

**Internal Audit  
Quarter 2 Internal Audit Report  
2014/15  
London Borough of Haringey**

Mazars Public Sector Internal Audit Ltd.  
October 2014

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## **Executive Summary**

### **Introduction**

This is our second quarter report to the Corporate Committee for the 2014/15 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:

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

### **Key Highlights/Summary of Quarter 2 2014/15 – Final Reports issued:**

#### **2013/14 Internal Audits finalised in the quarter:**

- Section 17 Payments;
- Park Lane Children's Centre;
- Early Years and Child Care Services;
- Accounting and General Ledger;
- Partnership Board – Public Health;
- Youth Services;
- Disaster Recovery and Business Continuity Arrangements – Third Party Providers and Suppliers; and
- Pupil Premium.

**2014/15 Internal Audits finalised in the quarter:**

- Parking Services – On Street Parking and Enforcement; and
- Procurement – Off Site Storage Contract.

**Delivery of 2013/14 Internal Audit Plan**

As part of the delivery of the 2013/14 Internal Audit Plan, we have also issued a draft report for the following audit:

- Children remanded into Custody and Care.

**Delivery of 2014/15 Internal Audit Plan**

As part of the delivery of the 2014/15 Internal Audit Plan, we have also issued draft reports for the following audits:

- Highways Income; and
- Private Sector Leasing and Housing Options.

**Follow Up of Prior Years' Recommendations**

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

**2012/13**

Three recommendations remain outstanding; work is ongoing to address these.

**2013/14**

To date we have followed up 31 recommendations raised in 2013/14 and the results of our work are as follows:

- Implemented – 26 (84.0 %);
- Partly Implemented – 2 (6.4 %);
- Not Implemented – 1 (3.2 %); and
- Not Applicable – 2 (6.4 %).

## Audit Progress and Detailed Summaries

The following table sets out the audits finalised in Quarter 2 of 2014/15 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
<b>2013/14</b>							
Section 17 Payments	Jan'14	Jul'14	Substantial	N/A	0	3	0
Park Lane Children's Centre	Feb'14	Jul'14	Limited	N/A	1	4	1
Early Years and Child Care Services	Mar'14	Jul'14	Substantial	N/A	0	5	1
Accounting and General Ledger	Feb'14	Aug'14	Substantial	↔	0	2	0
Partnership Board – Public Health	Mar'14	Aug'14	Substantial	N/A	0	6	0
Youth Services	Apr'14	Aug'14	Limited	N/A	2	4	0
Disaster Recovery and Business Continuity Arrangements – Third Party Providers and Suppliers	May'14	Aug'14	Limited	N/A	5	2	0
Pupil Premium	Jul'14	Aug'14	Substantial	N/A	0	2	0
<b>2014/15</b>							
Parking Services – On Street Income and Enforcement	Jun'14	Aug'14	Substantial	⇒	0	1	0
Procurement – Off Site Storage Contract	Jul'14	Aug'14	Limited	N/A	1	6	0

As part of the 2014/15 Internal Audit Plan we have visited the following schools, completed a probity audit and during Quarter 2 issued a final report.

School	Date of Audit	Report Date	Assurance Level	Number of Recommendations (Priority)		
				1	2	3
Mulberry Primary School	Jun'14	09/09/14	Limited	2	8	0
Park View	Jul'14	12/09/14	Substantial	2	8	2
Crowland Primary School	Jun'14	16/09/14	Limited	3	4	2
South Harringay Junior School	Jun'14	16/09/14	Substantial	0	12	5
Chestnuts Primary School	Jun'14	23/09/14	Substantial	1	6	1
St Francis de Sales Catholic Infant & Junior School	May'14	24/09/14	Substantial	1	6	0
Rowland Hill Nursery School	Jul'14	26/09/14	Substantial	1	11	1

As part of the 2014/15 Internal Audit Plan we have also visited the following schools, completed a follow-up of the recommendations raised in 2013/14 and during Quarter 2 issued a formal follow-up report. The results of our follow-up work are summarised in the table below.

