

Haringey Council

Agenda item:

Audit Committee

On 19 April 2011

Report Title: Internal Audit Progress Report – 2010/11 Quarter 4

Report authorised by: Director of Corporate Resources

J. Power 11/4/11

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 during the fourth 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.
- 1.2 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 fourth 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 Four 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 March 2011 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, and information in respect of disciplinary action taken.

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 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 notes the positive work delivered by the internal audit

service against the plan and the key performance indicators during 2010/11. Furthermore, compliance against prior year recommendations appears to be improving with a 95% rate for 2009/10 and only 2 recommendations from prior years are still outstanding both of which are being addressed.

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

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. 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	4 th Quarter	Year to date	Target
A1	Audit work Completed vs. Planned programme	100%	94%	95%
A2	User satisfaction (1 = low, 5 = high)	3.5	3.75	3.75
A3	Time taken to complete investigations	8.25 weeks	8 weeks	8 weeks
A4	Priority 1 recommendations implemented at follow up	100%	100%	95%

16. Internal Audit work – Deloitte and Touche contract

16.1 The activity of Deloitte and Touche for the fourth quarter of 2010/11 to date is detailed at Appendix A. 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 (pages 9-10). We have followed up on 111 recommendations to date and found that 98 have been implemented, eight are no longer applicable, five are in progress, and one recommendation had not reached its due date. Overall, a compliance rate of 95% has been achieved for the year. All twenty Priority 1 recommendations followed up to date, where the deadline for implementation has passed, have been implemented.

16.4 In 2010/11, 94% of the total planned work has been completed by 31 March 2011, just short of the 95% annual target. Only 8 projects out of a total of 85 planned audits have not been completed and it is anticipated that these will be completed during April 2011. 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 four, 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 fourth quarter, no whistle blowing referrals were made.

17.2 Within the fourth quarter, three new cases were referred to Internal Audit for investigation, and five cases were completed during the quarter involving Council employees. The five cases completed took 8 weeks on average to complete. 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 fourth 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 has been developing its programme of work to focus on key risks facing the Council. This work programme has included the National Fraud Initiative exercise, for which potential data matches were made available in February 2011. Two pro-active counter-fraud projects have been undertaken during the fourth quarter and will be reported to the next committee meeting when the reports are finalised. 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.

18. Housing Benefit counter-fraud

- 18.1 During the fourth quarter, the team achieved a total of five prosecutions and two lower sanctions (cautions). In total, during 2010/11, the team achieved a total of 21 prosecutions compared to a total of 16 in 2009/10. Although the capability to apply lower level sanctions will be retained going forward, the team's focus 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.
- 18.2 During the fourth quarter, all five prosecution cases resulted in an overpayment. The total overpayment identified for the five cases was £146k, of which £26k (17.6%) has already been recovered. Overpayment plans are in place and one Proceeds of Crime hearing is scheduled for 24 June 2011 in order to try and recover a further £44k.
- 18.3 In 2010/11, the 21 prosecution cases identified a total of £440k in overpaid and fraudulent benefits, of which £106k (24%) has already been recovered and repayment plans are in place for the remaining amounts, with a Proceeds of Crime hearing set for May 2011 for one case (£39k). The team will be working with the HB recovery team and Legal Services going forward to ensure that all options for recovery are considered when fraud has been proven.

19. Council-wide disciplinary statistics

- 19.1 Appendix C details the number of disciplinary suspensions and/or action taken in the fourth 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 four, the number of disciplinary cases investigated was 61, with 33 remaining 'open' at the end of the quarter. The average length of time taken to resolve disciplinary cases in quarter four was 88 days, which represents a reduction compared to previous quarters in 2010/11.

**Internal Audit
Quarter 4 Internal Audit Report
2010/2011
London Borough of Haringey**

Deloitte & Touche Public Sector Internal Audit Ltd.
April 2011

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Executive Summary

Introduction

This is our fourth 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 4 2010/11 – Final Reports issued:

- Leaving Care Service – Cash Handling Procedures;
- Translation and Interpreting Services;
- Use of Purchase Cards;
- Abandoned and Untaxed Vehicles;
- Strategic Financial Management and Budgetary Control;
- Pension Fund Investment;

- Haringey Offender Management Schemes – DIP and HARRP;
- Employee Expenses;
- Accounting and General Ledger;
- Treasury Management;
- Payroll;
- Use of Waivers;
- Use of Consultants;
- Contract Evaluation Procedures;
- Housing Benefits;
- Network Infrastructure; and
- Framework-i to SAP Payments Interface.

