Haringey Council

Agenda item:

Audit Committee   **On 3 February 2011**

Report Title: **Internal Audit Progress Report – 2010/11 Quarter 3**

Report authorised by: **Director of Corporate Resources**   *J. Parke 26/1/11*

Report of and Contact Officer: Anne Woods, Head of Audit and Risk Management   **Tel:** 020 8489 5973   **Email:** anne.woods@haringey.gov.uk

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 during the third quarter by the Internal Audit Service in completing the 2010/11 annual audit plan and reports issued for outstanding 2009/10 audits together with the responsive and housing benefit fraud investigation work. In addition, to provide details of the work the Council's personnel division has undertaken in supporting disciplinary action taken across all departments by respective council managers.

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 audit coverage and progress during the third quarter 2010/11.

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

3.3 That the Audit Committee confirms that the actions taken during Quarter 3 to

address the outstanding recommendations are appropriate.

4. Reason for recommendation(s)

4.1 The Audit Committee is responsible for monitoring the completion of the annual internal audit plan and 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 Where further action is required or recommended, this is highlighted in the covering report and associated appendices and included in the recommendations for the Audit Committee.

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 in the quarter ending 31 December 2010 and focuses on:

- Progress by Deloitte and Touche on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised;
- Progress in implementing outstanding internal audit recommendations with special attention given to priority 1 recommendations;
- Details of investigative work undertaken relating to fraud and/or irregularities including those within the remit of the Housing Benefit Fraud Investigation Team, including information in respect of disciplinary action taken.

6.2 The information has been complied from information held within the Audit & Risk Management business unit and from records held by Deloitte and Touche and the Council's corporate Human Resources business unit.

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 the report.

8. Chief Financial Officer Comments

8.1 The Chief Financial Officer supports the contents and recommendations set out in this report and in particular the progress reported both in relation to the in year

planned activity and also following up outstanding recommendations from prior years.

8.2 That the integration of the audit and housing benefit investigation functions is now complete has been noted and should place the council in a stronger position to direct resources more effectively and help to reduce risk down. It is noted that the pro-active counter-fraud framework and draft plan is being developed and will be presented to the Audit Committee for formal approval later in the year.

8.3 There are no specific financial implications to highlight.

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 during the audit process and 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
       Appendix B – In-house Team – investigations into financial irregularities
       Appendix C – Council-wide disciplinary information

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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.

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15. Performance Management Information

15.1 Although there are no national or Best Value Performance Indicators, local performance targets have been agreed for Audit and Risk Management. These form part of Corporate Resources' reporting processes, but are detailed below for information. Table 1 below shows the targets for each area of audit activity monitored and gives a breakdown between the quarterly and cumulative performance.

Table 1

PI Ref.	Performance Indicator	3rd Quarter	Year to date	Target
A1	Audit work Completed vs. Planned programme	85%	80%	95%
A2	User satisfaction (1 = low, 5 = high)	4.0	3.83	3.75
A3	Time taken to complete investigations (2009/10 referrals)	7.75 weeks	8 weeks	8 weeks
A4	Priority 1 recommendations implemented at follow up	90%	90%	95%

16. Internal Audit work – Deloitte and Touche contract

16.1 The activity of Deloitte and Touche for the third quarter of 2010/11 to date is detailed at Appendix A, which also includes reports issued for outstanding work from the 2009/10 audit plan. Members of the Audit Committee receive detailed summaries of all projects for which a final report has been issued on a monthly basis to allow for any issues to be raised and discussed in a timely manner. Appendix A provides a list of all final reports which have been issued during the quarter, together with detailed summaries of all reports which are issued with a 'limited' assurance rating.

16.2 Appendix A also provides detailed summaries of all recommendations which were previously recorded as outstanding at the time of the follow up audit work. Members have been monitoring the progress and implementation of these at each Audit Committee to ensure that managers were taking appropriate action to address outstanding recommendations. Only 2 recommendations from prior years remain outstanding: 2005/06 - One Priority 2 recommendation remains partly implemented; and 2007/08 - One Priority 3 recommendation remains partly implemented. Work is ongoing to address these and internal audit is satisfied that managers' actions are appropriate to manage the lower

priority risks facing the Council. Internal Audit will continue to monitor implementation of recommendations to ensure appropriate actions are taken to mitigate identified risks.

16.3 A summary of all follow up audit projects for 2009/10 work which have been undertaken is also included in Appendix A (page 13-14). We have followed up on 94 recommendations to date and found that 77 (82%) have been implemented, six are no longer applicable, eight are in progress, and one recommendation had not reached its due date. Seventeen out of twenty Priority 1 recommendations followed up to date, where the deadline for implementation has passed, have been implemented. Two Priority 1 recommendations are in progress and the details provided at Appendix A.

16.4 To date, 85% of the planned annual programme of work for quarter 3 has been delivered, the slightly reduced delivery was as a result of clients' annual leave commitments at the end of 2010. To date, 80% of the total planned work has been completed, and at this stage there are no issues identified at this date which will prevent the 95% annual target from being achieved. Ongoing monthly contract monitoring reviews ensure that performance levels are kept under review.

