

Haringey Council

Report for:	Corporate Committee 24 October 2011	Item number	
--------------------	--	--------------------	--

Title:	Internal Audit Progress Report – 2011/12 Quarter 2
---------------	--

Report authorised by :	Director of Corporate Resources <i>J. Parker 14/10/11</i>
-------------------------------	--

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

Ward(s) affected: ALL	Report for: Non-Key Decision
------------------------------	-------------------------------------

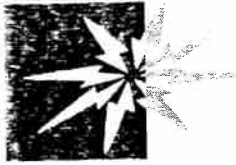
1. Describe the issue under consideration

1.1 The Corporate 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 Corporate Committee on the work undertaken by the Internal Audit Service in completing the 2011/12 annual audit plan, together with the responsive pro-active fraud investigation work, and housing benefit fraud investigation work. Where further action is required or recommended, this is highlighted in the report and appendices and included in the recommendations for the Corporate Committee.

1.2 In addition, the report provides details of the work the Council's Human Resources business unit has undertaken in supporting disciplinary action taken across all departments by respective Council managers.

2. Cabinet Member Introduction

2.1 Not applicable



3. Recommendations

- 3.1 The Corporate Committee is recommended to note the audit coverage and counter-fraud work completed during the second quarter, 2011/12.
- 3.2 That the Corporate Committee reviews the management responses received for those audit recommendations not fully implemented; and confirms that the managers' actions taken during the second quarter to address the outstanding recommendations are appropriate.

4. Other options considered

- 4.1 Not applicable.

5. Background information

5.1 The internal audit service and counter-fraud teams make a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council. This report looks at the work undertaken in the quarter ending 30 September 2011 and focuses on:

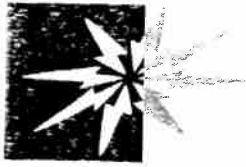
- Progress by Deloitte and Touche on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised;
- Progress in implementing outstanding internal audit recommendations with particular attention given to priority 1 recommendations;
- Details of pro-active and reactive 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 by managers across all departments of the Council during the quarter.

5.2 The information in this report 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.

6. Comments of the Chief Financial Officer and Financial Implications

6.1 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.

6.2 The annual income recovery target for the HB Fraud Team is £250k. Although the actual recovery of overpaid benefits for the second quarter



Haringey Council

was only £20.3k, this represents 76.6% of the total overpayments identified. At the mid-year position the overpayments recovered is 38% of the overall annual target and no issues are currently identified which will prevent the annual recovery target from being achieved.

6.3 The financial benefits to the Council of the work completed during the second quarter as part of the ongoing tenancy fraud project will be realised as properties are recovered and returned to the Council's portfolio. The Audit Commission estimate that the costs of fraudulent tenancies and unauthorised sub-letting equate to £18k per annum per property, therefore it is pleasing to note that outcomes from the project are beginning to happen with two properties already recovered.

7. Legal Implications

7.1 The Acting 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. Equalities and Community Cohesion Comments

8.1 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. The report also contains details of how fraud investigation work is undertaken and pro-active fraud projects are managed. Improvements in managing risks and controls will therefore improve services the Council provides to all sections of the community.

9. Head of Procurement Comments

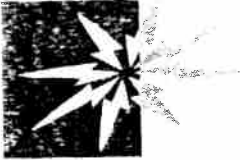
9.1 Not applicable.

10. Policy Implications

10.1 There are no direct implications for the Council's existing policies, priorities and strategies. However, reducing the opportunity for fraud to take place in the first place, and taking appropriate action to detect and investigate identified fraud will assist the Council to use its available resources more effectively.

11. Use of Appendices

11.1 Appendix A – Deloitte and Touche Progress report
Appendix B – In-house Team – investigations into financial irregularities
Appendix C – Council-wide disciplinary information



12. Performance Management Information

12.1 Although there are no national or Best Value Performance Indicators, key 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 key area monitored in 2011/12 and gives a breakdown between the quarterly and cumulative performance.

Table 1

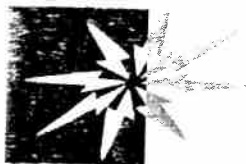
PI Ref.	Performance Indicator	2 nd Quarter	Year to date	Target
1	Audit work – Days Completed vs. Planned programme	85%	38%	95%
2	Priority 1 recommendations implemented at follow up	100%	92%	95%
3	Benefit fraud cases completed and accepted for prosecution	7	16	50
4	Overpayments recovered (including POCA and confiscation awards)	£20.3k	£94.3k	£250k

13. Internal Audit work – Deloitte and Touche contract

13.1 The activity of Deloitte and Touche for the second quarter of 2011/12 to date is detailed at Appendix A. Deloitte and Touche planned to deliver 250 days of the 2011/12 annual audit plan (1000 days) during the second quarter. Deloitte and Touche actually delivered 212.5 days audit work during the quarter, which is 85% of the planned work. To date, 38% (383.25 days) of the annual planned programme of 1000 days has been completed as at 30 September 2011. This is below the planned target of 50%, but Deloitte and Touche are only paid on the completion of each project and it is expected that the annual target of 95% will be achieved. Ongoing monthly contract monitoring reviews ensure that performance levels are kept under review.

13.2 Members of the Corporate 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 considered 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 the findings and recommendations of those reports which received a 'limited' assurance rating.

