



Haringey Council

Agenda item:

Audit Committee

On 14 September 2010

Report Title: **Implementation of Priority 2 and 3 audit recommendations**

Report authorised by: **Director of Corporate Resources**

J. Power 6/9/10

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

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Wards(s) affected: **All**

Report for: **Non-key decision**

1. Purpose of the report

1.1 To inform the Audit Committee of the work undertaken to address the outstanding Priority 2 and 3 audit recommendations.

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

2.1 Audit and Risk Management contribute to the Council priority to deliver excellent, customer focused, cost effective services by reviewing key services and making recommendations for improvement where appropriate. Follow up work is undertaken to provide assurance that managers have implemented agreed recommendations and improvements.

3. Recommendations

3.1 The Audit Committee is recommended to note the progress and responses received in respect of outstanding Priority 2 and 3 audit recommendations.

3.2 That the Audit Committee confirms that the actions taken to address the outstanding recommendations are satisfactory.

4. Reason for recommendation(s)

4.1 The Audit Committee is responsible for monitoring the implementation of agreed recommendations as part of its Terms of Reference. In order to facilitate this, progress reports are provided on a quarterly basis for review and consideration by the Audit Committee.

4.2 At the Audit Committee meeting on 26 July 2010, members noted that while all Priority 1 audit recommendations had been implemented by their due date, there remained a number of Priority 2 and 3 recommendations outstanding. Members requested that either all outstanding recommendations were implemented before 14 September 2010, or Directors attend the Audit Committee to provide a response to members.

5. Other options considered

5.1 Not applicable

6. Summary

6.1 The internal audit service makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the authority. This report looks at the work undertaken to monitor and confirm progress in implementing outstanding Priority 2 and 3 internal audit recommendations.

6.2 The information has been compiled from information held within the Audit & Risk Management Business Unit and from records held by Deloitte and Touche.

7. Head of Legal Services Comments

7.1 The Head of Legal Services has been consulted in the preparation of this report, and advises that there are no direct legal implications arising out of its contents.

8. Chief Financial Officer Comments

8.1 The Chief Financial Officer notes the very positive progress made in implementing the Priority 2 and 3 internal audit recommendations which were outstanding at the 26 July 2010 Committee.

8.2 Internal Audit have undertaken testing to confirm that management actions and implementation of recommendations have taken place as reported and have no concerns to raise.

8.3 It is important that checks are also made to ensure that the agreed actions set out in 15.4 are completed.

9. Head of Procurement Comments

9.1 Not applicable

10. Equalities and Community Cohesion Comments

10.1 This report deals with how risks to service delivery are managed across all areas of the council, which have an impact on various parts of the community. Improvements in managing risks and controls will therefore improve services the Council provides to all sections of the community.

11. Consultation

11.1 No external consultation was required or undertaken in the production of this report. Consultation is undertaken with respective service managers, Assistant Directors and Directors in the production of individual internal audit reports and follow up programmes. Their comments are included in the final report which is circulated in accordance with the agreed internal audit reporting protocol.

12. Service Financial Comments

12.1 There are no direct financial implications arising from this report. The work completed by Deloitte and Touche is part of the five year contract which was awarded following a competitive tendering exercise in compliance with EU regulations from 1 April 2007. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget.

13. Use of appendices

13.1 Appendix A – Deloitte and Touche Progress report

14. Local Government (Access to Information) Act 1985

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

15. Implementation of Priority 2 and 3 audit recommendations

15.1 At the Audit Committee on 26 July 2010 it was reported that all Priority 1 audit recommendations from 2008/09 planned work had been implemented. However, 22 Priority 2 and 3 recommendations – 14% out of a total of 155 original Priority 2 and 3 recommendations made in 2008/09 – remained outstanding. In addition, one Priority 2 recommendation from 2005/06 and one Priority 3 recommendation from 2007/08 audit work remained partly implemented.

15.2 Members were concerned that some of the Priority 2 and 3 recommendations, which had all been agreed by managers, remained outstanding some six months after their original due date. Members requested that managers be required to implement the outstanding

recommendations as a matter of urgency and that a report be submitted to the September meeting of the Audit Committee providing an update on progress.

15.3 All senior managers were advised of the Audit Committee requirement on 27 July 2010 and Appendix A provides an update of all recommendations which were recorded as outstanding at the time of the Audit Committee meeting on 26 July 2010.

15.4 As at 3 September:

- 2005/06 – recommendation remains partly implemented, but the software provider has now confirmed a date for the planned upgrade to be installed. The service has been reliant on the software provider to implement this recommendation.
- 2007/08 – recommendation remains partly implemented, but further action has been taken by the relevant services to progress the issue and a final deadline of 29 October 2010 for full implementation has been confirmed.
- 2008/09 – only one recommendation (Priority 2) remains as partly implemented from 2008/09. Progress has been made in addressing this issue and a final deadline of 30 September 2010 has been confirmed to implement the agreed actions.