16.5 In conjunction with the Director of Corporate Resources, Directors are kept advised of the outstanding recommendations and any actions required to ensure that implementation of recommendations is achieved. From 2008/09 onwards, the implementation of Priority 1 recommendations has been included in the performance reporting requirements for all departments. During quarter 3, Internal Audit are satisfied that managers have been taking appropriate action to address the issues raised in the original recommendations prior to 2009/10.

17. In-house Team – Fraud investigation/Pro-active work

17.1 In accordance with the Council's Constitution, Internal Audit investigates all cases that fall outside the remit of the Housing Benefit Fraud Investigation Team and the Information Security Policy. Appendix B details the individual cases that were completed by the In-house Team to date in 2010/11 and any which were brought forward from 2009/10. The listing at Appendix B also includes any referrals made using the Council's whistle blowing policy which were investigated by Internal Audit. During the third quarter, two whistle blowing referrals were made.

17.2 Within the third quarter, nine new cases were referred to Internal Audit for investigation, and four cases were completed during the quarter involving Council employees. The four cases completed took 7.75 weeks on average to complete, within the agreed performance target of 8 weeks. Internal Audit work closely with officers from personnel and the service involved to ensure that the investigation is completed as quickly as possible.

17.3 The In-house Team also investigates claims of non-receipt of Council cheques. In the third quarter of 2010/11, there have been no referrals for investigation and no losses to the Council. Improvements in procedures, including the introduction of 'positive pay' whereby the council's banking team receives information on cheques before they are cleared, and

new cheque security measures have reduced the opportunity for attempted fraud in this area.

17.5 Since the creation of the corporate team in December 2010, the in-house fraud investigation resource has been increased to enable the Council to develop a corporate pro-active approach. During the fourth quarter of 2010/11, the team will develop its programme of work to focus on key risks facing the Council. This work programme will include the National Fraud Initiative exercise, for which potential data matches will be made available in February 2011. Some initial pro-active counter-fraud projects will be undertaken during the fourth quarter and the section has begun working with Homes for Haringey and the Strategic and Community Housing Service on developing an approach to target and investigate housing and tenancy fraud. The pro-active counter-fraud framework and draft plan will be developed and presented to the Audit Committee for formal approval later in the year.

18. Housing Benefit counter-fraud

18.1 The function for investigating benefit fraud was transferred to the Audit & Risk Management business unit on 13 December 2010. The HB Fraud Team spent a large proportion of the third quarter processing outstanding claims and identified 128 existing cases which were able to be closed with no identified fraud, although these may still have an overpayment and a possible caution associated with them and these will be progressed during the fourth quarter.

18.2 As a result of cleansing the system of old cases, the team achieved a total of eight prosecutions (compared to 6 in the second quarter). However, there were no lower sanctions – admin penalties, or cautions – achieved during the third quarter, compared to a total of 28 cautions and five admin penalties achieved in quarter 2. It is anticipated that, with the investigation work that was started, that a further 16 lower sanctions can be progressed during the fourth quarter. Although the capability to apply lower level sanctions will be retained, the team's focus going forward will be on securing prosecutions and working with Legal Services and other services across the Council to recover money and assets using relevant legislation, including the Fraud Act and Proceeds of Crime Act.

18.3 During the third quarter, seven prosecution cases resulted in an overpayment. The total overpayment identified for the seven cases was £90.7k, of which £18.3k (20%) has already been recovered. Two cases have been recovered in full – a total of £13.5k – and Legal Services are currently attempting to secure a charge order of £40k against a property for a third case. Payment plans are in place for 2 of the remaining cases, where £4.7k of the total debt of £23.1k has already been recovered. The team will be working with the HB recovery team and Legal Services to ensure that all options for recovery are considered when fraud has been proven.

19. Council-wide disciplinary statistics

19.1 Appendix D details the number of disciplinary suspensions and/or action taken in the third quarter of 2010/11. The data is taken from SAP and the information has been provided by the Council's Human Resources business unit in line with Council statistics reported elsewhere.

19.2 During quarter 3, the number of disciplinary cases investigated was 72 (an increase of nine from the previous quarter), with 35 remaining 'open' at the end of the quarter. The average length of time taken to resolve disciplinary cases in quarter 3 was 95 days, broadly similar to the average length of time for the previous quarter's cases.

Internal Audit
Quarter 3 Internal Audit Report
2010/2011
London Borough of Haringey

Deloitte & Touche Public Sector Internal Audit Ltd.
January 2011

APPENDIX A

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2010/11

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Executive Summary

Introduction

This is our third 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 3 2010/11 – Final Reports issued:

- Value for Money 2009/10;
- Disposal of Properties 2010/11;
- Data Quality 2010/11;
- Employment – Ongoing Verification Procedures 2010/11;
- iWorld Revenues & Benefits Application 2010/11;
- Business Support & Development Risk Register Testing 2010/11; and
- Absence Management – Urban Environment 2010/11.

