Haringey Council

Agenda item:

[No.]

Report Title: **Internal Audit Progress Report – 2007/08 Quarter 3**

Forward Plan reference number (if applicable): **N/A**

Report of: **Head of Audit and Risk Management**

Wards(s) affected: **All**　　　　　Report for: Non-key decision

1. Purpose

1.1 To inform the Audit Committee of the work undertaken by the Internal Audit Service for the third quarter 2007/08 and reports outstanding from 2006/07.

2. Recommendations

2.1 That the Audit Committee notes the audit coverage and progress during the third quarter 2007/08 and on the reports outstanding from 2006/07.

2.2 That the Audit Committee notes the progress and responses received in respect of outstanding audit recommendations.

2.3 That the Audit Committee confirms that the actions taken to address outstanding priority 1 recommendations is appropriate.

Report Authorised by: **Chief Financial Officer**

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3. Local Government (Access to Information) Act 1985

3.1 For access to the background papers or any further information please contact Anne Woods on 0208 489 5973.

4. Background

4.1 The purpose of this report is to advise the Audit Committee of the audit activity for the third quarter of 2007/08. In addition, the report updates the position on those reports from 2006/07 which remained outstanding at 31st March 2007.

5. Performance Management Information

5.1 Although there are no national or Best Value Performance Indicators, local performance targets have been agreed for Audit and Risk Management. These form part of Corporate Resources' reporting processes, but are detailed below for information. The table shows the targets for each area of audit activity monitored and gives a breakdown between the quarterly and cumulative performance.

PI Ref.	Performance Indicator	3rd Quarter	Year to date	Target
A1	Audits completed vs. Planned programme	90%	92%	95%
A2	User satisfaction (1 = low, 5 = high)	3.4	3.4	3.75
A3	Time taken to complete investigations (2007/08 referrals)	10.5 weeks	12.6 weeks	12 weeks

6. Deloitte and Touche

6.1 The activity of Deloitte and Touche for the third quarter of 2007/08 to date is detailed at Appendix A. This also includes details of all reports outstanding from 2006/07, which are separately identified. For 2007/08, a total of 64 projects was planned for the first, second and third quarters, including school visits. To date, 36 projects have been completed and issued as final reports. A further 23 projects have been completed and draft reports have been issued. At this stage of the year, the percentage of completed projects and final reports issued to date is significantly above previous years' completion rates and it is anticipated that the 95% target will be achieved by the year end.

6.2 The programme of planned follow up audits is also reported at Appendix A. For follow up work in relation to 2006/07 audits, a total of 141 recommendations have been subject to follow up. Of these, 61 have been implemented including 12 out of 34 priority 1 recommendations. A further 35 are in progress and being implemented and 11 recommendations are no longer applicable. In total, a 76% compliance rate has been achieved, which is substantially higher than previous years. The higher profile of the work of internal audit and the new reporting requirements to the Audit Committee have ensured that managers take greater responsibility for implementing recommendations.

6.4 At the previous Audit Committee, further details of all outstanding recommendations reported when the follow up work was undertaken were provided. Since July 2007, work has been ongoing, in conjunction with the Chief Financial Officer, to ensure that Directors were aware of the required actions necessary. As a result, Appendix A also contains a detailed explanation of the status of all priority 1 recommendations from

2004/05 and 2005/06 which were reported as 'not implemented' when the original follow up work was completed.

6.5 At the last committee in October 2007, there were a total of 12 priority 1 recommendations which had not been implemented. As a result of work undertaken during quarter 3, this has now reduced to 8. Of these, which have been agreed by managers, all of them were in the process of being implemented and a revised deadline for completion has been provided. Directors have been kept informed of progress at all stages and Internal Audit are satisfied that managers are taking appropriate action to address the issues raised in the original recommendations.

7. In-house Team – Fraud investigation/Irregularities

7.1 In accordance with the Council's Constitution, Internal Audit investigates all cases that fall outside the remit of the Housing Benefit Fraud Investigation Team and the Information Security Policy. Appendix B details the individual cases that were completed by the In-house Team during the first three quarters of 2007/08 and brought forward from 2006/07.

7.2 Within the third quarter, eight new cases were referred to Internal Audit for investigation, and six cases were completed during the quarter involving Council employees. To date in 2007/08, 24 new cases have been referred to internal audit for investigation, and 18 cases were brought forward from 2006/07. The cases investigated during quarter three covered a number of allegations from fraudulent application for housing and council tax benefits, identity fraud and fraudulent extension of PSL leased properties. During 2007/08, the average length of time taken to investigate all allegations is 12.6 weeks.

7.3 The In-house Team also investigates claims of non-receipt of Council cheques. To date in 2007/08, there has been one new referral for investigation. Improvements in procedures, including the introduction of 'positive pay' whereby the council's banking team receives information on cheques before they are cleared, and new cheque security measures have substantially reduced the level of fraudulent activity in this area. When a cheque fraud, or attempted encashment of a fraudulently altered cheque, is reported to or by the bank, the total is classified as a 'saving' as this is the potential amount which could have been lost. The council has not lost any money, as the fraud was detected and the cheque was not cashed.

7.4 Appendix C details the number of disciplinary suspensions and/or action taken in the third quarter of 2007/08. The data is taken from SAP and the information has been provided in line with council statistics reported elsewhere. In addition, better management information is now available to assist in monitoring and reviewing outstanding cases in order to improve processes across all directorates.

Internal Audit
Quarter 3 Internal Audit Report
2007/2008
London Borough of Haringey

Deloitte & Touche Public Sector Internal Audit Ltd.

January 2008

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

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Audit Highlights

Introduction

This is our third quarter report to the Audit Committee for the 2007/08 financial year including details of all reports which are now at final stage. The audits for 2007/08 are reported in line with the new directorate structure, while the audits for 2006/07 are reported in the previous directorate structure.