13.3 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 the previous Audit Committee meetings to ensure that managers were



Haringey Council

taking appropriate action to address outstanding recommendations. Only four recommendations from prior years remain outstanding: 2005/06 – one Priority 2 recommendation remains partly implemented; 2009/10 – two Priority 2 recommendations remain partly implemented. Work is ongoing to address these and internal audit is satisfied that managers' actions are appropriate to manage these 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.

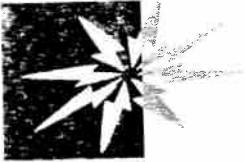
13.4 A summary of all follow up audit projects for 2010/11 work which have been undertaken is also included in Appendix A (pages 12-13). We have followed up on 104 recommendations to date and found that 88 have been implemented, 6 are no longer applicable, five are in progress, and five recommendations had not reached their due date. Overall, a compliance rate of 95% has been achieved for the second quarter and 100% in relation to Priority 1 recommendations. One Priority 1 recommendation followed up to date, where the deadline for implementation has passed, remained partly implemented and details of this are contained in Appendix A (page 16).

13.5 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 this quarter, Internal Audit are satisfied that managers have been taking appropriate action to address the issues raised in the original recommendations prior to 2010/11.

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

14.1 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 Council's Information Security Policy. Appendix B details the individual cases that were completed by the In-house Team to date in 2011/12 and any which were brought forward from 2010/11, relating to Council employees. 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 second quarter, two whistle blowing referrals were made.

14.2 Within the second quarter, twenty eight cases were referred to Internal Audit for investigation, including nine relating to permanent and temporary employees. Seven cases were completed during the quarter involving Council employees. This included cases brought forward from 2010/11. Internal Audit work closely with officers from personnel and the service involved to ensure that the investigation is completed as quickly as possible.

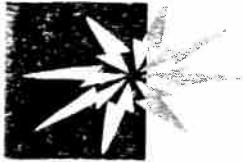


Haringey Council

- 14.3 The section has been working with Homes for Haringey and the Strategic and Community Housing Service to develop an approach to target and investigate housing and tenancy fraud. The Audit Commission estimate that each fraudulent tenancy costs councils an estimated £18k in temporary accommodation and other associated costs. Fraud awareness briefing sessions have been provided to all relevant housing and Homes for Haringey staff (including referral and assessment teams, tenancy management officers, concierge and operations/repairs teams). An agreed referral and investigation process is in place for all suspected cases of tenancy fraud and the corporate team work closely with all officers in housing, legal services and Homes for Haringey to investigate cases.
- 14.4 Since the fraud awareness training sessions have been run, individual staff members have made referrals relating to potential tenancy fraud. During the first two quarters of 2011/12, 46 referrals have been made, including 26 made by housing and Homes for Haringey officers.
- 14.5 Two properties have been recovered and the keys returned, so the tenancies can be allocated to tenants in accordance with the Council's lettings policy. Re-possession action is being taken in 9 cases, with Notices Seeking Possession either served or prepared for serving. Interviews Under Caution have been completed in 5 further cases with a view to re-possession and prosecution, if the evidence supports this.
- 14.6 Investigations are ongoing in 21 cases, with another 6 cases awaiting risk assessment and initial review. Only 2 cases which have been referred to date in 2011/12 resulted in no further action being taken. Feedback on the outcomes of cases is provided to housing and Homes for Haringey staff to show the positive outcomes resulting from their referrals.
- 14.7 The Corporate Anti-Fraud Team will now be working with Strategic and Community Housing Services to develop the tenancy fraud project with key Registered Social Landlords.

15. Housing Benefit Fraud Investigation

- 15.1 During the second quarter, the HB Fraud team completed investigations on seven benefit fraud cases and submitted these to Legal Services for prosecution at crown court. In the same period, a further two investigations into benefit fraud cases were completed and lower sanctions (cautions) are waiting to be applied as the subjects' addresses are waiting to be confirmed.
- 15.2 In the second quarter, four cases were heard at crown court, including three cases which were prepared and submitted for prosecution during the same quarter. All four prosecution cases found in favour of the Council. All four cases identified that an overpayment had been fraudulently obtained by the



Haringey Council

claimants. The total overpayment identified for the four cases was £26.5k, of which £20.3k (76.6%) has already been recovered. Overpayment plans are in place to recover the remaining amounts. 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.

15.3 The HB Fraud Team has been working towards completing prosecution cases for a number of complex fraud cases during the second quarter and it is expected that these will contribute substantially to the overall annual targets when the cases are finalised.

16. National Fraud Initiative

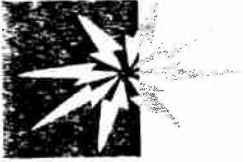
16.1 During the second quarter of 2011/12, the team has been continuing their investigations into the potential data matches provided to the Council as part of the statutory National Fraud Initiative (NFI) exercise. Work has been undertaken to investigate pension payments, blue badges, housing benefits, right to buy and housing tenants.

16.2 The Corporate Anti-fraud Team has completed their investigations into potential fraud in relation to blue badges issued by Haringey Council (an original 230 potential matches). The Corporate Anti-fraud Team worked in conjunction with the Concessionary Travel Team to identify where blue badges which were no longer eligible/required had already been returned by badge holders or their families. The team wrote to all addresses where the blue badge was showing as no longer required/eligible and requesting that it be returned to the Council. Subsequently, the team undertook a programme of planned visits to addresses where no response was received and, in total, successfully recovered 50 blue badges. All matches in this area have now been investigated and outstanding issues resolved.

