



Haringey Council

Agenda item:

[No.]

**Audit Committee**

**On 28 October 2008**

Report Title: **Internal Audit Progress Report – 2008/09 Quarter 2**

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

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

Wards(s) affected: **All**

Report for: **Non-key decision**

**1. Purpose (That is, the decision required)**

1.1 To inform the Audit Committee of the work undertaken by the Internal Audit Service for the second quarter 2008/09 and reports outstanding from 2007/08.

**2. Recommendations**

2.1 That the Audit Committee notes the audit coverage and progress during the second quarter 2008/09 and on the reports outstanding from 2007/08.

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

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

Report Authorised by: **Chief Financial Officer**

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

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**3. Chief Financial Officer Comments**

3.1 The Chief Financial Officer has been consulted on the contents of this report and has no additional comments to make.

#### **4. Head of Legal Services Comments**

4.1 The Head of Legal Services has been consulted in the preparation of this report, and endorses the comments under paragraph 12 of the report.

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

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

#### **6. Background**

6.1 The purpose of this report is to advise the Audit Committee of the audit activity for the second quarter of 2008/09. In addition, the report updates the position on those reports from 2007/08 which remained outstanding at 31<sup>st</sup> March 2007.

#### **7. Performance Management Information**

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

<b>PI Ref.</b>	<b>Performance Indicator</b>	<b>2<sup>nd</sup> Quarter</b>	<b>Year to date</b>	<b>Target</b>
A1	Audits completed vs. Planned programme	100%	85%	95%
A2	User satisfaction (1 = low, 5 = high)	4	3.7	3.75
A3	Time taken to complete investigations (2007/08 referrals)	13.5 weeks	12.6 weeks	12 weeks
A4	Priority 1 recommendations implemented at follow up (2007/08 follow up)	67%	67%	95%

#### **8. Deloitte and Touche**

8.1 The activity of Deloitte and Touche for the second quarter of 2008/09 to date is detailed at Appendix A. This also includes details of all reports outstanding from 2007/08, which are separately identified. For 2008/09, a total of 41 projects was planned for the first and second quarters, including school visits. To date, 35 projects have been completed and issued as final reports. A further 9 projects have been completed and draft reports have been issued.

8.2 The programme of planned follow up audits is also reported at Appendix A. The work of internal audit and the new reporting requirements to both the Audit Committee and Cabinet, which receive details of all outstanding Priority 1 recommendations as part of the 2008/09 corporate performance reporting arrangements, have ensured that managers take greater responsibility for implementing recommendations. Details of the outstanding Priority 1 recommendations from 2007/08 and 2006/07 are shown in the table below.

Year	Number of Priority 1 recommendations made	Number of recommendations implemented at follow up	Implementation rate	Target
2007/08	19	10	53%	95%
2006/07	38	13	34%	95%

8.3 At the previous Audit Committee, further details of all outstanding recommendations reported when the follow up work was undertaken were provided. Since July 2007, work has been ongoing, in conjunction with the Chief Financial Officer, to ensure that Directors were aware of the required actions necessary. As a result, Appendix A also contains a detailed explanation of the status of all priority 1 recommendations from 2004/05 and 2005/06 which were reported as 'not implemented' when the original follow up work was completed. Directors have been kept informed of progress at all stages and Internal Audit are satisfied that managers are taking appropriate action to address the issues raised in the original recommendations.

## 9. In-house Team – Fraud investigation/Irregularities

9.1 In accordance with the Council's Constitution, Internal Audit investigates all cases that fall outside the remit of the Housing Benefit Fraud Investigation Team and the Information Security Policy. Appendix B details the individual cases that were completed by the In-house Team during the first and second quarter 2008/09 and brought forward from 2007/08.

9.2 Within the second quarter, seven new cases were referred to Internal Audit for investigation, and seven cases were completed during the quarter involving Council employees. The cases investigated during the second quarter covered a number of allegations from fraudulent misuse of blue badges, misuse of resources and failure to disclose a criminal conviction. During 2008/09 to date, the average length of time taken to investigate all allegations was 12.6 weeks.

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

was in respect of fraudulent electricity supply and four were not audit related. No referrals were made via the telephone reporting facility.

9.4 The In-house Team also investigates claims of non-receipt of Council cheques. In 2008/09 to date, there was one referral for investigation. Improvements in procedures, including the introduction of 'positive pay' whereby the council's banking team receives information on cheques before they are cleared, and new cheque security measures have substantially reduced the level of fraudulent activity in this area. The council has not lost any money, as the fraud was detected and the cheque was not cashed.

9.5 Appendix C details the number of disciplinary suspensions and/or action taken in the second quarter of 2008/09. The data is taken from SAP and the information has been provided in line with council statistics reported elsewhere. In addition, better management information is now available to assist in monitoring and reviewing outstanding cases in order to improve processes across all directorates.

## **10. Risk Management**

10.1 Members requested that the Audit Committee receive regular information on risk management and progress on implementing the Council's updated risk management strategy. Updates are provided on a quarterly basis as part of the regular progress reporting and a separate report on risk management work is provided on an annual basis. The annual report on risk management work will include the submission of the corporate risk register for Member review.