We have also finalised in quarter 4 the following reports brought forward from 2009/10:

- VAT Children Centres;
- Wellbeing ABG Projects; and
- Domiciliary Care Contracts.

As part of the 2010/11 Internal Audit Plan, we also issued a draft report in Quarter 4 for the following audits:

- Accounts Payable (Creditors);
- Accounts Receivable (Sundry Debtors);
- Cash Receipting;
- Implementation of the Dumping Action Plan;
- NNDR;
- Safeguarding Adults; and
- Sports Approved Suppliers Framework.

The above list does not include reports which we have issued to schools in Quarter 4.

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.

2009/10

To date we have followed up 111 recommendations and found that 98 (89 %) have been implemented, five (4 %) have been partly implemented and eight (7 %) are no longer applicable.

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2010/11

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Audit Progress Summary:

The following table sets out the audits finalised in quarter four 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 (b/f)							
VAT Children Centres	2009/10	22/2/11	Substantial	N/A	1	1	1
Wellbeing ABG Projects	2009/10	18/3/11	Substantial	N/A	0	1	0
Domiciliary Care Contracts	2009/10	25/3/11	Substantial	N/A	0	2	0
2010/11							
Leaving Care Service – Cash Handling Procedures	August 2010	8/2/11	Substantial	N/A	0	6	1
Translation and Interpreting Services	January 2011	17/2/11	Substantial	N/A	1	5	0
Use of Purchase Cards	October 2010	17/2/11	Substantial	N/A	1	3	2
Abandoned and Untaxed Vehicles	November 2010	25/2/11	Substantial	N/A	1	2	0
Strategic Financial Management and Budgetary Control	October 2010	25/2/11	Substantial	↔	0	3	0
Pension Fund Investment	December 2010	2/3/11	Full	↔	0	0	0
FWI to SAP Payments Interface	January 2011	2/3/11	Substantial	N/A	0	5	2
Haringey Offender Management Schemes – DIP & HARRP	December 2010	7/3/11	Substantial	N/A	0	2	0
Employee Expenses	November 2010	14/3/11	Substantial	N/A	0	2	0
Accounting and General Ledger	December 2010	17/3/11	Substantial	↔	0	0	2

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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
Treasury Management	November 2010	17/3/11	Substantial	↔	0	0	1
Network Infrastructure	December 2010	25/3/11	Substantial	N/A	0	6	0
Payroll	January 2011	25/3/11	Substantial	↔	1	2	0
Use of Waivers	October 2010	25/3/11	Substantial	N/A	1	4	1
Use of Consultants	November 2010	25/3/11	Limited	N/A	3	1	0
Contract Evaluation Procedures	May 2010	25/3/11	Substantial	N/A	0	1	0
Housing Benefits	October 2010	25/3/11	Substantial	↔	0	3	2
Local Land Charges	January 2011	28/3/11	Substantial	N/A	0	2	1

DETAILED SUMMARIES:

Audit area	Scope	Status/key findings	Assurance
PROCUREMENT AUDIT			
<p>Use of Consultants</p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> • Compliance with local, statutory and EU requirements and thresholds; • Documentation, policy and procedures; • Application, approval and authorisation processes for use of consultants; • Records, including maintenance at Directorate level (including use of waivers); • Contracts in place for each consultant which comply with corporate requirements; and • Subsequent engagement and expenditure complies with waiver and/or local and EU thresholds. 	<p>The Council's policy is to limit the use of consultants. There has been a reduction in the number of consultants employed by the Council from 82 in June 2010, to 54 as at October 2010.</p> <p>Some of the weaknesses identified in the system are detailed below:</p> <ul style="list-style-type: none"> • The Council's Policy for the recruitment of consultants was not fully followed in the sample of 10 consultants examined. The areas of non-compliance were: <ul style="list-style-type: none"> ○ No evidence that the Consultant E-form had been used in all cases; ○ A business case was in place in only five cases; ○ Consultant Induction Checklist had not been completed in all cases; ○ Evidence of professional indemnity insurance cover was only available in six cases; and ○ There was evidence of a contract being in place in only five cases. • It is understood that it is currently possible for consultants to be set up on SAP without confirmation that all key documents required under the Council policy have been completed/ obtained; • Evidence of monitoring was only available in one of the 10 consultants examined. It was also not transparent from the budget monitoring process, whether such expenditure was being monitored. Evidence of performance monitoring was 	<p>Limited</p>