15.5 Internal Audit are satisfied with the progress made since the Audit Committee meeting on 26 July and have undertaken testing to confirm management actions and implementation of recommendations has taken place. No issues, other than those set out in paragraph 15.4 above, remain outstanding.

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	Ongoing / May 2008	<p>Partly Implemented <i>Update 2 September 2010:</i> 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. It is expected that the upgrade of the current system to Version 9.5 will take place in November 2010. <i>Revised Deadline: 30 November 2010</i></p>

Detailed Progress Report - Implementation of Recommendations 2007/08

Ref	Recommendation	Priority	Original Deadline	Progress/Status
ADULTS, CULTURE & COMMUNITY SERVICES				
Appointeeship & Receivership				
1	All policies and procedures should be reviewed regularly, and at least annually, and updated, if necessary. Furthermore, all documents should be dated and communicated to all relevant staff.	3	March 2008	<p>Partly Implemented <i>Update 2 September 2010:</i> The Service have held discussions with Legal Services. The procedures have now been finalised from the Service's end and from Legal Services' end. However, there is one element of the procedures which still need to be agreed, which relates to funerals. Legal Services have contacted other local authorities to determine their approach for dealing with funerals so that a reasonable and consistent approach can be applied for Haringey. The Service will discuss and agree the treatment of funerals with the Finance Manager (Adults Finance Team). The Service will book a slot for the revised procedure document to be agreed at DMT. <i>Revised Deadline: 29 October 2010</i></p>

Follow Up Table - 2008/09 Audit Work

AUDIT AREA	Assurance Level	Recommendations															Priority 1 Recs. Outstanding	
		Category					Implemented					Not Implemented						
		1	2	3	Total	1	2	3	Total	N/A	Not Imp.	In Progress	Not due					
Council-wide																		
Information Management & Security	Substantial	0	3	0	3	0	3	0	3	0	3	0	3	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
Emergency Planning Procedures	Substantial	0	5	1	6	0	5	1	6	0	5	1	6	0	0	0	0	0
Chief Executives – P&OD																		
Pre-employment checks	Substantial	1	4	0	5	1	4	0	5	0	4	0	5	0	0	0	0	0
Implementation of Equal Pay Project	Substantial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payroll	Substantial	1	6	1	8	1	5	1	7	0	5	1	7	0	0	1	0	0
Corporate Resources																		
Insurance Arrangements	Full	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accounting and General Ledger	Full	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pension Fund Investment	Full	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Disposal of Properties	Substantial	1	5	1	7	1	5	1	7	0	5	1	7	0	0	0	0	0
Council Tax	Substantial	1	1	2	4	1	1	2	4	0	1	2	4	0	0	0	0	0
Creditors	Substantial	0	2	1	3	0	2	1	3	0	2	1	3	0	0	0	0	0
Housing & Council Tax Benefits	Substantial	0	1	4	5	0	1	4	5	0	1	4	5	0	0	0	0	0
Cash Receipting	Substantial	0	0	1	1	0	0	1	1	0	0	1	1	0	0	0	0	0
NNDR	Substantial	0	3	3	6	0	3	3	6	0	3	3	6	0	0	0	0	0
Strategic Financial Management & Budgetary Control	Substantial	0	0	1	1	0	0	1	1	0	0	1	1	0	0	0	0	0
Sundry Debtors	Substantial	1	4	0	5	1	3	0	4	1	3	0	4	1	0	0	0	0
Cleaning Materials Procurement	Limited	5	5	1	11	5	5	1	11	0	5	1	11	0	0	0	0	0
Framework-I Application	Substantial	0	8	2	10	0	8	1	9	1	8	1	9	1	0	0	0	0

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							
I-World Database	Substantial	0	5	1	6	0	5	1	6	0	0	0	0	0	0	0
ALBACS	Substantial	0	7	1	8	0	7	1	8	0	0	0	0	0	0	0
SAP CRM	Substantial	0	4	2	6	0	4	2	6	0	0	0	0	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	11	0	11	0	0	0	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																

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>Partly Implemented <i>Update 3.9.10</i></p> <p>A proposal for write-off of the outstanding balances on the historic payroll reconciliations (-£382.60) has been discussed between Payroll and Corporate Finance and any outstanding issues will be resolved by 30 September 2010.</p> <p>The payroll reconciliation will be considered as part of control day to ensure it has been reviewed and signed by the shared services manager from the September period onwards. <i>Revised Deadline: 30 September 2010</i></p>