16.3 In addition, the team has completed the investigations into potential matches for pensions data. Only one case, out of an original 227 potential matches, remains outstanding, and this has been referred to the Pensions team for further investigation. All other matches have been cleared as not fraudulent

16.4 Work has started on the 60 data matches for cases which indicate a potential fraud in Right to Buy. This work will be completed during the third quarter. Officers from Housing Services have been completing an initial review of the potential data matches for housing tenants during the second quarter. The Corporate Anti-fraud team will be working with housing officers to investigate those matches which indicate potential fraud on tenancies.

16.5 The Housing Benefit Fraud Investigation Team has started work on investigating the potential data matches (a total of 6,843 potential data



Haringey Council

matches, with 3,758 higher risk matches) for a range of housing benefit areas. The latest position is as follows:

- Housing benefits to payroll data, where the individual is employed by Haringey: matches have been completed and seven cases are being followed up;
- Housing benefits to pensions data, where the individual is receiving a pension from Haringey: matches have been completed and six cases are being followed up; and
- Housing benefits to payroll data, where the individual is employed by another organisation: matches have been completed and four cases are currently being prepared for prosecution.

17. Council-wide disciplinary statistics

17.1 Appendix C details the number of disciplinary suspensions and/or action taken in the second quarter of 2011/12. 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.

17.2 During quarter two, the number of disciplinary cases investigated was 39, with 21 remaining 'open' at the end of the quarter. The average length of time taken to resolve disciplinary cases in quarter two was 80 days, which represents a decrease of 16 days compared to the first quarter of 2011/12, and is the lowest average over the previous four quarters.

**Internal Audit
Quarter 2 Internal Audit Report
2011/2012
London Borough of Haringey**

Deloitte & Touche Public Sector Internal Audit Ltd.
October 2011

Contents	Page
Executive Summary.....	1
Audit Progress and Detailed Summaries.....	3
Detailed Progress Report – Implementation of Recommendations 2005/06	10
Detailed Progress Report – Outstanding Recommendations 2009/10	11
Follow Up Table – 2010/11 Audit Work	12
Detailed Progress Report - Outstanding Recommendations 2010/11	14
Statement of Responsibility.....	18

Executive Summary

Introduction

This is our second quarter report to the Corporate Committee for the 2011/12 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 Corporate 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:

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

Key Highlights/Summary of Quarter 2 2011/12 – Final Reports issued:

- Supplier Managed PSL Properties (for Temporary Accommodation) 2010/11;
- Building Control Services 2010/11;
- Housing Options – Private Renting Scheme 2011/12;
- Voluntary Redundancy Programme 2011/12;
- OHMS Application 2011/12;
- Parking Services – Pay & Display 2011/12;
- Library Services – Stock Management & Control 2011/12;
- IWORLD Disaster Recovery Test 2011/12;
- HAYS Resource Management Contract 2011/12;
- Haringey Guarantee 2011/12; and
- Use of External Counsel 2011/12.

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2011/12

APPENDIX A

Delivery of 2011/12 Internal Audit Plan

As part of the 2011/12 Internal Audit Plan, we have started our planning work with regards to agreeing the scope and start date for individual audits. Draft reports have been issued for the following audits:

- Haringey Park Children's Home (Children & Families Establishment audit);
- Haslemere Road Family Centre (Children & Families Establishment audit);
- Coppert's Road Children Home (Children & Families Establishment audit);
- The Grange Day Centre (Adult Establishment audit);
- The Haven day Centre (Adult Establishment audit);
- Parking Services – Residents and Other Parking Permits;
- School Admissions and Place Planning; and
- SPOCC Applications Audit (Community Housing Services).

The above list does not include schools which have been visited in Quarter 2.

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.

2009/10

Two Priority 2 recommendations remain outstanding; work is ongoing to address these.

2010/11

To date we have followed up 104 recommendations raised in 2010/11 and the results of our work are as follows:

- Implemented – 88 (84%);
- Partly implemented – 5 (5%);
- Not due for completion – 5 (5%);
- No longer applicable – 6 (6%); and
- Not implemented – 0 (0%).

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2011/12

APPENDIX A

Audit Progress and Detailed Summaries

The following table sets out the audits finalised in Quarter Two of 2011/12, of which two relate to the 2010/11 financial year, 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
2010/11							
Supplier Managed Private Sector Leasing Properties (for Temporary Accommodation)	April 2011	05/07/11	Substantial	N/A	0	5	4
Building Control Services	July 2010	20/09/11	Substantial	N/A	1	5	0
2011/12							
Housing Options – Private Renting Scheme	July 2011	17/08/11	Substantial	N/A	0	1	0
Voluntary Redundancy Programme	June 2011	17/08/11	Substantial	N/A	0	1	0
Parking Services – Pay & Display	June 2011	24/08/11	Limited	N/A	2	5	1
IWORLD DR Test	June 2011	01/09/11	Substantial	N/A	0	1	3
OHMS Application (Needs Module)	June 2011	02/09/11	Substantial	N/A	0	5	2
HAYS Resource Management	July 2011	09/09/11	Limited	N/A	2	4	0
Library Services – Stock Management and Control	August 2011	14/09/11	Substantial	↔	1	2	0
Haringey Guarantee	August 2011	20/09/11	Substantial	N/A	0	0	0
Use of External Counsel	August 2011	26/09/11	Substantial	N/A	0	0	1