Audit area	Scope	Status/key findings	Assurance
		<p>also not available in all cases; and</p> <ul style="list-style-type: none"> • The Policy for Use of Consultants/Self Employed Workers which is available on Harinet is dated September 2009 and has not been updated since. <p>As a result of our audit work we have raised three priority 1 recommendations and one priority 2 recommendation which should assist in improving the control environment.</p> <p>The Priority 1 recommendations are as follows:</p> <ul style="list-style-type: none"> • A formal reminder should be sent to all managers who are involved in the recruitment of consultants, reinforcing the requirement to comply with all aspects of the Council's Policy for Use of Consultants; • Officers within the Corporate Procurement Team with responsibility for setting up consultants on SAP should be formally reminded of their responsibility to ensure that all requests are supported by all relevant documents required under the Council's Policy for Use of Consultants; and • A reminder should be sent to all relevant managers, reminding them of their responsibility to ensure that: <ul style="list-style-type: none"> (i) The requirements of the Council's Contract Standing Orders are complied with at all times with regard to the expenditure level; and (ii) Corrective actions are taken to address poor performance, in line with the Council's Policy for Use of Consultants. <p>The Priority 2 recommendation is as follows:</p> <ul style="list-style-type: none"> • The Policy for Use of Consultants/Self Employed Workers should be updated on Harinet and evidenced as such. A process should also be implemented for the document to be reviewed at least annually and updated, where necessary, to reflect relevant changes in local, statutory and EU requirements and thresholds. 	

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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 <i>Update 4 April 2011:</i> Version 9.6 of the software has now been released on the market. A project has been set up within the Council to implement it. It is planned that it will be implemented within the next 3-6 months.

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 <i>Update 05.04.11:</i> The policies and procedures have been finalised and agreed in principle by senior management. The procedures were communicated to staff before 1 April 2011. Arrangements are being made to include the formal approval of the documents as an agenda item at the next DMT meeting.

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	0	0	0	0
Corporate Resources																		
Pension Fund Administration	Substantial	0	2	1	3	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	4	1	5	0	0	0	0	0
Strategic Financial Management & Budgetary Control	Substantial	0	1	1	2	1	1	0	2	0	1	0	2	0	0	0	0	0
Accounts Receivable (Sundry Debtors)	Substantial	0	3	1	4	0	3	1	4	0	3	1	4	0	0	0	0	0
Accounts Payable (Creditors)	Substantial	0	2	0	2	0	2	0	2	0	2	0	2	0	0	0	0	0
Accounting & General Ledger	Substantial	0	0	1	1	0	0	1	1	0	0	1	1	0	0	0	0	0
Council Tax	Substantial	0	2	1	3	0	0	1	1	0	0	1	1	2	0	0	0	0
NNDR	Substantial	0	1	0	1	0	1	0	1	0	1	0	1	0	0	0	0	0
Decent Home Standards (Procurement)	Limited	5	2	1	8	5	2	1	8	0	2	1	8	0	0	0	0	0
RBS Bankline Application	Substantial	0	1	1	2	0	0	1	1	0	0	1	1	1	0	0	0	0
Website Security Audit	Substantial	0	1	2	3	0	1	1	2	0	1	1	2	1	0	0	0	0
Planning and Building Control Application	Limited	2	10	0	12	2	7	0	9	1	0	1	0	2	0	0	0	0
Framework-i Disaster Recovery	N/A	0	1	0	1	0	1	0	1	0	0	1	0	0	0	0	0	0
Urban Environment																		
Temporary Accommodation	Limited	3	8	0	11	3	8	0	11	0	3	8	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					
Adults, Culture & Community Services																		
Recreation Services (including Leisure) - Risk Register Testing	Limited	2	0	0	2	2	0	0	2	0	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	0	0	2	1	0	0	0	0	0
Leisure Centres – Income Generation and Collection	Substantial	1	2	1	4	1	2	1	4	0	0	0	0	0	0	0	0	0
Framework-I application	Substantial	0	8	2	10	0	8	2	10	0	0	0	0	0	0	0	0	0
Mental Health	Limited	1	3	0	4	1	2	0	3	0	0	0	0	0	1	0	0	0
Markfield Park Development – Project Management Assurance	Limited	3	4	0	7	2	4	0	6	1	0	0	1	0	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	0	0	0	0
Chief Executives – P&OD																		
Councillor Call for Action	Substantial	0	1	0	1	0	1	0	1	0	0	1	0	0	0	0	0	0
Payroll	Substantial	0	5	1	6	0	4	0	4	0	0	4	1	0	1	0	0	0
Chief Executives – PPPC																		
Data Quality	Substantial	0	1	0	1	0	1	0	1	0	0	1	0	0	0	0	0	0
Voluntary Organisations	Substantial	0	6	0	6	0	5	0	5	0	0	5	0	0	1	0	0	0
Total		20	77	14	111	20	67	11	98	8	0	5	0	0	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 2009/10