School	Assurance Level	Recommendations											
		Category				Implemented				Partly Impl.	Not Impl.	N/A	Priority 1 Recs. Outstanding
		1	2	3	Total	1	2	3	Total				
West Green Primary School	Limited	2	5	0	7	1	2	0	3	2	1	1	1
Blanche Nevile Special School	Limited	5	1	4	10	1	1	1	3	6	0	1	3

**DETAILED SUMMARIES:**

Audit area	Scope	Status/key findings	Assurance
<b>PROCUREMENT AUDITS</b>			
<p><b>Procurement – Off Site Storage Contract 2014/15</b></p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> <li>• Compliance;</li> <li>• Contract management;</li> <li>• Performance;</li> <li>• Payments; and</li> <li>• Management of stored records.</li> </ul>	<p>Weaknesses in the system of internal controls are such as to put the client’s objectives at risk. The key findings are as follows:</p> <ul style="list-style-type: none"> <li>• Guidance on the use of off site storage has been produced and is available on the intranet.</li> <li>• A pro forma requisition has been developed for services to use when raising requisitions.</li> <li>• It is planned that quarterly Contract Meetings will be held with Stor-A-File Ltd, although the meeting for the first quarter has yet to be arranged.</li> <li>• While the Contract Manager is identified as the FM Services Manager, this post is at present covered by an Interim Manager and clarification regarding the permanent appointment of a FM Services Manager or where responsibility for the contract will lie has not yet been determined.</li> <li>• Service requests for document storage are received into the dedicated Facilities Management Support Inbox.</li> <li>• Facilities Management receive the request and log the request on the Stor-A-File Ltd website.</li> <li>• Once the request has been committed on the website, an order is raised and a copy of the order produced.</li> <li>• It is noted that orders for document storage and retrieval by Legal Services are managed by the Legal Services Administration Team.</li> <li>• On a monthly basis Stor-A-File Ltd raise one consolidated invoice for all orders raised and completed during the month.</li> <li>• At present, Facilities Management receives the Stor-A-File Ltd monthly invoice and agrees without further checking. It was noted that the order reference as per the invoice could not be agreed to that as per the orders.</li> </ul>	<p><b>Limited</b></p>

Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> <li>• Examination of the May 2014 monthly invoice identified five instances where the rate charged could not be matched to the Schedule of Rate item.</li> <li>• Individual team managers are required to maintain an Information Asset Register, recording all documents sent to the document store. However, it could not be confirmed that Team Managers are maintaining such registers.</li> <li>• Guidance on the maintenance of the Information Asset Register has been produced and is available on the intranet.</li> <li>• It was stated that Stor-A-File issue periodic reports of documents due for destruction to obtain confirmation that such documents can be destroyed. It could not be confirmed who receives these reports, or whether they are referred back to individual services to review and issue a destruction confirmation.</li> <li>• Guidance on document retention times has been made available through the Local Government Association (LGA) website.</li> <li>• Stor-A-File Ltd is required to submit on an annual basis a monitoring report for review at an Annual Review Meeting. As the contract has only just commenced, a report is not yet due.</li> </ul> <p>As a result of our audit work we have raised one Priority 1 recommendation and six Priority 2 recommendations, which should assist in improving the control environment.</p> <p>The Priority 1 recommendation is as follows:</p> <ul style="list-style-type: none"> <li>• On receipt of the monthly invoice, the detail of the jobs for which payment is requested should be agreed to those orders as raised by the Council. The Council should liaise with Stor-A-File to ensure that order reference quoted on the monthly invoice can be tracked to an order raised by the Council.</li> </ul> <p>The Priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• Responsibility for managing the off site storage contract and the management of all client service user issues, invoicing, and contractor liaison should be clearly determined, documented, and communicated.</li> </ul>	



Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> <li>• The initial contract meeting due to be held in July 2014 should be booked and all relevant parties notified. At this meeting, a schedule of further meetings should be agreed in line with the contract requirements.</li> <li>• Accountability for issuing and retaining Client Service User forms should be assigned to a responsible officer. Additionally, Actions taken as a result should be documented and retained for future reference.</li> <li>• Upon review of the monthly Consolidated Invoice, the rates charged should be checked and agreed to the Schedule of Rates prior to approval of the invoice for payment.</li> <li>• Facilities Management should develop a process for the management of the disposal of documents, which should include, but not be limited to, the following:               <ul style="list-style-type: none"> <li>○ Receipt of reports from Stor-A-File listing documents due for disposal;</li> <li>○ Referral to original services to issue an instruction to dispose of the document (or retain if necessary);</li> <li>○ Issue of formal service instruction to dispose to Stor-A-File; and</li> <li>○ Receipt of certificate confirming secure disposal from Stor-A-File.</li> </ul> <p>All staff involved in the process should be provided training in the receipt, processing, and issue of documents.</p> </li> <li>• Team Managers across the Council should be formally reminded of the requirement to maintain a register of documents, detailing documents in storage, accountability, date sent to storage, destruction dates, and documents retrieved. The register should be kept up-to-date.</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
<b>CHILDREN'S SERVICE</b>			
<p><b>Park Lane Children's Centre</b> <b>2013/14</b></p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> <li>• Management organisation;</li> <li>• Improvement Plan and OFSTED Inspections;</li> <li>• Budget Setting and Budget Monitory and Control;</li> <li>• Staffing;</li> <li>• Disbursement accounting records;</li> <li>• Asset management;</li> <li>• Centre fund – accounting;</li> <li>• Fee income;</li> <li>• Data Protection and Security;</li> <li>• Health &amp; Safety; and</li> <li>• External providers.</li> </ul>	<p>Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The key findings are as follows:</p> <ul style="list-style-type: none"> <li>• A Cluster 3 Advisory Board is in place which comprises the Head of Centre and parent representatives.</li> <li>• Although draft Terms of Reference were produced in 2012, these have not been formally approved for use by the Centre and Cluster.</li> <li>• Examination of minutes of the Advisory Board meetings held since January 2013 established that they were not signed off as correct by the Chair, although the minutes of each meeting were agreed at the start of the next meeting.</li> <li>• A service level agreement (SLA), including performance targets has not been developed for the Centre. We were informed that the Council manages the Centre; therefore an agreement is not required.</li> <li>• The Park Lane Development Plan for 2013/14 has been approved and has been signed off by the Local Authority representative.</li> <li>• The monthly payroll is completed by the Local Authority (LA) and reports uploaded to SAP. This is reviewed and agreed monthly by the Finance Officer and confirmed to the LA.</li> <li>• An asset register is held by the Centre, identifying serial number, item description such as make and model, supplier, owner, location, and cost. Testing established some assets without serial numbers recorded on the inventory.</li> <li>• IT assets within the Centre that were examined were confirmed to be security marked with a Haringey security label.</li> <li>• The Centre does not maintain an Unofficial Fund.</li> <li>• Fees charged by the Centre were approved by the LA in September 2012.</li> <li>• The Centre has recently implemented a 'cashless' system and no longer accepts payment in cash from parents.</li> </ul>	<p><b>Limited</b></p>

