendix 1, concern was expressed by members as to the length of time it would take to review guidance to budget holders. The Committee requested that the improvement of guidance take place before the suggested date of 31st November 2006. The date was to be reviewed and brought forward.

The Committee asked for dates for action to be obtained for regarding 'backlog maintenance' as detailed in point 2.61 which had to be completed by the Asset

Management section.

With reference to financial health and income generation, the Committee asked that fees and charges be reviewed in a strategic way at a corporate level.

Concern was expressed by members with regard to risk management in relation to partnerships as mentioned in point 4.7 and as such the Committee felt that effective partnerships needed to be established.

The Committee recommended, with regard to point 4.32, that there should be a proper procedure as to how delegated powers were used. Mr. Almeroth stated a report to the Executive was made on a regular basis as to how delegated powers were exercised. The Committee wished this information to be made available to all members of the Council.

RESOLVED:

1. That the self-assessment in the CPA Use of Resources judgement be noted; and
2. That the actions for improvement as detailed in the report be agreed subject to the following additions:
 - Improvement of guidance to budget holders to be reviewed and to take place before 31st November 2006
 - A timescale to be set for action by Asset Management on 'backlog maintenance'
 - Fees and charges levied by the Council to be reviewed strategically
 - That effective partnerships with other agencies be entered into if they do not already exist
 - That an effective procedure be introduced for reporting the exercise of delegated powers

AUD25. PROGRESS REPORT ON COUNTER FRAUD ACTIVITY RELATING TO HOUSING BENEFIT AND COUNCIL TAX BENEFIT: (Item 11)

The Committee was informed by the Deputy Head of Benefits & Local Taxation (Mr. Fisher) that the "Pathfinder" initiative had secured 12 convictions in the second Quarter. This brought the total number of convictions in Quarters 1 and 2 to 24.

Mr. Fisher advised the Committee of officer meetings that would be taking place in order to discuss how Pathfinder will progress.

Mr. Fisher stated the report of the Director of Finance indicated performance figures for the year to date. A total of 39 cautions, administrative penalties and prosecutions had taken place, compared to a target of 42.

Mr. Fisher informed members that benchmarking exercises have been carried out to compare Haringey's performance to those of similar local authorities. These exercises indicated outputs were good for Haringey but there were a low number of referrals to the counter-fraud team compared to other authorities.

Members were advised by Mr. Fisher that this difference in referrals was partly due to not all Haringey referrals being logged on the database and due to different methods of collating figures. Some authorities included referrals from data matching processes but Haringey did not.

Mr. Fisher went on to explain that overpayment recovery from people who had fraudulently claimed benefit they were not entitled to was progressing slowly. This was mainly due to the fact that most of those paying back overpayments were in receipt of income support and other social security benefits and so were not able to repay the money they owed quickly.

Mr. Fisher further advised the Committee that the costs incurred operating the Counter Fraud Team amounted to £157,000 for the 1st and 2nd quarters of the year.

RESOLVED:

That the report of the Director of Finance and the work being carried out by the Benefits & Local Taxation Service in relation to Counter-Fraud activity be noted.

AUD26. NEW ITEMS OF URGENT BUSINESS: (Item 12)

There were no new items of urgent business.

AUD27. EXCLUSION OF PRESS AND PUBLIC: (Item 13)

The following items were the subject of a motion to exclude the press and public from the meeting as they contained 'exempt' information as defined in Section 100A of the Local Government Act 1972, namely that it contained terms proposed or to be proposed by or to the Authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.

AUD28. MINUTES: (Item 14)

RESOLVED:

That the exempt minutes of the meeting of Audit Committee on 19th July be approved as an accurate record subject to the correction that the apologies for absence of Cllr E. Prescott be noted.

AUD14. NEW ITEMS OF URGENT EXEMPT BUSINESS:

There were no new items of urgent exempt business.

DATES OF NEXT MEETINGS:

Monday, 30 January 2006

Tuesday, 21 March 2006

All to be held at 19:30 at the Civic Centre

Thursday, 27 April 2006 at 18:30 at the Civic Centre

Note:

The meeting ended at 21.00 hours.

**COUNCILLOR GMMH RAHMAN KHAN
CHAIR**

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Annual Audit Letter

January 2006

Annual Audit and Inspection Letter

Haringey London Borough Council

Audit 2004-2005

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

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

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

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

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

Status of our reports to the Council

Our reports are prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. Reports are prepared by appointed auditors and addressed to members or officers. They are prepared for the sole use of the audited body, and no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

www.audit-commission.gov.uk

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Key messages

Council performance

- 1 The Council is improving well and has achieved an overall comprehensive performance assessment (CPA) of three stars. In particular, this year has seen positive outcomes in services for children and young people and for vulnerable adults. Nearly 75 per cent of best value performance indicators (BVPIs) have been maintained or improved, although performance is coming from a low base in some services. The Council is developing its focus on areas where progress is less consistent.
- 2 Spend is generally high in comparison to other near neighbours. Whilst the Council can demonstrate factors affecting its spend, such as demographic mix and the need to invest for service improvement, there is a mixed picture when assessing whether costs are commensurate with performance levels.

Accounts and governance issues

- 3 Action has been taken to address the ongoing qualification of the Council's accounts in respect of the accounting treatment adopted for the Alexandra Palace long-term debt. The general fund balance has been maintained in line with the Council's target level, although financial pressures are continuing in 2005/06 and the medium to longer-term. Standards of financial conduct and the arrangements to prevent and detect fraud and corruption and to maintain the legality of financial transactions are generally satisfactory. However, our review of overspending on the Technical Refresh project has highlighted serious failures in the Council's corporate governance arrangements in respect of that project.

Action needed by the Council

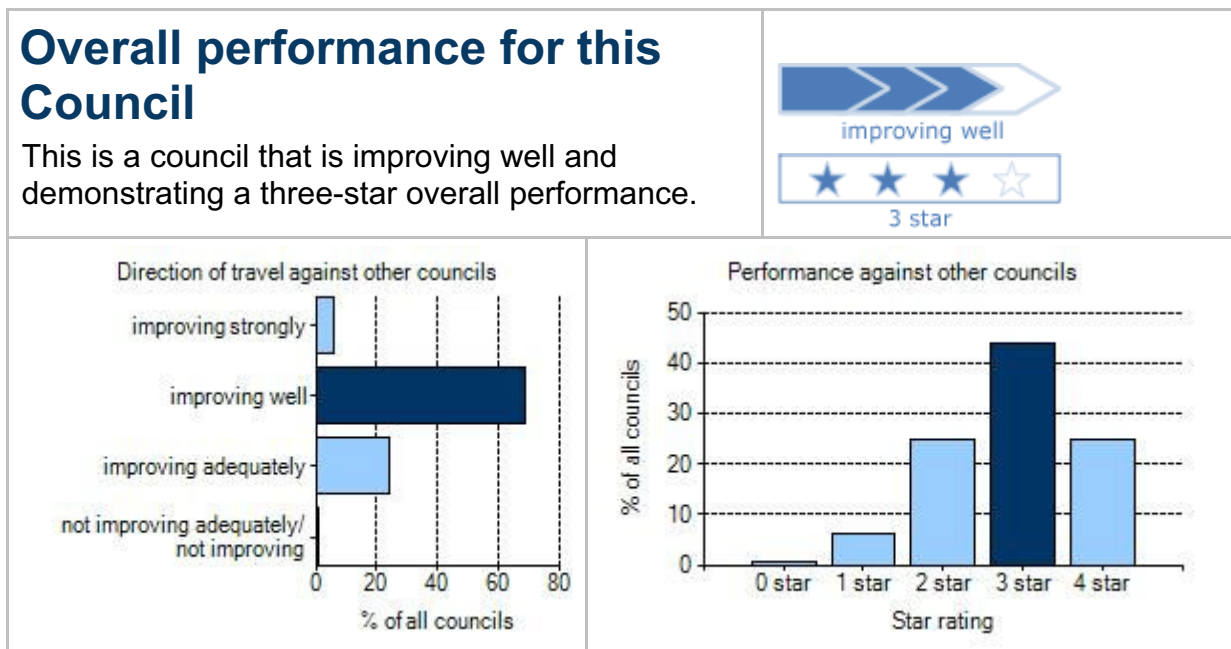
- 4 The Council needs to:
 - sustain improvement in better-performing services, whilst continuing to develop its focus on those services where progress is less consistent;
 - demonstrate that high-cost services are delivering value for money, and embed the culture of challenge for value for money Council-wide;
 - maintain tight budgetary control to deliver financial balance for 2005/06 and the medium to longer-term; and
 - as a priority, develop and implement an action plan in response to our report on the Technical Refresh project.

Performance

CPA scorecard

- 5 The CPA judgements this year have been made using the revised methodology: CPA - the harder test. As the title implies, CPA is now a more stringent test, with more emphasis on outcomes for local people and value for money (VFM). We have also added a new dimension, a Direction of Travel judgement, which measures how well the Council is improving. Under the new framework, the Council is improving well and its overall CPA category is three stars.

Figure 1 CPA assessment



- 6 Further details of the individual assessments that support the Council's overall three-star assessment are set out in Table 1.

Table 1 CPA scorecard

| Element | Assessment |
|---|-------------------|
| Direction of Travel judgement | Improving well |
| Overall | 3 stars |
| Current performance | 3 out of 4 |
| Children and young people | 3 out of 4 |
| Social care (adults) | 3 out of 4 |
| Use of resources | 3 out of 4 |
| Housing | 2 out of 4 |
| Environment | 2 out of 4 |
| Culture | 3 out of 4 |
| Benefits | 3 out of 4 |
| Corporate assessment/ capacity to improve (not reassessed in 2005) | 2 out of 4 |

(Note: 1 = lowest, 4 = highest)

Direction of Travel report

- 7 The Council is improving well. This year has seen positive outcomes in services for children and young people and for vulnerable adults. Planning and sustainable community indicators also improved. Nearly 75 per cent of indicators have been maintained or improved, although performance is coming from a low base in some services. User satisfaction is low, but improving. The Council is developing its focus on areas where progress is less consistent, for example, in housing management, leisure facilities and community safety. Resources are targeted to priorities and reflect local demographic challenges. However, some overall service costs are amongst the highest in London. Haringey performs well against equalities and diversity targets and is working corporately with partners to secure efficiencies. Business planning, financial governance and performance management have also improved since 2004. Arrangements to strengthen information, communications and technology, procurement and commissioning are also being developed. The Council is becoming more open to challenge and needs to embrace learning opportunities and increase its focus on value for money in order to sustain improvement.

Other performance work

8 We carried out performance management reviews in the following risk areas:

- value for money (as part of the use of resources judgement);
- IT strategy;
- children's integrated services; and
- customer services.

Value for money

- 9 The Council's services meet minimum requirements in relation to providing value for money. The Council has a number of good initiatives and some measurable improvements are evidenced in key priority areas. Spend is generally high in comparison to other near neighbours. Whilst the Council can demonstrate factors affecting its spend, such as demographic mix and the need to invest for service improvement, there is a mixed picture when assessing whether costs are commensurate with performance levels, and over 50 per cent of best value performance indicators (BVPIs) remain in the lower quartiles. The Council needs to demonstrate that its high spend on services is commensurate with delivering quality services, and more fully engage managers in understanding cost implications. Cost and activity information needs to be more closely integrated to enable greater challenge to be made for value for money.
- 10 The Council has adequate arrangements to manage and improve value for money. The Council has introduced new arrangements recently, such as business process reviews, which need to become embedded in order to evaluate their effectiveness. The Council now needs to embed the culture of challenge for value for money Council-wide.