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 summaries 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. The summaries only highlight what Internal Audit judge to be the key findings and include any Priority 1 recommendations made, although the summary will state if other, lower priority, recommendations have been made. The audits highlighted in **bold** are those not previously reported to the Audit Committee.

In line with our 'Draft Internal Audit Plan and Strategy for 2007/08', we will include the following details for each of the completed internal audits:

- Objectives of the audit;
- Overall conclusion about the level of assurance;
- Number of recommendations in each priority category;
- Full details of all Priority 1 recommendations;
- Summary of all Priority 2 and 3 recommendations;
- A note about any management responses which are of concern to the internal auditors; and
- A note about any failures by the management to fulfil the actions agreed in earlier internal audit reports.

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

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Members of the Committee will also be provided with full copies of our audit reports upon request.

Follow Up 2006/07

We have followed up on 141 recommendations and found that 43% have been implemented, 25% have not been implemented, 24% have been partly implemented and 8% were no longer applicable.

DETAILED FINDINGS: QUARTER 3 - 2007/08

Audit area	Scope	Status/key findings	Assurance
		ALL DIRECTORATES	
Project Management Assurance Work	The audit work will consider key projects, as identified by the Council as part of the overall delivery of the council plan and achieving excellence programme.

Each audit will seek to identify and assess the application of the following key processes:
- Application and understanding of the Council Project Management;
- Project monitoring and reporting;
- Link to capital budget and monitoring and identification of early signals of projects being under/over spent or delayed;
- Impact of risks and issues, and the distinction between the two;
- Delegation of responsibility;
- Monitoring of the Critical Path; and
- Actions to ensure delivery of the project, and contingency reporting and actions.

Individual audits will consider the following areas with regards to the set up of projects:
- Overview of the project organisational structure at a high level, i.e. project sponsors, project board etc.; | **Community Care Strategy (Residential)**

This project falls within the Adult, Culture & Community Services Directorate.

Audit fieldwork has been completed and a draft report was issued to management on 8 January 2008. The management response is due by 28 January 2008.

Improving Green and Open Spaces

This project falls within the Urban Environment Directorate.

Audit fieldwork has been completed and a draft report will be issued in January 2008.

Primary Capital Programme

This project falls within Children and Young People Directorate.

Audit fieldwork has started and is due to be completed by the end of January 2008. A draft report will be issued in early February 2008. | |

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Audit area	Scope	Status/key findings	Assurance
	• Understanding of the criticality of the project to the business, and get a feel for the business case; • Brief overview of the project to date, and the key risks within the project; • Details of the project team and relevant skills; • Key third party involvement; • Process of management and the managements' views on risk management; • Role of the project office; • Change management and enablement controls and procedures; • Technology used in the project / programme; and • Issues with implementing the solution.		
Pro-active Anti-fraud	Our work will include completion of the Fraud Profiling exercise covering key areas across all Directorates of the Council, and will also include schools and Homes for Haringey. We will also complete testing on high risk areas within individual Directorates, to be agreed with the Council, to attempt to identify fraudulent practice across the Council. Our work will cover high risk areas, where there have been previous fraud cases. We will also take into account the National Fraud Initiative and the Audit Commission and London wide view of high risk areas. Pro Active Fraud:	**Expenses** We have completed our work with regard to testing a sample of expense claims from 1 April 2006 to date, across the Council. The summary of our findings is detailed below: *Petty Cash Vouchers* A total of 20 petty cash expense claims under £250 were sampled. The following weaknesses were identified: • In seven cases, the approvers did not have any authority, within the Authorised Signatory Record, to approve petty cash expenses; • In four cases, the approvers had exceeded their approval limits; and • There is a general lack of supporting documentation, with 17 of	N/A

Audit area	Scope	Status/key findings	Assurance
	A number of potential areas of work have been scoped out. These include: • Concessionary fares; • Carry forward of our data matching exercise relating to Residents Parking permits and Council Tax single occupancy discounts; • Testing of expense claims across the Council; • Testing a sample of "blue badges" for validity; and • Continuation of our work on Abandoned Vehicles.	the claims having no receipts or invoices attached. ***Mileage Claims*** A total of 10 mileage claims were sampled. The following weaknesses were identified: • In two cases insufficient details were provided to confirm the reasons and justification for the journey; • In two cases, duplicate claims were made for the same journey; • One claim was made seven months after the completion of the journey; • In five cases, the mileage for the journey on which the claim was based was in excess of that obtained from the AA website; and • In one case, relating to attendance at a conference, there was no deduction of the mileage from home to work. ***Travel Expenses Claim*** Six travel expenses claims over £250 were sampled. The following weaknesses were identified: • In two cases there was no supporting documentation, such as receipts, to back up the claim; and • In one case, there was no evidence of approval by an authorised officer, prior to the claim being processed for payment. As a result of our work , we have raised three priority 1 and two priority 2 recommendations, which should help to improve controls in this area.	

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Audit area	Scope	Status/key findings	Assurance
		The Priority 1 recommendations are as follows: • A Council-wide policy covering the processing, approval and payment of expense claims, should be developed and made available on Harinet; • All authorising officers should be reminded to ensure that mileage claims are checked for accuracy and completeness prior to the claim being approved, which should include the reasons for completing the journey; and • Expense claims should only be approved for payment by an officer who is included in the Authorised Signatory Record as having the authority to approve expense transactions and who is allocated a limit for that purpose.	
		Abandoned Vehicles This is a continuation of our work on Abandoned Vehicles which was completed in 2005/06. Audit fieldwork will start on 21 January 2008 and a draft report will be issued in February. The audit is designed to establish the effectiveness of procedures within Abandoned Vehicles and will focus on: • Policies and procedures at Haringey Council; • Policies and procedures of the Contractor; • Key controls and operational issues; • Contractual agreement; and • Benchmarking Activity.	