10.2 During the second quarter, business units and directorates have been updating their risk registers to reflect the agreed objectives and priorities for the 2008/09 business plans. Appendix D shows the latest position for all Business Units and Directorates as at October 2008. All Business Units have provided copies of the latest version of their risk registers and the directorate risk registers are currently being agreed by the respective management teams. When this is complete, the corporate risk register will be updated and reviewed by CEMB.

## **11. Financial Implications**

11.1 There are no direct financial implications arising from this report. The work completed by Deloitte and Touche is part of the five year contract which was let from 1 April 2007. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget.

## **12. Legal Implications**

12.1 There are no specific legal implications in this report. Legal advice is obtained where appropriate in respect of investigations into financial irregularities.

## **13. Equalities Implications**

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

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

#### **14. Consultation**

14.1 No consultation was required in drafting this report. Directors and Service Managers are consulted during the audit process and their responses to recommendations made are obtained as part of the reporting process.

#### **15. Use of Appendices**

15.1 Appendix A – Deloitte and Touche Progress report  
Appendix B – In-house Team – investigations into financial irregularities  
Appendix C – Council-wide disciplinary information  
Appendix D – Risk Management update

**Internal Audit  
Quarter 2 Internal Audit Report  
2008/2009  
London Borough of Haringey**

Deloitte & Touche Public Sector Internal Audit Ltd.  
October 2008

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## Executive Summary

### Introduction

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

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

The attached tables reflect the status of the systems at the time of the audit, and recommendations may already have been implemented by Council officers by the time the final report is issued and reported to the Audit Committee. The audits highlighted in **bold** are those not previously reported to the Audit Committee.

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

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

### Key Highlights/ Summary of Quarter 2 2008/09:

- **Highways (Contractor Processes)**
- **Children's Centres**
- **Direct Payments – Home Care**
- **Emergency Planning & Business Continuity**



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**APPENDIX A**

**Audit Progress Summary – Quarter 2 2008/09:**

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

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

Audit Title	Date of Audit	Date of Final Report	Assurance level	Direction of Travel	Number of Recommendations (Priority)			Comments
					1	2	3	
<b>Highways (Contractor Processes)</b>	June '08	24.09.08	Substantial	No Change	1	2	0	
<b>Children's Centres</b>	July '08	23.09.08	Limited	Weakened	3	6	1	
<b>Direct Payments – Home Care</b>	May '08	25.09.08	Limited	No Change	1	5	1	
<b>Emergency Planning &amp; Business Continuity</b>	July '08	25.09.08	Substantial	N/A	0	5	1	

**Audit Progress Summary – 2007/08:**

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

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

Audit Title	Date of Audit	Date of Final Report	Assurance level	Direction of Travel	Number of Recommendations (Priority)			Comments
					1	2	3	
<b>Council Tax</b>	Mar'08	18.07.08	Substantial	No Change	0	2	0	
<b>NDR</b>	Apr'08	28.07.08	Substantial	No Change	0	1	1	
<b>Radius Cash Receipting Application</b>	2007/08	07.08.08	Substantial	N/A	0	6	1	
<b>Housing &amp; Council Tax Benefits</b>	Apr'08	07.08.08	Substantial	No Change	0	2	1	
<b>Corporate Governance</b>	Mar'08	11.08.08	Substantial	N/A	0	2	0	
<b>Partnership Arrangements Follow-up</b>	June '08	11.08.08	Substantial	N/A	0	1	0	

Detailed summaries:

Audit area	Scope	Status/key findings	Assurance
<p><b>Children's Centres 2008/09</b></p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> <li>• Compliance and Statutory Regulations;</li> <li>• Documentation, Policy and Procedures;</li> <li>• Monitoring of Providers and Contracting; and</li> <li>• Follow-up of 2005/06 recommendations.</li> </ul>	<p style="text-align: center;"><b>CHILDREN &amp; YOUNG PEOPLE SERVICE</b></p> <p>Weaknesses in the system of controls are such as to put the system objectives at risk.</p> <p>A number of controls were observed to be operating satisfactorily, some of which are listed below:</p> <ul style="list-style-type: none"> <li>• Statutory requirements are outlined in the Sure Start grants letter;</li> <li>• Children's Centres are informed of their statutory and regulatory requirements;</li> <li>• Grants Claims are submitted to Sure Start on a quarterly basis; and</li> <li>• End of year claims reports are submitted to Sure Start.</li> </ul>	<p><b>Limited</b></p>
		<p>Within the system there are weaknesses which put the system objectives at risk. The areas where weaknesses were found include:</p> <ul style="list-style-type: none"> <li>• There are currently no specific policies or procedures for Children's Centres within the Children and Young People's Service;</li> <li>• Contracts relating to 2008/09 could not be obtained for two out of nine voluntary providers sampled;</li> <li>• There is currently no formal documented agreement in place between the Children's Centres and the Link Centres; and</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> <li>• There is no evidence of any documented procedures for the reconciliation of grant income within the Children's Centres Strategy Team.</li> </ul> <p>As a result of our audit work we have raised three Priority 1, six priority 2 and one priority 3 recommendations to help improve controls in the area.</p> <p>The priority 1 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• Policies and procedures specific to Children Centres should be developed for approval and issue to all centres;</li> <li>• Signed contracts with voluntary providers should be put in place in a timely manner; and</li> <li>• A formal agreement should be put in place between the Children's Centres and the Link Centres, which documents all the terms and conditions, and contractual obligations of both parties.</li> </ul> <p>As part of the audit, we completed a follow-up on the 11 recommendations raised in our 2005/06 report. We found that four recommendations have been fully implemented, three have been partly implemented and four have not been implemented. As a result of our work, we have re-raised six recommendations.</p>	
<b>ADULT, CULTURE &amp; COMMUNITY SERVICES</b>			
<p><b>Direct Payments – Home Care</b></p> <p><b>2008/09</b></p>	<p>Audit work was undertaken to cover the following areas and control objectives:</p> <ul style="list-style-type: none"> <li>• Compliance with Statutory Requirements;</li> <li>• Documentation, Policy and Procedures;</li> <li>• Payments to Clients and/or Service Providers;</li> <li>• Budget Management and Control; and</li> </ul>	<p>Weaknesses in the system of internal controls are such as to put the system objectives at risk.</p> <p>A number of controls were observed to be operating satisfactorily, some of which are listed below:</p> <ul style="list-style-type: none"> <li>• For all 10 service users sampled, there was evidence of an assessment undertaken by a social worker of the needs of the</li> </ul>	<b>Limited</b>

