

**Internal Audit
Quarter 4 Internal Audit Report
2012/2013
London Borough of Haringey**

**Deloitte & Touche Public Sector Internal Audit Ltd.
June 2013**

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Executive Summary

Introduction

This is our fourth quarter report to the Corporate Committee for the 2012/13 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 Corporate 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 4 2012/13 – Final Reports issued:

2012/13 Internal Audits finalised in the quarter:

- Homelessness Assessment Processes;
- Commissioning of Services;
- Strategic Financial Management & Budgetary Control;
- Adoption Service;
- Fostering Service;
- Accounts Receivable (Sundry Debtors);
- NNDR;
- Pension Fund Investment;

- Treasury Management;
- Cash Receipting;
- Council Tax;
- CE Parking Application;
- SAN Data Migration and Security;
- Wireless Network; and
- Health & Safety.

Delivery of 2012/13 Internal Audit Plan

As part of the delivery of the 2012/13 Internal Audit Plan, we have we have also issued draft reports for the following audits:

- Housing Benefits;
- IT Infrastructure Renewal Programme; and
- Partial Hardware Asset Management;

Follow Up of Prior Years' Recommendations

The results of our follow-up work are as follows:

2009/10

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

2010/11

One Priority 2 recommendation from 2010/11, relating to Accounts Receivable (Sundry Debtors) remains outstanding, as partly implemented. This recommendation was re-raised in 2011/12 and has been followed up again as part of the 2012/13 Accounts Receivable (Debtors) audit. It is now being reported as part our follow-up of the 2011/12 recommendations..

2011/12

To date we have followed up 107 recommendations raised in 2011/12 and the results of our work are as follows:

- Implemented – 84 (79%);
- Partly implemented – 9 (8%);
- Not implemented – 1 (1%); and
- No longer applicable – 13 (12%).

2012/13

We have completed a follow-up of the three Priority 1 and three Priority 2 recommendations raised in the 2012/13 Health & Safety internal audit report. We found that all six recommendations have been fully implemented. The detailed results of this follow-up work will be reported separately as part of our monthly summary reporting to Corporate Committee.

As part of the 2013/14 Internal Audit Plan, we will complete a follow-up of the 2012/13 recommendations throughout the financial year. The findings will be reported in our quarterly report to the Corporate Committee.

Audit Progress and Detailed Summaries

The following table sets out the audits finalised in Quarter 4 of 2012/13 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 Corporate 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
2012/13							
Homelessness Assessment Processes	September 2012	25/01/2013	Substantial	N/A	0	1	1
Commissioning of Services	July 2012	30/01/13	Substantial	N/A	0	2	0
CE Parking Application	October 2012	06/02/13	Substantial	N/A	0	5	1
SAN Data Migration and Security	November 2012	06/02/13	Substantial	N/A	0	0	1
Strategic Financial Management & Budgetary Control	November 2012	11/02/13	Substantial	↔	0	3	1
Adoption Service	October 2012	04/03/13	Substantial	N/A	0	5	3
Fostering Service	October 2012	03/04/13	Limited	←	1	6	0
Wireless Network	January 2013	04/03/13	Substantial	N/A	0	1	2
NNDR	December 2012	11/03/13	Substantial	↔	0	0	0
Accounts Receivable (Sundry Debtors)	November 2012	11/03/13	Substantial	↔	0	2	0
Pension Fund Investment	January 2013	11/03/13	Full	→	0	0	0
Treasury Management	December 2012	11/03/13	Substantial	↔	0	2	1
Cash Receipting	January 2013	12/03/13	Substantial	↔	0	2	0
Council Tax	December 2012	12/03/13	Substantial	↔	0	1	0
Health & Safety	November 2012	24/04/13	Limited	←	3	3	0

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As part of the 2012/13 Internal Audit Plan we have visited the following schools, completed a probity audit and during Quarter 4 issued a final report.

School	Date of Audit	Report Date	Assurance Level	Number of Recommendations (Priority)		
				1	2	3
2012/13						
The Brook on Broadwaters Special School	September 2012	30/01/13	Substantial	1	4	0
North Harringay Primary School	November 2012	06/02/13	Limited	3	7	0
Tetherdown Primary School	December 2012	20/02/13	Limited	3	8	1

As part of the 2012/13 Internal Audit Plan we have visited the following schools during Quarter 4 and completed a probity audit, for which a draft report has been issued.