Audit area	Scope	Status/key findings	Assurance
Risk Management Development and Support	During the year we will liaise with the nominated officers for each Department across the Council with regard to facilitating the update of risk registers, as a result of the restructure of the Council's Directorates. This will also involve the facilitation of Control Risk Self Assessment workshops across Departments, where appropriate. We will agree a programme of work with regard to the key risks. Where appropriate, we will either provide advice regarding controls to manage the risk, assess the adequacy of the controls identified and/or assess the effectiveness of the controls identified.	We continue to provide support to individual business units within each directorate to assist them with updating their existing risk registers and, where appropriate, develop new risk registers in line with the new Council structure. Upon completion and approval by management of the business unit registers, individual Directorate risk registers will be prepared showing the 10 highest residual risks for each Directorate. The following Directorate risk registers have been drafted: • Corporate Resources; • Children & Young People; • Adult, Culture & Community Services; and • Urban Environment.	
Customer Services	Key areas to be covered by the audit include: • Staff Induction and training;; • Monitoring of service provision; • Performance monitoring; and • Management reporting.	There is a basically sound system. There are weaknesses, which put some of the system objectives at risk. A number of controls were observed to be operating satisfactorily, some of which are listed below: • Staff training is completed within their three-month probation period; • Results of one-to-one meetings and performance appraisals are used to determine training needs; and • The Service completes weekly performance monitoring and produces reports for management. Within the system there are weaknesses which put the system	**Substantial**

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Audit area	Scope	Status/key findings	Assurance
		objectives at risk. The areas where weaknesses were found include:	
		• At the time of the internal audit fieldwork, the Service Level Agreements between Customer Services and Homes for Haringey and Streetscene had not been finalised and signed;	
		• For nine new starters sampled, there was no documentary evidence to confirm that they had passed the Customer Relationship Management (CRM) test; and	
		• There are no induction procedure in place for the Service for the benefit of new starters.	
		As a result of our work, we have raised one priority 1 and two priority 2 recommendations, which should help to improve the control environment.	
		The Priority 1 recommendation is as follows:	
		• All Service Level Agreements with service partners should be finalised and signed by all responsible parties as soon as possible.	
Data Protection Act	The audit will cover the Council's central Data Protection Policy and will include testing compliance with the policy within individual departments across the Council.	Audit fieldwork has been completed and a draft report was issued to management on 4 December 2007. The deadline for the management response has been extended, at the request of management, to 31 January 2008.	
Building Schools for the Future – Follow-up	This will involve following up the recommendations raised in the 2006/07 internal audit report. The areas covered by the audit included: • Programme Organisational and Governance	We followed up the four recommendations raised in 2006/07 and found that two Priority 2 recommendations have been implemented, one Priority 2 recommendation has been partly implemented and one Priority 3 recommendation is no longer applicable, resulting in	N/A

Audit area	Scope	Status/key findings	Assurance
	Structure;	one re-raised recommendation.	
	• Reporting and Accountability Arrangements;	The re-raised Priority 2 recommendation is as follows:	
	• Financial Arrangements (including monitoring of spend to date);	• The draft terms of reference for the Board, detailing its scope, roles and responsibilities, should be presented to the Board for approval. The approved terms of reference should then be communicated to all Board members.	
	• Risk Management (including financial risk);		
	• Project Management Framework; and	The management response states that suggested terms of reference will be resubmitted for the Board to use as an input to determine their scope, roles and purpose at one of the Board meetings in early 2008.	
	• Monitoring of Haringey Sixth Form Centre.		
IT Insourcing – Follow-up	This will involve following up the recommendations raised in the 2006/07 internal audit report. The areas covered by the audit included:	We followed up on the seven recommendations raised in our 2006/07 Internal Audit report and found that five Priority 2 recommendations have been implemented and one Priority 1 and one Priority 2 recommendations are no longer applicable.	N/A
	• Determination of the Programme's budget, including budget compilation and approval;	As a result of our work, we have not raised any further recommendations.	
	• Monitoring of the Programme's budget;		
	• Reporting of the Programme's budget;		
	• Change control procedures;		
	• Application of Change Control procedures; and		
	• Delegation of authority.		
	In addition, as part of the Council wide work on Project Assurance the audit sought to identify and assess the application of the following key processes:		
	• Application and understanding of the Council		

Audit area	Scope	Status/key findings	Assurance
	- Project Management; - Project monitoring and reporting; - Impact of risks and issues, and the distinction between the two; - Delegation of responsibility; - Monitoring of the Critical Path; and - Actions to ensure delivery of the project, and Contingency reporting and actions.		
	CORPORATE RESOURCES – KEY FINANCIAL SYSTEMS		
Strategic Financial Management & Budgetary Control	Audit work was undertaken to assess the control environment in the following areas: - Budget Setting; - Budgetary Control and Variance Analysis; - Departmental Management Reporting; - Virements; - Corporate Management Reporting; - Close Down Procedures; and - Follow Up of 2006/07 Internal Audit Recommendations	There is a basically sound system. There are weaknesses, which put some of the system objectives at risk. A number of controls were observed to be operating satisfactorily, some of which are listed below: - A timetable is in place for the 2008/09 budget setting exercise and progress is monitored through the Corporate Finance Management Team meetings; - Guidance on budget preparation is communicated to budget holders; - A pro-forma budget agreement form is used by budget holders to agree the budget at the start of the financial year; - A monthly budget management report is produced, identifying variances and detailing action points where applicable; this is reviewed at the budget management meetings and the Chief Executive Management Board meeting on a monthly basis; and - The year-end close down procedures are detailed in the Final	**Substantial**