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As part of the 2010/11 Internal Audit Plan, we also issued a draft report in Quarter 3 for the following audits:

- Internal Payments and Recharge Procedures;
- Use of Purchase Cards;
- Use of Waivers; and
- Building Control Services.

The above list does not include reports which we have issued to schools in Quarter 3.

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 the nine recommendations raised in the Haringey Heartland – Spine Road (Project Management Assurance) Internal Audit report issued in October 2008 and found that seven recommendations have been implemented and two recommendations are no longer applicable.

2009/10

To date we have followed up 94 recommendations and found that 77 (82%) have been implemented, 8 (8.5%) have been partly implemented, two (2%) have not been implemented, one (1%) is not yet due and six (6.5%) are no longer applicable. The recommendations which have been partly implemented include two Priority 1 recommendations.

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Audit Progress Summary:

The following table sets out the audits finalised in quarter three of 2010/11, showing those that relate to the 2009/10 and 2010/11 financial years, 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							
Value for Money	2009/10	25.11.10	Substantial	N/A	1	4	0
2010/11							
Day Centre – Transport Services (ACCS)	Jul'10	06.10.10	Substantial	N/A	0	4	3
Park Force – Project Management Assurance	May'10	18.10.10	Limited	N/A	1	6	1
Disposal of Properties	Jul'10	18.10.10	Substantial	N/A	0	3	1
Data Quality	Aug'10	21.10.10	Substantial	⟺	0	1	1
Employment – Ongoing Verification Procedures	Jul'10	18.10.10	Substantial	N/A	1	3	1
Voice Over Internet Protocol	Sep'10	20.10.10	Substantial	N/A	0	3	2
Management of Out of Hours Telephone Contact Service	Aug'10	08.11.10	Substantial	N/A	1	5	0
Strategic Community Housing Services Risk Register Testing	Aug'10	08.11.10	Substantial	N/A	0	3	0
iWorld Revenues & Benefits Application	Sep'10	25.11.10	Substantial	N/A	1	7	1
Business Support & Development Risk Register Testing	Oct'10	29.11.10	Limited	N/A	2	0	0
Benefits & Local Taxation Risk Register Testing	Sep'10	16.12.10	Substantial	N/A	0	4	1
Absence Management – Urban Environment	Apr'10	20.12.10	Substantial	⟺	0	2	0

DETAILED SUMMARIES:

Audit area	Scope	Status/key findings	Assurance
		ADULT, CULTURE & COMMUNITY SERVICES	
Park Force – Project Management Assurance 2010/11	The audit will seek to identify and assess the application of the following processes: • Application 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 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.	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The key findings are as follows: • Monthly Project Highlight Reports are produced for review by management; • The Project Team are in the process of completing the Project Closure report; • Progress on the completion of the project is discussed by the Recreation Services Team at their fortnightly meetings; • Although a report was presented to Cabinet briefing on the project at the initiation stage, there was no evidence of completion of a Business Case and Project Brief; • There were instances where the deadlines for some of the milestone actions had been changed without any explanation and in other instances, where the reason was given as issues relating to the project, the issues were not recorded in the issues log and monitored until they were resolved; • A green RAG status was shown on the Project Highlight Reports when project milestones failed to be achieved by the original target date;	Limited

Audit area	Scope	Status/key findings	Assurance
		• Although the deadline for the mitigating actions had passed for two of the risks identified in the Project Highlight Reports, the risk log had not been updated to show whether the actions had been implemented or whether revised deadlines were required;	
		• Key project issues were not recorded in the Project Highlight Reports, although comments entered against some of the milestone deadlines indicated that there were issues that resulted in the deadlines not being met; and	
		• Key project milestones identified in different versions of the Project Initiation Document (PID) did not always cover the period up to the expected completion of the project. However, the achievement of some key objectives should be noted, including the deletion of a function/unit and an efficiency saving of £200k, the creation of new working arrangements with partner agencies and securing resident/community buy in to the new mode of working.	
		We were informed that the full outcome of the project, including stakeholder satisfaction, would only be determined following completion of the next annual residents' survey, as one of the key issues which the project aimed to address was the perception of crime and the use of parks. Discussions with the current Project Manager, revealed that measurement of achievement against targets will not be an easy task for a number of reasons, including the fact that the relevant data will be collected by the Metropolitan Police Service (MPS) and the decision on which to base the description of whether an	

Audit area	Scope	Status/key findings	Assurance
		improvement has or has not been made will be difficult to establish, as is the case with statistics on crime.	
		As a result of our audit work we have raised one Priority 1 recommendation, six Priority 2 recommendations and one Priority 3 recommendation, which should help to improve controls in this area.	
		The Priority 1 recommendation is as follows:	
		• Management should establish a process for monitoring the completion of actions to mitigate project risks, such as maintaining a separate risk register identifying individual risk owners and deadlines, and for updating the status of the risks on the Project Highlight Reports.	
		The Priority 2 recommendations are as follows:	
		• Management should prepare a checklist of all key project documentation required under the Council's Project management Framework, for completion by Project Managers, to confirm that all documentation, signed where appropriate, is held on the project file;	
		• Attendance at the Council's Project Management training course should be made compulsory for all Project Managers and a record should be maintained of attendance at the course;	
		• Monthly Project Highlight Reports should be reviewed for completeness and accuracy by an officer within the Recreation Services Team prior to being presented to management;	