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Audit area	Scope	Status/key findings	Assurance
	<ul style="list-style-type: none"> <li>Monitoring and reporting arrangements.</li> </ul>	<p>service user;</p> <ul style="list-style-type: none"> <li>For all three months sampled, budgetary reports, including variance analysis, were generated and explanations for variances were obtained;</li> <li>The care plan and costs had been reviewed and approved by the Funding Panel for all service providers sampled; and</li> <li>An annual Care Plan review had been undertaken for all service users sampled.</li> </ul> <p>Within the system there are weaknesses which put some of the system objectives at risk. The areas where weaknesses were found include:</p> <ul style="list-style-type: none"> <li>For two out of 10 service users sampled, no signed Direct Payments agreements were available to confirm that the individuals had agreed to comply with the Council's terms for the agreement;</li> <li>Ten service users were sampled over two months and in all cases, no evidence was available to confirm that returns had been received and that expenditure had been reconciled; and</li> <li>There was no evidence to confirm that budget call-over meetings take place regularly.</li> </ul> <p>As a result of our audit work we have raised one Priority 1 recommendation, five priority 2 and one priority three recommendations to help improve controls in the area.</p> <p>The priority 1 recommendation is as follows:</p> <ul style="list-style-type: none"> <li>The Council should remind service users of their responsibility, under the Direct Payments agreement signed with the Council, for sending monthly expenditure returns, including bank statements. Furthermore, the Direct Payments service should</li> </ul>	

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Audit area	Scope	Status/key findings	Assurance
		<p>ensure that a monthly reconciliation of expenditure is completed for each service user and that appropriate action is taken to follow up on non-submission of returns.</p> <p>As part of our work, we followed up the nine recommendations raised in our 2004/05 Internal Audit report. We found that of four Priority 1 recommendations, two had been partly implemented, one had not been implemented and one was no longer applicable; of four Priority 2 recommendations, two had been implemented and two had not been implemented; and one Priority 3 recommendation had not been implemented. As a result of our work, we have re-raised four recommendations.</p>	

### FMSIS Assessments and Summary:

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

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

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

Our schedule of visits to Primary Schools in 2008/09 covers 29 schools (43%). Of these, seven schools have already been visited and all schools have been assessed as meeting the standard. In any circumstances where schools are assessed as not meeting the standard, in accordance with FMSiS guidance, further time is being allowed to enable schools to provide the required evidence which would ensure that they achieve the standard. We liaise with relevant Secondary and Primary Schools and the Schools Finance Section to ensure that key recommendations are implemented as soon as possible.

The table below sets out the Primary Schools visited in Quarter 2, where a final report has been issued, and the current status with regards to compliance with the Standard (which is reported as either pass or fail):

Primary School	Date of Assessment	Date of Final Report	Outcome (Pass/Fail)	Comments
The Vale Special School	16.06.08	10.07.08	Pass	
The Green CE Primary School	26.06.08	26.09.08	Pass	
Belmont Infant School	30.06.08	26.09.08	Pass	
Seven Sisters Primary School	03.07.08	26.09.08	Pass	
South Harringay Junior School	09.07.08	26.09.08	Pass	
Blanche Nevile Special School	10.07.08	26.09.08	Pass	
Rhodes Avenue Primary School	24.07.08	26.09.08	Pass	