IT strategy

- 11 The Council is part way through an ambitious technical IT and information management programme, which, when realised, should give the Council a good foundation from which services can improve. The Council has looked to deliver this programme through a series of work streams under the lead of programme boards. These boards need to be more closely integrated and have a greater input from service users. There also needs to be more focus on benefits realisations from the investments made in IT.
- 12 The Council has not prepared either an IT or an information strategy document. Whilst this does not mean there is not a strategic approach to these areas, the Council would gain clarity from formalising its approach.
- 13 The Council has opted not to establish a separate e-government stream of work, and instead has focused activities in this area under its customer focus workstream. The early focus on foundation and infrastructure has now evolved to encompass tactical solutions and the Council anticipates meeting its e-government targets at the close of 2005/06.

- 14 The Council has given priority to information governance. We have identified examples of good practice in this area, such as the role of the IT security officer and the Council's overall information-sharing protocol. Our survey of managers showed that there was a good understanding within the Council of the role which information plays in service provision.

Children's integrated services

- 15 The Children Act 2004 requires local authorities with responsibility for education and children's social care services to develop an integrated approach to service delivery, and to involve the health service and other local providers. By 2006, councils are required to have a single director and a single lead councillor for children's services, a single joint plan and a local safeguarding children's board, with senior representation from all partner agencies.
- 16 Our review concluded that good progress was being made locally in developing integrated services for children and that the Council's arrangements were on track to meet Government requirements within the required timescale. The Council now needs to:
- develop service commissioning and demonstrate that value for money is being achieved in the way services are being purchased;
 - establish pooled budgets and embed risk assessment in partnership working;
 - develop joint workforce planning and performance management, including complaints; and
 - enhance information sharing.

Customer services

- 17 Our review of customer services was the third and final stage of our work on the Council's corporate performance management arrangements. We concluded that:
- the Council has a clear service vision in line with customer service industry standards;
 - corporate business plan objectives and priorities are translated into measurable customer-focused outcome-targets;
 - service plans and goals are clearly communicated to staff and there is a demonstrable commitment from staff to deliver excellent services;
 - effective performance monitoring is in place; and
 - the service is changing to meet better the needs of the diverse local population.

- 18 The service is still at a relatively early stage and we identified the following areas for the Council to develop:
- targets and timescales for the delivery of a number of business process re-engineering projects;
 - targets that reflect different customer types and demands within different localities; and
 - robust forward planning arrangements to balance demand levels.

Performance information

- 19 Our approach to the audit of performance indicators changed during 2005/06 to reflect the new Code of Audit Practice. We audited 12 indicators identified by the Audit Commission as high-risk and contributing directly towards the CPA scorecard, as well as a further sample of indicators based on a local risk assessment. All audited indicators were assessed as satisfactory.
- 20 We have also completed our compliance audit of the Council's 2005/06 best value performance plan and issued our report on 21 December 2005. The report did not contain any statutory recommendations.

Other Audit Commission inspections

- 21 We published the results our housing repairs and maintenance inspection in May 2005 following detailed on-site work during 2004. We concluded that the Council operated a fair, one-star service that had promising prospects for improvement. There were many good aspects to the Council's service, including:
- the service performed well against national performance indicators for appointments made and against local indicators such as speed in re-letting empty homes;
 - the formal bi-annual estate inspection programme and estate improvements programme was delivering improvements to the quality of the environment for customers;
 - services for customers, such as interpreting and translating, were improving and customer satisfaction was also improving, albeit from a low base; and
 - systems for diagnosing and ordering routine repairs are effective.
- 22 However, we also noted that:
- the service was unable to demonstrate value for money;
 - the proportion of repairs carried out correctly the first time was low, and customers faced a lengthy wait for the installation of aids and adaptations;
 - the service achieves only 95 percent gas servicing; and
 - leasehold income has not been maximised.

23 We considered that the Council had promising prospects for improvement because there is a strong corporate and departmental planning and performance framework. The Council has also demonstrated it has responded to issues raised in our previous inspection. However, some key challenges to further progress remain, in particular:

- making use of challenge to identify alternative service providers and to identify significant step change in delivery;
- ensuring key strategic plans are robust and that the Council can achieve the decent homes standard by 2010; and
- demonstrating improved progress against the Council's plans and prioritising and delivering sustainable change.

Working with other inspectorates and regulators

24 An important aspect of the role of the relationship manager is to work with other inspectorates and regulators who also review and report on the Council's performance and with whom we share information and seek to provide 'joined-up' regulation. These include:

- Ofsted;
- Commission for Social Care Inspection;
- Benefits Fraud Inspectorate;
- DfES; and
- Government Office for London.

Accounts and governance issues

Audit of the 2004/05 accounts

- 25 The published accounts are an essential means by which the Council reports its stewardship of the public funds at its disposal and its financial performance in the use of those resources. Members approved the Council's annual accounts on 20 July 2005, in advance of the statutory deadline. The accounts were well prepared, with good supporting working papers, and were subject to robust member review.
- 26 We issued a qualified opinion on the Council's accounts on 31 October 2005. The qualification related to the accounting treatment adopted for the Alexandra Palace long-term debt. The Council took action during 2004/05 to review the accounting treatment for the debt by obtaining and applying a capitalisation direction. This allowed the £19.3 million outstanding debt to be charged to the consolidated revenue account as capital expenditure. This addresses the cause of the long-standing qualification of the Council's accounts. The 2005/06 accounts will not, therefore, be qualified on this issue. Our opinion remained qualified, however, for 2004/05, as the 2003/04 comparative balances were not restated on a similar basis.
- 27 We are required by professional standards to report to those charged with governance (in the Council's case, the General Purposes Committee) certain matters before we give an opinion on the accounts. We reported on 24 October 2005, highlighting the proposed qualification and the need to demonstrate in future that internal arrangements for quality reviewing the accounts of section 31 agreements are in place. Officers will also need to ensure that the accounts submitted for audit are prepared on the basis of the latest available outturn information on grants receivable, for example, for housing subsidy, from government departments.
- 28 Looking further to 2005/06, the Council needs to retain its focus to ensure the more onerous requirements of the 'whole of government accounts' initiative are met, as the deadlines again move forward, and to improve the consistency of working papers across the board. The Council should also produce an accessible and informative annual report which includes summary accounts and other important financial information.

Financial standing

- 29 The Council has identified target levels for reserves and balances. The actual levels have been maintained in line with those targets. The reserves' policy now needs to be updated, including a clear statement on how the Council has determined its reserves level.

- 30 The Council's financial position remains sound. The Council has taken steps in recent years to provide a strong platform for financial management. Its recent history demonstrates that overall spending generally remains within budget. The 2004/05 outturn shows that the general fund balance remains in line with its target of £10 million, after allowing for a planned reduction of £1.8m from the previous year.
- 31 The projected outturn for 2005/06 as at 31 October 2005 showed the Council forecasting overspending of £2.5 million on a net revenue budget of £345.9 million. The cost pressures arise from the delivery of only £0.2 million of anticipated savings from a £1 million target in respect of improved procurement arrangements, together with anticipated overspends within service budgets. The Council plans to draw on central contingencies to offset this overspending where necessary. In addition, the Finance and Performance report to the December 2005 Executive identifies that action needs to be taken to contain cost pressures and indicates where reviews are to be undertaken. On this basis, the Council is forecasting that the general fund balance will be maintained at the £10 million level. The Council needs to maintain tight financial control to ensure it remains within financial balance.
- 32 The Executive report of 20 December 2005 on the financial planning process for 2006/07 to 2008/09 makes it clear that the Council will continue to face a significant challenge in delivering its priorities within a tight financial environment. The report identifies key local pressures facing the Council to be addressed through the pre-business planning review process. The Council's increase for 2006/07 in the national financial settlement is expected to be two per cent, which is the floor level increase. As the increase is at the lower end of the settlement, this maintains the pressure on the Council to demonstrate it achieves value for money from its services.

Debt management

- 33 Our last letter commented that the Council was implementing procedures to improve the management of debt. The Council has established a debt management working group to improve debt collection, and the group demonstrates awareness of the costs of collection and the opportunity costs of holding debt. During 2004/05, these measures have begun to lead to reductions in the overall level of Council debt. The Council's accounts contain significant provisions for bad and doubtful debts. As performance in collection is improving, the Council now needs to review the level of provisions maintained.

Financial management

- 34 The Council's overall financial management arrangements are sound. The medium-term financial strategy (MTFS), annual budgets and capital programme are based on sound assumptions and are aligned to deliver strategic priorities. This provides an effective framework for the Council to identify its financial targets and reserve levels. Some significant weaknesses were identified in the operation of financial management controls on the Technical Refresh project, and the Council is seeking to learn the lessons. It should also look to strengthen its business plan, including links to partners and external stakeholders, and model cashflow and the balance sheet over a three-year period in the MTFS.
- 35 The Council's arrangements for managing its capital assets are good. It has a capital strategy which links to the MTFS and an up-to-date asset register and asset management plan. The Council has an annual programme of planned maintenance based on a rolling programme of property surveys. It has identified the level of backlog maintenance and has an approved plan to address it. The Council can enhance asset management through continuing to develop the use of performance indicators and benchmarking, identifying its stakeholders for reporting on performance and continuing to integrate asset management and mainstream financial information.

Systems of internal financial control

- 36 The Council has a generally sound framework for managing internal financial control. There are good arrangements for preparing the Statement on Internal Control (SIC) and Internal Audit is effective. The Council has had an Audit Committee for several years. Training is available to Audit Committee members, although this has not been consistently taken up and has also not kept pace with the changes to the membership.
- 37 The Council has developed its risk management processes, including the recently updated risk policy and the new corporate risk register. Risk registers are in place at directorate level, and these are being extended to business unit level. These arrangements are not, however, embedded and processes for updating risks on an ongoing basis need to be developed. This is evidenced in the Technical Refresh project, which demonstrates a failure to manage and report risks effectively, resulting in a significant financial and operational impact. Risk management arrangements are not yet adequate.

Technical refresh

- 38 The Council is currently implementing a significant IT project to update its IT infrastructure. The Council views the project as key to achieving its business objectives. The project was planned to be implemented over a three-year period at a capital cost of £9 million. During 2005, the Council identified that significant slippages had occurred, and the projected outturn was £10 million in excess of the original budget.

- 39 Our review of the Council's arrangements for managing this project has identified two key areas - change management and variation orders - which contributed to additional costs being incurred, reflecting inadequate project specification and project management. We concluded that there was limited evidence of:
- regular attendance by some project board members at project board meetings, which impacted on continuity and ownership;
 - sufficiently senior project sponsorship;
 - adequate staffing resources being allocated to deliver the project;
 - robust challenge to additional costs arising during the project implementation;
 - adequate input from corporate finance to either budget setting or budgetary control;
 - clear thresholds for authorisation of variations to costs of the scheme;
 - application of appropriate budgetary control mechanisms, including provision of suitable financial information;
 - timely, transparent and accurate reporting of the project slippages and overspends; and
 - clear audit trails.
- 40 Our review indicates that the original budget was inadequate and therefore the Council was always likely to incur additional costs. However, the weaknesses identified above mean the Council cannot demonstrate that the full additional £10 million costs represent value for money, and also reflect significant failures in the Council's corporate governance arrangements in respect of this project.
- 41 The Council is now taking action to exercise greater control over this project. It is taking action to learn the lessons arising from our conclusions, including tightening project management and enhancing financial information. The Finance and Performance report to the December 2005 Executive suggests further potential slippage and additional costs over budget are likely to be incurred on the project in 2005/06. The Council needs to exercise tight financial control over the remaining life of the project, as well as applying the lessons arising to both this and other schemes. We will undertake a follow-up review to assess the robustness of the Council's remedial action as part of the ongoing audit.

