

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

Deloitte & Touche Public Sector Internal Audit Ltd.
April 2009

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Executive Summary

Introduction

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

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

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

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

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

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

Audit Progress Summary - Quarter 4 2008/09:

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

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

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

Detailed summaries

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

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

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

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

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

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

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

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

FMSiS Assessments and Summary:

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

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

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

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

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

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

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

Audit Area	Priority	Original Implementation Deadline	Progress/Status	Comments/Update
Payroll & Expenses	1	31.03.06	<p style="text-align: center;">2004/05</p> <p>An online process is being developed for Payroll to manage expense claims payments. Deadline: 2008/09</p>	<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> <p>Update 16.1.09: HR confirm that actions are in place to implement the proposal for expenses claims to be processed through payroll from April 2009.</p>

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

Follow Up - 2006/07 audit work

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

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

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

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

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

Partly implemented – officers have started implementation of recommendations

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

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

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

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

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

Follow Up - 2007/08 audit work

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

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2008/09

APPENDIX A

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

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

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

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

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

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

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

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

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

Follow Up - 2008/09 audit work

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

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

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

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

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

Statement of Responsibility

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

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

Deloitte & Touche Public Sector Internal Audit Limited

London

April 2009

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