Audit area	Scope	Status/key findings	Assurance
		• The Project Highlight Reports should be submitted to and discussed by the Project Management Board and the outcome of the discussion should be reported to the Better Haringey Member Working Group and Stream Board; • Officers responsible for preparing the monthly Project Highlight Reports should be reminded of their responsibility to record details of all key issues relating to the project, including the actions required to resolve these, together with the responsible officer, deadline and RAG status; and • The key milestones and target dates for their completion up to the closure of the project, covering the critical path of the project, should be identified at the outset and recorded in the PID and Project Highlight Reports for all future projects. The Priority 3 recommendation is as follows: • Where the deadlines for any of the project milestones have not been met, information on the resulting financial implication should be included in the Project Highlight Reports.	
	CHILDREN & YOUNG PEOPLES SERVICES		
Business Support & Development Risk Register Testing	The risks sampled from the Community Housing Services risk register were as follows: • CY04_R002 – Failure to balance planned places with demand (primary schools);	Strategic register	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The key findings are as follows: • The four controls tested were confirmed to be operating effectively, although they do not correctly correspond to	Limited

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Audit area	Scope	Status/key findings	Assurance
2010/11	• CY04_R003 – Failure to balance planned places with demand (secondary schools); • CY04_R004 – Schools meals service developing a deficit due to the impact of the Single Status pay award; and • CY04_R005 – Office accommodation does not meet Service requirements.	the relevant risks. • Some progress was made in implementing the further actions identified on the risk register, although this was not recorded on Covalent. • There are no controls identified on the risk register which mitigate Risk CY04_R005 (the Deputy Director for BSD stated that the risk was no longer applicable and that no action needed to be taken). This risk was removed subsequently from the risk register. • One risk with a residual risk score of 14 was subject to further action, which was not recorded on the risk register (please note that the acceptable residual risk score under the Council's Risk Management Strategy is 12). • The risk register does not identify risk and control ownership. As a result of our audit work we have raised two Priority 1 recommendations, which should help to improve controls in this area. The Priority 1 recommendations are as follows: • Senior management within the Service should ensure that the BSD risk register is updated on Covalent at least on a quarterly basis and is fully completed to include current risks and controls and to identify officers who have ownership of individual risks and controls; and • A reminder should be sent to officers with responsibility for the completion of the BSD risk register, reinforcing the	

Audit area	Scope	Status/key findings	Assurance
		requirement to complete the risk register completely and accurately, in line with the Council's Risk Management Strategy. This includes the correct identification of risks and corresponding controls, and the need for further action, where relevant. Consideration should be given to the provision of training, where required.	

FMSIS Assessments and Summary:

As part of our schedule of visits to Schools for the financial year 2010/11 to check continued compliance with the requirements of the Financial Management Standard in Schools (FMSiS), we visited 10 Schools, including six Primary Schools, one Infants School and three Secondary Schools. Following the announcement by the Secretary of State for Education in November 2010 of the decision to end the current FMSiS with immediate effect, the Council took the decision not to proceed with the FMSiS audit of schools in the borough. We have therefore advised the remaining Schools on our schedule of visits, of the cancellation of the FMSiS audit.

The announcement by the Secretary of State also confirmed that a simpler standard will be developed as a replacement to the FMSiS.

Detailed Progress Report - Implementation of Recommendations 2005/06

Ref	Recommendation	Priority	Original Deadline	Progress/Status
			ADULTS, CULTURE & COMMUNITY SERVICES	
	TOREX Leisure Management System			
1	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.	2	Ongoing / May 2008	**Partly Implemented** **Update 5 January 2011:** Version 9.5 of the software (now called 'Advantage') addresses the audit finding but does not meet other business requirements. Therefore the Council will be seeking to install version 9.6 due for release in **February 2011**. Version 9.5 might have been installed in the meantime to meet audit obligations, but the Council was advised by the supplier that version 9.5 contains bugs that could potentially negatively impact on business effectiveness and efficiency. Coupled with the cost of implementing two versions in quick succession, it was therefore decided not to implement version 9.5 but to wait for version 9.6. Implementation of version 9.6 at Haringey would be expected relatively soon after its release date but a target implementation date at this time cannot be confirmed.