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Follow Up 2006/07

AUDIT AREA	Assurance Level	Recommendations														Comments			
		Category						Implemented						N/A	Not Imp.		In Progress		
		1	2	3	Total	1	2	3	Total										
<b>Chief Executives.</b>																			
Contract and Document Management	Substantial	1	4	1	6	0	0	1	0	1	0	1	0	0	1	0	1	4	
Programme Budget & Budget Control Reporting Independent Challenge	Substantial	1	6	0	7	0	0	4	0	4	0	4	0	3	0	0	0	0	
Equalities	Substantial	0	6	0	6	0	0	1	0	1	0	1	0	1	1	1	1	3	
Partnership Arrangements	Substantial	0	6	0	6	0	0	4	0	4	0	4	0	0	0	0	2	2	
<b>Finance</b>																			
Debtors	Substantial	1	5	0	6	0	0	1	0	1	0	1	0	0	4	1	1	0	
Cash Receipting	Substantial	0	5	0	5	0	0	4	0	4	0	4	0	0	1	0	0	0	
Creditors	Substantial	0	4	1	5	0	0	3	1	4	0	4	0	0	1	0	0	0	
Treasury Management	Substantial	0	3	0	3	0	0	2	0	2	0	2	0	0	1	0	0	0	
Strategic FM & Budgetary Control	Substantial	0	1	2	3	0	0	1	1	2	0	2	0	0	0	1	1	0	
Payroll & Expenses	Limited	0	9	2	11	0	0	4	1	5	0	5	0	0	6	0	0	0	
Council Tax	Substantial	0	1	1	2	0	0	1	1	2	0	2	0	0	0	0	0	0	
Accounting & General Ledger	Substantial	0	3	0	3	0	0	3	0	3	0	3	0	0	0	0	0	0	
NNDR	Substantial	2	2	0	4	1	1	2	0	3	0	3	0	0	0	1	1	1	
Housing & Council Tax Benefits	Substantial	0	4	3	7	0	0	3	3	6	0	6	0	0	0	1	1	0	
<b>Social Services</b>																			
Haringey Integrated Community Equipment Services (HICES)	Limited	4	9	1	14	2	2	0	4	4	0	4	2	2	5	3	3	0	
Temporary Housing Repairs	Substantial	2	5	0	7	0	0	1	0	1	0	1	1	1	3	2	2	0	
Housing Association Leasing Scheme	Limited	6	3	1	10	0	0	2	1	3	0	3	0	0	0	7	7	0	



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AUDIT AREA	Assurance Level	Recommendations													Comments
		Category						Implemented							
		1	2	3	Total	1	2	3	Total	N/A	Not Imp.	In Progress			
Pointing of Housing Register applications	Limited	2	8	1	11	0	7	1	8	0	1	2			
<b>Environment</b>															
Waste Management	Limited	7	7	0	14	5	3	0	8	0	4	2			
Health and Safety-Environmental Services	Limited	3	3	0	6	0	0	0	0	0	1	5			
Parking Control and Enforcement	Substantial	1	4	0	5	0	3	0	3	0	0	2			
<b>Children's Services</b>															
Sure Start: Early Years	Substantial	2	4	2	8	0	1	0	1	2	4	1			
Financial Monitoring of Schools	Substantial	0	3	1	4	0	2	0	2	1	0	1			
Building Schools for the Future -- Project Management	Substantial	0	3	1	4	0	2	0	2	1	0	1			
<b>IT Audits</b>															
Email Usage	Substantial	0	3	1	4	0	2	0	2	0	2	0			
<b>Request work</b>															
New Deal for Communities	N/A	6	5	0	11	5	4	0	9	0	0	2			
<b>Total</b>		<b>38</b>	<b>113</b>	<b>18</b>	<b>169</b>	<b>13</b>	<b>60</b>	<b>9</b>	<b>82</b>	<b>11</b>	<b>35</b>	<b>41</b>			

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

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

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

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

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Follow Up 2007/08

AUDIT AREA	Assurance Level	Recommendations											Comments					
		Category					Implemented					N/A		Not Imp.	In Progress			
		1	2	3	Total	1	2	3	Total									
<b>Environment</b>																		
Compliance with Procurement Procedures - Streetscene	Substantial	1	5	0	6	0	2	0	2	0	2	0	4	0	0	0		
CCTV Systems	Substantial	2	2	1	5	1	0	0	1	0	0	1	0	2	2			
Pro-active Anti-fraud -- Blue Badges	Limited	6	3	0	9	5	0	0	5	0	0	5	0	1	3			
Pro-active Anti-fraud - Freedom Passes	Limited	2	4	0	6	1	2	0	3	0	0	3	0	3	3			
Compliance with Procurement Procedures - Parks	Substantial	2	3	0	5	2	2	0	4	0	0	4	0	1	0			
Management of ALMO	Substantial	0	1	1	2	0	0	1	1	0	1	0	0	1	0			
<b>Corporate Resources</b>																		
Customer Services	Substantial	1	2	0	3	0	2	0	2	0	2	0	0	0	1			
<b>Children and Young People's Service</b>																		
Recruitment	Substantial	0	3	1	4	0	1	1	2	0	1	2	0	1	1			
Primary Capital Programme	Substantial	3	0	0	3	1	0	0	1	0	0	1	0	2	0			
Adoption	Substantial	0	1	0	1	0	0	0	0	0	0	0	0	0	1			
Formula Funding/ Fair Funding	Substantial	1	3	0	4	0	1	0	1	0	1	0	0	0	3			
<b>Adult, Culture &amp; Community Services</b>																		
Appointeeship and Receivership	Limited	1	10	3	14	0	2	0	2	0	2	0	1	6	4			1 recommendation relating to the deceased accounts was

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AUDIT AREA	Assurance Level	Recommendations										Comments												
		Category			Implemented			N/A																
		1	2	3	Total	1	2	3	Total	N/A	Not Imp.		In Progress											
<b>Total</b>			19	37	6	62	10	12	2	24	5	17	15											not followed up as the accounts for the two deceased clients (in this year) have not been closed.