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Audit area	Scope	Status/key findings	Assurance
		Accounts notes and training is provided to budget holders on close down procedures by the Finance Team. Within the system there is a weakness which puts one of the system objectives at risk. The area where the weakness was found is: • The current procedures on virements do not cover virements within business units. As a result of our audit work in this area we have raised one Priority 3 recommendation, which will help improve controls in this area.	
Treasury Management	Audit work was undertaken to cover the following areas and control objectives: • Legislation, policy and procedures; • Security of assets; • Cash flow forecasting; • Reconciliation of loans and investments; • Reporting; • IT security; and • Follow up.	A number of controls were observed to be operating satisfactorily, some of which are listed below: • There is a system in place to help ensure compliance with legislative requirements; • There are controls in place to help protect Council assets; • Relevant financial information is produced on a regular basis to assist with the maximisation of the Council's net cash flow performance; • The sample of reports selected during the internal audit complied with legislation; and • Logical system access controls to data were observed. Within the system there are weaknesses which put some of the system objectives at risk. The areas where weaknesses were found	**Substantial**

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Audit area	Scope	Status/key findings	Assurance
		include: • Five monthly bank reconciliations were sampled and although all are signed by the reviewers, the review date is not always shown. As a result of our audit work in this area we have raised one Priority 3 recommendation which will help improve controls in this area.	
Payroll & Expenses	High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and significant controls covering the following areas: • Policies, procedures and legislation; • Reliability & integrity of transactions and records; • Payments; • Joiners; • Leavers; • Performance Management; • Variations & adjustments to pay; • Payroll deductions; and • System reconciliation.	Fieldwork for the audit has been completed and a draft report has been issued to management. The management response is due by 5 February 2008.	
Accounting & General Ledger	High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and significant controls covering the following areas: • Data entry; • Completion & recording of journals;	Fieldwork for the audit has been completed and a draft report has been issued to management. The management response is due by 4 February 2008.	

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Audit area	Scope	Status/key findings	Assurance
	• Management information & reports produced; • Feeder system and input to the Ledger; • Control account reconciliation; • Structure of the ledger; and • IT access, security & disaster recovery.		
Council Tax	High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and significant controls covering the following areas: • Organisational structure; • Methods of payment • Reconciliation between debit and valuation list; • Discount & reduction applications; • Billing; • Receipts from taxpayers; • Suspense accounts; • Debt recovery action; • Write off; • Monitoring of collection rates; • Reconciliation with general ledger; • Refunds; • Void allowances; • Benefits assessments; • Policies and procedures; and • IT access, security & disaster recovery.	Fieldwork for the audit has been completed and a draft report will be issued to management in January 2008.	
	CORPORATE RESOURCES – CORPORATE PROCUREMENT		
E-Procurement – TEAM	This audit will look at controls over the raising of electronic purchase orders from the TEAM system	Weaknesses in the system of controls are such as to put the system objectives at risk. There is also evidence that the level of non-	**Limited**

Audit area	Scope	Status/key findings	Assurance
	(Energy billing and administration system - invoices received electronically from utility suppliers, processed and paid. Process includes charge-out to schools); This audit will cover the following areas: • Processing of orders; • Processing of invoices; • Payment of invoices; • Interface with SAP (including reconciliation); and • Processing of recharges. Note: In October 2006 the Energy Management Team within Corporate Procurement entered into a contract on behalf of the Council for the provision of an Energy Management function from TEAM (Energy Auditing Agency Ltd). Energy bills from each of the suppliers are sent to TEAM by an Electronic Data Interchange (EDI) file, rather than a traditional paper bill. The EDI files contain details of energy consumption by all Haringey Council sites and are uploaded into TEAM's Energy Management software, SIGMA. The software validates the EDI files to ensure the reasonableness of amounts billed.	compliance may put some of the control objectives at risk. As part of our internal audit we visited TEAM premises to ascertain the systems in place. We identified existing controls which would help to achieve the control objectives, and completed the evaluation and testing of controls within the systems. A number of controls were observed to be operating, some of which are listed below: • The Journal Recharge Files for the three months sampled were reconciled to the supplier summary invoices and VAT checks were completed; • The SAP interface log was up-to-date and interface failure reports were produced; and • Validation of supplier information was being carried out by TEAM. Within the system there are weaknesses which put some of the system objectives at risk. The areas where weaknesses were found include: • The Service Level Agreement with TEAM was not signed; • There are a lack of procedures in place regarding the processing and checking of Journal Recharge Files and Invoice Creation Files; • Postings to SAP are not checked against the Journal Recharge Files; and • There is a lack of reconciliation between the Invoice Creation	

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Audit area	Scope	Status/key findings	Assurance
		Files and the number of schools and external units to be recharged. As a result of our audit work we have raised one Priority 1 recommendation and nine Priority 2 recommendations which will help improve controls in the area. The Priority 1 recommendation is as follows: • The SLA between Haringey Council and TEAM should be signed by both parties as soon as possible.	
CORPORATE RESOURCES – IT AUDITS			
Environmental Enforcement (PPWHIZ)	Audit work was undertaken to cover the following areas and control objectives: • User access structure; • Logical access controls and security configuration of the system; • Input, output and processing controls; • Interfaces; • Audit trail; • Backup procedures; and • Business continuity / disaster recovery arrangements.	Audit fieldwork has been completed and a draft report was issued to management on 4 December 2007. At the request of management, the deadline for the management response has been extended to 31 January 2008.	
URBAN ENVIRONMENT			
Waste Management/ Recycling	Key processes to be covered by the audit include: • Establishing service requirements; • Monitoring of service delivery;	There is a basically sound system. There are weaknesses, which put some of the system objectives at risk. A number of controls were observed to be operating satisfactorily,	**Substantial**