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2011/12

APPENDIX A

As part of the 2011/12 Internal Audit plan we have visited the following schools to date and completed a probity audit, for which a final report has been issued:

School	Audit	Report Date	Assurance Level	Number of Recommendations (Priority)		
				1	2	3
Downhills Primary School	May 2011	13/07/11	Substantial	3	6	1
Woodside High School	June 2011	21/07/11	Substantial	1	6	0
Campsbourne School & Children Centre	May 2011	22/07/11	Limited	4	4	1
Coleridge Primary School	June 2011	25/07/11	Substantial	1	11	1
Earlsmead Primary School	July 2011	01/08/11	Substantial	2	5	1
Highgate Primary School	July 2011	30/09/11	Limited	5	6	0

Final Reports Issued during Quarter 2 with Limited Assurance

Audit area	Scope	Status/key findings	Assurance
Parking Services – Pay & Display 2011/12	Audit work was undertaken to cover the following areas: <ul style="list-style-type: none"> • Policies and Procedures • Contract Monitoring • Management Arrangements • Income Collection • Banking • Reconciliation Process 	<p>While there is a basically sound system, there are weaknesses, which put some of the system objectives at risk. Some of the key findings are detailed below:</p> <ul style="list-style-type: none"> • An audit ticket is generated from each Pay & Display machine showing how much money has been taken by the machine, which facilitates the income reconciliation process; • A Cash Collection Report, which is produced by the Contractor and shows cash collected from each machine, is sent to Parking Services; • A copy of the signed contract with Contract Security Services Ltd is not available within Parking Services and we were informed that the Contractor's performance is not monitored; • Meeting minutes and action plans are not always produced following meetings with the Contractor; • Management reports have not been produced since March 2001, due to a review of reporting requirements following the restructure exercise; • The list of machines emptied (as per the Contractor's Cash Collection Reports) are not compared to the Income Collection Schedule produced by Corporate Finance; • No checks are conducted on the timeliness of banking; • The reconciliation between the Cash Collection Reports and the Audit Tickets have not been completed since 18 May 2011; and • There was no evidence of reconciliations between the Cash Collection Report and SAP being reviewed. <p>As a result of our audit work we have raised two priority 1</p>	Limited

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2011/12

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>recommendations, five priority 2 recommendations and one priority 3 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"> • Parking Services should obtain a signed copy of the contract with Contract Security Services Ltd. • Alternative arrangements should be made to provide cover for absent staff who are responsible for completing key tasks, including the reconciliation of Cash Collection Reports with Audit Tickets. <p>The Priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> • All meetings held with the Contractor should be minuted and action plans, with responsibilities and deadlines, should be developed, where required. Progress against required actions should be monitored at subsequent meetings, and should be included as a standing item on the meeting agenda. • Reporting requirements for Parking Services, which include Pay & Display, should be formalised and agreed by management, and communicated to all relevant staff as soon as possible. Coverage of Pay & Display in the reports should allow for effective review and monitoring. • The list of machines emptied by Contract Security Services Ltd (per the Cash Collection Reports) should be regularly checked against the Income Collection Schedule, as updated to take account of new machine additions. The responsibility for completion of this check needs to be agreed with Corporate Finance. • The reconciliation of the Cash Collection report to SAP should be extended to include a check on the dates monies are collected and banked, to ensure that banking is 	

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2011/12

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>completed promptly in line with contractual obligations. The responsibility for completion of this check needs to be agreed with Corporate Finance.</p> <ul style="list-style-type: none"> The reconciliation between the Cash Collection Reports and SAP should be documented, dated and signed off by both the preparer and reviewer. <p>The Priority 3 recommendation is as follows:</p> <ul style="list-style-type: none"> Procedures should be reviewed annually (or more frequently, where there are changes in Council policy) and updated where necessary. 	

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2011/12

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
CORPORATE RESOURCES – PROCUREMENT			
<p>HAYS Resource Management Contract 2011/12</p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> • Contract Completion; • Contract Monitoring; • Payment to HAYS; • Identification of Need and Role Requirements; • Appointment of Candidates including CRB Checks; and • Management Information. 	<p>Weaknesses in the system of internal controls are such as to put the client's objectives at risk.</p> <p>Some of the key findings are detailed below:</p> <ul style="list-style-type: none"> • The contract between HAYS Resource Centre and the Council was extended in April 2011, it had not been formally agreed; • The Headline Report for May 2011 shows that 42% of all agency staff had a length of service in excess of 12 months, with two cases dating back to 2000; • We were informed that contract meetings take place, but these are not formally documented; • Examination of 15 agency workers' details identified the following: <ul style="list-style-type: none"> ○ On one occasion, five agencies were consulted and five candidates proposed to the Council; however no interview took place; ○ On a further occasion, 100 candidates were proposed showing that a shortlist was not prepared; and ○ On two occasions the agency workers started work before formal authorisation was given. • The Headline Report provides relevant information, including length of service and reasons for hire charts but the graphs have formulae with hidden figures. This caused difficulties in verifying the accuracy of the information. In addition, HAYS Resources provide a separate report with all job position numbers against the relevant staff which is deemed too time consuming for the HR team to review two sets of management reports; • The Council HR MI Team monthly scorecards include the total full time equivalent (FTE) of agency staff as a 	<p>Limited</p>