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

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

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

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

# DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2008/09

## APPENDIX A

### Detailed Progress Report - Implementation of Priority 1 Recommendations

Audit Area	Number of Priority 1 Recommendations	Original Implementation Deadline	Progress/Status	Comments/Update
<b>2004/05</b>				
Payroll & Expenses	1	31.03.06	An online process is being developed for Payroll to manage expense claims payments. <i>Deadline: 2008/09</i>	<p>In Progress</p> <p>Representatives of Personnel have already met with Finance staff to begin a review of the expenses being claimed and paid through petty cash. It has highlighted that there are distinct types of expense; a) genuine employee expenses for Travel and Subsistence, b) other business expense (where an employee has purchased something on behalf of the Authority and is re-claiming the cost), c) Agency Workers claiming expenses.</p> <p>The HR Support Team is in the process of preparing new claim forms, one for each of the types mentioned above. At the same time Personnel will be preparing guidance to issue to Managers and employees on the situations and levels of expenses that can be claimed. This will also confirm the need for all claims to be covered by receipts. Following a review of the Resources required there will also be a move towards payment of the Travel and Subsistence type of claim through the payroll and a drive to get Managers to use the Procurement process and P Cards to reduce the need for employees to incur individual expenses.</p>
<b>2005/06</b>				
Sustainability	4	2006	<ol style="list-style-type: none"> <li>1. Corporate Procurement Strategy and Procurement Policy</li> <li>2. Sustainable Procurement Procedures <i>Deadline: End December 2008</i></li> <li>3. Sample check of environmental checklists completed by Project Managers <i>Deadline: End December 2008</i></li> </ol>	<p>Implemented</p> <p>In Progress A Procurement manual is currently being developed and will be finalised by end of December 2008.</p> <p>In Progress This process will be implemented in line with the Procurement manual currently being developed.</p>

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2008/09

APPENDIX A

Audit Area	Number of Priority 1 Recommendations	Original Implementation Deadline	Progress/Status	Comments/Update
			<p>4. Sustainability Development Manager to be involved in projects above the threshold value of £500,000 <i>Deadline: End December 2008</i></p>	<p>In Progress A Sustainability Development Manager has recently been appointed. This process will be implemented in line with the Procurement manual currently being developed.</p>
Telecommunication	1	Dec '06 and Q4 2007/08	Telecommunications Strategy <i>Deadline: 2008/09</i>	In Progress This will be included within the IT Strategy currently in development.
iPlan Application and e-Planning	1	Dec '06 and Jun '08	Improved Logical Access Controls within the e-Planning application. <i>Deadline: September 2008</i>	In Progress Upgrade is currently in progress and system will go live by September 2008.
TOREX Leisure Management System	1	Ongoing/ May 2008	Request to software suppliers to correct the system in order to fully prevent access following repetitive invalid logon attempts <i>Deadline: December 2008</i>	In Progress Requests have been sent to the software suppliers. It is expected that the software will be upgraded by December 2008, in line with the release schedule from the suppliers (normally October) and allowing for upgrade to be operational.

## Statement of Responsibility

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

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

*Deloitte & Touche Public Sector Internal Audit Limited*

*London*

*October 2008*

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## IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/08 - 30/09/2008 &amp; B/F FROM 2007/08

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/09/08	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Adult, Culture and Community Services	Allegation of housing fraud	1	1	1	Dismissed Appeal heard Reinstated	
	Alleged private working whilst off sick	1	1	1	Employee Dismissed	
	Alleged misuse of Blue Badge	1	1	1	Disciplinary Pending	
	Alleged misuse of Blue Badge	1	1	1	Disciplinary Pending	
Children & Young Persons Service	Alleged HB Fraud and misuse of resources	1	1	1	Employee Resigned	
	Alleged failure to disclose motoring convictions/ Irregular expense claims	1	1	1	Disciplinary Pending	



**APPENDIX B**  
**IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/08 - 30/09/2008 & B/F FROM 2007/08**

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/09/08	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
<b>Corporate Resources</b>	Allegation of irregular overtime claims	1	1	1	Employee Resigned	
	Alleged irregular undervaluation of property	1	0	0		
<b>Urban Environment</b>	Alleged Irregular housing application	1	1	1	Dismissed  Dismissal Upheld at Appeal  ET Lodged  ET found in favour of Council  Employee Resigned	
	Alleged Irregular CT & HB claim	1	1	1		

APPENDIX B  
IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/08 – 30/09/2008 & B/F FROM 2007/08

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/09/08	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
	Alleged Irregular Timekeeping	1	0	0		
	Alleged irregular procurement of PSL properties	1	0	0		
	Alleged employee attending university whilst off sick	1	0	0		
<b>Non-specific</b>	LBH cheques claims of non-receipt	1	N/A	N/A	N/A	£1,040
<b>Total</b>		14	9	9		£1,040