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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	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	**Partly Implemented** *Update 12.01.11:* The documents are finalised and are with the Finance Manager who will present it to the next DMT for sign-off. *Revised Deadline: March 2011*

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Follow Up Table – 2009/10 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					
Corporate – Council-wide														
Risk Management	Substantial	0	3	0	3	0	3	0	3	0	0	0	0	0
Corporate Resources														
Pension Fund Administration	Substantial	0	2	1	3	0	2	1	3	0	0	0	0	0
Treasury Management	Substantial	0	4	1	5	0	4	1	5	0	0	0	0	0
Strategic Financial Management & Budgetary Control	Substantial	0	1	1	2	0	1	0	1	0	0	1	0	0
Accounts Receivable (Sundry Debtors)	Substantial	0	3	1	4	0	3	1	4	0	0	0	0	0
Accounts Payable (Creditors)	Substantial	0	2	0	2	0	1	0	1	1	0	0	0	0
Decent Home Standards (Procurement)	Limited	5	2	1	8	5	2	1	8	0	0	0	0	0
RBS Bankline Application	Substantial	0	1	1	2	0	0	1	1	1	0	0	0	0
Website Security Audit	Substantial	0	1	2	3	0	1	1	2	1	0	0	0	0
Planning and Building Control Application	Limited	2	10	0	12	1	2	0	3	1	2	6	0	1
Framework-i Disaster Recovery	N/A	0	1	0	1	0	1	0	1	0	0	0	0	0
Urban Environment														
Temporary Accommodation	Limited	3	8	0	11	2	8	0	10	0	0	1	0	1

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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					
Adults, Culture & Community Services														
Recreation Services (including Leisure) - Risk Register Testing	Limited	2	0	0	2	2	0	0	2	0	0	0	0	0
ACCS- Culture Libraries and Learning- Risk Register Testing	Substantial	0	3	0	3	0	2	0	2	1	0	0	0	0
Leisure Centres – Income Generation and Collection	Substantial	1	2	1	4	1	2	1	4	0	0	0	0	0
Framework-I application	Substantial	0	8	2	10	0	8	2	10	0	0	0	0	0
Mental Health	Limited	1	3	0	4	1	2	0	3	0	0	0	1	0
Markfield Park Development – Project Management Assurance	Limited	3	4	0	7	2	4	0	6	1	0	0	0	0
Lordship Recreation Ground Regeneration Programme – Project Mgmt. Assurance	Limited	3	3	0	6	3	3	0	6	0	0	0	0	0
Chief Executives – P&OD														
Councillor Call for Action	Substantial	0	1	0	1	0	1	0	1	0	0	0	0	0
Chief Executives – PPPC														
Data Quality	Substantial	0	1	0	1	0	1	0	1	0	0	0	0	0
Total		20	63	11	94	17	51	9	77	6	2	8	1	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

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Detailed Progress Report – Outstanding Recommendations 2009/10

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
			CORPORATE RESOURCES	
STRATEGIC FINANCIAL MANAGEMENT & BUDGETARY CONTROL				
1	It is recommended that a periodic programme of review for all procedures and guidance available on Harinet (including Close Down procedures) should be established and documented with responsibility assigned for the review. It is further recommended that once reviewed and updated, where appropriate, the procedures, including version control, should be approved by appropriate senior management prior to being loaded on Harinet.	3	April 2010	**Partly Implemented** Procedures are reviewed annually and are communicated to relevant staff. Although the procedures are not added to Harinet, we noted that the guidance available on Harinet (including Close-Down Procedures) makes reference to the final accounts procedure for 2004/05. Although management have removed some out-of-date documents from Harinet, there are other documents which management have confirmed will be removed or amended, where appropriate. *Revised Deadline: February 2011*
PLANNING & CONTROL IT APPLICATION				
2	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. Where users require high level access this should be allocated to an appropriate group.	2	July 2010	**Not Implemented:** This action has been delayed due to a 'bug' in the current system. Bug fixed in new version which is currently upgrading. (go-live currently programmed in for mid January 2011). Completion deadline extended to March 2011 for implementation. *Revised Deadline: March 2011*

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
3	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. This should also ensure that the role of enforcement and planning processing is segregated and users cannot access the system files for the applications.	2	August 2010	**Not Implemented:** This action has been delayed due to a 'bug' in the current system. Bug fixed in new version which we are currently upgrading. (go-live currently programmed in for mid January 2011). Completion deadline extended to March 2011 for implementation. *Revised Deadline: March 2011*
4	Management should review data validation and input controls on the iPlan application and consider implementing the following controls: • Date fields to only include recent and possible future dates; • Limit checks on the finance field to restrict the processing of high value invoices; and Address fields in the e-Forms to be amended to reflect address fields in iBuild.	2	31 August 2010	**Partly Implemented:** Informal discussion was held with Northgate and after they indicated the cost involved, it was decided that the cost was too high in comparison to the risk involved. An enhancement request is to be submitted based upon the recommendation raised. This is work in progress. *Management Update 25.1.11:* *No implementation date is able to be provided as this is outside of Haringey's control. A formal enhancement request has been submitted to Northgate.*
5	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. Reporting from iPlan and iBuild should facilitate the reporting for applications	2	31 August 2010	**Partly Implemented:** Initial works to install this started with the ORACLE 10G upgrade, but the reports did not run correctly. This has now been put on hold until after the current upgrade and is hoped to be in place for 31 March 2011. *Revised Deadline: March 2011*