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Audit area	Scope	Status/key findings	Assurance
	• Progress reports and meetings; • Customer satisfaction; • Verification of works; • Contract payments; • Contract variations; • Compliance with BVP 199; and • Recycling schemes.	some of which are listed below : • The Waste Management contract identifies roads within the Borough and determines the frequency by which all refuse collection and street cleaning are conducted; • The Contract Monitoring Officers complete daily checks on the quality of refuse collection, street cleaning and recycling schemes; • Monthly meetings are held between the Council's Waste Management Service and Haringey Accord Limited; • Surveys of customer satisfaction are completed on the Council's behalf annually by Mori; and • The Council offers a range of doorstep and on-street recycling schemes to residents of the Borough. Within the system, there are weaknesses which put the system objectives at risk. Some of the areas where weaknesses were found are : • Where a dispute is raised on the monthly invoice submitted by Haringey Accord Ltd, the disputed amount is paid by the Council and, only when this is agreed by Haringey Accord is the amount deducted from a later invoice; • The Haringey Accord invoices between March and May 2007 have not yet been certified by the Council; • At present only 6,000 of 15,000 Homes for Haringey properties are served by a recycling scheme; and	

Audit area	Scope	Status/key findings	Assurance
		• Monthly statistics of materials collected and recycled are produced, but this is not compared with the previous year's figures, nor do they show the amount collected from individual Bring Banks and Newspaper Bins. As a result of our audit work in this area we have raised one Priority 1 and nine Priority 2 recommendations which will help improve controls in the area. The Priority 1 recommendation is as follows: • The Council should review the results of the pilot scheme for the introduction of doorstep recycling and recycling bins to Homes for Haringey housing estates, and determine appropriate actions for implementation. We have also followed up the 14 recommendations raised in the 2006/07 internal audit report and we found that nine have been fully implemented, one has been partly implemented and four have not been implemented, resulting in five re-raised recommendations, including two Priority 1 recommendations. The Priority 1 recommendations re-raised are as follows: • 'Household' information should be uploaded on the Mayrise system at Haringey Accord to assist with the production of performance reports; and • Management should ensure that Haringey Accord retains a documentary record of data recorded manually in the event of failure of the Avaya telephone system, which displays figures on an LCD screen. Consideration should also be given by Haringey Accord to backing up the data so that this can be restored.	

Audit area	Scope	Status/key findings	Assurance
Parking, including Enforcement	Key processes to be included: • Policies and procedures; • Issuing of PCN's; • Issuing of tickets for unregistered vehicles; • Identification of income due; • Issue of reminder notices; • Income collection; • Follow up of outstanding debt; • Escalation of action to recover income; • Accounting for income; and • Write off's.	The audit fieldwork has been completed and a draft report will be issued to management in January 2008.	
	ADULT, CULTURE & COMMUNITY SERVICES		
Recreation Services – Risk Register Testing	This will be based on direct testing of a sample of key controls on the Recreation Services risk register to gain evidence that control processes are applied in practice. It will take account of our knowledge of the current status of the identified controls, for example whether they are established processes or "work in progress". We will discuss the assessments on the matrix with management to check our understanding of controls identified and assessments made by management. For the control processes that are assessed as being suitable for testing, we will seek to gain evidence as to the application of the controls.	The audit fieldwork has been completed and a draft report was issued to management on 15 January 2008. The management response is due by 4 February.	

Audit area	Scope	Status/key findings	Assurance
		CHILDREN & YOUNG PEOPLES SERVICE	
Formula Funding/ Fair Funding	Key processes to be covered by the audit include: • Application of DfES procedures; • Monitoring of information supplied by schools; • Verification of calculations; and • Consultation.	There is a basically sound system. There are weaknesses, which put some of the system objectives at risk. A number of controls were observed to be operating satisfactorily, some of which are listed below: • 2007/8 school budgets were calculated using the funding formula; • Pupil number data was obtained from the most recent PLASC and used in the funding formula for 2007/8; • Checks were carried out to ensure that the funding allocations were correctly transferred from the formula spreadsheet to the individual school budgets; and • The Schools Forum was consulted prior to the 2007/8 funding allocation round. Within the system there are weaknesses which put some of the system objectives at risk. The areas where weaknesses were found include: • Lack of formal approval of school budget allocations for 2007/8 by senior management; • Incomplete records detailing follow-up action for incorrect or delayed budget and quarterly returns; • Responsibilities for follow-up action were not clearly defined	**Substantial**

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Audit area	Scope	Status/key findings	Assurance
		resulting in uncertainty over follow-up action taken;	
		• Lack of evidence to support checks carried out on the formula to ensure the accuracy of calculations made; and	
		• Lack of procedure notes covering the school funding allocation procedure.	
		As a result of our audit work we have raised one Priority 1 and three Priority 2 recommendations which will help improve controls in the area.	
		The priority 1 recommendation is as follows:	
		• Senior management (Head of Children's Service Finance) should formally approve all school budgets for each financial year.	
	CHIEF EXECUTIVE – PEOPLE & ORGANISATIONAL DEVELOPMENT		
Haringey Temporary resource Centre	Audit work was undertaken to cover the following areas and control objectives: • Contractual completion; • Management information; • Contract monitoring; • Payments to Hays; • SAP interface; • Identification of need and role requirements; • Job and process specification; • Requisition and authorisation; • Placement of advertisements and liaison with recruitment agencies; • Short-listing of candidate;	There is a basically sound system. There are weaknesses which put some of the system objectives at risk. A number of controls were observed to be operating satisfactorily, some of which are listed below: • A signed contract is in place between Haringey Council and Hays; • Contract variations are documented and approved; • Weekly operational meetings and quarterly contract monitoring meetings are held and minuted, with action plans developed to	**Substantial**