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
CORPORATE RESOURCES				
PLANNING & CONTROL APPLICATION				
1	<p>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 Receiving interface are reconciled to the Planning Portal application and e-Forms.</p>	2	31 August 2010	<p>Partly Implemented: Implementation date is unclear at present due to costs involved, however, in the interim we have developed a workaround whereby before applications are formally completed, SAP is checked for payments received.</p> <p>Management Update 25/1/2011: No implementation date provided as this is outside of Haringey'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. 31/03/11.</p> <p>Management Update 6/04/2011 The situation is as above; however, this was raised with the suppliers, with an indicative implementation date of June 2011, depending on whether the suppliers want to incorporate the Council's service request.</p> <p><i>Revised deadline: June 2011</i></p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
2	<p>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:</p> <ul style="list-style-type: none"> • Changes to system files or fields; • User access to the system; and • Unauthorised access attempts and user lockouts. 	2	31 August 2010	<p>Partly Implemented:</p> <p>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.</p> <p>Management Update 25/1/2011:</p> <p>No implementation date provided as this is outside of Haringey's control. Formal enhancement request has been submitted to Northgate.</p> <p>Management Update 06/04/2011:</p> <p>The Council has raised this with Northgate; however, Northgate have not implemented this request at the time of the follow-up. It is considered unlikely that this will be done soon; however, this issue will be raised in the quarterly meetings with Northgate.</p> <p>The revised deadline of June 2011 is indicative, depending on Northgate's response.</p> <p><i>Revised deadline: June 2011</i></p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
ADULTS, CULTURE & COMMUNITY SERVICES				
MENTAL HEALTH				
3	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	<p>Management Update 6 April 2011:</p> <p>The procedures have not yet been reviewed due to the implementation of the Personalisation Agenda. An audit of this area is currently being undertaken by Grant Thornton, the Council's external auditors, which will cover review of procedures. It is expected that the report from Grant Thornton will be issued in July 2011.</p> <p><i>Revised deadline: July 2011</i></p>
CHIEF EXECUTIVES – PEOPLE & ORGANISATIONAL DEVELOPMENT				
PAYROLL				
4	<p>It is recommended that for all new employees, the Council confirms their right to work in the UK and records this on the individual's personnel file.</p> <p>The exception identified should be followed up to confirm the individual has a right to work in the UK.</p>	2	April 2010	<p>Partly Implemented</p> <p>The Pay Control Manager informed us that historical items still need to be cleared from the reconciliation. However, plans are afoot to continue to work with the finance team to do so. Also, once old items have been cleared the process of a second officer reviewing the reconciliation will begin.</p> <p><i>Revised Deadline: 30 April 2011</i></p>

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2010/11

APPENDIX A

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
CHIEF EXECUTIVES – PPPC				
VOLUNTARY ORGANISATIONS				
5	<p>It is recommended that the monitoring spreadsheet maintained by the Finance and Monitoring Support Officer to record the dates of monitoring visits to voluntary organisations in receipt of grant aid should be updated on a regular basis.</p> <p>It is further recommended that the standard pro-forma used to record details of the visits should be utilised consistently for all organisations, and should be updated to include a field for the follow-up of issues raised at the previous monitoring visit.</p>	2	Immediately	<p>Partly Implemented</p> <p>Monitoring spreadsheets have been maintained and recent visits have been recorded on these. A standard pro-forma has been used and follow up issues have been raised. However, the form should be updated to include a field for the follow-up of issues raised at the previous monitoring visit.</p> <p><i>Revised Deadline: 30 April 2011</i></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