Audit area	Scope	Status/key findings	Assurance
		<p>The allocation of resources to Children’s Centres for the provision of childcare is governed by a funding formula used by the Local Authority. The second of two reports forming the <i>Review of Children’s Centres and Attached Childcare</i>, issued by external consultants CordisBright in June 2013, concluded that the funding formula should be revised to reflect specific issues, including:</p> <ul style="list-style-type: none"> <li>• Understanding whether all or specific Children’s Centres are exceeding their projected costs;</li> <li>• Understanding whether the current over-spend is principally the result of a lack of take-up of fee paying childcare;</li> <li>• Highlighting whether the current over-spend is connected to the delivery of all childcare or to the delivery of specific elements or age-ranges (e.g. two year old programme, targeted places, special educational need places); and</li> <li>• Taking account of whether the over-spend is the result of issues connected to the delivery of the three and four year old free entitlement which are being passed on to a different cost centre.</li> </ul> <p>At the end of February 2014 the Centre reported an over-spend of £109,988. Budget monitoring meetings are held each month for the Centre to discuss the reasons for any over-spend and where relevant, the actions required to manage the over-spend.</p> <p>The Centre does not have a delegated budget and is run by the Local Authority. The external consultants’ report highlighted the need for the funding formula used by the LA to be revised to help address the over-spending issue. The budget recovery measure rests with the Early Years Department and therefore the Head of Early Years. As individual centres cannot decide on restructures or changes to the funding formula, a recommendation has not been raised in this area. However, the Local Authority should take appropriate actions regarding the revision of the funding formula for the allocation of resources to Children’s Centres.</p> <p>As a result of our audit work we have raised one Priority 1 recommendation, four Priority 2 recommendations and one Priority 3 recommendation, which should assist in improving the control environment.</p>	

Audit area	Scope	Status/key findings	Assurance
		<p>The Priority 1 recommendation is as follows:</p> <ul style="list-style-type: none"> <li>• The Centre should liaise with the LA and obtain details of completed DBS checks for all staff. Thereafter, the Centre should maintain an up-to-date central record of the completed DBS check and to monitor the renewal dates of all staff.</li> </ul> <p>The Priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• The Children Centre should liaise with the Cluster 3 Advisory Board to ensure that the Terms of Reference for the Board are approved and circulated as soon as possible and that minutes of Board meetings are signed off as agreed. The Children Centre should also ensure that it complies with the ToR, including sending the required number of representatives at meetings.</li> <li>• Minutes should be prepared for all budget meetings, signed by the Chair of the meetings, and circulated to all relevant officers. Where agreed actions are required to be completed, the minutes should record the responsible officer and deadline.</li> <li>• Responsible officers who are involved in the procurement of goods and services on behalf of the Centre should be formally reminded of the requirements of the Schools Financial Manual. Furthermore, invoices for all purchases and payments should be attached to the relevant purchase order and retained.</li> <li>• Individual accounts should be regularly monitored and actions taken to chase up all arrears. Also, where debt levels are increasing, management should take corrective action to prevent high levels of debts by parents.</li> </ul> <p>The Priority 3 recommendation is as follows:</p> <ul style="list-style-type: none"> <li>• The Head of Centre should review the access level to the inventory records and ensure that access right is reduced only to essential users. Furthermore, where relevant, all items on the inventory should be updated with all required details as follows: <ul style="list-style-type: none"> <li>○ Make;</li> <li>○ Model;</li> <li>○ Cost (where relevant); and</li> <li>○ Serial number.</li> </ul> </li> </ul>	

Audit area	Scope	Status/key findings	Assurance
<p><b>Youth Services</b> <b>2013/14</b></p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> <li>• Governance;</li> <li>• Compliance with statutory and local requirements;</li> <li>• Information management and data sharing arrangements;</li> <li>• Budget monitoring; and</li> <li>• Monitoring and reporting review.</li> </ul>	<p>Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The key findings are as follows:</p> <ul style="list-style-type: none"> <li>• The Youth Services Strategy covering 2014-17 and the Commissioning Plan had not been yet been drafted at the time of the audit;</li> <li>• The Service uses a Consultant who receives regular newsletters by emails to help ensure that work practices are in line with current legislation;</li> <li>• Examination of procedures for the benefit of staff, including On-site Risk Assessment, found that these are current and have been made accessible to staff;</li> <li>• The budget performance for the Service is monitored on a monthly basis;</li> <li>• There is a process in place for invoices from third parties to be checked prior to payment;</li> <li>• A Youth Commissioning Group was set up in March 2014 and although its terms of reference refer to the frequency of meetings, no mention is made of performance monitoring and measurement of outcome;</li> <li>• A Haringey Youth Council has been set up to represent the views of young people in Haringey and provides a voice for young people aged 8-19 years (or up to 25 with a disability);</li> <li>• The contract between the Council and its data manager, Career Vision Limited, covering the client caseload information system, was not signed and dated;</li> <li>• Upon request at the time of the audit, the minutes of the last three monthly meetings held between the Council and Career Vision Limited were not available;</li> <li>• The list of staff with different levels of access to the Youth Services database is not reviewed periodically; and</li> <li>• Examination of the January and February 2014 Senior Leadership Team (SLT) meeting minutes identified that the Key Risk and Performance sections were not discussed in sufficient detail to subsequently enable the development of an</li> </ul>	<p><b>Limited</b></p>