- St Michael's CE Primary School;
- St Mary's CE Primary School;
- Woodlands Park Nursery School;
- Pembury Nursery School.

Audit area	Scope	Status/key findings	Assurance
<p>Fostering Service 2012/13</p>	<p>CHILDREN & YOUNG PEOPLE'S SERVICE</p> <p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> • Governance; • Documentation, policy and procedures; • Costs and value for money; • Information management; • Expenditure; • Performance monitoring; and • Referral and assessment. 	<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"> • A Children's Social Care Procedures manual covering the Fostering Service has been developed, and is available on HARINET, although this needs updating; • It was identified that the Fostering Team does not undertake tasks as noted in the online procedures manual due to the restructure of the service. These issues were as follows: <ul style="list-style-type: none"> • Initial enquiries from individuals seeking to become foster carers are logged on Framework-I and individuals are invited to attend an Information Session. Procedures are in place to remind individuals who have enquired of attendance, but with limited Recruitment Team capacity this is not always possible. Where an individual missed three Information Sessions, the enquiry is closed. However, this is not in accordance with the Children's Social Care Procedure Manual; • For the four foster carers examined, letters confirming the booking of an Initial Visit could not be located although the team maintained contact with the carers and did undertake initial visits; and • The Children's Social Care Procedure manual requires an Initial Visit to be completed within 14 days, but this was not evident in the two cases examined. <p>Management expect that the new structure will support improvements to the Service in addressing the issues.</p> <ul style="list-style-type: none"> • The Council is part of the CIPFA Children Looked After Benchmarking Club, which is made up of nine London Local Authorities. The Club completes an annual comparison of the cost of service, which includes Fostering; • Action plans have been established for each of the teams within the Fostering Service, Recruitment, Kinship Fostering, and Task Centred Fostering; 	<p>Limited</p>

Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> • Staff have access to Framework-I with an individual user-id and password; • Written consent to obtain and share information to complete the assessment of potential foster carers was given all four cases examined; • Set allowances for foster carers have been agreed but have not been amended since 2010/11, apart from an annual inflation increase. A review has been undertaken and new rates due for discussion at CYPs Senior Leadership Team in April 2013. • A payment run is completed weekly for all certified foster carer payment requests; • We confirmed from examination that performance data is produced and reported to each meeting of the Corporate Parenting Advisory Committee; • An annual report on the Fostering Service for the year to 31 March 2012 was prepared and presented to the Corporate Parenting Advisory Committee for review on 4 September 2012; • Information on how to apply to become a foster carer is published by the Council and is advertised through the Council's webpage, on-street advertising and local media; • The Foster Care service has a Marketing Plan by which it seeks to increase the number of foster carers; • Two of the four foster carers sampled were Kinship Carers for whom the assessment process had not been completed, where temporary approval is granted for a child already placed, and a third carer had withdrawn during the assessment process; and • Three of the 10 foster carers sampled had not completed an annual review, although the reviews are overdue; and the date of completion of the last review of 10 foster carers as per the Foster Carer Register was different from that recorded on Framework-I. <p>As a result of our audit work we have raised one Priority 1 and six Priority 2 recommendations, which should assist in improving the control environment.</p> <p>The Priority 1 recommendation is as follows:</p>	

Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> • The process by which the Register of Foster Carers is produced and maintained should be reviewed to confirm that all entries are for the approved foster carers and are accurate. <p>The Priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> • The Service Improvement Plan should be completed to identify the required actions and timescales for all the standards and presented to the Head of Service, Commissioning for approval. • Management should ensure that individual employee performance objectives are aligned with the priorities of the new team plans when the new structure is implemented. • The Children Social Care Procedures Manual should be reviewed and updated to reflect current service requirements and practice with regard to the pursuit of outstanding enquiries. Once the procedures have been updated, they should be dated and signed off as approved, with next review date established. • The service should review the arrangements by which where children in an existing placement pass the age limit for the foster carer, the terms of the foster carer's engagement can be reviewed and extended for that child, where it is necessary to maintain the stability of the placement. • The Service should explore with the Framework-I support team the means by which a periodic performance report on timely completion of Initial Visits can be produced. • The Foster Service should develop a programme of reviews of Foster Carers, identifying those due for review each month and planning a review date. Completion of the planned reviews should be monitored and where planned reviews are missed, explanations should be sought, and a revised date booked. 	