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Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
	where a response is required within a specific timescale. This should be developed though not limited to the following cases: • Incomplete and Void applications; • Checking Void applications with Valid applications to ensure there are no duplicates; • Enforcement officer cases; and • Attachments not marked for Public Access.			
6	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. This should ensure that all payments received via the Cash Receipting interface are reconciled to the Planning Portal application and e-Forms.	2	31 August 2010	**Partly Implemented:** Implementation date is unclear at present due to costs involved, however, in the interim a workaround has been developed whereby before applications are formally completed, SAP is checked for payments received. *Management Update 25.1.11:* *No implementation date is able to be provided as this is outside of the Service's control – Central IT are aware of the integration issues between the payment systems and i-LAP. In the interim the Service will instigate a manual update system.* *Deadline: 31/03/11*

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Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
7	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. This should be completed with management to help ensure that all system activity is recorded for the following areas: • Changes to system files or fields; • User access to the system; and • Unauthorised access attempts and user lockouts.	2	31 August 2010	**Partly Implemented:** It has been agreed that this recommendation is not going to be implemented at this time due to the way that the i-LAP is configured. However, as with the input controls above, an enhancement request based upon the recommendation will be submitted. *Management Update 25.1.11:* *No implementation date is able to be provided as this is outside of Haringey's control. A formal enhancement request has been submitted to Northgate.*
8	A Disaster Recovery Plan should be implemented for the iPlan/iBuild systems. This should identify the steps required for the early recovery of the IT server environment, appropriate contacts and system specification. This should be tested on a regular basis to help ensure that the server environment and application can be restored in a timely manner.	1	31 August 2010	**Partly Implemented:** A document has been developed which outlines the system failure scenarios considered and the recovery provisions. *Management Update 25.1.11:* *A limited DR solution has been implemented, constrained by value for money considerations. Investigations are underway to determine whether a more robust DR solution will become cost-effective when based on elements of the Infrastructure Renewal Programme currently in progress. Deadline: 31 March 2012.*
9	The current Planning and Building Control Business Continuity Plan should be updated to help ensure: • All contact details of the Assistant Director are populated; and • The inclusion of the Planning Portal	2	31 August 2010	**Partly Implemented:** A document has been developed which outlines the system failure scenarios considered and the recovery provisions. This is work in progress. *Revised Deadline: 31 March 2011*

DELOITTE INTERNAL AUDIT – QUARTERLY AUDIT REPORT 2010/11

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
	functionality and e-Forms used on the Haringey website. When completed, the details relating to the recovery of the iBuild and iPlan applications should be included in the plan.			
	URBAN ENVIRONMENT			
	TEMPORARY ACCOMMODATION			
10	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 and Community Housing Services and that, where procedures do not exist, these are developed. The procedures, which should have version controls and identify reviewing responsibility to be built into work plans, should then be formally reviewed and signed off by senior management. It is further recommended that the induction pack given to new staff should be reviewed and updated and that a training log should be kept for each staff, recording all gaps in skills and training provided. In addition, to the procedures being made available to staff, a process should be put in places for the dissemination of the	1	31 March 2010	**Partly Implemented** At the time of our follow-up audit, the teams within the Service were in the process of fully updating their policies and procedures. Although most of these have been developed and some have been finalised, it was found that there are some procedures which are still in draft format or are awaiting quality assurance review. An induction pack has is in the process of being finalised before being communicated to staff and made available on the Council's intranet. For all three teams sampled, training logs were maintained. We were informed by the Business Support Manager that action is currently being taken to try to centralise the training records maintained for staff in line with the results of the needs assessment completed for the Service. We were informed that the finalised procedures had been discussed at staff team meetings. *Update from management in August 2010:* A list of the required procedures has been drawn up and it was the intention that these would be finalised by September. The recent budget situation has led to proposals for a further

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2010/11

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
	procedures to all staff via training and briefing sessions.			restructure. Whilst the procedures will be completed there may be a need to hold back on the finance elements in relation to temporary accommodation whilst revised team structures are finalised by March 2011

Revised deadline: March 2011

Responsible officer: Housing Assessments and Lettings Manager / Temporary Accommodation / Procurement & Compliance Manager. |
ADULTS, CULTURE & COMMUNITY SERVICES				
MENTAL HEALTH				
11	It is recommended that the Assessment and Care Management Manual is reviewed and updated, to ensure that its contents are in line with the strategic direction and objectives of the Council as a whole. Evidence of this should be retained e.g. through the use of version control.	2	March 2011	**In Progress** (Not yet due) - Management have confirmed that all procedures, including the Assessment & Care Management Manual, will be updated in line with the Transformation of Social Care Programme. Excellent progress is being made and it is expected that this recommendation will be implemented before the deadline of March 2011.