April 2011

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Member of Deloitte Touche Tohmatsu Limited

London Borough of Haringey Internal Audit – Quarter 4 Report 2010/11

APPENDIX B

IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/10 - 31/03/11 & B/F FROM 2009/10

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 31/03/2011	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Adults 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	
	Allegation of irregular housing application	1	1	1	Pending Disciplinary Action	
Chief Executive Service	Allegation that employee undertaking other employment during contracted hours	1	1	1	Dismissed Appeal Completed	
Children and Young People's Service	Allegation that employee has false identity	1	1	1	ET Application Withdrawn Employee Resigned	
	Allegation that employee had undeclared other employment	1	0	0	N/A	

APPENDIX B

IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/10 - 31/03/11 & B/F FROM 2009/10

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 31/03/2011	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
	Allegation that employee working elsewhere whilst off sick	1	1	1	Disciplinary Sanction imposed	
	Allegation that employee failed to make visits	1	1	1	Contract Ended by Service	
	Allegation that employee misused telephones and resources	1	1	1	Employee Resigned	
	Allegation of theft of parking monies	1	1	1	Dismissed	
	Allegation of misuse of resources	1	1	1	Appeal Lodged Employee Resigned	
Corporate Resources	Allegation of irregular land sale	1	1	1	Dismissed Appeal Completed	
	Allegation of working elsewhere whilst off sick	1	1	1	Employee Resigned	

APPENDIX B

IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/10 - 31/03/11 & B/F FROM 2009/10

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 31/03/2011	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
	Allegation that employee brought Council into disrepute	1	1	1	Dismissed	
	Allegation that employee is running a business from their desk	1	1	1	Dismissed	
	Allegation that employee misused resources	1	1	1	Dismissed	
Urban Environment	Allegation of irregular housing allocation	1	1	1	Disciplinary sanction imposed Appeal Withdrawn	
	Allegation of conflict of interest	1	1	1	Employee Resigned	
	Allegation of unauthorised absence	1	1	1	Dismissed	
Total		20	19	19		

Haringey Council – Audit Committee

Disciplinary Case Analysis January to March 2011

Introduction

The information in this report is taken from SAP, covering the period 01 January 2011 – 31 March 2011.

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	7	6	13	13
C	15	4	19	18
CR	5	3	8	7
PO	0	1	1	1
PP	1	2	3	3
UE	5	12	17	15
HGY	33	28	61	57

Please, note that the total number of cases is 61, but this only represents 57 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 2.77% in this quarter
- 33 cases remain 'open' at the end of this period

The following table looks at the stages of Disciplinary cases.

Stages of Disciplinary Cases

Stage	Cases Open	Cases Closed	Total	%
Invest. - not suspended	15	11	26	43
Invest. - suspended	15	12	27	44
ET	0	1	1	2
Appeal	3	4	7	11
Total	33	28	61	100

The following table identifies the outcomes of the 28 cases that were concluded.

Disciplinary Case Outcomes

Outcome	Invest. - not suspended	Invest. - suspended	Invest. - appeal	Invest. - ET	Total	%
Compromise agreement	0	1	0	0	1	4
Dis. Appeal Dismissed	0	0	1	0	1	4
Dis. Appeal Part Upheld	0	0	1	0	1	4
Dis. Appeal Upheld	0	0	0	0	0	0
Dis. Appeal Withdrawn	0	0	1	0	1	4
Dis. Dismissal	2	4	0	0	6	21
Dis. ET Dismissed	0	0	0	0	0	0
Dis. ET Withdrawn	0	0	1	1	2	7
Dis. Final Written Warning	1	0	0	0	1	4
Dis. No Action	1	2	0	0	3	11
Dis. Other	0	0	0	0	0	0
Dis. Relegation/Demotion	0	0	0	0	0	0
Dis. Resigned	0	3	0	0	3	11
Dis. Verbal Warning	2	0	0	0	2	7
Dis. Written Warning	6	1	0	0	7	25
Escalated to next stage	0	0	0	0	0	0
Suspension Lifted	0	0	0	0	0	0
Total	12	11	4	1	28	100

- 25% of cases resulted in **Written Warning**

This table displays reasons for Disciplinary action against employees.