Audit area	Scope	Status/key findings	Assurance
	• Interviewing; • Selection of candidates; • Appointment of candidate; • CRB checks; and • Renewals and extensions.	address poor performance; • Requests for CRB disclosure, when ordering temporary resource, are made in line with Council policy; • The policy on the use of temporary staff includes procedures with regard to extending staff employment; and • Monitoring of extensions and re-bookings is done by the Head of Personnel. Within the system there are weaknesses which put the system objectives at risk. The areas where weaknesses were found include: • There is no process in place for the electronic matching of orders and timesheets against invoices for temporary staff charges; • There is no Council-wide policy with regard to the interviewing and selection of temporary staff; • There was one instance identified where the incorrect individual had authorised the job vacancy; and • All extensions to temporary staff employment were not authorised in line with Council policy. As a result of our audit work we have raised one Priority 1, four Priority 2 and two Priority 3 recommendations which will help improve controls in the area. The Priority 1 recommendation is as follows: • An electronic interface between the Council's SAP system and	

Audit area	Scope	Status/key findings		Assurance
		Hays' workflow system should be put in place as part of the reconciliation of orders, timesheets and invoices for temporary staff.		
	REQUEST WORK			
Civica Disaster Recovery Exercise 2007	The audit approach was developed following a request from ICT for Internal Audit involvement in the Back Up recovery Process and to provide an independent opinion on the recovery exercise. We completed this using the following methodology: • Identification of the recovery objectives; • Discussion with key staff involved in the exercise; • Attendance at NDR Birmingham for the testing exercise; and • Review of system testing.	The Disaster Recovery test involved the recovery of the Civica Parking application. The system was restored to a full state at the Disaster Recovery test by NDR and the server was built on the day prior to the Disaster Recovery test. As part of the testing process we selected seven reports from the Haringey system and a sample of audit records. Six of the reports were an exact match to the records taken from the live Haringey system. In the case of one report, which details the number of cases in the system at various stages of progression, there was a difference of 13 records which were marked as paid. We were able to identify that the difference was due to payments received through the automated telephone payment system which would have updated case records prior to the back up being run. This was reconciled on site and resolved during the test. As a result of our work we have raised no recommendation from the DR test exercise.		N/A
CCTV Systems	Audit work was undertaken to cover the following areas and control objectives: • Policies and Procedures (including Training);	The audit has been completed and a draft report was issued to management on 17 October 2007. The management response has now been received and the report has been finalised. The final report has been forwarded to the Assistant Director of Streetscene		

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
	• Legislation and Regulation; • Access to Control Room; • Tape Management; and • Incident Reporting and Recording.	for approval prior to being issued.	

Schools Audits

Financial Management Standard in School (FMSiS)

Our work during 2006/07 and 2007/08 has focused on checking compliance with the requirements of the Financial Management Standard in Schools (FMSiS).

All Secondary schools were visited in 2006/07 to provide management with assurance that the Financial Management Standard in Schools (FMSIS) is being achieved. It is a requirement of the Department for Education and Skills (DfES) that all Secondary schools achieve the standard by the 31st March 2007.

All Primary, Infants, Junior and Special Schools are to be assessed as to whether they meet the requirements of the standard by 31st March 2010. To achieve this it is planned that these schools will be assessed over the three years as follows:

- 40% of schools by the 31st March 2008;

- 40% of schools by the 31st March 2009; and

- 20% of schools by the 31st March 2010.

Our schedule of visits to Primary Schools in 2007/08 covers 27 schools (41%). Of these, 17 schools have already been visited and four schools have been assessed as meeting the standard. Thirteen schools have been assessed as not meeting the standard, although in accordance with FMSiS guidance, further time is being allowed to enable schools to provide the required evidence which would ensure that they achieve the standard.

We are liaising with relevant Secondary and Primary Schools that have not yet met the Standard to ensure that key recommendations are implemented as soon as possible. We are planning a follow-up visit at these schools in February and March to assess whether the Standard is being met.

A full summary of schools' performance against the FMSiS requirements will be provided to the next Audit Committee.

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

Follow Up 2006/07

AUDIT AREA	Assurance Level	Recommendations								N/A	Not Imp.	In Progress	Comments
		Category				Implemented							
		1	2	3	Total	1	2	3	Total				
Chief Executives.													
Contract and Document Management	Substantial	1	4	1	6	0	1	0	1	0	1	4	
Programme Budget & Budget Control Reporting Independent Challenge	Substantial	1	6	0	7	0	4	0	4	3	0	0	
Equalities	Substantial	0	6	0	6	0	1	0	1	1	1	3	
Finance													
Debtors	Substantial	1	5	0	6	0	1	0	1	0	4	1	
Cash Receipting	Substantial	0	5	0	5	0	4	0	4	0	1	0	
Creditors	Substantial	0	4	1	5	0	3	1	4		1	0	
Treasury Management	Substantial	0	3	0	3	0	2	0	2	0	1	0	
Strategic FM & Budgetary Control	Substantial	0	1	2	3	0	1	1	2	0	0	1	
Payroll & Expenses	Limited	0	9	2	11	0	4	1	5	0	6	0	
Council Tax	Substantial	0	1	1	2	0	1	1	2	0	0	0	
Social Services													
Haringey Integrated Community Equipment Services (HICES)	Limited	4	9	1	14	2	2	0	4	2	5	3	
Temporary Housing Repairs	Substantial	2	5	0	7	0	1	0	1	1	3	2	
Housing Association Leasing Scheme	Limited	6	3	1	10	0	2	1	3	0	0	7	Dependant on timing of appointment of Private Sector Team Contract manager
Environment													
Waste Management	Limited	7	7	0	14	5	3	0	8	0	4	2	
Health and Safety-Environmental	Limited	3	3	0	6	0	0	0	0	0	1	5	