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

January 2011

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IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/10 - 31/12/10 & B/F FROM 2009/10

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 31/12/2010	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Adult Culture & Community Services	Allegation that employee used a fraudulent Blue Badge	1	1	1	Dismissed Appeal completed	
	Allegation of Gross Misconduct	1	1	1	Dismissed	
	Allegation of theft of client monies	1	1	1	Dismissed	
Chief Executive Service	Allegation that employee undertaking other employment during contracted hours	1	1	1	Employee Dismissed Appeal completed ET Application Withdrawn	
Children and Young People's Service	Allegation that employee had undeclared other employment	1	0	0	N/A	
	Allegation that employee working elsewhere whilst off sick	1	1	1	Disciplinary sanction imposed	

IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/10 – 31/12/10 & B/F FROM 2009/10

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 31/12/2010	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
	Allegation that employee failed to make visits	1	1	1	Contract Ended by Service	
Corporate Resources	Allegation of irregular land sale B/F 2009/10	1	1	1	Employee Dismissed Appeal Completed	
	Allegation of working elsewhere whilst off sick	1	1	1	Employee Resigned	
	Allegation that employee is running a business from their desk	1	1	1	Employee Dismissed	
	Allegation that employee misused resources	1	1	1	Pending Disciplinary Action	
Urban Environment	Allegation of irregular housing allocation B/F 2009/10	1	1	1	Disciplinary sanction imposed Appeal Withdrawn	
Total		12	11	11		

Haringey Council – Audit Committee

Disciplinary Case Analysis October to December 2010

Introduction

The information in this report is taken from SAP, covering the period 01 October 2010 – 31 December 2010.

The data is based on Haringey Council employees who

●   hold Permanent, Temporary or Fixed Term Contracts

Note that this data excludes:

●   Casual or Sessional Workers
●   Schools
●   Agency Workers

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

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

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

Disciplinary Cases

This section looks at the number of formal actions taken against employees under the disciplinary procedure.

Disciplinary Cases by Directorate

Directorate	Cases Open	Cases Closed	No of cases	No of employees
AS	5	10	15	15
C	14	8	22	20
CR	5	6	11	10
PO	1	1	2	1
PP	1	4	5	5
UE	9	8	17	15
HGY	35	37	72	66

Please, note that the total number of cases is 72, but this only represents 66 employees. The reason being, that one employee can have more than one case running concurrently. For example, an employee's dismissal could count as one case and their appeal as another.

- Urban Environment has the highest percentage of disciplinary cases against its workforce at 2.60% in this quarter

- 35 cases remain 'open' at the end of this period

The following table looks at the stages of Disciplinary cases.

Stages of Disciplinary Cases

Stage	Cases Open	Cases Closed	Total	%
Invest. - not suspended	14	17	31	43
Invest. - suspended	17	12	29	40
ET	1	2	3	4
Appeal	3	6	9	13
Total	35	37	72	100

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

Disciplinary Case Outcomes

Outcome	Invest. - not suspended	Invest. - suspended	Invest. - appeal	Invest. - ET	Total	%
Compromise agreement	0	0	0	0	0	0
Dis. Appeal Dismissed	0	0	6	0	6	16
Dis. Appeal Part Upheld	0	0	0	0	0	0
Dis. Appeal Upheld	0	0	0	0	0	0
Dis. Appeal Withdrawn	0	0	0	0	0	0
Dis. Dismissal	1	6	0	0	7	19
Dis. ET Dismissed	0	0	0	1	1	3
Dis. ET Withdrawn	0	0	0	1	1	3
Dis. Final Written Warning	5	0	0	0	5	14
Dis. No Action	1	0	0	0	1	3
Dis. Other	2	0	0	0	2	5
Dis. Relegation/Demotion	0	1	0	0	1	3
Dis. Resigned	0	3	0	0	3	8
Dis. Verbal Warning	3	0	0	0	3	8
Dis. Written Warning	5	0	0	0	5	14
Escalated to next stage	0	0	0	0	0	0
Suspension Lifted	0	2	0	0	2	5
Total	17	12	6	2	37	100

- 19% of cases resulted in **Dismissal**

This table displays reasons for Disciplinary action against employees.

Reasons for Disciplinary Cases

Reason	Cases Open	Cases Closed	Total	%
Assault	0	0	0	0
Attendance	1	6	7	10
Behaviour	10	11	21	29
Fraud / Theft	8	3	11	15
Misuse of resources	3	1	4	6
Negligence	9	11	20	28
Other	4	5	9	13
Total	35	37	72	100

- The highest cause for disciplinary action was for Behaviour at 29% and 28% for Negligence

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

Disciplinary Case employee representation by Ethnicity and Gender

	Female		Male		All	
Ethnic Class	Total	%	Total	%	Total	%
B & M E	18	45	22	55	40	61
White	10	42	14	58	24	36
Not Declared	0	0	2	100	2	3
Total	28	42	38	58	66	100

- **33%** of the workforce is male, but the male representation with disciplinary cases is significantly higher at **58%**

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

Disciplinary Case employee representation by Ethnicity and Grade Band
(T = Total no. in grade band, WF = % of total disciplined employees in Directorate)