Audit area	Scope	Status/key findings	Assurance
		<p>action plan, with responsibilities and deadlines, where issues are identified.</p> <p>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"> <li>• A formal timetable should be set for the drafting, reviewing, finalisation and approval of the Youth Services Strategy and Commissioning Plan. This should be done as a matter of urgency to allow for prompt implementation. Following approval at the appropriate level, the documents should be communicated to all relevant officers and made available on the intranet, where appropriate.</li> <li>• Management should ensure, as a matter of urgency, that there is a signed contract in place between the Council and Career Vision Limited and that this is accessible to all relevant officers, including those within Youth Services, to assist with performance monitoring.</li> </ul> <p>The Priority 2 recommendation is as follows:</p> <ul style="list-style-type: none"> <li>• The Terms of Reference for the Youth Commissioning Group should be should be revised to allow for transparency in the aims and objectives of the Group and the measure of performance, including monitoring, against which the achievement of outcome are to be assessed. It is recommended that performance is monitored at least once every quarter.</li> <li>• Management should ensure that signed minutes are kept of all meetings with Career Vision Limited and that these are communicated to all relevant officers. A process should be in place for following up on all required actions until these are completed.</li> <li>• The list of staff who have access to the Youth Services database should be periodically reviewed by senior management to ensure that all access levels are appropriate and are consistent with individual job responsibilities.</li> <li>• Management should ensure that the key risks and performance</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		sections of the SLT meeting minutes are sufficiently detailed to assist with the identification and resolution of performance and other issues. Where issues are identified, action plans, including responsible officers and deadlines, should be put in place and monitored until completion.	
<b>PUBLIC HEALTH</b>			
<b>Disaster Recovery &amp; Business Continuity Arrangements – Third Party Providers and Suppliers 2013/14</b>	Audit work was undertaken to cover the following areas: <ul style="list-style-type: none"> <li>• Identification of Critical Outsourced Services;</li> <li>• Development of Supplier Disaster Recovery and Business Continuity Plans;</li> <li>• Testing of Supplier Disaster Recovery and Business Continuity Plans; and</li> <li>• Monitoring and Reporting Arrangements.</li> </ul>	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The key findings are as follows: <ul style="list-style-type: none"> <li>• Business Continuity Plans were submitted for all services to the Emergency Planning &amp; Business Continuity Manager for the April 2013 submission date.</li> <li>• Examination of the BCPs for the services on the Adult Housing Services (AHS) critical supplier list established that BCPs were completed for each service in April 2013 and were submitted to the Emergency Planning &amp; Business Continuity Manager. Examination of each of the BCPs established that Section 2 – 'Critical activities' was correctly completed with the exception of Adults Commissioning, where the services provided were not included and Community Alarm Service where no information was recorded. However, this was correctly completed as part of the October 2013 BCP review. As this was the findings at the time of the audit fieldwork, a recommendation has been raised.</li> <li>• BCPs were not provided for the critical suppliers within Children and Young People's Service for examination; therefore a Nil Assurance is provided in this area.</li> <li>• Examination of supplier BCPs/DRPs for AHS at the time of the audit fieldwork confirmed the following:               <ul style="list-style-type: none"> <li>➢ There was no BCP/DRP for SECOM;</li> <li>➢ There was no BCP for Corelogic but a DRP was submitted;</li> <li>➢ Northgate OHMS is covered under the Council's IT Services and therefore BCP/DRP not was not reviewed;</li> <li>➢ BCP/DRP was not submitted for SPOCC. We were informed that the cost far outweighed the benefits to the</li> </ul> </li> </ul>	<b>Limited</b>