## Progress Report Quarter 2 - Risk Register Update Summary

Status as at: October 2008

	Department	Level	Register Title	Date of most recent update	Date copy returned to audit
1	Corporate - CEMB	Corporate	Corporate Register	March 08	4-04-08
2	<b>CE – Policy Performance Partnerships &amp; Communication</b>	<b>Dept</b>	<b>Policy Performance Partnerships &amp; Communication</b>	April 08	25-04-08
3	CE – PPPC	BU	Safer Communities	September 08	26-09-08
4	CE – PPPC	BU	Neighbourhood Management	September 08	26-09-08
5	CE – PPPC	BU	Communications	September 08	26-09-08
6	CE – PPPC	BU	Improvement and Performance	September 08	26-09-08
7	<b>CE – Organisational Development</b>	<b>Dept</b>	<b>Organisational Development</b>	June 08	18-06-08
8	CE – OD	BU	Human Resources	June 08	18-06-08
9	CE – OD	BU	Local Democracy and Member Support	June 08	18-06-08
10	CE – OD	BU	Organisational Development & Learning	June 08	18-06-08
11	<b>Corporate Resources (CR)</b>	<b>Dept</b>	<b>Corporate Resources</b>	October 08	8-10-08
12	CR	BU	Legal Services	September 08	2-10-08
13	CR	BU	IT Services	October 08	2-10-08
14	CR	BU	Customer Services	September 08	30-09-08
15	CR	BU	Benefits & Local Taxation	September 08	26-09-08
16	CR	BU	Corporate Finance	September 08	12-09-08
17	CR	BU	Audit & Risk Management	September 08	12-09-08
18	CR	BU	Corporate Procurement	August 08	26-09-08
19	CR	BU	Corporate Property Services	September 08	2-10-08
20	<b>Children and Young People's Service (CYPS)</b>	<b>Dept</b>	<b>Children and Young People's Service</b>	September 08	26-09-08
21	CYPS	BU	Children & Families	September 08	26-09-08
22	CYPS	BU	School Standards and Inclusion	September 08	26-09-08
23	CYPS	BU	Business Support & Development	September 08	26-09-08
24	CYPS	BU	Change for Children	September 08	26-09-08

## Haringey Council – Audit Committee

## Disciplinary Case Analysis July 2008 to September 2008

## Introduction

The information in this report is taken from SAP, covering the period 01 July 2008 – 30 September 2008.

The data is based on Haringey Council employees who

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

Note that this data excludes:

- Casual or Sessional Workers
- Schools
- Agency Workers

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

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

The procedure aims to:

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

## Disciplinary Cases

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

### Disciplinary Cases by Directorate

Directorate	Cases Closed	Cases Open	No of cases	No of employees
AS	16	7	23	23
C	8	7	15	15
CR	6	6	12	11
PO	0	0	0	0
PP	0	2	2	2
UE	7	11	18	17
HGY	37	33	70	68

Please, note that the total number of cases is **70**, but this only represents **68** employees. The reason being, that one employee can have more than one case running concurrently. For example, an employee's dismissal could count as one case and their appeal as another.

- **Urban Environment** has the highest percentage of disciplinary cases against its workforce at **2.64%**
- **33** cases remain 'open' at the end of this period.

The following table looks at the stages of Disciplinary cases.

### Stages of Disciplinary Cases

Stage	Cases Closed	Cases Open	Total	%
Invest. - not suspended	16	12	28	40
Invest. - suspended	17	17	34	49
ET	1	0	1	1
Appeal	3	4	7	10
Total	37	33	70	100

The following table identifies the outcomes of the 37 cases that were concluded.

**Disciplinary Case Outcomes**

Outcome	Invest. - not suspended	Invest. - suspended	Invest. - appeal	Invest. - ET	Total	%
Appeal dismissed	0	0	2	1	3	8
Appeal upheld	0	0	1	0	1	3
Dismissal	3	4	0	0	7	19
No action	2	3	0	0	5	14
Other	0	2	0	0	2	5
Part upheld	0	0	0	0	0	0
Verbal warning	3	0	0	0	3	8
Written warning	7	0	0	0	7	19
Final writ warning	1	1	0	0	2	5
Resigned	0	5	0	0	5	14
Suspension lifted	0	2	0	0	2	5
Relegation/Demotion	0	0	0	0	0	0
<b>Total</b>	<b>16</b>	<b>17</b>	<b>3</b>	<b>1</b>	<b>37</b>	<b>100</b>

- In **19%** of cases the employee received a Written Warning
- **19%** of cases resulted in Dismissal

This table displays reasons for Disciplinary action against employees.