Dir	Ethnic Group	SC1-SC5 T	WF	SC6-SO2 T	WF	PO1-PO3 T	WF	PO4-PO7 T	WF	PO8+ T	WF	TOTAL T	WF
AS	B & ME	8	62	0	0	0	0	0	0	0	0	8	62
	White	5	38	0	0	0	0	0	0	0	0	5	38
	Total	13	100	0	0	0	0	0	0	0	0	13	100
C	B & ME	3	15	1	5	3	15	3	15	0	0	10	50
	White	0	0	1	5	1	5	6	30	2	10	10	50
	Total	3	15	2	10	4	20	9	45	2	10	20	100
CR	B & ME	2	20	2	20	1	10	1	10	0	0	6	60
	White	0	0	2	20	1	10	1	10	0	0	4	40
	Total	2	20	4	40	2	20	2	20	0	0	10	100
PO	B & ME	0	0	1	100	0	0	0	0	0	0	1	100
	White	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	1	100	0	0	0	0	0	0	1	100
PP	B & ME	1	20	1	20	2	40	1	20	0	0	5	100
	White	0	0	0	0	0	0	0	0	0	0	0	0
	Total	1	20	1	20	2	40	1	20	0	0	5	100
UE	B & ME	7	47	2	13	1	7	0	0	0	0	10	67
	White	3	20	0	0	2	13	0	0	0	0	5	33
	Total	10	67	2	13	3	20	0	0	0	0	15	100
HGY	B & ME	21	33	7	11	7	11	5	8	0	0	40	63
	White	8	13	3	5	4	6	7	11	2	3	24	38
	Total	29	45	10	16	11	17	12	19	2	3	64	100

NB: 2 employees are excluded from the above table due to not having an ethnicity declared
Both employees are from Adults, Culture & Comms Directorate and in salary band SC1-SC5

Suspensions

This table shows a summary of suspension cases.

Summary of Suspension Cases

Case status	Total
No. of cases heard	9
No. of cases not concluded	17
No. of cases not concluded - leaver	3
Total	29

Timescales (no of days) of Suspension Cases

The table below looks at the 29 suspension cases and identifies the no. of working days each case has taken. If a case has not concluded by the end of the quarter, the number of working days is calculated from the start date of the suspension to the end of the quarter.
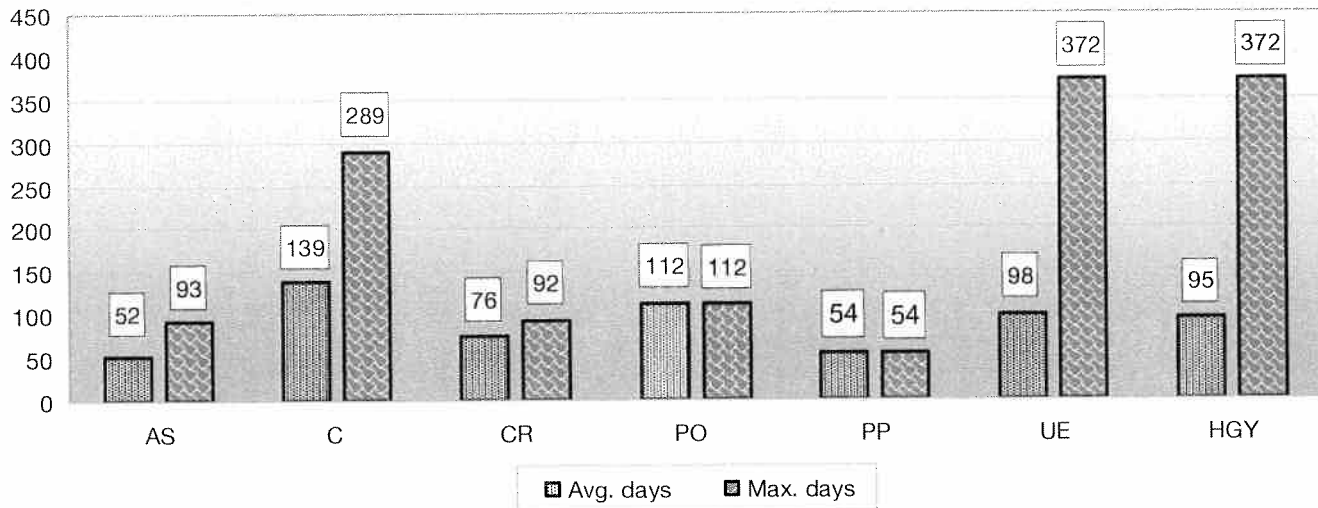
The table also identifies, by directorate, the average number of days suspension for all cases, the maximum days for a single case and average days suspension for cases heard within that period.

Timescales (no of days) of Suspension Cases

Directorate	1-60	61-120	121-180	181-240	240+	Total cases	Total days	Avg days of total cases	Max. Days	Total cases heard
AS	5	2	0	0	0	7	365	52	93	1
C	3	1	0	4	1	9	1247	139	289	2
CR	1	4	0	0	0	5	379	76	92	2
PO	0	1	0	0	0	1	112	112	112	1
PP	1	0	0	0	0	1	54	54	54	0
UE	4	0	1	0	1	6	586	98	372	3
HGY	14	8	1	4	2	29	2743	95	372	9
Total cases closed	6	2	0	2	2	12				

On average, 95 days were spent on each suspension case within the quarter.

The chart below illustrates the average and maximum number of days taken for a suspension case by Directorate for the quarter.

Average and Maximum Days Taken for Suspension Cases by Directorate

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