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

APPENDIX A

AUDIT AREA	Assurance Level	Category				Recommendations							Comments
						Implemented							
		1	2	3	Total	1	2	3	Total	N/A	Not Imp.	In Progress	
Services													
Parking Control and Enforcement	Substantial	1	4	0	5	0	3	0	3	0	0	2	
Children's Services													
Sure Start: Early Years	Substantial	2	4	2	8	0	1	0	1	2	4	1	
Financial Monitoring of Schools	Substantial	0	3	1	4	0	2	0	2	1	0	1	
Building Schools for the Future — Project Management	Substantial	0	3	1	4	0	2	0	2	1	0	1	
IT Audits													
Email Usage	Substantial	0	3	1	4	0	2	0	2	0	2	0	
Request work													
New Deal for Communities	N/A	6	5	0	11	5	4	0	9	0	0	2	
Total		34	93	14	141	12	44	5	61	11	34	35	

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 impmeneted – officers have started implmentation of recommendations

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2007/08

Follow Up of Priority 1 Recommendations: 2004/05

Audit Area	Recommendation	Management Response	Original Deadline	Status	Revised Deadline	Management Action required	Update
1. Creditors	The Central Payments unit closely should monitor and record the use of Purchase Orders by departments. A documented exemption list confirming the instances where Purchase Orders are not required should also be present.	Corporate Procurement have worked to improve compliance with this requirement and are currently rolling out SRM – an improved ordering interface that addresses many of the difficulties identified by users with existing systems. Corporate procurement will be monitoring very closely the correct use of the system by department. This coupled with the planned ownership of the vendor master database will improve both monitoring and compliance.	31/03/06	Ongoing	N/A	N Responsible officer: **Mary Gavriel** *(Payment of Accounts Manager)* **Guy Wren** *(officer responsible for overseeing the implementation of the BIW reporting tool)*	The SAP Procurement modules have now been fully implemented and include: - SRM for the majority of purchasing undertaken by some 900 users across the Council; - R3 for Adult Services client contributions are where involved; and - SWL for project based orders. The use of purchase orders are being monitored, as required. Reports are produced to identify instances where purchase orders should be used and where these are not needed.
2. Payroll Expenses	It is recommended that all expense claim payments should be processed through the payroll system.	It was agreed as part of the SAP Project that Expenses should be paid through the payroll but no actual decision was made on what the process would be. The whole process is to be included in the Business Process Review that is currently ongoing. The outcomes from that will assist in formulating a plan for the implementation of this	31/3/06	Not Implemented	2008/09 (previously Not Indicated)	Y Responsible officer: Originally **Eric Bird** *(Pay Support Manager)* *- has left Haringey Council* **John O'Brien** *(Manager Pay Control)*	An online process is being developed for Payroll to manage the claims. The process flow would be: - The employee completes an online form and prints it out; - The employee attaches the receipts to the form and sends these to the manager;

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Audit Area	Recommendation	Management Response	Original Deadline	Status	Revised Deadline	Management Action required	Update
		recommendation.					- The manager verifies the claim; - The manager confirms that this has been done on the online; - The manager emails the form to a specific HR/Payroll mailbox; and - HR/Payroll process the claim – payment is received by the employee through their next pay. **Update 11.01.08** John O'Brien stated that the proposed online process will be part of a whole new package of changes to the SAP system, which will provide better access to managers and staff. The project is being run by IT (IT contact: Kamla Chetty – Project Manager) and no definitive timescale can be provided, except that it will be completed in the financial year 2008/09. The project is called ESS (Employee Self Service)/ MSS (Management Self Service) and will cover expenses, as well as other areas. In the meantime, the Payroll Service is drafting advice to be communicated to

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Audit Area	Recommendation	Management Response	Original Deadline	Status	Revised Deadline	Management Action required	Update
							managers on what on what they should do to reduce expense claims through petty cash and to ensure that the SAP Procurement system is used to raise orders.
3. Haringey Park Children's Home	The service should complete a comprehensive inventory of all assets held at the establishment and maintain an up to date asset register. The service should consider the following when completing and maintaining the inventory: • Materiality for inclusion of assets on inventory; • Detail of each asset to be recorded, description, serial number, quantity, location, cost, supplier and date acquired; • Responsibility for maintenance of the inventory; • Responsibility for completion of an annual check; • Authority for approving disposals; • Methods of disposal of assets; • Recording of reasons for disposals; and • Security marking of assets and recording on inventory.	We are still in discussion with management	None Given	Implemented	N/A	N Responsibility: **Neil Harriott** *(Manager – Haringey Park Children's Home)* *Original responsibility from the report was with Jale Veli, Site Manager*	An inventory list of assets held at the establishment has been developed. Neil Harriott has confirmed that this will be updated on an ongoing basis to reflect details of all assets held.

Follow Up of Priority 1 Recommendations: 2005/06

Audit Area	Recommendation	Original Deadline	Status	Revised deadline	Management action required	Update
4. Personnel	It is recommended that a circular is sent out to all managers reminding them of the importance of referring all employees that work in high risk areas to the Occupational Health team for inoculations. There should be a policy with clearly stated guidelines for managers to follow in order to decipher when inoculations would be relevant.	31/03/06	Ongoing	Subject to approval of Immunisation Policy by HPA.	N Responsible officer: **Siobhan Sharpe** *(Occupation Health Officer)*	**Update 11.1.08** The immunisation Policy has been approved by HPA S.Sharpe confirmed that the policy will be communicated to all relevant managers over the next few weeks.
5. Sustainability	It is recommended that Corporate Procurement should formalise the draft Sustainable Procurement Strategy and Procurement Policy. This should address the following issues: ● Sustainable Procurement; ● Aims; ● Programme Development; and ● Supporting Processes.	Oct 06	Partly Implemented	March 2008 (previously January 2008)	Y Responsibility: **Michael Wood** *(Head of Procurement)*	**Update 11.1.08** A draft Procurement Policy, as well as Procurement Strategy, which cover sustainable issues, have been developed and will be presented to the Haringey Members Working Group in the week commencing 14 January 2008. In line with the Forward Plan, these are due to be presented to CEMB/Cabinet in March 2008 for sign-off. The draft documents will be amended to include the benchmarks and the identification of minimum

CPU recognise that a sustainable procurement strategy should be developed and that a policy is required, which outlines the main aims of any procurement activity. The strategy is out for consultation and will then require CEMB and/or procurement committee approval.