Audit area	Scope	Status/key findings	Assurance
<p>Health & Safety 2012/13</p>	<p>ASSISTANT CHIEF EXECUTIVE – PEOPLE AND ORGANISATIONAL DEVELOPMENT</p> <p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> ● Policies and procedures; ● System and controls for monitoring compliance with statutory requirements; ● Monitoring of performance, including reportable incidents; ● Data collection and verification processes; ● Liaison with HSE and other agencies; and ● Reporting and management information, including statutory returns. 	<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 Corporate Health & Safety Policy was formalised in August 2012 by the Chief Executive. We were informed by the Occupational Health & Safety Wellbeing Manager that this is reviewed and revised, where appropriate, to reflect any changes in legislation or personnel. ● Corporate Health and Safety Committee meetings are held quarterly and are minuted. ● The Directorate Senior Liaison Officer (DSLO) holds quarterly Directorate Health & Safety meetings which are minuted; however, it was found that this is not done for the ACE Directorate. ● Ad-hoc support provided by the Corporate Health and Safety Team to the directorates is recorded to identify trends and patterns. ● Discussions with relevant officers identified that the P&S, ACE and CYPs Directorates do not hold a competency matrix for staff and details of their qualifications and skills. Management explained that due to the difficulty in finding staff with the required skills to fill health and safety positions, HR seek to identify managers with good general knowledge, but who do not require full knowledge of health and safety, who can complete relevant tasks, such as risk assessments. The staff may at a later date seek formal health and safety training. Although no recommendation has been raised, individual Directorates should ensure that the rationale for selecting managers for health and safety duties, 	<p>Limited</p>

Audit area	Scope	Status/key findings	Assurance
		<p>together with any training provided, is documented.</p> <ul style="list-style-type: none"> The directorates are required to adhere to the Corporate Health & Safety Terms of Reference and make these available to relevant staff. Evidence of its communication to relevant staff was not provided to us by P&S, ACE and CYPS directorates. <p>As a result of our audit work we have raised three Priority 1 and three 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"> Risk assessments should be conducted on a regular basis and whenever there are changes in processes. The current risk assessment forms should also be reviewed periodically and updated, where necessary (ACE and CYPS). Management should ensure that a central monitoring process is put in place for the submission of quarterly Health & Safety Service Reports by all Directorates and for following up on non-submission and lack of corrective actions to address any issues (Corporate Team). Health & Safety should be included as a standing item on the agenda of the Director's Group meetings in line with the Corporate Policy that Health & Safety is discussed at such meetings at least twice a year and should form part of the Council's strategic objectives (Corporate Team). <p>The Priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> Health and Safety Policies should be reviewed and updated to reflect any changes in legislation, Council policy and local practices, and as a minimum should be reviewed for continuing applicability at least once every three years. Evidence of the review should be retained through the use of version control. 	

Audit area	Scope	Status/key findings	Assurance
		<p>This recommendation is applicable to the Health & Safety policies relating to the Corporate Team and CYPS Directorate.</p> <ul style="list-style-type: none"> The ACE Directorate DSLO should ensure that quarterly Health & Safety meetings are held with staff, at which risks and issues are discussed, appropriate action plans are developed (identifying deadlines and responsibilities) and required actions are followed up to completion. Minutes of the meetings should be prepared and circulated to all relevant staff (ACE Directorate). Management should ensure that any concerns and issues raised at Health & Safety meetings are formally followed up at subsequent meetings, until completion within the deadlines set against the action plans (P&S Directorate) 	

Detailed Progress Report – Outstanding Recommendations 2009/10

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
CORPORATE RESOURCES				
IT AUDIT - 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 a workaround has been developed whereby before applications are formally completed, SAP is checked for payments received. 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. The Applications Solutions Manager confirmed that this has not been treated as high priority by the supplier and it would not be cost effective for the Council to commission the work independently. Management Comments at 6 June 2013: The Council's e-payment system went live at the end of May 2013. The service can now start to look at the reconciliation procedure as this has now moved up the priority list. Management are unable to give an exact time frame for completion of this action but will be able to determine, by the end of July 2013, the feasibility for the full implementation of this recommendation. Where this is feasible, an estimated timescale for completion of the action is end of October 2013.</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: 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. 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. The Applications Solutions Manager confirmed that this has not been treated as high priority by the supplier and it would not be cost effective for the Council to commission the work independently. Management Comments at 6 June 2013: Management believe that this recommendation cannot practically be implemented as both the supplier and the service are of the opinion that the costs outweigh the benefits. The quote by Northgate in 2010 was between £5-10k. Therefore, management suggest that this recommendation should no longer be applicable. This will be discussed with the Deloitte IT Team.</p>