Standards of financial conduct and the prevention and detection of fraud and corruption

- 42 The Council maintains sound arrangements to combat fraud and corruption and encourage good standards of conduct. It has appropriate codes of conduct, and registers of hospitality and interest in place. The Council is proactive in responding to potential fraud and has been effective in investigating NFI data matches. A whistleblowing policy is in place and is publicised.

National Fraud Initiative

- 43 In 2004/05, the Council took part in the Audit Commission's National Fraud Initiative (NFI). The NFI, which is undertaken every two years, aims to help identify and reduce fraud by bringing together data from NHS bodies, local authorities and government departments and other agencies, to detect a wide range of frauds against the public sector. These include housing benefit fraud, occupational pension fraud, tenancy fraud and payroll fraud as well as, new for 2004/05, right to buy scheme fraud and providing new contact details for former tenants with arrears in excess of £1,000. Progress against the data matching is reported regularly to the Audit Committee and the Council has demonstrated its commitment to pursuing potential frauds and overpayments.

Legality of transactions

- 44 We have not identified any significant weaknesses in the framework established by the Council for ensuring the legality of its significant financial transactions.
- 45 Our last letter identified that the 2002/03 and 2003/04 audits remained open pending the decision on an objection. That decision was issued in April 2005. The objection was not upheld and there are no issues to bring to your attention. Following the decision, the certificates on the 2002/03 and 2003/04 accounts were issued on 20 April 2005.
- 46 We have received further correspondence from members of the public during the year. Whilst there are currently no significant issues arising from this correspondence to bring to your attention, our work remains ongoing in two areas concerning expenditure on mortuaries and the New Deal for Communities Scheme for the Bridge. As a result, we have not issued a certificate to conclude our audit for 2004/05.
- 47 During our audit, we reviewed the terms of the transactions stemming from the proposed termination of employment of the Council's former Chief Executive. We formed the view at that time that we would not exercise any of our formal powers in respect of the proposed payments.

Use of resources judgement

- 48 The use of resources judgement is a new assessment which focuses on financial management, which also links to the strategic management of the Authority. It looks at how the financial management is integrated with strategy and corporate management, supports council priorities and delivers value for money. It will be carried out annually, as part of each council's external audit. For single tier and county councils, the use of resources assessment forms part of the CPA framework.
- 49 For the purposes of the CPA, we have assessed the Council's arrangements for use of resources in five areas.

Table 2 Use of resources

| Element | Assessment |
|----------------------|-------------------|
| Financial reporting | 3 out of 4 |
| Financial management | 3 out of 4 |
| Financial standing | 3 out of 4 |
| Internal control | 2 out of 4 |
| Value for money | 2 out of 4 |
| Overall | 3 out of 4 |

(Note: 1 = lowest, 4 = highest)

- 50** In reaching these judgements, we reviewed the Council's arrangements against specific key lines of enquiry and drew on other recent audit work. Our findings are reflected in the earlier sections of this letter.

Other work

Grant claims

- 51 In accordance with strategic regulation, the Audit Commission has continued with a more risk-based approach to the certification of grant claims. We have reduced our audit of these claims, but our ability to reduce further depends on the adequacy of the Council's control environment.
- 52 The Council's arrangements for managing and quality assuring grant claims submitted for audit has improved in recent years. Our work on certifying the claims in respect of 2004/05 remains in progress. Whilst the Council has improved significantly again this year in terms of its submission of claims by the deadlines, we have noted a small increase in the number of audit reports which need to be submitted to the grant-paying departments alongside the certified claim. The Council should, therefore, consider whether its quality assurance arrangements could be strengthened to reduce the number of such reports. Other key issues arising to date are reflected below.

Table 3 Key issues

| Claim | Matters arising |
|------------------|--|
| Housing benefits | This claim is the largest we audit, in terms of value (£205 million in 2004/05) and the audit resources required. Our previous letter highlighted problems on the audit of the claim, due in part to the implementation of a new system. The Council has worked hard to address many of those problems for the 2004/05 claim and there has been a significant improvement. Our audit, however, will not be completed by the deadline of 31 December 2005, as the Council is undertaking additional testing in response to issues arising from our sample testing and awaiting a required software update from the system supplier. |
| NNDR 3 | The claim was required to be submitted for audit by 31 August 2005, with an audit deadline of 31 October 2005. We did not receive the claim until 24 October 2005 and we are still awaiting the provision of some supporting working papers. The audit remains in progress. |

Looking forwards

Future audit and inspection work

- 53 We have an agreed plan for 2005/06 and we have reported in this letter those aspects that have already been completed. The remaining elements of that plan, including our audit of the 2005/06 accounts, will be reported in next year's Annual Letter. Our planned work, together with that of other inspectorates, is included on both the Audit Commission and Local Services Inspectorates Forum websites.
- 54 We have sought to ensure, wherever possible, that our work relates to the improvement priorities of the Council. We will continue with this approach when planning our programme of work for 2006/07. We will seek to reconsider, with you, your improvement priorities in the light of the latest CPA assessment and your own analysis, and develop an agreed programme by 31 March 2006. We will continue to work with other inspectorates and regulators to develop a co-ordinated approach to regulation.
- 55 Under the Audit Commission's CPA framework, councils will undergo a corporate assessment, combined with a joint area review (focusing on children's services), during the period 2005-2008. The Council's assessment is scheduled to be undertaken in the period between June and October 2006.

Revision to the Code of Audit Practice

- 56 The statutory requirements governing our audit work, are contained in:
- the Audit Commission Act 1998; and
 - the Code of Audit Practice (the Code).
- 57 The Code has been revised with effect from 1 April 2005. Further details are included in our 2005/06 Audit and Inspection Plan which has been agreed with the Audit Committee in May 2005. The key changes include:
- the requirement to draw a positive conclusion regarding the Council's arrangements for ensuring value for money in its use of resources; and
 - a clearer focus on overall financial and performance management arrangements.

Closing remarks

- 58 This letter has been discussed and agreed with the Interim Chief Executive and Director of Finance. A copy of the Letter will be presented at the Executive on 18 January 2006 and to the Audit Committee on 30 January 2006.
- 59 The Council has taken a positive and constructive approach to our audit and inspection work. I would like to take this opportunity to express my appreciation for the Council's assistance and co-operation.

Availability of this letter

- 60 This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk and also on the Council's website.

Michael Haworth-Maden
District Auditor and Relationship Manager
January 2006

Appendix 1 – Background to this letter

The purpose of this letter

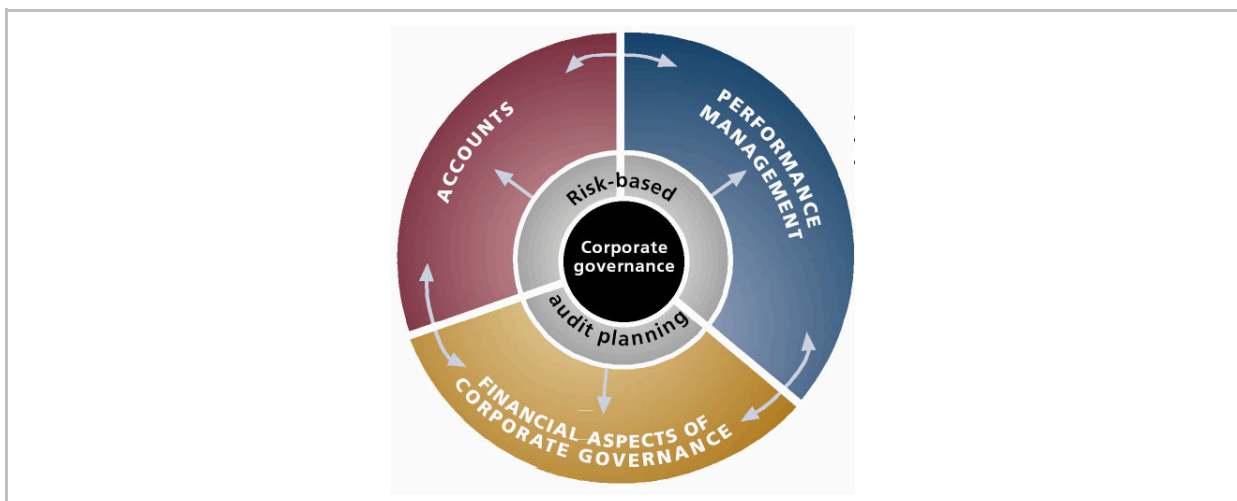
- 1 This is our Audit and Inspection ‘Annual Letter’ for members, incorporating the Annual Audit Letter for 2004/05, which is presented by the Council’s Relationship Manager and District Auditor. The letter summarises the conclusions and significant issues arising from our recent audit and inspection work.
- 2 We have issued separate reports during the year setting out the findings and conclusions from the specific elements of our programme. These reports are listed at Appendix 2 for information.
- 3 The Audit Commission has circulated to all audited bodies a statement that summarises the key responsibilities of auditors. Our audit has been conducted in accordance with the principles set out in that statement. What we say about the results of our audit should be viewed in the context of that more formal background.
- 4 Appendix 3 provides information about the fee charged for our audit and inspections.

Audit objectives

- 5 Our main objective as your appointed auditor is to plan and carry out an audit that meets the requirements of the Code of Audit Practice. We adopt a risk-based approach to planning our audit, and our audit work has focused on your significant financial and operational risks that are relevant to our audit responsibilities.
- 6 Central to our audit are your corporate governance arrangements. Our audit is then structured around the three elements of our responsibilities as set out in the Code and shown in Figure 2.

Figure 2 Code of Audit Practice

Code of practice responsibilities



7 Our work in the three elements of these responsibilities comprises:

Accounts

- Opinion.

Financial aspects of corporate governance

- Financial standing.
- Systems of internal financial control.
- Standards of financial conduct and the prevention and detection of fraud and corruption.
- Legality of transactions.

Performance management

- Use of resources.
- Performance information.
- Best value performance plan.

Appendix 2 – Reports issued during 2005

Table 4

| Report title | Date issued |
|---|--------------------|
| Audit Plan 2005/06 | March 2005 |
| Certificate on the 2002/03 and 2003/04 Accounts | April 2005 |
| IT Strategy | May 2005 |
| Housing Repairs and Maintenance Inspection | May 2005 |
| Report on the 2004/05 Accounts to Those Charged with Governance (SAS 610) | October 2005 |
| Opinion on the 2004/05 Accounts | October 2005 |
| Customer Services | November 2005 |
| Children's Integrated Services | November 2005 |
| Use of Resources | November 2005 |
| Direction of Travel | December 2005 |
| CPA Scorecard | December 2005 |
| Report on the Audit of the Accounts | December 2005 |
| Best Value Performance Plan | December 2005 |
| Project Management (Technical Refresh) | December 2005 |

Appendix 3 – Audit and inspection fees

Table 5 Audit fee update

| Audit area | Plan 2004/05 | Actual 2004/05 |
|---|---------------------|-----------------------|
| Accounts | £133,000 | £133,000 |
| Financial aspects of corporate governance | £201,000 | £201,000 |
| Performance* | £204,000 | £204,000 |
| Total Code of Audit Practice fee | £538,000 | £538,000 |

* - including planned £11,500 additional fee work (re Social Services PAF Data Quality reported in last year's Annual Letter)

Grant fee update

- 8 Our 2004/05 Audit and Inspection Plan included an estimate of £250,000 for the certification of grant claims. Our work in the area remains in progress, in particular concerning the completion of the housing benefits and NNDR claims. As at the end of November, we had invoiced the Council approximately £103,000. We currently estimate that the final fee will be significantly lower than the original estimate.

