

Alexandra
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Internal Audit Report

**Follow Up - Visit Two
(05.10/11)**

April 2011

FINAL REPORT

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AUDIT CONTROL SCHEDULE:

Client contacts	Andrew Gill: Interim General Manager	Internal Audit Team	Richard Bott: Partner Graeme Clarke: Director Peter Williamson: Assistant Manager James Sherrett: Senior Auditor
Finish on Site \ Exit Meeting:	28 March 2011	Management responses received:	1 April 2011
Draft report issued:	31 March 2011 1 April 2011	Final report issued:	4 April 2011

In the event of any questions arising from this report please contact Graeme Clarke, Director, Mazars LLP graeme.clarke@mazars.co.uk

Status of our reports

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1. INTRODUCTION

- 1.1 At the request of Management, we have undertaken an additional review to consider progress made by Alexandra Palace and Park Charitable Trust (APPCT) in implementing recommendations arising from previous internal audit reviews undertaken by the London Borough of Haringey's internal auditors.
- 1.2 We would like to thank the Interim General Manager and other staff at APPCT who have kindly provided their assistance and help during the course of the audit.
- 1.3 This report is confidential and for the use of the Board and senior management of APPCT. The report summarises the results of the internal audit work and, therefore, does not include all matters that came to our attention during the audit. Such matters have been discussed with the relevant staff.

2. SCOPE AND OBJECTIVES OF THE AUDIT

- 2.1 During 2008 the London Borough of Haringey's internal audit team undertook a review of controls and processes at APPCT. The recommendations within the original report were wide-ranging and covered areas such as APPCT's overall governance, risk management and strategic planning processes as well as operational matters in respect of repairs and maintenance and performance review, etc. A follow up review of progress in implementing these recommendations was undertaken by the Council in early 2009.
- 2.2 Following our appointment as internal auditors to APPCT in 2009, it was agreed with APPCT and the Council, that we would undertake follow up work to assess the degree of implementation of any outstanding recommendations from the Council's work as part of our Audit Plan. This review took place in May 2010 (report 01.10/11 refers) and we concluded that of the 12 recommendations made by the Council, six had been implemented in full, five were considered as 'in progress' and one recommendation had been superseded. The focus of this second visit was on these five outstanding recommendations only.
- 2.3 Staff members responsible for the implementation of the recommendations were interviewed to determine the status of the agreed actions. Audit testing has been completed, where appropriate, to assess the level of compliance with this status and controls in place.

3. SUMMARY OF FINDINGS

Overall conclusion on effectiveness and application of internal controls

- 3.1 Two of the five outstanding recommendations from the July 2010 report were categorised as 'significant' and three as 'minor'.
- 3.2 Based on our review, we consider four of these recommendations to have been implemented. These relate to:
 - Adapting the NCVO Code of Governance to suit the Trust's particular circumstances;
 - Producing and approving a risk management framework for the Trust;
 - Documenting an operating framework between the Trust and Haringey Council; and

- Producing and documenting a contract management framework particularly in relation to the Integrated Facilities Management contract. This particular area was also subject to a specific internal audit review during the year (report 04.10/11 refers)
- 3.3 The one remaining recommendation is considered 'in progress' and relates to the development of, and documenting and approval of, a three year Business Plan for the Trust. Whilst a Draft Business Plan for 2010/13 was presented to the Trust Board in June 2010, this was not finalised owing to a review of the Trust's structure, organisation, staffing and capital programme during 2010/11.
- 3.4 It should also be noted that the planned restructuring of the Trust and APTL, including the plan to appoint a joint Chief Executive in the coming months, is likely to impact on the Trust's ability to develop a detailed Plan in the short term. In addition the 2011-12 revenue budget is still under review and therefore the Trust cannot at this stage commit resources to all its priority objectives. Finally, there may be new Trustees from May/June 2011 following local elections and it would not be appropriate for a three year Business Plan to be approved by Trustees only a short time before the possibility of new Trustees being appointed.

4. DEFINITIONS

- 4.1 The status of recommendations are assessed as follows:

Status	Detail
1	The recommendation has been implemented.
2	Progress has been made on implementation of the recommendation.
3	The recommendation has not yet been implemented.
4	Superseded: the recommendation is no longer applicable.
5	The agreed date for implementation of recommendation has not yet been reached.

- 4.2 The recommendations will be graded as follows:

Priority rating	Definition
Fundamental (Priority 1)	Recommendations represent fundamental control weaknesses, which expose APPCT to a high degree of unnecessary risk.
Significant (Priority 2)	Recommendations represent significant control weaknesses which expose APPCT to a moderate degree of unnecessary risk.
Minor (Priority 3)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

5. DETAILED FINDINGS AND ACTION PLAN

Area: Business Planning Process.						
Ref	Original Recommendation	Category	Management Comment/ Implementation Date/ Manager Responsible	Status	Findings	New Recommendation
5.5	The three year business plan for the Trust should be completed and presented to the Board for approval.	Significant	Agreed. December 2010. Interim General Manager	2	<p>A Draft Business Plan for 2010/13 was presented to the Trust Board in June 2010. Whilst the Board approved the key priorities and strategic objectives identified in the Plan, they have not been asked to approve a 'Final' version due to a review of the Trust's structure, organisation, staffing and capital programme during 2010/11.</p> <p>Both the Trust and Alexandra Palace Trading Limited (APTL) appear committed to developing three year Plans. For example, APTL have recently issued a Business Plan for 2011 to 2014 which includes forecasts of gift aid payments to be made to the Trust. This will in turn help to inform the Trust's future plans.</p> <p>The planned appointment of a new Chief Executive to oversee both the Trust and APTL, combined with local elections is also likely to impact on the Trust's ability to produce a three year Plan in the immediate future.</p>	<p>In the context of the appointment of a new Chief Executive for the Trust and APTL and potential changes of Trustees on the Board, a three year business plan should be completed and presented to the Board for approval.</p> <p>In the interim, Management should identify and seek Board approval for the Trust's 2011-12 Work Plan. (Significant)</p>
						<p>Updated Management Comment/ Implementation Date/Manager Responsible</p> <p>Agreed. 2011-12 Work Plan to be submitted for Board approval in May or June 2011. Manager responsible: Interim General Manager.</p>