Audit area	Scope	Status/key findings	Assurance
		<p>service so it was decided not to ask the provider to provide any plans;</p> <ul style="list-style-type: none"> <li>➤ BCP/DRP was not provided for Chemistree, Abbott Nutrition, and Air Products in relation to services provided to Osborne Grove Nursing Home;</li> <li>➤ No BCP/DRP was provided for Greenhams for services provided to the Community Reablement Service; and</li> <li>➤ No BCP/DRP was provided for Chemistree for services provided to Linden Road Care Home.</li> </ul> <ul style="list-style-type: none"> <li>• Through discussion with the Head of Adult and Voluntary Sector Commissioning, it was established that third party suppliers are required to update their BCPs/DRPs at least annually and submit these to the relevant service within the Directorate. However, it was not evident that the BCP/DRP for Tunstall Response, who is the critical supplier for the Community Alarms Service, was up-to-date as the date of creation/review was not stated on the document.</li> <li>• For the Adult Commissioning providers, examination of the BCPs/DRPs received revealed that the BCPs for Ashness Care and Sevacare (UK) Ltd were up-to-date (dated 2013 and October 2013 respectively). However, it was not evident whether the BCPs/DRPs for DRS Care Homes Ltd and Priscilla Wakefield House were up-to-date as the date of creation/review was not recorded on the documents. Furthermore, the BCP/DRP for London Care Plc was last issued in July 2009. It was also not evident whether suppliers were monitored to ensure that BCPs and DRPs were up-to-date and submitted in a timely manner.</li> <li>• Discussion with the Head of Adult &amp; Voluntary Sector Commissioning established that the requirement for suppliers to develop and submit BCPs/DRPs annually to the Council is embedded within all supplier contracts. However, a copy of the contracts was not provided for examination at the time of the audit; therefore, we were unable to this was a contractual requirement.</li> </ul>	



Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> <li>• Although we were informed that monitoring is undertaken to ensure that regular testing of suppliers' BCPs/DRPs is completed and action plans to address any issues are developed, there was no documentary evidence (i.e. an action plan) maintained to confirm that testing actually took place.</li> <li>• There was no evidence at the time of the audit fieldwork of any central monitoring of individual services' management of third party suppliers' BCPs/DRPs.</li> <li>• Although the briefing for the Risk &amp; Emergency Planning Steering Group (REPSG) meeting dated 31 July 2013 confirmed that critical and non-critical suppliers identified by services were reported to the Group, there was no evidence to confirm that issues identified by services as a result of the management of suppliers' BCPs/DRPs were reported.</li> </ul> <p>As a result of our audit work we have raised five Priority 1 and two 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"> <li>• A formal reminder should be sent to all officers with Business Continuity Planning responsibility at Service level, reinforcing the requirement to correctly and fully identify and document their critical activities and the corresponding third party providers and suppliers when completing Section 2 – ‘Critical activities’ and S6 – ‘Supply Chain Resilience’ of the BCPs. Consideration should be given to providing detailed guidance or training to the relevant officers to assist with the correct completion of individual BCPs.</li> <li>• A formal process should be developed and implemented for monitoring the submission of BCPs/DRPs for all identified critical services by the relevant third party service providers. Where a plan is not received, follow-up action should be taken and should this prove unsuccessful, the issue should be escalated and dealt with in accordance with the agreed contract terms and conditions. This formal process, once approved, should be communicated to all relevant officers within</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<p>individual services across the Council.</p> <ul style="list-style-type: none"> <li>• Documentary evidence of all BCP/DRP testing completed by third party providers, together with action plans to address any major issues, should be retained by individual services. It should be noted that all plans have to be tested at least annually and action plans should be monitored until all required actions have been completed in full.</li> <li>• A process should be implemented, subject to senior management approval, for the Head of Emergency Planning and Business Continuity to monitor individual services' management of third party providers' and suppliers' BCPs/DRPs in order to ensure that the overall objectives of the Council are met. The process can take the form of periodic sample checking of individual services. Appropriate corrective action should be taken where a service is found not to be managing the third party providers' plans effectively.</li> <li>• Management of third party suppliers' business continuity and disaster recovery plans should be reported, including the identification and resolution of any major issues relating to the plans or testing, to help support effective management decision making.</li> </ul> <p>The Priority 2 recommendation is as follows:</p> <ul style="list-style-type: none"> <li>• Formal arrangements should be established to ensure that BCPs/DRPs submitted by third party providers are up-to-date (at least annually) and include version control and review date. Where plans submitted are outdated, the supplier should be informed accordingly and a deadline agreed for submission of the updated version.</li> <li>• A copy of the current contract with third party providers for critical activities or supplies should be retained at all times. All contracts should be reviewed to ensure that the requirement for business continuity and disaster recovery arrangements is embedded therein and that the supplier provides updated BCPs/DRPs.</li> </ul>	