Inspection fee update

- 9 Our 2004/05 Audit and Inspection Plan included £63,000 covering inspection work. This included work relating to the Council's comprehensive assessment and an inspection identified as regeneration. We have not undertaken the inspection and have offset the related fee of £33,000 against additionally incurred costs of the 2002/03 Alexandra Palace objection to the accounts and other ongoing work regarding questions from members of the public.

Audit Committee*On* 30 January 2006

| | | | |
|--|--|--|--|
| Report title: The Annual Audit and Inspection Letter 2005 | | | |
| Report of: Director of Finance and Interim Chief Executive | | | |
| Wards affected: All | Report for: Non-key decision | | |
| <p>1. Purpose</p> <p>1.1 To consider the Council's response to the issues set out in the Audit Commission's annual audit and inspection letter.</p> | | | |
| <p>2. Introduction by Executive Member</p> <p>2.1 In response to the external auditor's recommendations, Haringey Council has put together its areas for action at 8.6.</p> <p>2.2 The council believes strongly that this response focuses on the right areas required to continue the improved performance seen in the current CPA score recently achieved.</p> | | | |
| <p>3. Recommendation</p> <p>3.1 To agree the response and actions as set out in the report.</p> | | | |
| <p>Report authorised by:</p> <table style="width: 100%; border: none;"> <tr> <td style="text-align: center; width: 50%;">Andrew Travers Director of Finance</td> <td style="text-align: center; width: 50%;">Max Caller Interim Chief Executive</td> </tr> </table> | | Andrew Travers Director of Finance | Max Caller Interim Chief Executive |
| Andrew Travers Director of Finance | Max Caller Interim Chief Executive | | |
| Contact officers: | Gerald Almeroth Eve Pelekanos | | |
| Telephone: | 020 8489 3743 020 8489 2508 | | |
| | | | |

4. Executive summary

4.1 This report sets out the Council's response to the Audit Commission's Annual Audit and Inspection Letter for 2005 and considers the actions required to secure further improvement in the Council's performance.

5. Reasons for any change in policy or for new policy development

5.1 The proposed actions in this report are in accordance with existing policy.

6. Local Government (Access to Information) Act 1985

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

- Comprehensive Performance Assessment (CPA) for 2005
- Annual Audit and Inspection Letter London Borough of Haringey, Audit Commission, December 2005

For access to the background papers or any further information please contact Gerald Almeroth on 020 8489 3743

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7. Background

7.1 The Annual Audit and Inspection Letter from the Audit Commission is an important external assessment of the council's position. Proposals for responding to the issues raised are included in this report for consideration.

- 7.2 The Annual Audit and Inspection Letter is compiled by the council's external auditor. It summarises the conclusions and significant issues arising out of the audit and inspection work for the council in the preceding year. It includes information from the Direction of Travel statement and from the Comprehensive Performance Assessment (CPA) scorecard.
- 7.3 The previous item on the agenda contains the Audit Commission's Annual Audit and Inspection Letter for 2005.

8. Annual Audit and Inspection Letter

- 8.1 Haringey council has worked positively with District Audit and the Audit Commission during the last year. The good progress made by the council has been recognised in the improved overall CPA score in December 2005, with the council moving to up to 3 'stars' (good), and in the positive Direction of Travel statement and the Annual Audit and Inspection Letter.
- 8.2 The Direction of Travel Statement judgement states that the council is 'improving well' and recognises that there have been 'particular positive outcomes in services for children and young people and for vulnerable adults'.
- 8.3 It also states that nearly 75% of indicators have been maintained or improved, and similarly that user satisfaction is also improving. The challenge for the council will be to maintain the higher levels of performance in some services whilst improving other services where performance is less consistent.
- 8.4 There is recognition that the council targets resources to its priorities and that business planning, financial governance and performance management have improved since 2004. It is also states that arrangements are in place to strengthen information, communication and technology, procurement and commissioning. A key challenge for the council is in respect of value for money where it is noted that we have adequate arrangements for managing and improving value for money and that we need to demonstrate that high spend is commensurate with the delivery of high quality services.
- 8.5 In the area of accounts and governance the comments are generally positive and this is reflected in the 3 out of 4 for the Use of Resources CPA score. Specific comments are as follows
- Audit of the 2004/05 accounts: the accounts were approved in advance of the statutory deadline, were well prepared with good supporting working papers and were subject to robust member review. The Council took action to resolve the accounting treatment in respect of the Alexandra Palace long term debt. The auditor's opinion remains qualified in 2004/05 (because the 2003/04 comparative figures were not revised), however it means the qualification will be removed in 2005/06;
 - Financial standing: the Council's financial position remains sound, it has taken steps in recent years to provide a strong platform for financial management and improvements are being demonstrated in the collection of debt;

- Systems of internal financial control: the Council has a generally sound framework for managing internal financial control and has developed its risk management processes although these are not fully embedded yet, the Technical Refresh project being an example of this; and,
- Standards of financial conduct and the prevention and detection of fraud and corruption, and the legality of transactions; the Council has sound arrangements in these areas.

8.6 The key messages from the Audit and Inspection letter are set out in the table below, together with the council's response and proposed actions:

| | Recommendation | Council response |
|---|---|---|
| | The Council needs to: | |
| 1 | Sustain improvement in better-performing services, whilst developing its focus on those services where progress is less consistent | Business planning and monitoring will continue to focus on maintaining good performance and driving up performance where necessary. In particular there are specific initiatives and investments in housing management, streetscene and leisure services. |
| 2 | Demonstrate that high-cost services are delivering value for money, and embed the culture of challenge for value for money Council-wide | The Council will continue its drive for improving value for money. It is a key component of the business planning process and a rolling programme of value for money reviews has been instigated. Work will also continue through the CPA action plan to embed the value for money culture. |
| 3 | Maintain tight budgetary control to deliver financial balance for 2005/06 and the medium to longer term | The Council will continue to monitor closely its financial position and will ensure that the medium term financial strategy has a focus on delivering savings to maintain a balanced budget position. |
| 4 | As a priority, implement the action plan developed in response to our report on the Technical Refresh project | The Council will implement the recommendations (see concurrent report to this meeting). |

9. Consultation

9.1 There is no wider consultation planned.

10. Summary and Conclusions

10.1 The response and proposed actions will positively contribute to the plans for continuous improvement.

11. Recommendations

11.1 To agree the response and actions as set out in the report.

12. Comments of the Head of Legal Services

12.1 The Annual Letter records that the Council's arrangements for maintaining the legality of transactions with financial consequences are adequate. There are no other specific legal implications raised by the report.

13. Equalities Implications

13.1 The new CPA in 2005 has a strong emphasis on user focus and diversity. The Council performs well in this area.

14. Use of Appendices

14.1 Annual Audit and Inspection Letter for 2005 – Audit Commission

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Audit Summary Report

16/06/2005

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Progress report to the Audit Committee- Jan 2006

Haringey London Borough Council

2004-2005

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local and national services for the public. Our remit covers more than 12,000 bodies which between them spend nearly £100 billion of public money every year. Our work covers local government, housing, health, criminal justice and fire and rescue services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we monitor spending to ensure public services are good value for money.

Status of our reports to the Council

Our reports are prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. Reports are prepared by appointed auditors and addressed to members or officers. They are prepared for the sole use of the audited body, and no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

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Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

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Introduction

- 1 Appendices A and B summarise the progress against our 2004/05 and 2005/06 audit and inspection plans. We have the following issues to bring to your attention:
 - A qualified opinion was issued on the 2004/05 Statement of Accounts on 31st October 2005, in respect of the treatment of the long-term debtor for Alexandra Palace in the 2003/04 comparative balances. We do not expect there to be a qualification on this issue in the 2005/06 financial statements
 - We have on-going correspondence from members of the public in respect of mortuary costs and the Bridge NDC, which we are considering in relation to our powers. As a result, we have not been able to issue a certificate on the 2004/05 audit and the accounts remain open
 - An unqualified report was issued on the 2005/06 BVPP on 21st December 2005
 - Our report on the Technical Refresh report was submitted to the Executive on 18th January and is due on the next Audit Committee agenda.

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Appendix 1 – Progress made against 2004/05 audit and inspection plan

| Area in Audit Plan | Key contact | Start date | Target date for issue of draft report | Date of draft report | Date of final report | Comment |
|-------------------------------|---------------------------------|---------------|---------------------------------------|----------------------|----------------------|--|
| Risk Based Planning | | | | | | |
| Audit plan | David Warwick Andrew Travers | February 2004 | March 2004 | | May 2004 | Presented to Audit and Scrutiny Panel July 2004. |
| Audit Letter | Max Caller | Nov 2005 | December 2005 | | | Audit and Inspection Letter deadline 31 January 2006. |
| Opinion | | | | | | |
| Core Process Review | Andrew Travers | March 2005 | July 2005 | July 2005 | | Officer comments received summer 2005. No significant issues arising. |
| Audit of financial statements | Andrew Travers | August 2005 | November 2005 | November 2005 | | Responses received from officers. Key issues included in the 2004/05 Annual Audit and Inspection Letter. |

6 Progress report to the Audit Committee - January 2006 | Appendix 1 – Progress made against 2004/05 audit and inspection plan

| Area in Audit Plan | Key contact | Start date | Target date for issue of draft report | Date of draft report | Date of final report | Comment |
|---|----------------------------|------------------------------|---------------------------------------|----------------------|----------------------|---|
| Opinion | Andrew Travers | August 2005 | October 2005 | 31 October 2005 | 31 October 2005 | Opinion qualified in respect of Alexandra Palace long-term debt. |
| SAS 610 meeting | General Purposes Committee | | | | | Meeting held on 24 October 2005. |
| Financial aspects of corporate governance | | | | | | |
| Overall governance arrangements | Andrew Travers | March 2005 | July 2005 | | | Issues reported through 2004/05 Annual Audit and Inspection Letter. |
| Probity in partnerships report | Andrew Travers | Set-up meeting February 2005 | February 2005 | September 2005 | | Work rescheduled for spring 2006. |
| Prudential code of borrowing | Andrew Travers | Ongoing | | | | No issues arising. |
| Social services financial management | Andrew Travers/Ann Bristow | Set-up April 2005 | | | | Work in progress.. |

| Area in Audit Plan | Key contact | Start date | Target date for issue of draft report | Date of draft report | Date of final report | Comment |
|--|-----------------|------------------------------------|---------------------------------------|----------------------|----------------------|---|
| Performance/Improvement work | | | | | | |
| BVPP | Lesley Courcouf | May 2004 | December 2004 | | | Unqualified opinion issued 14 December 2004. |
| BVPIs | Lesley Courcouf | June 2004 | September 2004 | | | One reserved PI – 192b (Average number of QTS teachers per 10 non-maintained settings). |
| ‘Golden Thread’ performance management review – phase 3 (support services) | Justin Holliday | Set-up March 2005 | October 2005 | October 2005 | December 2005 | Key issues included in 2004/05 Annual Audit and Inspection Letter. |
| Regeneration inspection | | | | | | Fee used to cover cost of Alexandra Palace objection, and other costs of correspondence, eg the Bridge. |
| Ethical governance | Andrew Travers | Set-up to be held in December 2005 | | | | Work rescheduled to Spring 2006. |

8 Progress report to the Audit Committee - January 2006 | Appendix 1 – Progress made against 2004/05 audit and inspection plan

| Area in Audit Plan | Key contact | Start date | Target date for issue of draft report | Date of draft report | Date of final report | Comment |
|--|-----------------|--------------|---------------------------------------|----------------------|----------------------|-----------------|
| IT strategy (brought forward from 2003/04) | Justin Holliday | October 2004 | February 2005. | | | Final Aug 2005. |