Follow Up Table – 2011/12 Audit Work

AUDIT AREA	Assurance Level	Recommendations													Priority 1 Recs. Outstanding			
		Category					Implemented					Not Implemented						
		1	2	3	Total	1	2	3	Total	N/A	Not Imp.	In Progress	Not due					
Corporate Resources																		
Treasury Management	Substantial	0	1	1	2	0	1	1	2	0	1	1	2	0	0	0	0	0
Strategic Financial Mgmt. & Budgetary Control	Substantial	0	3	0	3	0	3	0	3	0	3	0	3	0	0	0	0	0
Cash Receipting	Substantial	0	2	0	2	0	0	0	0	0	0	0	0	0	2	0	0	0
Accounting & General Ledger	Substantial	0	1	1	2	0	0	0	0	0	0	0	0	0	1	1	0	0
Accounts Receivable	Substantial	0	1	1	2	0	0	0	0	0	0	0	0	1	1	0	0	0
Creditors	Substantial	0	2	0	2	0	2	0	2	0	2	0	2	0	0	0	0	0
Pension Fund Investment	Substantial	0	2	1	3	0	2	1	3	0	2	1	3	0	0	0	0	0
Council Tax (KFS)	Substantial	0	0	1	1	0	0	1	1	0	0	1	1	0	0	0	0	0
NNDR	Substantial	0	0	2	2	0	0	2	2	0	2	2	2	0	0	0	0	0
Housing Benefits	Substantial	0	3	2	5	0	3	2	5	0	3	2	5	0	0	0	0	0
Corporate Savings and Efficiency Programme	Substantial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Use of external Counsel	Substantial	0	0	1	1	0	0	1	1	0	0	1	1	0	0	0	0	0
Customer Service Centres	Substantial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Corporate Resources – Procurement																		
Contract Standing Orders/ Scheme of Delegation	Limited	3	4	0	7	3	4	0	7	3	4	0	7	0	0	0	0	0
Homeless Persons Accommodation/Temporary	Substantial	0	0	1	1	0	0	1	1	0	0	1	1	0	0	0	0	0

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AUDIT AREA	Assurance Level	Recommendations													Priority 1 Recs. Outstanding	
		Category					Implemented					N/A	Not Imp.	In Progress		Not due
		1	2	3	Total	1	2	3	Total							
School Admissions and Place Planning	Substantial	0	1	1	2	0	1	1	2	0	0	0	0	0	0	0
<i>Adult and Housing Services</i>																
Homes for Haringey client-side monitoring	Substantial	0	0	2	2	0	0	2	2	0	0	0	0	0	0	0
Housing Options – private renting scheme	Substantial	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0
Personalisation Follow-Up	N/A	0	3	2	5	0	3	2	5	0	0	0	0	0	0	0
Housing in Multiple Occupation – licensing arrangements.	Substantial	0	0	1	1	0	0	1	1	0	0	0	0	0	0	0
<i>Establishment Audits – Day Centres</i>																
The Grange	Substantial	0	0	2	2	0	0	2	2	0	0	0	0	0	0	0
The Haynes	Substantial	0	0	2	2	0	0	2	2	0	0	0	0	0	0	0
The Haven Day Centre	Substantial	0	0	1	1	0	0	1	1	0	0	1	1	0	0	0
Chief Executive – People and Organisational Development																
Voluntary Redundancy Programme	Substantial	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0
Equalities – Equality Impact Assessments and compliance with Equalities Act 2010	Substantial	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0
Framework Agreements – Learning & Development	Limited	2	1	0	3	2	1	0	3	0	0	0	0	0	0	0
Total		20	59	28	107	13	46	25	84	13	1	9	0	0	2	

Implemented – officers has indicated through self-certification the progress of recommendations. We have verified a sample of responses.

N/A – the recommendation is no longer applicable due to changes in the system, or alternative action has been taken to address the risk.

Not implemented – the recommendation has not been addressed, alternative action has not been taken.