## Detailed Progress Report – Outstanding Recommendations 2012/13

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
<b>KEY FINANCIAL SYSTEMS</b>				
<b>Accounting &amp; General Ledger</b>				
1	<p>Procedure notes should be reviewed and updated on a regularly basis and version control should be introduced to evidence the review.</p> <p>Upon review of the procedures, specifically the SAP Procedure Notes, these should be updated to reflect the requirement for approval of journals over £50,000.</p>	2	December 2013	<p><b>Internal Audit findings April 2014</b></p> <p>There are 23 policies, as well as Haringey Core Systems Team Procedures on the intranet. The date of creation or last review of the procedures ranged from 26 November 2002 through to 24 November 2004, which indicates that procedures are not all subject to periodic review and update, where necessary.</p> <p><b>Management Response August 2014:</b></p> <p>Agreed – these will be reviewed over the course of the ONESAP implementation phase to reflect any changes in business processes arising from that project.</p> <p><i>Responsible Officer: Financial Systems Team Manager</i></p> <p><i>Deadline: January 2015</i></p>
<b>Strategic Financial Management &amp; Budgetary Control</b>				
2	<p>Budget guidance for the setting and monitoring the 2015/16 budget should be developed, and once produced, published on the intranet and circulated to all managers.</p> <p>The budget guidance produced should include the following:</p> <ul style="list-style-type: none"> <li>• The requirement that individual budgets are agreed by the relevant manager;</li> <li>• Guidance as to the level of materiality of budget variances to be investigated; and</li> </ul>	2	March 2013	<p><b>Internal Audit findings April 2014</b></p> <p>While budget preparation guidance has been produced and is available on the intranet, examination established that it relates to the 2011/12 budget.</p> <p>There was no guidance produced for setting and monitoring the 2013/14 budget; hence the inclusion of guidance on recording comments within SAP and materiality of budget variances, as previously recommended, has not been addressed.</p> <p><b>Management Response April 2014:</b></p> <p>Revised budget management arrangements are being reviewed and, where necessary, revised as part of the ONESAP project including</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
	<ul style="list-style-type: none"> <li>Guidance as to the requirement to record meaningful budget comments within SAP.</li> </ul>			for the setting and monitoring of budgets. <i>Responsible Officer: Head of Finance BAS</i> <i>Deadline: November 2014</i>
<b>Payroll</b>				
3	Policies and procedures should be reviewed periodically to reflect changes in processes and local policy, as well as, any changes in current legislation.  The date of the last review should be recorded on all documents, even where changes are made.	2	Ongoing	<i><b>Internal Audit findings May 2014:</b></i> Procedures are still not reviewed and updated. <i><b>Management Response May 2014:</b></i> Agreed. The complete HR process is currently under review and one of the outcomes will include having up to date procedural guides. <i>Responsible Officer: Pay Control Manager</i> <i>Deadline: March 2015</i>