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Appendix 2 – Progress against 2005/06 audit and inspection plan

| Area in Audit Plan | Key contact | Start date | Target date for issue of draft report | Date of draft report | Date of final report | Comment |
|-------------------------------|--|--------------|---------------------------------------|----------------------|----------------------|--|
| Risk Based Planning | | | | | | |
| Audit plan | David Warwick Andrew Travers Lesley Courcouf | January 2005 | March 2005 | | April 2005 | Presented to May 2005 Audit Committee. |
| Audit Letter | Chief Executive | Ongoing | December 2006 | | | |
| Opinion | | | | | | |
| Interim opinion audit review | Andrew Travers | January 2006 | May 2006 | | | |
| Audit of financial statements | Andrew Travers | July 2006 | November 2006 | | | |

10 Progress report to the Audit Committee - January 2006 | Appendix 2 – Progress against 2005/06 audit and inspection plan

| Area in Audit Plan | Key contact | Start date | Target date for issue of draft report | Date of draft report | Date of final report | Comment |
|--------------------------------------|-----------------------------|---------------------|---------------------------------------|----------------------|----------------------|---|
| Opinion | Andrew Travers | July 2006 | September 2006 | | | |
| SAS 610 meeting | General Purposes Committee | | September 2006 | | | A meeting needs to be included in the scheduling for the GP committee for mid-September 2006. |
| Inspection | | | | | | |
| Streetscene | Anne Fisher | TBA | TBA | | | To be discussed with the Council. |
| Indicative ALMO | Stephen Clarke | Jan 06 | March 06 | | | |
| Direction of Travel statement | Max Caller | | December 2005 | November 2005 | December 2005 | Included in the 2004/05 Annual Audit and Inspection Letter and on the Audit Commission website. |
| Use of resources | | | | | | |
| BVPP opinion and PI audit memorandum | Eve Pelekanos | June 2005 | December 2005 | | | None of the 12 "high-risk" indicators selected by the Audit Commission for audit were subject to reservation. |
| Children's Act | Sharon Shoosmith/ Andrew | Set-up on 4 July | End October/early November | November 2006 | | Responses received from officers and report being finalised. Key issues arising |

| Area in Audit Plan | Key contact | Start date | Target date for issue of draft report | Date of draft report | Date of final report | Comment |
|--|-----------------|--------------|---------------------------------------|----------------------|----------------------|--|
| | Travers | 2005 | 2005 | | | included in 2004/05 Annual Audit and Inspection Letter. |
| Use of Resources opinion | Chief Executive | Ongoing | September 2006 | | | |
| Use of resources score | Andrew Travers | July 2005 | November 2005 | November 2005 | November 2005 | Key issues included in 2004/05 Annual Audit and Inspection Letter. |
| Review of Project Management - Technical Refresh | Max Caller | October 2005 | December 2005 | December 2005 | January 2006 | This work has been undertaken under our Code of Audit Practice responsibilities. It is additional work to our planned audit fee. The report has been submitted to the 18th January 2006 Executive and is scheduled to come to the next Audit Committee. Key issues have been included in the 2004/05 Annual Audit and Inspection Letter. |

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Agenda Item: **10****Audit Committee**On 30th January 2006

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

Report of: **The Director of Finance**

Ward(s) affected: All

Report for: Information

1. Purpose

1.1 To advise and update Members on the Counter Fraud performance of the Benefits and Local Taxation Service from the 1st October 2005 – 31st December 2005 and of the progress of Pathfinders.

2. Recommendations

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

Report authorised by:
ANDREW TRAVERS
DIRECTOR OF FINANCE

.....(Signature)

Contact Officer: Tim Fisher

Designation : Deputy Head of Benefits and Local Taxation

Telephone: (020-8489-1954)

3. Executive Summary - N/A

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

5. Local Government (Access to Information) Act 1985

6. BACKGROUND

- 6.1 The Pathfinder 3rd quarter targets for prosecutions and sanctions have been exceeded. The overall performance of the Fraud Investigation Team came close to meeting its 3rd quarter target of 63 prosecution/sanctions by achieving 57 prosecutions/sanctions.
- 6.2 A decision has been taken to further extend the Pathfinder joint working initiative. This decision reflects the success of Pathfinders in promoting joint working between the Department for Work and Pensions Counter-Fraud Investigation Service and the Council's Fraud Investigation Team. Joint prosecution and sanction activity has been impressive, by the end of the 3rd quarter the Haringey Pathfinder had achieved 82.5% of its annual target.
- 6.3 A review of the main operational issues relating to Pathfinder has been undertaken in consultation with staff and the Counter-Fraud Investigation Service. Five key issues have been identified to further develop the joint working initiative and build on the lessons learnt to date.

7. PATHFINDERS

- 7.1 The decision to extend the Pathfinder Joint Working initiative has led to a Review of the objectives of Pathfinders for 2006/07 and the identification of 5 areas of development. The continuation is based on the conclusion that Pathfinders has been a success, particularly in the area of joint sanctions and counter fraud activity.
- 7.2 The review has led to five key areas being identified for development –
1. Structure
 2. Resources
 3. IT
 4. Relations with BLT/C-FIS
 5. Business Plan/Targets
- 7.3 Consultations are currently taking place with staff and the DWP and a timetable and Business Plan will be developed to advance these issues over the coming months.
- 7.3 Pathfinder joint sanction performance since the 1st October 2005 is summarised in table 1 below, totals for the year are in brackets –

| Sanction Type | Achieved |
|----------------------|-----------------|
| Caution | 3 (3) |
| Admin Penalty | 6 (14) |
| Summons | 1 (6) |
| Prosecution | 1 (10) |
| Total | 11 (33) |

Table 1

8. COUNTER FRAUD ACTIVITY

- 8.1 Performance of the Fraud Investigation Team for the third quarter of 2005/06 is summarised in table 2 (these figures include cases detailed in table 1) –

Successful outcomes for 3rd quarter

| Sanction Type | 3rd Quarter Target | Number Issued | Status | Subsidy claimed |
|---------------|--------------------|---------------|----------|-----------------|
| Caution | 7 | 5 | Accepted | £6000 |
| Admin Penalty | 7 | 11 | Accepted | £13200 |
| Summons | 7 | 1 | Issued | £1200 |
| Prosecution | 7 | 2 | Guilty | £4000 |
| Total | 28 | 19 | | £24,400 |

Table 2

- 8.2 Counter fraud performance slowed over the 3rd quarter, this reflects the reduction in the number of cases being identified for prosecution during this period. However, there are currently 10 cases where summonses have been issued and court appearances are due. If all 10 cases were to be successfully resolved by the end of the 4th quarter performance in this area will have been met.
- 8.3 By the end of the 3rd quarter the Fraud Investigation Team had achieved 57 successful prosecutions/sanctions out of a target of 63, a shortfall of 9.5%. It is anticipated that this shortfall will be made up over the remaining 4th quarter and the target of 84 prosecutions/sanctions met.
- 8.4 The total number of prosecutions and sanctions achieved since 1st April 2005 is detailed in table 3 –

| Sanction Type | Target | Number Issued | Status |
|---------------|-----------|---------------|----------|
| Caution | 21 | 15 | Accepted |
| Admin Penalty | 21 | 24 | Accepted |
| Prosecution | 21 | 18 | Guilty |
| Total | 63 | 57 | |

Table 3

Subsidy and Potential Revenue Generation for Period 1st April 2005 to 31st December 2005

- 8.4 Counter fraud activity is able to attract income for the council through direct subsidy paid by the DWP or through income generation as a result of identifying recoverable overpayments or applying Administrative Penalty charges. The figures contained in table 4 show actual subsidy earned through counter fraud activity, plus potential additional income earned through associated benefit overpayments and administrative penalty charges.

| Source of Subsidy/Revenue | Amount (£) |
|---------------------------|------------|
|---------------------------|------------|

| | |
|---|----------------------------|
| Caution (Subsidy) | 18,000 |
| Admin Penalty (Subsidy) | 28,800 |
| Prosecutions (Subsidy) | 36,000 |
| Summons (Subsidy) | 14,400 |
| Total Subsidy | 97,200 |
| Recoverable Benefit Overpayments | 312,783 @ 40% (781,957) |
| Administrative Penalty Charge | 24,314 |
| Total Recoverable Income | 337,097 |
| <i>Grand Total</i> | <i>434,297</i> |
| Estimated Total Cost of Fraud Team | 236,236 |

Table 4

- 8.5 Recoverable benefit overpayments are subject to subsidy arrangements. Overpayments caused by claimant fraud attract 40% subsidy, in addition to this the overpayment is recoverable in full. Providing that the overpayment is recovered in full local authorities can earn an additional 40% over the original expenditure on benefit. It should be noted however, that these overpayments are not always recovered in full and, or may only be recovered over a long period of time. Similarly, administrative penalty charges must be collected from those to whom they have been applied.

Audit Committee**On 30 January 2006**Report Title: **Comprehensive Performance Assessment (CPA)****Use of Resources 2005 – action plan progress report**Report of: **Director of Finance**Wards(s) affected: **All**Report for: **Non-key decision****1. Purpose**

1.1 To set out progress against the Council's action plan arising from the CPA Use of Resources auditor's assessment for 2005.

2. Recommendations

2.1 To consider the progress report against the action plan.

Report Authorised by: **Andrew Travers, Director of Finance**Contact Officer: **Gerald Almeroth, Head of Corporate Finance, 020 8489 3743****3. Executive Summary**

3.1 The report sets out the progress made against the action plan arising from the auditor's assessment of the Council's position in respect of the Use of Resources judgement in the CPA. The action plan, previously reported to this committee, identifies areas that need strengthening and improvement and sets out the progress for addressing these issues.

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

4.1 This report develops existing policy.

5. Local Government (Access to Information) Act 1985

5.1 Background documents used in the preparation of this report:

Audit Commission publication June 2005 – CPA – the harder test

Haringey Council – Use of Resources Self-Assessment (August 2005)

Haringey Council – Value for Money Self-Assessment (July 2005)

6. Background

6.1 The CPA Use of Resources judgement by the Audit Commission assesses how well the Council manages and uses its financial resources. It focuses on the importance of having sound and strategic financial management to ensure that resources that are available support the Council's priorities and improve services.

6.2 In 2005 the CPA framework was revised and in particular the Use of Resources was further developed to become a stronger measure of cost-effectiveness and value for money. The Use of Resources block in 2005 is a 'harder test' and also has a higher weighting in the Council's overall CPA score.

6.3 At the time of the last report to this committee on 27 October 2005, neither the actual score nor the auditor's assessment had been received. This was received from the Audit Commission in November 2005 and the Council scored 3 out of 4 for the use of resources. This is very much in line with expectations and positively contributed to the Council as a whole achieving three stars overall. Some specific feedback has been received from the Audit Commission and where appropriate elements of the action plan have been amended.

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

| Element | Score |
|---|-------------------|
| • financial reporting | 3 out of 4 |
| • financial management (including asset management | 3 out of 4 |
| • financial standing | 3 out of 4 |
| • internal control (including risk management and governance arrangements | 2 out of 4 |
| • value for money | 2 out of 4 |
| Overall score | 3 out of 4 |

6.5 In order to achieve a score of 4 the Council must receive no elements with scores of 2 and at least two elements with scores of 4.