In Progress – officers have started implementation of recommendations

Detailed Progress Report – Outstanding Recommendations 2011/12

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
CORPORATE RESOURCES – KEY FINANCIAL SYSTEMS				
Cash Receipting				
1	<p>Procedure manuals should be documented for the cash receipting function, including instructions for cashiers administering parking related matters, to assist staff in administering the cash receipting function effectively, efficiently and in a consistent manner.</p>	2	December 2012	<p>In Progress Original Management Response: This is an issue that we will be addressing with high priority in the objectives being set for the team for 2012/13. Due to the parking team currently awaiting an upgrade to their system and the changes to the parking function due to take place within the next few months, the policies and procedures will not be reviewed/ updated until at least September 2012. This is an issue that will be addressed with high priority at the performance meeting, due to be held next month (June). They informed us that although the restructure was effective from July 2011, officers took to their new roles and responsibilities several months later, to minimise disruption to the services. Management Update June 2013: Although updating the procedure notes was given a high priority, their update had to wait until the planned upgrade to the Council's cash receipting system had taken place. Now that the system supplier has resolved its issues, the system has now gone live, albeit later than planned. The revised procedure notes that reflect the changes to the process can now be written and this is already in progress. Revised Deadline: August 2013</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
2	The Cashier's process and procedure notes for Parking should be reviewed annually and version controls should be introduced.	2	December 2012	<p>In Progress</p> <p>Original Management Response: "Agreed – as the team are currently awaiting an upgrade to their system and the changes to the parking function due to take place within the next few months, the policies and procedures won't be reviewed / updated until at least September 2012." Management Update June 2013: As outlined above, although updating the procedure notes was given a high priority, their update clearly had to wait until the planned upgrade to the Council's cash receipting system had taken place. Now that the supplier has resolved its issues the system has gone live, albeit later than planned. The revised procedure notes that reflect the changes to the process can now be written and this is already in progress. Revised Deadline: August 2013</p>
Accounting & General Ledger				
3	Procedures should be reviewed on a periodic basis and updated, where applicable. Evidence of this should be retained through the use of version control. The SAP procedure notes on Harinet should be updated to include the requirement for journals over £50,000 to be authorised by a manager.	2	<p>July 2012</p> <p>May 2012</p>	<p>Partly Implemented</p> <p>Original Management Response:: "Agreed. The procedure note will be updated and reviewed annually." Management Update June 2013: "Agreed that regular periodic updating of SAP procedure notes needs to be undertaken and this has been incorporated into future team plans. However, it is important to note that interim measures have been taken to mitigate the risk by sending out a specific instruction to all SAP users on 22/3/13 highlighting the (existing) requirement to park/post journal line items of over £50,000. We have re-emphasised the need for separation of duties to apply</p>