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2011/12

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>percentage of total staff by Directorate and the Council. The scorecard total of 317 for May matched the Headline Report total of 317 provided by HAYS. However, the Directorate figures did not match the Headline Report and some of the Directorates have different titles. As a result of our audit work we have raised two priority 1 and four priority 2 recommendations which should assist in improving the control environment.</p> <p>The Priority 1 recommendations are as follows:</p> <ul style="list-style-type: none"> • The contract extension should be formally agreed, signed by both parties and communicated; and • Procedures for the appointment of agency staff in excess of 11 months should be reviewed and updated to reflect the requirement for a second HR approval. <p>The Priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> • The quarterly contract meetings should be formally documented; • Candidates proposed by agencies should be interviewed by the Council for suitability prior to being approved for use; • The HR team should request that HAYS Resources: <ul style="list-style-type: none"> ○ Disclose the hidden information supporting the graphs within the monthly Headline Report; ○ Incorporate the job position numbers into the Headline Report; and ○ Ensure agency release forms are not processed without the job number included. • The Balance Scorecard and Headline Report provided by HAYS Resources should be aligned to include information provided for management review in the same format, and any variation should be explained. 	

Detailed Progress Report – Implementation of Recommendations 2005/06

Ref	Recommendation	Priority	Original Deadline	Progress/Status
ADULTS, CULTURE & COMMUNITY SERVICES (Now Place & Sustainability)				
TORREX Leisure Management System				
1	<p>Management should contact the software suppliers with a view to investigating whether and how 'failed logon attempts' can be included in the existing Audit Trail logging, as are successful logons and logouts currently.</p>	2	Ongoing	<p>Partly Implemented <i>Management 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.</p> <p><i>Management Update 5 October 2011</i> The status is as before, the project has been delayed and progress is expected within the next few months. Corporate IT are seeking to prioritise resourcing delivery of the scheme before Dec 2011. Otherwise the issue will be picked up in the Leisure Transfer process with the new operator. Related current residual risk is low.</p>

Detailed Progress Report – Outstanding Recommendations 2009/10

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
CORPORATE RESOURCES				
IT AUDIT - PLANNING & CONTROL APPLICATION				
1	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.	2	31 August 2010	<p>Partly Implemented:</p> <p>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.</p> <p>Management Update 5/10/2011</p> <p>The status is as reported above. The issue has been reported to the supplier but progress is dependent on the prioritisation by the supplier and this would depend on demand from all their customers, unless the Council was to commission the work specifically.</p>
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 5/10/2011</p> <p>The status is as reported above. The issue has been reported to the supplier but progress is dependent on the prioritisation by the supplier and this would depend on demand from all their customers, unless the Council was to commission the work specifically.</p>

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2011/12

APPENDIX A

Follow Up Table – 2010/11 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 Resources																		
Use of Consultants (Procurement audit)	Limited	3	1	0	4	3	1	0	4	0	0	0	0	0	0	0	0	0
Management of Out of Hours Telephone Contact Service	Substantial	1	5	0	6	1	5	0	6	0	0	0	0	0	0	0	0	0
BLT risk register – testing of key controls	Substantial	0	4	1	5	0	4	1	5	0	0	0	0	0	0	0	0	0
Disposals/ sales of properties (Risk Register CR05)	Substantial	0	3	1	4	0	3	1	4	0	0	0	0	0	0	0	0	0
Use of corporate purchase/ credit cards	Substantial	1	3	2	6	1	2	1	4	0	0	0	0	2	0	0	0	0
Use of waivers	Substantial	1	4	1	6	1	3	1	5	1	0	0	0	0	0	0	0	0
Corporate Resources - IT																		
Framework-i to SAP Payments Interface	Substantial	0	5	2	7	0	2	1	3	0	0	0	0	0	0	0	0	0
Children & Young People's Service																		
Catering Services	Substantial	0	7	2	9	0	5	2	7	2	0	0	0	0	0	0	0	0
BSD risk register – testing of key controls	Substantial	2	0	0	2	2	0	0	2	0	0	0	0	0	0	0	0	0
Transport Services – Compliance with Financial Regulations	Substantial	1	5	0	6	1	5	0	6	0	0	0	0	0	0	0	0	0
Leaving Care Services – Cash handling procedures	Substantial	0	6	1	7	0	6	1	7	0	0	0	0	0	0	0	0	0
Commissioning and Placements (No recourse to public funds service – cash handling	Substantial	0	3	1	4	0	3	1	4	0	0	0	0	0	0	0	0	0