7. Action plan

7.1 The action plan attached at appendix 1 highlights the key areas that are identified for further development and improvement. The area of value for money is more difficult to judge as no set criteria is published for scoring and no benchmark available in respect of previous years or with other authorities. There will be a particular need for managers in the organisation to focus clearly on planning to demonstrate and improve value for money within their own services. This is being done as part of revisions to the business planning process, at senior manager seminars and with a rolling programme of value for money reviews led by the services with support from staff in Corporate Finance and Improvement and Performance.

8. Consultation

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

9. Summary and Conclusions

9.1 Satisfactory progress is being made against most of the actions in the plan.

10. Recommendations

10.1 To consider the progress report against the action plan.

11. Legal Comments

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

12. Equalities Implications

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

13. Use of Appendices / Tables / Photographs

13.1 Appendix 1 – CPA Use of Resources Action Plan

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| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|-----------|---|--|-------------|-----------------|---------------|-----------|--|--------------|
| 1. | Financial Reporting | | | | | | | |
| 1.7 | The auditor gave an unqualified opinion | Ensure solution for removal of qualification in respect of Alexandra Palace is implemented at the end of 2004/05 closing of accounts will be acceptable in full for 2005/06. | 2 | Gerald Almeroth | GO | 31 Oct 05 | Achieved – Audit Commission confirm the qualification will be removed for 2005/06. | G |
| 1.12 | The accounts presented for audit contained only ‘trifling’ errors and misstatements which did not require reporting to those charged with governance or adjustment. | Closing of accounts action plan to pick up any issues arising from 2004/05 – review control mechanisms for 2005/06 process | 4 | Gerald Almeroth | GO | 31 Jan 06 | Achieved in 2004/05 – accounts contained only trifling errors. The audit action plan items are being built into the final accounts training and procedure notes in order to further reduce the number of trifling errors and to prevent any new non-trifling errors appearing. | G |
| 1.13 | The quality of the working papers provided was exemplary. | Closing of accounts action plan to address any issues highlighted | 4 | Gerald Almeroth | GO | 31 Jan 06 | We are working closely with the AC to examine | A |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|------|---|---|-------------|-------------------|---------------|-------------------------|--|--------------|
| | | by the Audit Commission from 2004/05 to ensure consistency and removal of all non-trifling errors. Ensure the Whole of Government Accounts requirements are met with no loss in quality. | | | | | improvements required to the 2004/05 working papers. These lessons will be built into the training and procedure notes along with changes required by WGA group accounts etc | |
| 1.16 | The agenda, reports and minutes for meetings of full council, committees and scrutiny panels are made available to the public (for example on the council's website) on a timely basis. | Ensure wider coverage of agendas and reports (e.g. GP Committee etc.) | 2 | Yuniea Semambo | | 31 Dec 05 – comp Nov 05 | Achieved | G |
| 1.18 | The council publishes summary accounts that are intelligible and accessible to members of the public. | Separate summary accounts 'leaflet' to be published and distributed for 2004/05 as planned | 3 | Gerald Almeroth | GO | 30 Nov 05 | Achieved | G |
| 1.21 | The council publishes an annual report or similar | Separate annual report to be produced to | 4 | Gerald Almeroth / | GO | June 06 | 2004/05 summary accounts are | |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|-----------|--|--|-------------|---------------------------------|---------------|-------------------------|--|--------------|
| | document, which includes summary accounts and an explanation of key financial information/technical terms, designed to be understood by members of the public. | include summary accounts. | | Eve Pelekanos | | | published and discussions will be held with the performance team on incorporating these into the annual report | A |
| 1.22 | The annual report is available in a wide variety of formats to meet local user needs (for example different languages, large print, speaking version) | Separate annual report to be produced to include summary accounts. | 4 | Gerald Almeroth / Eve Pelekanos | GO | June 06 | Draft annual report for review at working group meeting on the 9 th February | A |
| | | | | | | | | |
| 2. | Financial Management | | | | | | | |
| 2.15 | The corporate business plan projects forward at least three years and takes account of each of the following: <ul style="list-style-type: none"> • Stakeholder and partner consultation • External drivers, including funding variations and requirements to improve efficiency • Capital investment plans and their revenue implications | Produce a draft corporate business plan and include medium term financial strategy | 3 | GA/EP | | 31 st Apr 06 | Discussion held on outline of corporate business plan content – draft to be produced in February | A |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|------|--|--|-------------|-----------------|---------------|---------------------------|--|--------------|
| | <ul style="list-style-type: none"> • Risk assessments and financial and financial contingency planning • Sensitivity analysis • Expected developments in services | | | | | | | |
| 2.17 | The council's medium-term financial strategy is communicated to staff and stakeholders | <p>Produce a separate medium term financial strategy section to be included in BVPP that shows the policies, partnerships and strategies of the Council and how the MTFS supports them.</p> <p>Develop financial planning to be more proactive, identifying future change drivers with financial consequences.</p> | 3 | Gerald Almeroth | FP | 30 th April 06 | Financial planning report to Executive on 31 st January 2006 will form basis of MTFS | A |
| 2.19 | The council regularly reviews financial management arrangements to ensure that they remain 'fit for purpose' | Review arrangements on an annual basis | 3 | Gerald Almeroth | JH | June 06 | Arrangements were last reviewed at the start of 2005/06. Plan that a small project team will carry | A |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|------|---|---|-------------|---------------------------------|---------------|-----------|---|--------------|
| | | | | | | | out the next review in April/May and report findings in June 2006 | |
| 2.21 | The medium-term financial strategy described in financial terms joint plans agreed with partners and other stakeholders | Ensure key joint plans with HSP are highlighted separately in the BVPP i.e. community strategy and neighbourhood renewal strategy. Develop the MTFS to have greater links to the impacts of partnerships e.g. pooled budget schemes. | 4 | Gerald Almeroth / Eve Pelekanos | FP | 30 Apr 06 | Linked to annual report | A |
| 2.22 | The medium-term financial strategy models balance sheets and cash-flows over a minimum of 3 years | Produce a high level model for 3 year projections for the BVPP. | 4 | Gerald Almeroth | JH/GO | 31 Mar 06 | Plan to prepare a high level summary 3 year cash flow and balance sheets by the end of March. | A |
| 2.24 | The council monitors and can demonstrate how it's financial plans and strategies have | Achieved at a low level through business planning process – | 4 | Gerald Almeroth / Eve | FP | 30 Jun 06 | Linked to annual report | A |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|------|--|---|-------------|--------------------------------|---------------|----------|--|--------------|
| | contributed to the achievement of it's corporate objectives | high level reporting to be developed for the annual report | | Pelekanos | | | | |
| 2.26 | There is a formal scheme of budget delegation | Review existing scheme of delegation at budget manager level and issue guidance. Review and document system for recording delegated decisions and actions. | 2 | Gerald Almeroth / Michael Wood | JH | Dec 06 | A small project group of CFMT has been set up to review the existing scheme of delegation. Project Accountant resources should be available to start the work in March 2006 and plan to complete the work by the end of December 2006. | A |
| 2.27 | There is guidance available to budget holders which includes a description of their responsibilities, an outline of the budget process and a budget process timetable | Review existing guidance to budget holders and issue for the 2006/07 budget process | 2 | Gerald Almeroth | JH | 1 Dec 05 | Achieved – review and improve for next year | G |
| 2.33 | The budget shows the resources allocated to major spending activities and programmes, with user-friendly summaries, and separate identification of revenue and capital items to ensure focus | Review high level information in the budget book, particularly around activities and programmes | 2 | Gerald Almeroth | JH | 1 Apr 06 | Plan in place to publish an improved 2006/07 budget book in March/April 2006 in consultation with finance managers | A |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|------|---|---|-------------|-----------------------------------|---------------|------------------|--|--------------|
| | on use of resources | | | | | | | |
| 2.36 | The financial performance of significant partnerships is regularly reviewed, linked to outputs, and the results shared with partners and acted upon | Develop partnership list. Ensure there are robust monitoring arrangements in place. | 2 | Gerald Almeroth/ Eve Pelekanos | JH | 1 Apr 06 | Project accountant resources will be identified to develop robust monitoring arrangements once the partnership list has been developed by EP | A |
| 2.39 | There is a regular training programme providing training on financial issues for members and non-finance staff | Review of existing training for finance staff and budget holders | 3 | Gerald Almeroth | GO | April/ May 06 | Finance training for members to be incorporated into Member Learning & Development Programme. Training to local government finance to be included. New course for budget holders to be launched and all managers to be trained Feb and May 2006 | A |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|------|---|---|-------------|-----------------|---------------|-----------|---|--------------|
| 2.40 | Relevant non-financial and financial information, in addition to the budget, is reported to members and acted upon | Corporate balanced scorecard to be developed | 3 | GA/EP | | 1 Apr 06 | Outline scorecard for February | A |
| 2.43 | Progress in achieving planned savings and efficiency gains is regularly reported to senior management with developed action plans | Review budget monitoring reports to ensure explicit savings plans are monitored | 3 | Gerald Almeroth | JH | 1 May 06 | Will review as part of review of financial management arrangements. Plan that a small project team of CFMT will carry out the next review in April/May and report findings to CFMT. | A |
| 2.44 | No significant departmental overspends/underspends have occurred | Budget management arrangements sufficient to deal with any issues arising – action to formalise budget changes agreed during the year | 3 | Gerald Almeroth | JH | Feb 06 | Formal budget virements planned for Feb 06 | G |
| 2.45 | The council ensures through regular testing of it's financial systems that the report outputs are timely, accurate, reliable, clear, in a convenient format (hard copy and online, in | Continue with annual programme of key and other financial system reviews | 4 | Anne Woods | GO | 31 Mar 06 | Annual audit programme of key and other system reviews ensures that any gaps are identified and | A |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|------|--|---|-------------|-----------------|---------------|----------|--|--------------|
| | summary and in detail, as appropriate) and readily understood by their recipients | | | | | | resolved. All feeder systems are reviewed and reconciled on a monthly basis via the control day process. New system flowcharts produced by audit will be incorporated into the control day in order to improve the process. | |
| 2.46 | There is a 'traffic light' system (or similar) in place to focus the Executive on key variances, and there is evidence that these are acted upon | Produce 'traffic light' system for financial variances – appendix by BU | 4 | Gerald Almeroth | JH | 1 Apr 06 | Will review as part of review of financial management arrangements. Plan that a small project team of CFMT will carry out the next review in April/May. | A |
| 2.47 | The Executive receives fully accrued financial monitoring reports on a quarterly basis including appropriate revenue account and balance sheet items | Produce fully accrued quarterly financial monitoring reports including balance sheet items. | 4 | Gerald Almeroth | | July 06 | Process changes being discussed through finance technician groups for action in April 06 | A |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|------|--|--|-------------|----------------------------|---------------|------------|---|--------------|
| 2.48 | The council consults with, advises and trains users so that it develops and provides the financial information systems to meet their needs | Document new training framework under SAP for ongoing use and reference | 4 | Gerald Almeroth | DC | 1 Feb 06 | Will be delivered as part of SAP improvement project | A |
| 2.49 | Savings and efficiency gains are profiled over the year and there is monitoring throughout the period by members to ensure their achievement | Consider possible formats of reports for Executive through budget monitoring. | 4 | Gerald Almeroth | JH | 1 Apr 06 | Will review as part of review of financial management arrangements. Plan that a small project team of CFMT will carry out the next review in April/May and report findings. | A |
| 2.50 | The council has an up to date corporate capital strategy linked to its corporate objectives and medium-term financial strategy. | Capital strategy to be revised after new administration from elections in May 2006 | 2 | Gerald Almeroth | FP | 31 July 06 | Outline plan produced | G |
| 2.51 | The council has an up to date asset management plan that details existing asset management arrangements and outcomes, and planned action to improve corporate asset use. | | 2 | Ruth Gibson/ David Bond | | | Current AMP covers 2005-8 but there are no programmed objectives that make this period particularly relevant or any timetable for updating the review | G |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|------|---|---|-------------|----------------------------|---------------|----------|--|--------------|
| 2.52 | The council maintains an up to date asset register. | The asset register has serious deficiencies: <ul style="list-style-type: none"> • Lack of annual revision for several years • Not keeping to quinquennial revaluation programme No proper process for updating after transactions | 2 | Ruth Gibson/ David Bond | GO | Jan 06 | Action plan to be developed with corporate finance | A |
| 2.53 | The council has a designated corporate property function. | Development of corporate management of property will require strengthening of the corporate property function, but this is a well defined function which ensures active engagement across most property related issues | 2 | Ruth Gibson/ David Bond | | | Action plan to be developed with corporate finance | A |
| 2.54 | The council's arrangements for reporting to members are sufficient to ensure that they fulfil their responsibility in | Major transactions and endorsing of AMP are reported but regular consistent member | 2 | Ruth Gibson/ David Bond | | | To be included in the revision of the AM. To report through stream boards and | |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|------|--|--|-------------|----------------------------|---------------|----------|---|--------------|
| | relation to the council's land and buildings portfolio at both a strategic and service level. | involvement is largely at a service level. Lack of a big picture due to weaknesses of service-led property strategies | | | | | member working group | A |
| 2.55 | The council has an annual programme of planned maintenance based on a rolling programme of property surveys. | Certainly exists in some areas but difficult to see the overall picture. | 2 | Ruth Gibson/ David Bond | | | Maintenance programmes should be centrally managed, especially where service led revenue programmes | A |
| 2.56 | The council has assessed the level of backlog maintenance. | Not consistent across the council, no centralised system for controlling and analysing. Inconsistent budgetary approach makes it difficult to capture correct data | 2 | Ruth Gibson/ David Bond | | | Housing and education are up to date. All other directorates to be reviewed | A |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|------|---|---|-------------|----------------------------|---------------|-----------|--|--------------|
| 2.57 | The council's capital programme gives priority to potential capital projects based on a formal, objective approval process. | | 2 | Ruth Gibson/ David Bond | | | Objective might be stretching it a bit but there is a clear formal appraisal process that is approved by members | G |
| 2.58 | A member has been allocated portfolio responsibility for the council's fixed assets | | 3 | Ruth Gibson/ David Bond | | | Clear, responsibility with lead member | G |
| 2.59 | There is a plan in place to reduce the level of backlog maintenance and this has been approved by members | Review current plan for member approval. | 3 | Ian M | | 31 Mar 06 | See 2.56: certainly some clear reductions in backlogs can be seen but unsure this can be shown consistently | A |
| 2.60 | The council has developed a set of local performance measures in relation to assets that link asset use to corporate objectives | There are a set of local PI's which could be developed further. They need to be linked to corporate objectives, although there is some debate as to what level these are taken at. CIPFA running a course on 06/02/06 | 3 | Ruth Gibson/ David Bond | | | Performance indicators to be developed | A |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|------|---|---|-------------|----------------------|---------------|-----------|--|--------------|
| 2.61 | The council makes investment and disposal decisions based on thorough option appraisal and whole life costing | Consider methodologies and point of application for procurement decisions. | 3 | Ian M / Michael Wood | FP | 31 Mar 06 | Joint paper to be produced by property services and procurement for the 9 th Feb 2006 | A |
| 2.62 | Performance measures and benchmarking are being used to describe and evaluate how the council's asset base contributes to the achievement of corporate and service objectives, including improvement priorities | Service objectives and improvement priorities need to be addressed through OBOR process. Benchmarking through ACES or local London Boroughs needs investigating. Enquiry from HOPS at Waltham Forest may be useful: related to 2.60 | 4 | Ian M | | 31 Mar 06 | Review as part of Asset Management Plan. | A |
| 2.63 | The results of performance measurement and benchmarking are communicated to stakeholders wherever relevant | Performance measures and benchmarks have to be developed in a way that will make them useful for stakeholders | 4 | Ian M | | 31 Mar 06 | Consider as part of project for corporate management of property. | R |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|-----------|--|--|-------------|-----------------|---------------|-----------|--|--------------|
| 2.64 | The council has developed an approach for the co-ordination of asset management information and it's integration with relevant organisational and financial information | Consider as part of project for corporate management of property. Review links to business planning process. | 4 | Ian M | | 31 Mar 06 | Work of the assets project board and stream board partly addresses this but real development needs to take place through business planning process | A |
| 3. | Financial Standing | | | | | | | |
| 3.4 | The council monitors and maintains its levels of reserves and balances within the range determined by its agreed policy. | Review reserves and balances policy | 2 | Andrew Travers | GA | Mar 06 | Revised policy drafted – to be reported to Council on 20 February 06 | G |
| 3.10 | The council has identified target levels for reserves and balances that are based on a thorough understanding of its needs and risks, including its treasury management strategy and is meeting these targets. | No action | 3 | Gerald Almeroth | | | Achieved | G |
| 3.11 | Monitoring information is available that evaluates the effectiveness of debt recovery actions, associated costs, and the cost of not recovering debt promptly | Review existing position and report to Debt Board on effectiveness and costs of debt recovery action | 3 | Gerald Almeroth | MS | 1 Feb 06 | Review report drafted for Debt Board in January | G |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|-----------|---|--|-------------|---------------------------------|---------------|-----------|---|--------------|
| 3.12 | Members monitor key financial health indicators and set challenging targets, for example for income collection, levels of variances from budget, prudential framework indicators, capital programme management | Review reporting of key financial health indicators in F&P report to Executive – enhance the current set | 4 | Gerald Almeroth / Eve Pelekanos | JH | 1 Mar 06 | Will review as part of the review of financial management arrangements. Plan that a small project team of CFMT will carry out the next review in April/May and report findings. | A |
| 3.13 | The council monitors the opportunity costs of maintaining its levels of reserves and balances and compared these to the benefits it accrues | Review reserves and balances policy | 4 | Andrew Travers | GA | Mar 06 | Revised policy drafted – to be reported to Council on 20 February 06 | A |
| | | | | | | | | |
| 4. | Internal Control | | | | | | | |
| 4.2 | The risk management strategy/policy requires the council to: <ul style="list-style-type: none"> • identify corporate and operational risks • assess the risks for likelihood and impact • identify mitigating controls • allocate responsibility for the mitigating controls. | Incorporate recommendations of DA review | 2 | Anne Woods | | 31 Mar 06 | | |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|------|--|---|-------------|------------------------------|---------------|-----------|--|--------------|
| 4.3 | The council maintains and reviews a register of its corporate business risks linking them to strategic business objectives and assigning ownership for each risk | Develop risk management database to ensure corporate register and all other registers can be updated and monitored in accordance with risk management strategy. | 2 | Anne Woods | | 31 Mar 06 | Corporate risk register approved by CEMB on 12.10.05 and Audit Committee on 27.10.05 | G |
| 4.6 | The risk management process is reviewed and updated at least annually | Risk management to be specifically included as part of annual audit and assurance report to CEMB and Audit Committee | 3 | Anne Woods | | 31 Mar 06 | Revised risk management strategy approved October 2005. Review processes outlined within strategy. | G |
| 4.7 | The risk management process specifically identifies risks in relation to partnerships and provides for assurances to be obtained about the management of those risks | Ensure risks in relation to partnerships are addressed for all business unit risk registers | 3 | Anne Woods/ Eve Pelekanos | | 31 Mar 06 | Develop partnership register. Included in risk management guidance notes for workshops at departmental level | A |
| 4.9 | The members with specific responsibility for risk management have received risk management awareness training | Ensure further training session on risk management completed for members | 3 | Anne Woods | | May 06 | Agreed with member services training officer that risk management will be included in (new) member induction training in May 2006. | A |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|------|---|---|-------------|--------------------------------|---------------|-----------|--|--------------|
| 4.12 | The council can demonstrate that it has embedded risk management in its corporate business processes, including: <ul style="list-style-type: none"> • Strategic planning • Financial planning • Policy making and review • Performance management | Undertake specific high level review of risk management in relation to corporate business processes. Review how we can report on risks in monitoring capital projects. | 4 | Anne Woods/ Gerald Almeroth | | 31 Mar 06 | Further review work required | A |
| 4.13 | All members have received risk management awareness training | Ensure further training session(s) on risk management completed for members | 4 | Anne Woods | | 31 Mar 06 | Agreed with member services training officer that risk management will be included in (new) member induction training in May 2006. | A |
| 4.14 | The council considers positive risks (opportunities) as well as negative risks (threats) | Include in high level review of risk management in relation to corporate business processes | 4 | Anne Woods | | 31 Mar 06 | PBPR process already includes investment and 'spend to save' options | G |
| 4.21 | There are procedure notes/manuals in place for those systems identified by the council as being business-critical | Continue with annual programme of key financial system reviews | 2 | Anne Woods | | 31 Mar 06 | Annual audit programme of key system reviews ensures that any gaps are identified | A |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
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| 4.22 | There are standing orders, standing financial instructions and a scheme of delegation in place. | Raise Awareness | 2 | Anne Woods | | Feb 06 | Report to management board of the scheme of delegation and assurance frameworks | G |
| 4.25 | There are partnership agreements in place for all the council's significant partnership arrangements. | Develop partnership list | 2 | Eve Pelekanos | YS | Feb 06 | First draft taken to UOR meeting on 13 th Jan. Final draft to be taken to meeting on 9 th Feb | A |
| 4.30 | The procedure notes/manuals for those systems identified by the council as being business-critical are reviewed and updated at least annually | Continue with annual programme of key financial system reviews | 3 | Anne Woods | | 31 Mar 06 | Annual audit programme of key system reviews ensures that any gaps are identified | A |
| 4.31 | The standing orders, standing financial instructions and scheme of delegation are reviewed at least annually | Continue with regular reviews of these | 3 | Davina Fiore | | 30 Jun 06 | Standing Orders, Delegations, and Financial Instructions have been reviewed in the light of changes within the Council and new legislation. Reports proposing changes are regularly tabled to General Purposes Committee | G |