## Follow Up Table – 2013/14 Audit Work

AUDIT AREA	Assurance Level	Recommendations												Priority 1 Recs. Outstanding
		Category				Implemented								
	1	2	3	Total	1	2	3	Total	N/A	Not Imp.	In Progress	Not due		
<b>Key Financial Systems</b>														
Accounts Receivable	Substantial	0	1	1	2	0	1	1	2	0	0	0	0	0
<b>Procurement Audits</b>														
Temporary Accommodation	Substantial	0	2	0	2	0	2	0	2	0	0	0	0	0
Corporate Purchase Cards	Substantial	0	1	0	1	0	1	0	1	0	0	0	0	0
<b>IT Audits</b>														
Framework-I Application	Substantial	0	1	3	4	0	1	3	4	0	0	0	0	0
<b>Children's Service</b>														
14-19 Provision	Limited	4	4	0	8	4	3	0	7	0	0	1	0	0
<b>Adult Social Services</b>														
Residential and Community Care Charges	Substantial	0	2	1	3	0	1	1	2	0	1	0	0	0
Pan-London (Major) Equipment Service	Substantial	1	2	0	3	1	0	0	1	1	0	1	0	0
Pan-London (Minor) Equipment Service	Substantial	0	3	0	3	0	2	0	2	1	0	0	0	0
<b>Customer Services</b>														
Social Fund	Substantial	0	0	3	3	0	0	3	3	0	0	0	0	0
<b>Policy and Business Management</b>														
Data Quality	Substantial	0	1	1	2	0	1	1	2	0	0	0	0	0
<b>Total</b>		<b>5</b>	<b>17</b>	<b>9</b>	<b>31</b>	<b>5</b>	<b>12</b>	<b>9</b>	<b>26</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>

**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 2013/14

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
<b>CHILDREN'S SERVICE</b>				
<b>14-19 Provision</b>				
1	The RPA Team structure should be formally agreed and presented to the Project Management Group for review and approval. Evidence of this should be documented in the relevant meeting minutes.  <i>Responsibility: 14-19 Development Officer</i>	2	March 2014	<b>Status: Partly Implemented</b> <b>Management update October 2014:</b> The situation is currently the same as the progress report i.e. the Raising the Participation Age (RPA) team is not fully implemented. This is due to ongoing reviews of the post16/RPA/Youth Service space. A review of this area has taken place by the Corporate Development Unit which will inform the resources for this area. It is anticipated that a decision is to be made no later than December.  <i>Revised Deadline: December 2014</i>
<b>ADULT SOCIAL SERVICES</b>				
<b>Residential and Community Care Charges</b>				
2	Management should identify the reasons for missing the targets and an action plan should be developed to help financial assessment officers in the achievement of set objectives.  In addition, the reasonableness of the targets set should be considered and new ones should be set if the current targets are deemed unachievable.  <i>Responsibility: Acting Finance Manager, IMPBS Team</i>	2	31 March 2014	<b>Status: Not Implemented</b> <b>Management Update October 2014:</b> Implementation of this recommendation has been delayed. It is difficult to implement due to system limitations. The current system cannot provide accurate data to confirm how long it takes to complete financial assessments. This will be reviewed when the charging module is moved into Framework-i.  <i>Revised Deadline: To be confirmed</i>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
<b>Pan London (Major) Equipment Service</b>				
3	<p>Management should ensure that a formal Service Level Agreement is put in place, signed by both the Council and the NHS, which details the basis of the agreed recharges to be paid by the NHS. The SLA should clearly identify the type of equipment which is eligible for a recharge.</p> <p><i>Responsibility: Head of Adaptations Service</i></p>	2	31 March 2014	<p><b>Status: Partly Implemented</b></p> <p><b><i>Management update October 2014:</i></b> Copy of the SLA is still with Haringey CCG and there will be an indication by end of October 2014 as to when this is likely to be signed.</p> <p><i>Revised Deadline: To be confirmed at end of October 2014</i></p>

## **Statement of Responsibility**

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our 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 our 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 us 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. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our 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 work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

### **Mazars Public Sector Internal Audit Limited**

**London**

**October 2014**

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