**Reasons for Disciplinary Cases**

Reason	Cases Open	Cases Closed	Total	%
Assault	1	0	1	1
Attendance	3	3	6	9
Behaviour	12	15	27	39
Fraud / Theft	8	10	18	26
Misuse of resources	3	0	3	4
Negligence	0	3	3	4
Other	6	6	12	17
<b>Total</b>	<b>33</b>	<b>37</b>	<b>70</b>	<b>100</b>

- The highest cause for disciplinary action was for Behaviour at **39%**

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

Disciplinary Case employee representation by Ethnicity and Gender						
Ethnic Class	Female		Male		All	
	Total	%	Total	%	Total	%
B & M E	26	48.1	28	51.9	54	79.4
White	6	46.2	7	53.8	13	19.1
Not Declared	1	100.0	0	0.0	1	1.5
Total	33	48.5	35	51.5	68	100

- **26.5%** of the workforce is male, but the male representation of the disciplinary cases is significantly higher at **51.5%**

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

Disciplinary Case employee representation by Ethnicity and Grade Band															
(T = Total no. in grade band, WF = % of total disciplined employees in Directorate)															
Dir	Ethnic Group	MANUAL		SC1-SC5		SC6-SO2		PO1-PO3		PO4-PO7		PO8+		TOTAL	
		T	WF	T	WF	T	WF	T	WF	T	WF	T	WF	T	WF
AS	B & ME	10	43.5	2	8.7	3	13.0	1	4.3	1	4.3	0	0.0	17	73.9
	White	2	8.7	1	4.3	1	4.3	0	0.0	2	8.7	0	0.0	6	26.1
	Total	12	52.2	3	13.0	4	17.4	1	4.3	3	13.0	0	0.0	23	100
C	B & ME	3	21.4	3	21.4	4	28.6	1	7.1	2	14.3	0	0.0	13	92.9
	White	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	7.1	1	7.1
	Total	3	21.4	3	21.4	4	28.6	1	7.1	2	14.3	1	7.1	14	100
CR	B & ME	4	36.4	0	0.0	4	36.4	2	18.2	0	0.0	0	0.0	10	90.9
	White	0	0.0	0	0.0	0	0.0	1	9.1	0	0.0	0	0.0	1	9.1
	Total	4	36.4	0	0.0	4	36.4	3	27.3	0	0.0	0	0.0	11	100
PO	B & ME	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	White	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PP	B & ME	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	2	100
	White	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	Total	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	2	100
UE	B & ME	0	0.0	5	29.4	3	17.6	3	17.6	1	5.9	0	0.0	12	70.6
	White	0	0.0	4	23.5	1	5.9	0	0.0	0	0.0	0	0.0	5	29.4
	Total	0	0.0	9	52.9	4	23.5	3	17.6	1	5.9	0	0.0	17	100
HGY	B & ME	18	26.9	11	16.4	14	20.9	7	10.4	4	6.0	0	0.0	54	80.6
	White	2	3.0	5	7.5	2	3.0	1	1.5	2	3.0	1	1.5	13	19.4
	Total	20	29.9	16	23.9	16	23.9	8	11.9	6	9.0	1	1.5	67	100

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

## Suspensions

This table shows a summary of suspension cases.

Summary of Suspension Cases	
Case status	Total
No. of cases heard	12
No. of cases not concluded	17
No. of cases not concluded - leaver	5
Total	34

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

The table below looks at the **34** suspension cases and identifies the no. of working days each case has taken. If the case has not concluded by the end of the period, the number of working days is calculated from the start date of the current disciplinary stage to the end of the quarter.

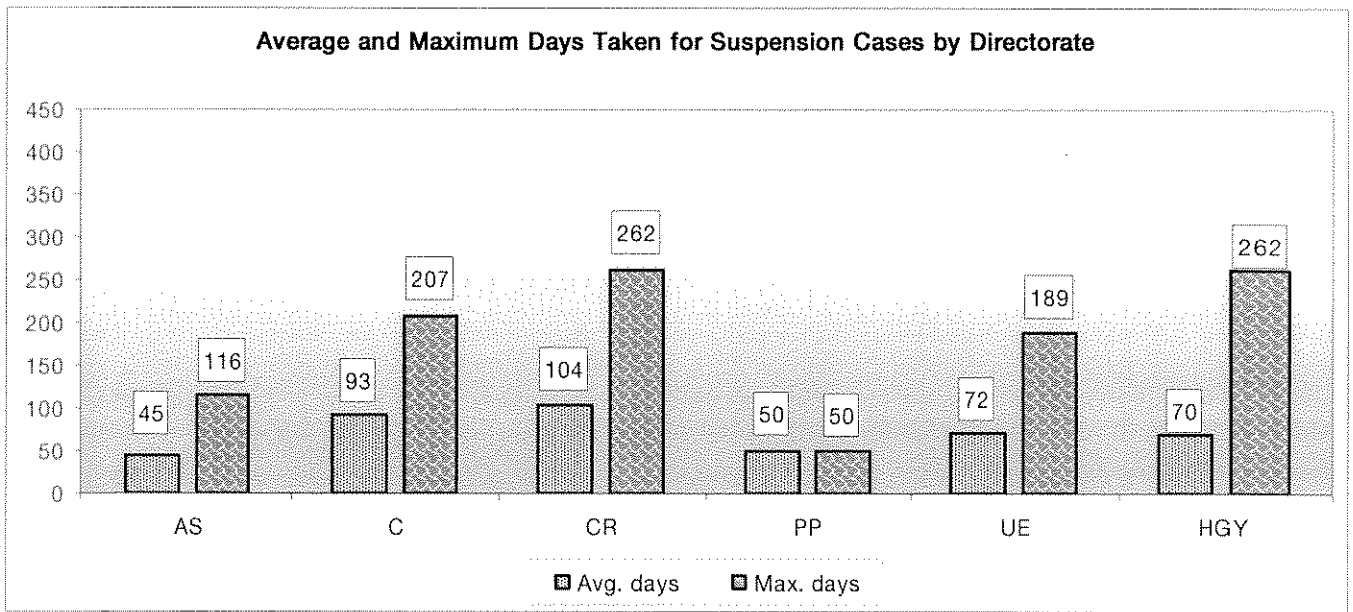
The table also identifies, by directorate, the average number of days suspension for all cases, the maximum days for a single case and average days suspension for cases heard within that period.