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| | | | | | | | and full Council – examples recent changes to scheme of delegation to take account of new Children’s Service and changes to Contract Standing Orders in respect of block and spot contracts. | |
| 4.32 | Compliance with standing orders, standing financial instructions and the scheme of delegation is monitored by management, and any breaches identified and appropriate action taken | Continue with annual programme of key and other financial system reviews | 3 | Michael Woods Gerald Almeroth | | 31 Mar 06 | Annual audit programme of key system reviews ensures that any gaps are identified | A |
| 4.33 | The assurance framework is fully embedded in the council’s business processes | Undertake specific high level review of risk management in relation to corporate business processes and ensure assurance processes are covered. | 4 | Anne Woods | | 31 Mar 06 | | A |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
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| 4.34 | The council can demonstrate corporate involvement in/ownership of the process preparing the SIC | List of key processes and action plan to address CPA and audit commission recommendations required for consideration by CPA group prior to submission to CEMB and audit committee. Develop assurance statements to ensure all CPA and SIC issues covered. | 4 | Anne Woods | | 31 Mar 06 | Group reviewing CPA processes and KLOE's will include SIC issues as part of the agenda. | A |
| 4.38 | The standing orders, standing financial instructions and scheme of delegation make specific reference to partnerships | Review sufficiency of existing references. | 4 | Davina Fiore | | 1 Feb 06 | Issues involving Partnerships are referred to in section F7 section 2 as a specific delegation to the Assistant Chief Executive Strategy and Partnership responsibilities are further covered in section G.2 5 of the Finance Procedure Rules | G |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
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| 4.39 | Partnership agreements are subject to regular review and updating | Review Audit Commission guidelines on partnerships to ensure all issues are addressed either by specific reviews or as part of risk management framework. Ensure all CPA recommendations are addressed. | 4 | Anne Woods | | 1 Feb 06 | Supporting People programme already has separate risk register | A |
| 4.43 | The council has put in place arrangements for monitoring compliance with standards of conduct across the council including: <ul style="list-style-type: none"> • register of interests • register of gifts and hospitality • complaints procedure | Personnel to hold registers centrally. Communication plan developed | 2 | Stuart Young | | April 06 | Code of conduct went to general purposes committee in | A |
| 4.49 | The council is proactive in raising the standards of ethical conduct amongst members and staff, including the provision of ethics training | Ethical Governance Audit planned. | 3 | Stuart Young (staff)/ Davina Fiore (members) | | 1 Feb 06 | 4 training courses for members on Code of conduct issues in 2004/05, 4 seminars held for members on issues relating to use of information in 2005/06 | G |

