

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

Deloitte & Touche Public Sector Internal Audit Ltd.
July 2010

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Executive Summary

Introduction

This is our first quarter report to the Audit Committee for the 2010/11 financial year including details of all reports which are now at final stage. The report provides information on those areas which have achieved full or substantial assurance and gives an indication of the direction of travel for key systems work which will provide Members with information on how risks are being managed over time. The format of this report is also designed to highlight the key risks facing individual departments and the Council which have been identified during the course of our internal audits. A more detailed summary of the limited assurance audit findings is included for information. The report draws together the summary information which is provided on a monthly basis to Members of the Audit Committee. Members of the Committee will also be provided with full copies of our audit reports upon request.

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

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

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

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

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

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

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

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

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

Follow Up of Prior Years' Recommendations

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

2005/06

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

2007/08

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

2008/09

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

2009/10

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

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Audit Progress Summary:

The following table sets out the audits finalised in quarter four of 2009/10 and quarter one of 2010/11 and the status of the systems at the time of the audit. It must be noted that the recommendations may already have been implemented by Council officers by the time the final report is issued and reported to the Audit Committee.

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

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

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

DETAILED SUMMARIES:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FMSiS Assessments and Summary:

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

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

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

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

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

Detailed Progress Report - Implementation of Recommendations 2005/06

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

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Detailed Progress Report - Implementation of Recommendations 2007/08

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

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Follow Up Table - 2008/09 Audit Work

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

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

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

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

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

Partly implemented – officers have started implementation of recommendations

Detailed Progress Report - Outstanding Recommendations 2008/09

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

| Ref | Recommendation | Priority | Original Deadline | Progress/Status |
|--------------------------------|--|----------|-------------------|---|
| CORPORATE RESOURCES | | | | |
| Debtors | | | | |
| 3 | <p>The SAP Debtors Procedures should be finalised and approved as soon as possible, and should be made available to all relevant staff either on the Intranet or on a shared drive.</p> <p>The procedures should be reviewed on a regular basis and updated, if appropriate, with the date and version of the update recorded on the document.</p> | 2 | December 2009 | <p>Not Implemented</p> <p>The procedures will be finalised and issued to all relevant officers.</p> <p><i>Revised Deadline: July 2010</i></p> <p><i>Responsibility: Head of Debt Management</i></p> |
| Framework-1 Application | | | | |
| 4 | Management should undertake a review of potential duplicate records that are present in the application with a view to link, merge and / or remove the duplicate records. | 2 | December 2008 | <p>Partly Implemented</p> <p>This is ongoing with the supplier, Corelogic. However, there is a documented protocol for dealing with duplicated records. There is a link to the Framework-i Help page on Harinet which contains the protocols for dealing with duplicate records. These protocols are also communicated to all users.</p> <p><i>Revised Deadline: To be confirmed</i></p> |
| 5 | <p>Management should seek to ascertain from Corelogic whether formal processes have been established for the monitoring of the applications processing schedules.</p> <p>Where formal processes are not found to exist, these should be developed in line with service requirements.</p> | 2 | August 2008 | <p>Partly Implemented</p> <p>The Council is currently working with the supplier, Corelogic and this is a complex and problematic issue. Current arrangements in place are email notifications and processing schedule failure reports from Corelogic.</p> <p><i>Revised Deadline: To be confirmed</i></p> |
| 6 | The backup tapes for the Framework-i application should be held securely in a | 2 | 'Completed' | <p>Not Implemented</p> <p>Former arrangements created operational difficulties.</p> |

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

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

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

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

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

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

Decent Homes Standards - Implementation of Recommendations 2009/10

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

Statement of Responsibility

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

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

Deloitte & Touche Public Sector Internal Audit Limited

London

July 2010

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