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Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
				<p>to the parking and posting of journals greater than £50,000 (see above).</p> <p>As part of the review of the 'Enter & Post General Ledger Journal' procedure note, we will include guidance in which staff roles should post journals over £50,000 and review whether this can be system enforced."</p> <p>Revised Deadline: August 2013</p>
4	<p>A reminder should be issued to relevant staff to ensure that supporting documentation for the approval of new ledger codes is retained in a readily accessible location.</p> <p>Internal Audit Comment: Following non-implementation of this action, the following was recommended in the 2012/13 internal audit report: A process should be implemented for all documentation pertaining to the request and approval of new cost codes to be retained in a central folder, either manually or electronically. Furthermore, we recommend that the responsibility for approving new cost code requests should be formally documented and communicated to staff.</p>	3	Next Finance Managers Group meeting	<p>Not Implemented</p> <p>Initial Management Response:: Agreed. This will be raised at Finance Managers Group (FMG) to be communicated to all staff.</p> <p>Management Update June 2013: Agreed. FST to review and issue a new procedure note covering setting up of codes in SAP. New codes can currently only be set up with the express agreement of the Head of Finance (BAS) and evidence of this is retained by the FST.</p> <p>Revised Deadline: August 2013</p>
Accounts Receivable (Sundry Debtors)				
5	<p>The Debt Recovery procedure should be reviewed and amended, where required. The review should include an assessment of required timescales within the debt recovery process.</p> <p>Following the review, the Debt Recovery procedure should be formalised and implemented and should</p>	2	September 2011	<p>Partly Implemented</p> <p>Management Update March 2013: The draft procedures were published to reflect the move to a Corporate Debt Management (CDM) structure and described the proactive collections activity being undertaken to achieve collection.</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
	<p>include KPIs for the Debt Recovery process. Periodic sample checks should be completed to confirm compliance with the procedure and the KPIs. This recommendation incorporates and re-raises the 2010/11 recommendation.</p>			<p>In terms of the SAP dunning process, which includes the 30 day timescales, the "as is" position was adopted into the revised procedures as this requires amendments to the SAP system. Given the current restrictions in place on SAP development this will be addressed as part of the OneSAP project. Revised Deadline: 31 December 2013</p>
CORPORATE RESOURCES – PROCUREMENT				
HAYS Resource Management				
6	<p>The HR team should request that HAYS Resources:</p> <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. 	2	October 2011	<p>In Progress <i>Management update as at January 2012</i></p> <p>The new vendor system, Hays 3SS was due to go live on 7 January 2012. Notes and updates on the new system were circulated by the Head of HR Services to managers on 6 January 2012. It was expected that the implementation of the new system would result in the position and job numbers being made mandatory fields and in managers being able to produce their own reports to extract performance data from Hays 3SS.</p> <p>The system was piloted for a period of two weeks from 7-22 January 2012, prior to its expected full release. However, there were issues identified during the piloting stage. A meeting was held between the relevant Council officers and Hays on 20 January 2012 to review progress with the implementation phase and discuss the issues identified.</p> <p>However, subsequent to the meeting a decision was made by management to defer the implementation of the new system until further consideration is given to the issues and until the Council's IT systems are upgraded, as required, and further testing carried out. The decision was taken to continue with the Hays Workflow system until a technical solution is found and implemented with</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
				<p>regards to Hays 3SS.</p> <p>Through discussions with management, we had identified that only one officer within HR had access to the Hays 3SS system, while it was being piloted.</p> <p>The controlled two week pilot revealed technical issues which we cannot overcome at this point in time. In view of this, Hays have rolled us back to the Hays Workflow system. The existing process on Workflow remains unchanged.</p> <p>The timing of further testing and implementation of Hays 3SS will be dependent on the outcome of discussions with Hays and the resolution of technical issues.</p> <p>Management update as at March 2012</p> <p>Further work has now found that the technical issues impacting on the ability to implement the Hays 3SS system are that the HAYS system requires Internet Explorer 8 for it to work, while the Council is only on Internet Explorer 6. An upgrade is planned to bring the Council up to Internet Explorer 8 by IT Services later in the year, but first there is the testing of all other systems to ensure that they can run on Internet Explorer 8.</p> <p>Management update as at August 2012</p> <p>Internet Explorer 8 has been implemented but moving to the new system is now on hold as the contract is up for renewal as from April 2013.</p> <p>Revised deadline: April 2013</p> <p>Internal Audit Update 6 June 2013</p> <p>The contract has been put to tender and tenders are currently being evaluated. Implementation of the new system will be dependent on the outcome of the tender process. It will be some time before a decision is taken.</p> <p>Revised deadline: September 2013</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
7	<p>The Balance Scorecard and Headline Report provided by HAYS Resources should be aligned to include information provided for management review in the same format. Any variation should be explained.</p>	2	November 2011	<p>In Progress Management update as at January 2012 The new vendor system, Hays 3SS was due to go live on 07/01/2011, followed by a two week piloting period. However, the implementation of the system has been put on hold pending resolution of the issues identified during the piloting stage. It was expected that under the new system, the management information would not be provided by Hays and the system would enable managers to decide what information they require. We will be in a position to check the required reporting options available to managers once the new system becomes fully operational. As above. Management should ensure that the new system generates the relevant management information. Management update as at March 2012 Further work has now found that the technical issues impacting on the ability to implement the Hays 3SS system are that the HAYS system requires Internet Explorer 8 for it to work, while the Council is only on Internet Explorer 6. An upgrade is planned to bring the Council up to Internet Explorer 8 by IT Services later in the year, but first there is the testing of all other systems to ensure that they can run on Internet Explorer 8. Management update as at August 2012 As per 6 above Revised deadline: April 2013. Internal Audit Update 6 June.2013 As per 6 above, the Service is awaiting the outcome of the tender process, which will determine whether the system, and consequently the reporting brief, is implemented. Revised deadline: September 2013</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
CHILDREN AND YOUNG PEOPLE SERVICES				
South Grove Children's Centre				
8	<p>The following documents should be presented to the Children's Centre Committee for review and approval:</p> <ul style="list-style-type: none"> • Revised Internal Scheme of Financial Delegation; • Centre Development Plan for 2011/12; and • Haringey Schools Financial Manual. <p>The approval should be recorded in the minutes of the relevant Committee meeting.</p> <p>The Committee should then formally advise the Governing Body with regards to acceptance of the documents. Governing Body approval should be recorded in the minutes of the relevant meeting.</p> <p>Furthermore, a process should be implemented for the continued relevance of all documents affecting the governance of the Centre to be confirmed by the Children's Centre Committee.</p>	1	July 2012	<p>Partly Implemented</p> <p><i>Management Update as at 6 June 2013:</i></p> <p>OFSTED, when visiting in October 2012, recommended that we re-structure our GB committees so that Children's Centre comes under the full general GB and relevant sub-committees. We therefore no longer have a separate Children's Centre Committee.</p> <ol style="list-style-type: none"> 1. Scheme of delegation minuted and approved GB meeting 7 Feb 2013 2. Haringey Schools Financial Manual - minuted as such on 7 March 2013 3. Last children's Centre Committee was held on 18 April 2012. Children's Centre Plan was approved here. A 13/14 plan cannot be finalised until the LA SLA meetings have set our targets. We are awaiting the LA and anticipate this to be done by the end of July 2013. 4. Documents: The school and Children's Centre have a combined spreadsheet that lists the policies that are in place and their expiry dates. This list is used when preparing policy and document updates for Governing Body meetings.
9	<p>The Centre's non-staff costs budget should be allocated across all relevant cost centres and budget monitoring reports should be produced to identify the budget performance of individual cost centres to assist with effective budget monitoring.</p>	1	September 2012	<p>Partly Implemented</p> <p><i>Internal Audit update as at 16 November 2012</i></p> <p>RM Budget v Actual Report obtained, which confirms non-staff costs accounted under CFR E32 on 14 different budget starting 'CC'.</p>