Timescales (no of days) of Suspension Cases											
Directorate	1-60	61-120	121-180	181-240	240+	Total cases	Total days	Avg days of total cases	Max. Days	Total cases heard	Avg days of cases heard
AS	12	1	0	0	0	13	579	45	116	6	46
C	1	3	0	1	0	5	463	93	207	1	4
CR	4	1	0	0	2	7	731	104	262	5	123
PO	0	0	0	0	0	0	0	0	0	0	0
PP	2	0	0	0	0	2	99	50	50	0	0
UE	2	4	0	1	0	7	504	72	189	0	0
HGY	21	9	0	2	2	34	2376	70	262	12	74
Total cases heard	9	1	0	0	2	12					

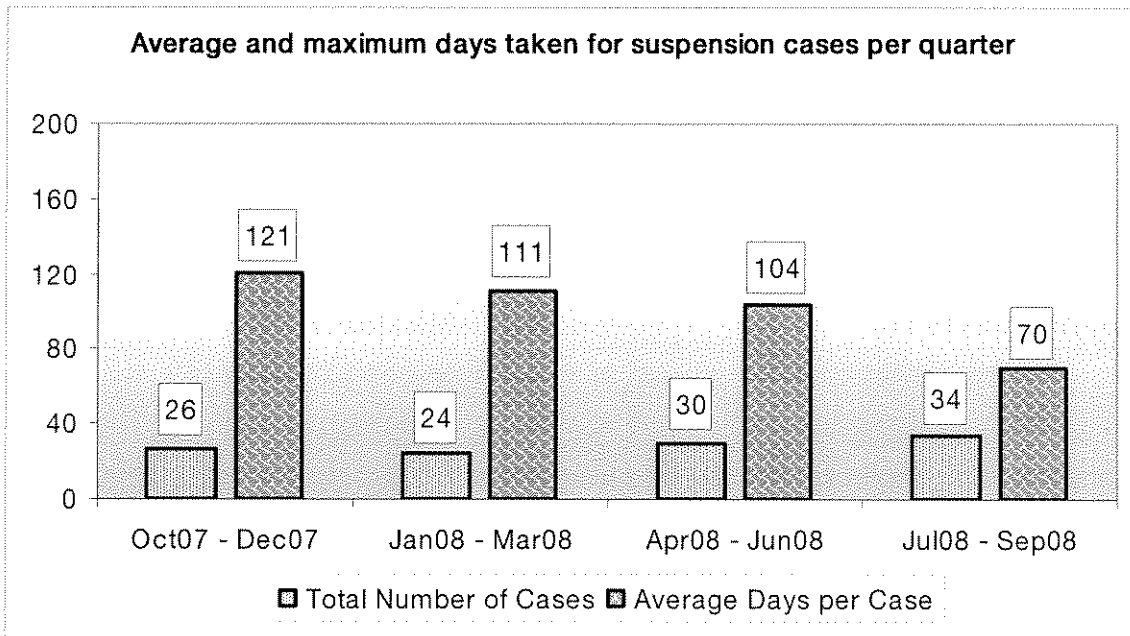
As at the end of this quarter, on average, **70** days were spent on each suspension case. This is a significant reduction of **34** days compared to the previous quarter of **104** days and we have finally met our overall target of **70** days. This is result of **4** cases being concluded in the last quarter which all had more than **121 days+** spent on each.

The average length of suspension for cases **heard** is **74** days. Of the **12** cases heard, **9** were completed within **60** days of suspension.





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



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

## Progress Report Quarter 2 - Risk Register Update Summary

	Department	Level	Register Title	Date of most recent update	Date copy returned to audit
25	Adults Culture and Community Services (ACCS)	Dept	Adults Culture and Community Services	April 08	
26	ACCS	BU	Commissioning & Strategy	September 08	26-09-08
27	ACCS	BU	Adult Services	September 08	26-09-08
28	ACCS	BU	Recreation Services	September 08	26-09-08
29	ACCS	BU	Adult learning, Libraries & Culture	September 08	26-09-08
30	Urban Environment (UE)	Dept	Urban Environment	September 08	26-09-08
31	UE	BU	Strategic & Community Housing	September 08	26-09-08
32	UE	BU	Frontline Services	September 08	26-09-08
33	UE	BU	Planning Policy & Development	September 08	26-09-08
34	UE	BU	Enforcement	September 08	26-09-08