Reasons for Disciplinary Cases

Reason	Cases Open	Cases Closed	Total	%
Assault	1	0	1	2
Attendance	3	3	6	10
Behaviour	10	6	16	26
Fraud / Theft	6	7	13	21
Misuse of resources	2	2	4	7
Negligence	8	4	12	20
Other	3	6	9	15
Total	33	28	61	100

- The highest cause for disciplinary action was for **Behaviour** at 26%

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

**Disciplinary Case employee representation
by Ethnicity and Gender**

Ethnic Class	Female		Male		All	
	Total	%	Total	%	Total	%
B & M E	21	54	18	46	39	68
White	7	39	11	61	18	32
Not Declared	0	0	0	0	0	0
Total	28	49	29	51	57	100

- 33% of the workforce is male, but the male representation with disciplinary cases is significantly higher at 51%

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		SC6-SO2		PO1-PO3		PO4-PO7		PO8+		TOTAL	
		T	WF	T	WF	T	WF	T	WF	T	WF	T	WF
AS	B & ME	6	46	0	0	0	0	0	0	0	0	6	46
	White	6	46	1	8	0	0	0	0	0	0	7	54
	Total	12	92	1	8	0	0	0	0	0	0	13	100
C	B & ME	3	17	1	6	3	17	4	22	0	0	11	61
	White	0	0	1	6	1	6	5	28	0	0	7	39
	Total	3	17	2	11	4	22	9	50	0	0	18	100
CR	B & ME	4	57	1	14	0	0	1	14	0	0	6	86
	White	0	0	1	14	0	0	0	0	0	0	1	14
	Total	4	57	2	29	0	0	1	14	0	0	7	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	33	0	0	2	67	0	0	0	0	3	100
	White	0	0	0	0	0	0	0	0	0	0	0	0
	Total	1	33	0	0	2	67	0	0	0	0	3	100
UE	B & ME	8	53	1	7	1	7	1	7	1	7	12	80
	White	1	7	0	0	1	7	0	0	1	7	3	20
	Total	9	60	1	7	2	13	1	7	2	13	15	100
HGY	B & ME	22	39	4	7	6	11	6	11	1	2	39	68
	White	7	12	3	5	2	4	5	9	1	2	18	32
	Total	29	51	7	12	8	14	11	19	2	4	57	100

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	15
No. of cases not concluded - leaver	3
Total	27

Timescales (no of days) of Suspension Cases

The table below looks at the 27 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.

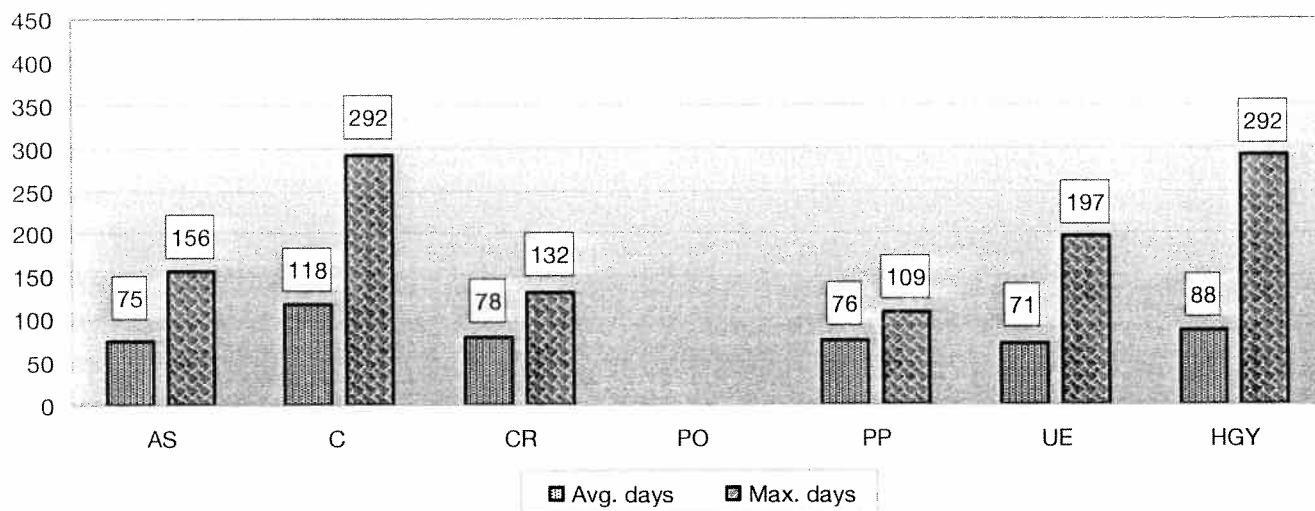
The table also identifies, by directorate, the average number of days suspension for all cases, the maximum days for a single case and average days suspension for cases heard within that period.