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2012/13

APPENDIX A

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
	<p>A process should be implemented for the Centre's Quarterly Management Report to be presented to the Finance and Personnel Committee on a regular basis, and for any issues to be reported to the Governing Body. Discussion of the budget at all meetings should be recorded in the meeting minutes.</p>			<p>Budget v Actual reports have been produced as part of the month end reports. Non-staff costs have been allocated across relevant cost centres.</p> <p>However, while Quarter 1 Management Return for 2012/13 was on the agenda of the Finance & Personnel Committee meeting on 5 July 2012, examination of the minutes of the meeting found no records to confirm that the return was reviewed and approved by the Committee Members. Therefore there is no indication as to whether any issues have been reported to the Governing Body.</p> <p>Management Update as at 6 June 2013:</p> <p>Children's Centre Staffing is now allocated to E31 (Community Focused School Staff) and non-teaching funding to E32 (Community Focused School Costs)</p> <p>Within E32, we have an itemised budget. We prefer to do this than to mix it up with school resources as the Children's Centre attracts a discrete funding allocation which we find easier to track when in one place.</p> <p>Third and fourth quarter budgets were presented to Governors. With the start of our new Business Manager on 10 June 2013, we hope to tighten this procedure still further.</p>
10	<p>The results of the asset inventory checks should be reported to either the Children's Centre Committee or the Governing Body for review and further action, where appropriate.</p> <p>Furthermore, all current and future assets should be security marked, as confirmation of the Centre's ownership of the assets.</p>	2	July 2012	<p>Partly Implemented</p> <p>Internal Audit update as at 6 June 2013</p> <p>There is a separate asset inventory for the Children Centre, checked by the Centre Manager on 15 June 2012. The Centre is located within Seven Sisters Primary School and the School is awaiting completion of its own asset register and physical asset checks before all results are reported to the Governing Body.</p> <p>Assets belonging to the Centre are marked with ultra violet pens.</p>

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2012/13

APPENDIX A

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
				<p>Management Update as at 6 June 2013:</p> <p>Minutes of meeting of 7 March 2013 identify that asset registers are to be approved, but the minutes are not accurate, as there have been several updates required to these minutes. They are expected to be fully approved at the next Governing Body meeting on 20 June 2013.</p> <p>School has bought the standard Yellow Haringey Security stickers and using them for all new purchases, including the Children's Centre.</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

June 2013

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