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2011/12

APPENDIX A

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 & Housing Services																		
Strategic & Community Housing Services (Risk Register UE06)	Substantial	0	3	0	3	0	2	0	2	0	0	0	0	0	0	0	1	0
Framework I Disaster Recovery Exercise	Substantial	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0
Day Centre Transport	Substantial	0	4	2	6	0	4	2	6	0	0	0	0	0	0	0	0	0
Safeguarding Adult Services	Substantial	1	2	0	3	1	2	0	3	0	0	0	0	0	0	0	0	0
Domiciliary Care Contracts	Substantial	0	2	0	2	0	2	0	2	0	0	0	0	0	0	0	0	0
Chief Executives																		
Health & Safety	Substantial	1	2	1	4	0	2	1	3	0	0	0	0	0	1	0	0	1
Data Quality – National Performance Indicators	Substantial	0	1	1	2	0	1	0	1	1	0	0	0	0	0	0	0	0
Employee Expenses (including temporary/agency staff)	Substantial	0	2	0	2	0	1	0	1	1	0	0	0	0	0	0	0	0
Translation and Independent Services	Substantial	1	5	0	6	1	5	0	6	0	0	0	0	0	0	0	0	0
Urban Environment																		
Certificates of Lawfulness	Substantial	0	6	0	6	0	4	0	4	0	0	0	0	0	2	0	0	0
CCTV Community Safety Management and Operation (Risk Register UE08)	Substantial	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0
Compliance with corporate procedures – Absence Management	Substantial	0	2	0	2	0	1	0	1	1	0	0	0	0	0	0	0	0
Total		12	77	15	104	11	65	12	88	6	0	0	0	5	5	0	1	

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 2010/11

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
CORPORATE RESOURCES				
USE OF CORPORATE PURCHASE/ CREDIT CARDS				
1	<p>Corporate Resources should consider enforcing the 5 day deadline for authorising daily log sheets as stated in the Purchasing Card User Guide. Where the cardholder fails to comply with the deadline, the sanctions per the Purchasing Card User Guide should be imposed.</p> <p>A reminder should be sent to all current card holders and further issued to Finance Managers to raise persistent non-compliance.</p>	2	31/03/11	<p>Partly Implemented</p> <p>Management Update 11/10/11: The 5 day deadline for authorising daily log sheets fails to take into account annual leave and will therefore be amended to a 10 day deadline.</p> <p>Accounts payable will scan all daily logs sheets and store the files electronically. A monthly 5% audit will be undertaken on the files and non-compliance with the Purchasing Card User Guide will be recorded and emails sent to Budget Holders. Repeat non-compliance will be met with the revocation of relevant officers' p cards.</p> <p>Owner: Accounts Payable Finance Officer/Information and Document Management Officer (Procurement Business Officer acting)</p> <p><i>Revised Deadline: 31 October 2011</i></p>

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2011/12

APPENDIX A

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
2	<p>Corporate Resources should remind all Finance Managers of their responsibility to retain documentation in accordance with the Corporate Document Retention Policy.</p> <p>A review of the age of documentation held in Directorates should be undertaken at least on a yearly basis to identify such documents that should be disposed of.</p>	3	31/03/11	<p>Partly Implemented</p> <p>Management Update 11/10/11: Statements and daily log sheets are sent to CPU, where they are scanned and held centrally, in an online and paper filing structure.</p> <p>Documents will be disposed of after six years, in accordance with standard guidance for the retention of financial records.</p> <p>Owner: Accounts Payable Finance Officer/Information and Document Management Officer (Procurement Business Officer acting)</p> <p><i>Revised Deadline: 31 October 2011</i></p>

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2011/12

APPENDIX A

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
CHIEF EXECUTIVE				
HEALTH & SAFETY				
3	<p>A formal process should be put in place for each Directorate to submit, within a specified deadline, their Quarterly Health & Safety Directorate Service Reports. The process should include following up on Directorates that have not submitted their reports, and taking appropriate action to address any issues.</p>	1	31.12.10	<p>Partly Implemented Management Update June 2011: It has been difficult to implement this recommendation for all Directorates due to current resource constraints across the Council. However, this issue has been cascaded to the Health & Safety officers within each Directorate and progress will be monitored at directorate Health and Safety forum meetings.</p> <p><i>Revised deadline: 31 December 2011</i></p>

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2011/12

APPENDIX A

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
URBAN ENVIRONMENT (Now Place & Sustainability)				
CERTIFICATES OF LAWFULNESS				
4	Following the loading of relevant documentation onto the web, this should be reviewed by an independent officer to confirm that the upload process is complete and accurate.	2	Immediate	Partly Implemented Management Update June 2011: Due to restructuring the deadline for this recommendation has been amended. <i>Revised deadline: 30 September 2011</i> <i>Internal Audit comment:</i> <i>This recommendation will be followed up in October and the status will be reported at the next Corporate Committee meeting.</i>
5	Six months after the rejection of an existing certificate application, all such applications should be monitored and the action taken by the applicant should be reviewed to identify whether applications have been either re-submitted or a referral made to the Enforcement Team. Further, six months after approval of a proposed certificate application, all such applications should be monitored and followed up to confirm that any development is in accordance with the approved certificate.	2	Immediate	Partly Implemented Management Update June 2011: Due to restructuring the deadline for this recommendation has been amended. <i>Revised deadline: 30 September 2011</i> <i>Internal Audit comment:</i> <i>This recommendation will be followed up in October and the status will be reported at the next Corporate Committee meeting.</i>

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

October 2011

In this document references to Deloitte are references to Deloitte & Touche Public Sector Internal Audit Limited.
Registered office: Hill House, 1 Little New Street, London EC4A 3TR, United Kingdom. Registered in England and Wales No 4585162.