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	3	2	1	0	0	6	452	75	156	2
C	2	4	0	1	1	8	944	118	292	0
CR	2	2	1	0	0	5	392	78	132	3
PO	0	0	0	0	0	0	0	0	0	0
PP	1	1	0	0	0	2	151	76	109	0
UE	3	2	0	1	0	6	427	71	197	4
HGY	11	11	2	2	1	27	2366	88	292	9
Total cases closed	4	3	1	1	0	9				

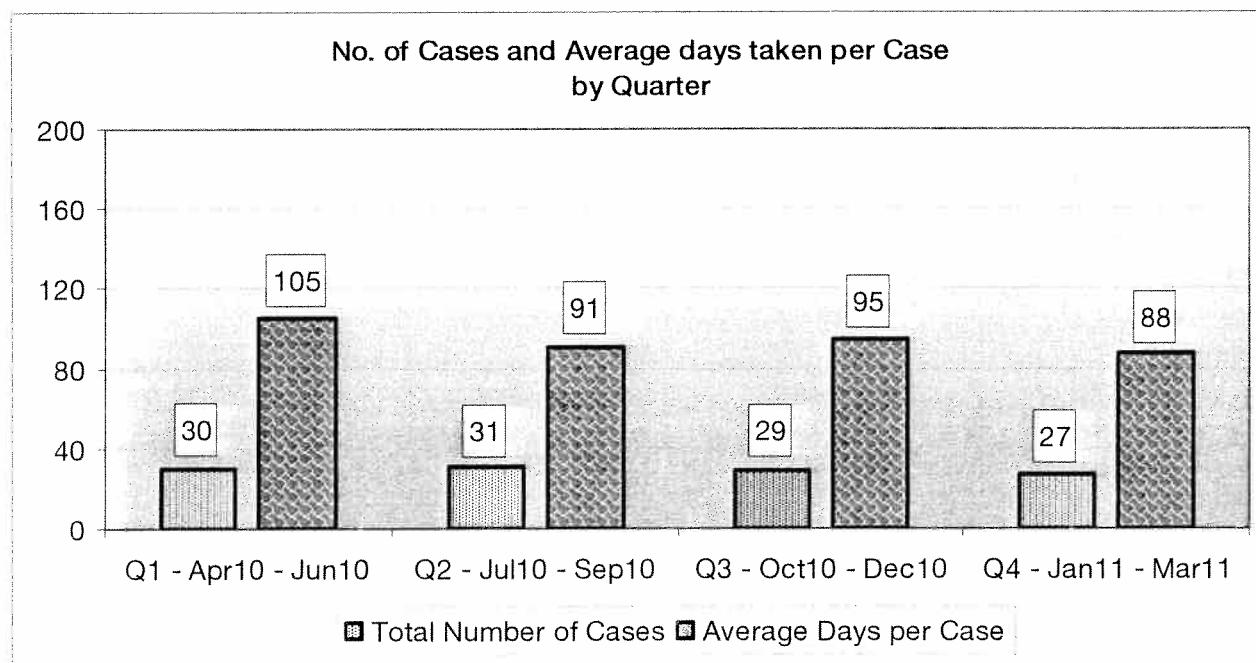
On average, 88 days were spent on each suspension case within the quarter.

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.



The average number of days suspended has reduced by 17 days from 105 days in Quarter 1 to 88 days in Quarter 4.