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| 4.50 | The council has undertaken an assessment of standards of conduct, including how effectively members are complying with the code of conduct, the number and types of complaints received, and takes action as appropriate | Review process exists. | 3 | Davina Fiore | | 1 Feb 06 | Current status of all existing complaints and other issues related to Members' conduct considered at each meeting of the Standards Committee as is member's compliance with duty to register interests and declare gifts and hospitalities. Annual report of Standards Committee to Council reviews trends of complaints, interest registrations and declarations of gifts and hospitalities. Ethical Governance audit currently being undertaken will provide additional information about compliance with the Code and functioning of the Standards Committee | G |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
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| 4.51 | Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and pecuniary interests. There is evidence that members and staff are making appropriate disclosures in the registers and that they are regularly reviewed. | Review the communication of this and ensure there is a review process in place for staff. Review process exists for Members. | 3 | Stuart Young (staff)/ Davina Fiore (members) | | 1 Feb 06 | Members' disclosures regularly reviewed by Standards Committee at each meeting, reminders sent out regularly to members with appropriate forms. Standards Committee Annual Report contains review of disclosures by Members. | G |
| 4.62 | The risk of fraud and corruption is specifically considered in the council's overall risk management process | Action Required | 4 | Anne Woods | | | | |
| 4.63 | Successful cases of proven fraud/corruption are routinely publicised to all staff | Action Required | 4 | Anne Woods | | | | |
| 4.64 | The council has a track record for effective action in response to whistle blowing disclosures. There are periodic reviews of the effectiveness of the whistle blowing arrangements, and there are effective | Review arrangements and include in report to Audit Committee. Review options to promote whistleblowing policy | 4 | Anne Woods | | 31 Mar 06 | Dedicated freephone telephone line and email reporting link on website | G |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
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| | arrangements for receiving and acting upon disclosures from members of the public | to contractors, members of the public etc – posters, news items etc. | | | | | | |
| 4.65 | The council can demonstrate that effective action has been taken to maximise the potential savings available through NFI | Review arrangements and include in report to Audit Committee. Include any areas identified as having weaknesses in 2006/07 annual audit plan | 4 | Anne Woods | | 31 Mar 06 | Interim reports provided to Audit Commission in accordance with required timetable | A |
| 4.66 | Weaknesses revealed by instances of proven fraud and corruption, including NFI data matches, are reviewed to ensure that appropriate action is taken to strengthen internal control arrangements | Review risk assessment process for 2006/07 to ensure any areas identified as part of NFI are included in annual audit plan | 4 | Anne Woods | | 31 Mar 06 | Liaison with Deloitte and relevant departments on ongoing basis | A |
| 4.72 | Annually review procurement notes/manuals for business critical systems | Action Required | | Michael Wood | | | Procurement manual was introduced during the course of 2004. SRM user guide produced also produced in 2004. Both resources available on Harinet. | G |

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| | | | | | | | Both will be reviewed on a timely basis. | |
| 5. | Value for Money | | | | | | | |
| 5.6 | There is clear information on costs and how these compare to others and to the quality of services achieved currently and over time. Members and managers routinely use this information to review and challenge value for money throughout services and corporately. | Review position and embed in processes | 3 | Gerald Almeroth / Eve Pelekanos | | July 06 | Included in PBPR process in 2005. Reviewed at Senior Manager's Seminar. | A |
| 5.7 | Overall costs and unit costs for key services are low compared to other councils providing similar levels and standards of services and allowing for the local context. Unintended high spending is identified and addressed effectively. | Review high cost areas and make subject to vfm reviews | 3 | Gerald Almeroth / Eve Pelekanos | | July 06 | VfM reviews in identified service areas | A |
| 5.9 | Areas of higher spending are in line with stated priorities and the investment results in improved services. | Capture data to support planning process | 3 | Gerald Almeroth / Eve Pelekanos | | July 05 | Achieved Included in criteria for selection of services for vfm review | G |
| 5.10 | The council understands the full short and long-term costs of its actions and takes | Ensure included in appropriate decision making | 3 | Michael Wood / Gerald | | July 06 | Procurement Committee reports include whole life | A |

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| | account of these when making decisions. | | | Almeroth | | | costing information where appropriate. Capital appraisal process includes short and long term cost reviews. | |
| 5.11 | The council regularly benchmarks its costs and quality of services achieved currently and overtime | Embed in planning process and monitoring. Provide specific vfm review process | 4 | Gerald Almeroth / Eve Pelekanos | | Mar 06 | Vfm reviews implemented for two services. Business planning process revised to pick up vfm issues. | A |
| 5.12 | Members and managers actively use this information to review and challenge value for money throughout services and corporately. Achieving value for money is an integral part of senior officer's performance appraisal | Embed in business planning process. Review key tasks of senior officers. | 4 | Gerald Almeroth / Eve Pelekanos | | July 06 | Business planning process includes VfM challenge and includes Member's Scrutiny process. Ensure included in key tasks. | A |
| 5.13 | High performance is achieved across a range of priority services whilst costs remain generally low compared to others. Any high spending is identified and addressed effectively | Business planning process to focus on achievement of high performance low cost. | 4 | Gerald Almeroth / Eve Pelekanos | | Jul 06 | To be reviewed as part of VfM challenge and business planning process. | A |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
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| 5.14 | The council has a well managed capital programme, with projects completed on item and within budget. Areas of higher spending are in line with stated priorities and the investment results in improved services. | Review budget and project monitoring process after Audit Commission report. | 4 | Andrew Travers / Gerald Almeroth | | Jul 06 | Capital programme year end review reported to Asset Stream Board in 2005. | A |
| 5.21 | The council has produced and [from 2006] is delivering on a robust efficiency plan to achieve the Efficiency Review targets of 2.5 per cent gains per year over a three-year period. | Plan produced – monitor achievement | 2 | Gerald Almeroth | | Jun 06 | Achieved to date and on target to meet 2007/08 figures. | G |
| 5.22 | The council has effective procurement practices and can demonstrate improvements in value for money from significant procurement exercises. It has explored options for joint procurement and works with the LSP and other partners to improve value. | Demonstrate achievements | 2 | Michael Wood | | | Contracting Strategies and Decisions Haringey, led by CPU, procures through a number of consortia arrangements, namely London Contracts and Supplies Group (LCSG). Leading a strategic | A |

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| | | | | | | | review of energy procurement on behalf of the London Centre of Excellence | |
| 5.24 | Internal reviews are carried out (in line with Best Value legislation) and achieve significant improvements in value. | Set up a programme of internal vfm reviews | 2 | Gerald Almeroth / Eve Pelekanos | | 31 March 06 | A programme of Value for Money reviews is underway with Parking and Homecare to be completed first | G |
| 5.26 | There is evidence that members, senior managers and service managers seek to manage costs alongside quality of services and responding to local needs. The impact on users is assessed to ensure that costs are not simply cuts without regard to outcomes. | Review monthly Finance & Performance report to Executive | 3 | Gerald Almeroth / Eve Pelekanos | | April 06 | Initial meetings held to discuss outline of requirements | A |
| 5.27 | The scope for improving cost-effectiveness is kept under review and scrutiny. There are clear policies and effective processes for reviewing and improving value for money. Internal reviews are targeted at | Set up a programme of internal vfm reviews | 3 | Gerald Almeroth / Eve Pelekanos | | 31 March 06 | Member working group agreed criteria and process for vfm reviews. Programme of reviews is now underway with | G |

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| | high cost services and lead to improved value for money. | | | | | | Parking and Homecare to be completed first. | |
| 5.31 | The council follows good procurement practice, knows where the greatest benefits can be gained and acts on these effectively. It has used joint procurement and works with the LSP and other partners to improve value. | Review and implement good practice | 3 | Michael Wood | | Jul 06 | <ul style="list-style-type: none"> Spend analysis in 2002 and 2005 revealed a consistent picture of Haringey' spend profile. Bottleneck items i.e. those items where the authority has limited influence in the make-up of the market are procured and managed through consortia arrangements. Leverage items are procured through the Agency Contract. The Construction Framework Agreement, comes into | A |

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| | | | | | | | operation from December 2005 provide contracting opportunities based on risk and value of contract. <ul style="list-style-type: none"> • Specially negotiated contracts such as those managed by the London Contracts & Supplies Group (LCSG) and the Office of Government and Commerce (OGC). These arrangements offer cashable savings based on economies of scale. | |
| 5.32 | Procurement decisions are not based solely on lowest cost options but on achieving greatest benefit to the public | Embed appraisal in decision making process | 3 | Michael Wood | | Jul 06 | Procurement manual published in April 2005 that contains protocol and | A |

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| | <p>purchase, for example securing additional health or environmental benefits and opportunities for joint procurement with partners are actively pursued. Significant and identifiable savings have been achieved through procurement and internal reviews without unintended loss of quality (or quality increased at no extra cost).</p> | | | | | | <p>guidance for achieving vfm and quality from the goods and services procured. Community Strategy addressed by local businesses ability to tender for contracting opportunities i.e.Trade Local and Haringey Procurement Pilot projects.</p> <p>Contract Procedure Rules (includes vfm) part of the Council constitution, it sets-out the key principles governing procurement procedures within the Authority.</p> <p>Contract Standing Orders is explicit about the criterion on</p> | |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
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| | | | | | | | <p>which contracts must be awarded. Tenders are to be accepted on either lowest price or most economically advantageous tender</p> <p>Consulting on a Voluntary Sector Compact</p> <p>Analysis of 04/05 procurement expenditure to identify opportunities for realising efficiencies.</p> | |
| 5.34 | External funding is sought strategically to support local priorities and the council has a successful track record of securing external funding and using it to deliver required outcomes and increased value for local people. | Include as review item in production of annual report | 3 | Gerald Almeroth / Eve Pelekanos | | Jun 06 | | A |
| 5.35 | There is strong commitment among members, senior managers and service | Review overall position and impact | 4 | Gerald Almeroth / Eve | | Jul 06 | | A |

| Ref. | Key Line of Enquiry | Action required | Score level | Lead officer | Other officer | Due date | Progress | Status R/A/G |
|------|---|---|-------------|---------------------------------|---------------|----------|----------|--------------|
| | managers to managing costs alongside quality services and responding to local needs. The impact on others are assessed and then tracked to ensure that costs are not simply cuts without regard to outcomes | | | Pelekanos | | | | |
| 5.36 | The scope for improving cost-effectiveness is kept under review and scrutiny. Innovative approaches are used where appropriate and have achieved clear improvements in value for money | Consider in corporate business plan and vfm self-assessment | 4 | Gerald Almeroth / Eve Pelekanos | | May 06 | | A |