Deloitte & Touche Public Sector Internal Audit Limited is a subsidiary of Deloitte LLP, the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

Member of Deloitte Touche Tohmatsu Limited

APPENDIX B

IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/11 - 30/03/12 & B/F FROM 2010/11

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/09/2011	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Adults and Housing Services	Allegation of identity fraud	1	0	0	N/A	
Assistant Chief Executive	Allegation of Irregular canvassing B/F 2010/11	1	1	1	Dismissed	
Children's Services	Allegation of misuse of purchasing account B/F 2010/11	1	1	1	Resigned	
	Allegation of theft of parking income B/F 2010/11	1	1	1	Dismissed	
	Allegation that employee failed to declare second employment	1	1	1	Dismissal Upheld at Appeal Warning	
	Allegation of tenancy fraud	1	0	0	N/A	
	Alleged misuse of	1	1	1	Disciplinary Hearing	

APPENDIX B

IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/11 - 30/03/12 & B/F FROM 2010/11

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/09/2011	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
	Companion Badge				Pending	
	Alleged theft of materials	1	0	0	N/A	
	Allegation of bringing the Council into disrepute	1	1	1	Warning	
Corporate Resources	Allegation of second employment	2	0	0	N/A	
Place and Sustainability	Allegation that employee absent without leave	1	1	1	Dismissed	
	Allegation of bringing the Council into disrepute	1	0	0	N/A	
	Allegation of theft of fines Income	1	1	0	Resigned	
TOTAL		14	8	7		

Haringey Council – Corporate Committee

Disciplinary Case Analysis July to September 2011

Introduction

The information in this report is taken from SAP, covering the period 01 July 2011 – 30 September 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 & Housing	AS
The Children & Young People's Service	C
Chief Executive	CE
Corporate Resources	CR
Public Health	PH
Place & Sustainability	PS
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.

Directorate	Cases Open	Cases Closed	No of cases	No of employees
AS	1	2	3	2
C	9	3	12	12
CE	0	1	1	1
CR	2	3	5	4
PH	0	0	0	0
PS	9	9	18	18
Grand Total	21	18	39	37

Please note that the total number of cases is 39, but this only represents 37 employees. The reason being is 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.

- Children's has the highest percentage of disciplinary cases against its workforce at 1.59% in this quarter
- 21 cases remain 'open' at the end of this period

The following table looks at the stages of Disciplinary cases.

Stage	Cases Open	Cases Closed	Total	%
Invest. - not suspended	11	4	15	38
Invest. - suspended	7	11	18	46
ET	2	0	2	5
Appeal	1	3	4	10
Total	21	18	39	100

The following table identifies the outcomes of the 18 cases that were closed in this period.

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	3	0	3	17
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	2	0	0	3	17
Dis. ET Dismissed	0	0	0	0	0	0
Dis. ET Withdrawn	0	0	0	0	0	0
Dis. Final Written Warning	1	2	0	0	3	17
Dis. No Action	1	1	0	0	2	11
Dis. Other	1	2	0	0	3	17
Dis. Relegation/Demotion	0	0	0	0	0	0
Dis. Resigned	0	1	0	0	1	6
Dis. Verbal Warning	0	0	0	0	0	0
Dis. Written Warning	0	1	0	0	1	6
Escalated to next stage	0	0	0	0	0	0
Suspension Lifted	0	2	0	0	2	11
Total	4	11	3	0	18	100

This table displays reasons for Disciplinary action against employees.

Reasons for Disciplinary Cases

Reason	Cases Open	Cases Closed	Total	%
Assault	1	0	1	3
Attendance	2	3	5	13
Behaviour	6	8	14	36
Fraud / Theft	4	3	7	18
Misuse of resources	1	0	1	3
Negligence	4	4	8	21
Other	3	0	3	8
Total	21	18	39	100

- The highest cause for disciplinary action was for Behaviour at 36%

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 A M E	16	76	5	24	21	57
White	2	13	14	88	16	43
Not Declared	0	0	0	0	0	0
Total	18	49	19	51	37	100

- 32% 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	0	0	1	50	0	0	0	0	0	0	1	50
	White	1	50	0	0	0	0	0	0	0	0	1	50
	Total	1	50	1	50	0	0	0	0	0	0	2	100
C	B & ME	0	0	2	17	4	33	3	25	0	0	9	75
	White	1	8	0	0	0	0	2	17	0	0	3	25
	Total	1	8	2	17	4	33	5	42	0	0	12	100
CE	B & ME	0	0	0	0	0	0	0	0	0	0	0	0
	White	0	0	0	0	1	100	0	0	0	0	1	100
	Total	0	0	0	0	1	100	0	0	0	0	1	100
CR	B & ME	1	25	1	25	0	0	0	0	0	0	2	50
	White	0	0	1	25	0	0	1	25	0	0	2	50
	Total	1	25	2	50	0	0	1	25	0	0	4	100
PH	B & ME	0	0	0	0	0	0	0	0	0	0	0	0
	White	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0	0	0	0	0	0
PS	B & ME	8	44	0	0	0	0	1	6	0	0	9	50
	White	4	22	2	11	0	0	1	6	2	11	9	50
	Total	12	67	2	11	0	0	2	11	2	11	18	100
HGY	B & ME	9	24	4	11	4	11	4	11	0	0	21	57
	White	6	16	3	8	1	3	4	11	2	5	16	43
	Total	15	41	7	19	5	14	8	22	2	5	37	100

Suspensions

This table shows a summary of suspension cases.

Case status	Total
No. of cases heard	10
No. of cases not concluded	7
No. of cases not concluded - leaver	1
Total	18

Timescales (no of days) of Suspension Cases

The table below looks at the 18 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.

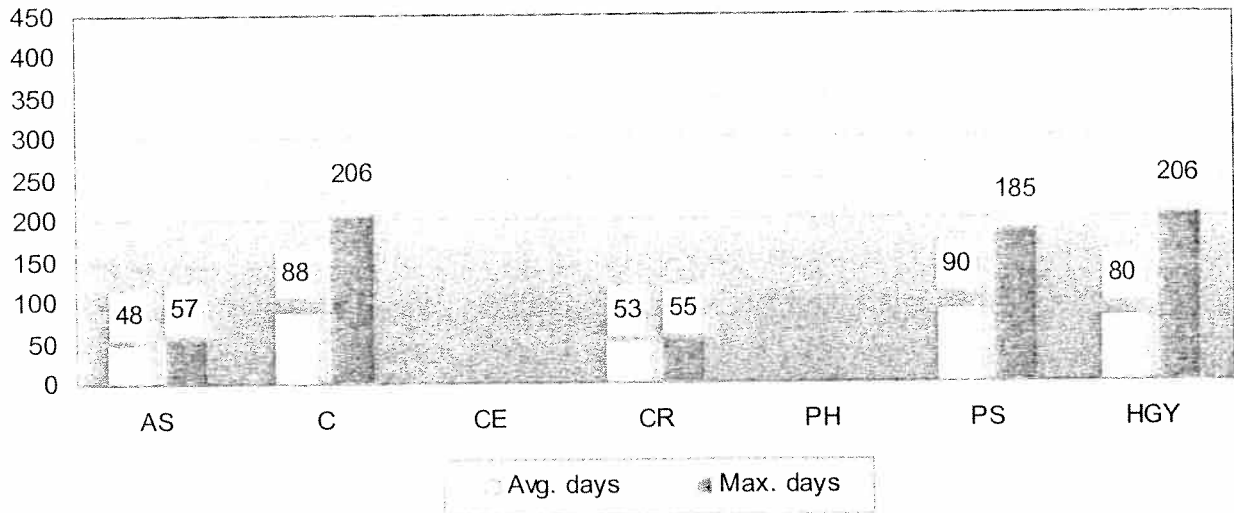
The table also identifies, by directorate, the average number of days suspension for all cases, the maximum days for a single case and the number of cases heard within that period.

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	2	0	0	0	0	2	96	48	57	2
C	3	0	1	1	0	5	439	88	206	1
CE	0	0	0	0	0	0	0	0	0	0
CR	2	0	0	0	0	2	105	53	55	2
PH	0	0	0	0	0	0	0	0	0	0
PS	2	6	0	1	0	9	807	90	185	5
HGY	9	6	1	2	0	18	1447	80	206	10
Total cases closed	4	4	1	1	0	10				

On average, 80 days were spent on each suspension case within the quarter.

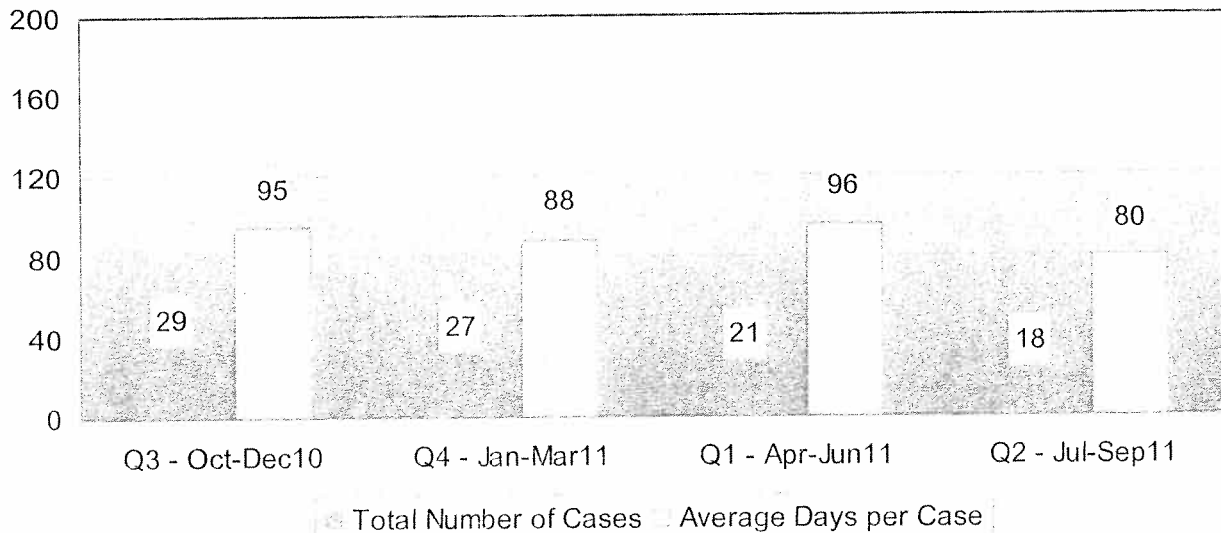
The chart below illustrates the average and maximum number of days taken for a suspension case by Directorate for the quarter.

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.

No. of cases and average days taken per case by quarter



The average number of days suspended for the last quarter was 80, this is the lowest it has been compared to the last 3 quarters.