Agreed: We are in the process of developing a number of healthy workforce initiatives. These will be publicised during 1st quarter of new year. This action can be picked up then.
Action: Siobhan Sharpe, Occur Health Manager and Claire Barnes, HR Business Partner

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Audit Area	Recommendation	Management response	Original Deadline	Status	Revised deadline	Management action required	Update
							standards. The Procurement Strategy will also be validated against the Greenest Borough Strategy, in line with public consultation and to help ensure that the two strategies support each other.
	It is recommended that Corporate Procurement should develop procedures on Sustainable Procurement which should include the following: • guidance with regards to sustainability issues; • contract conditions and monitoring; and • fit for purpose specification and evaluation. All procedures should be distributed to relevant officers and reviewed on an annual basis, or sooner, to reflect any changes in regulation or legislation.	Sustainable development guidance is already included in the procurement manual and should be followed. This could be extended to Harinet, with links to other relevant sources on information on the internet. Contract conditions will be developed, where important regulations apply they should be included, otherwise standard regulatory compliance clauses should be sufficient. However, rigid specifications can stifle innovation, so it is recommended that outcome specifications should be developed and used. Some of these are already available externally, e.g. WRAP, have highways specifications that can be followed. Monitoring contract conditions should be the responsibility of the client officer, not Sustainable Development Manager.	Contract conditions, specifications December 2006 & ongoing development	Partly Implemented	April 2008 (previously November 2007)	Y Responsibility: **Key Business Unit Managers /** **Michael Wood** *(Head of Procurement)*	**Update 11.1.08** The Procurement manual will be updated, to include all relevant sustainability requirements, on the back of the approval of the Procurement Policy and the Procurement Strategy. A meeting will be held with the Council's construction consultant in order that relevant standards can be built within the contract with the consultant, whish starts from April 2008.
	It is recommended that the Sustainable Development	An environmental checklist and evaluation model are in	Jun 06	Not implemented	In place by April 2008	Y	**Update 11.1.08**

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Audit Area	Recommendation	Management response	Original Deadline	Status	Revised deadline	Management action required	Update
	Manager should perform a monthly check on a sample of environmental checklists completed by Project Managers. The check should be evidenced by an initial and date. The checklist identifies Sustainability policy requirements, responsibilities and compliance with legislation and regulation. Consideration should also be given to include the monitoring of conditions set by the Project Managers that are approved by the Procurement Committee.	the procurement manual and should be followed. This will be developed to cover other aspects of sustainable development. In terms of environmental and other regulatory compliance issues, the same consideration should be given as financial, equal opps. and H&S. There is insufficient resource for the SDM to take on a compliance role. Project managers, using information provided by their consultants / contractors should report back to members as required on sustainable development undertakings.				Responsibility: **Business Unit Project Managers/** **Michael Wood** *(Head of Procurement)*	The Head of Procurement confirmed that the required actions under this recommendation will be discussed with the new construction consultant due to be appointed in April 2008.
	It is recommended that the Sustainable Development Manager should be involved in projects above the threshold value of £500,000, from initiation, prior to the project being presented to the Procurement Committee, until its completion so as to ensure that sustainability issues have been addressed.	This is a very important point, particularly if the project officer is inexperienced in sustainable development matters as it is very difficult to ensure sustainable development aspects are included retrospectively. A protocol or early engagement and a process of sign-offs should be established.	Immediate	Not implemented	In place by April 2008	Y Responsibility: **Business Unit Project Managers/** **Michael Wood** *(Head of Procurement)*	**Update 11.1.08** The Head of Procurement confirmed that a protocol document, including early engagement and a sign-off process, will be developed in consultation with the new construction consultant due to be appointed in April 2008.
6. Telecommuni cation	We recommend that a telecommunications strategy should be drawn up to reflect the current and future needs of the Council. All relevant issues should be included in the strategy, including:	IT Services is currently undergoing a restructure and it is anticipated this will address resource issues within the Telecommunications Team. Training and membership will be agreed with management & provided to relevant	Dec 06	Ongoing	June 2008 (previously Quarter 4 2007/08)	Y Responsible officers: **Albert Oliver** *(Senior Telecoms Support Advisor)*	**Update 10.01.08** James Harding (Quality Assurance & Data Manager) confirmed the following by email: "As previously reported, the

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Audit Area	Recommendation	Management response	Original Deadline	Status	Revised deadline	Management action required	Update
	• Links to an IT strategy (e.g. VoIP); • Links to a communications strategy or plan; • Links to any accommodation reviews; • Use of mobile telephones; • Any e-government developments such as contact centres; • Ability to control and monitor costs (e.g. through use of extension features such as Personal Identification Numbers); and • Connections to smaller Council premises and schools.	Telecommunications staff as per individual staff work plans and the People Plan. Documented procedures will be written during the IT Services in sourcing project and BS 7799 transition project to ISO 27001.				**Rod Murray** *(Operations Manager for IT)* Response received from: **James Harding** *(Quality Assurance & Data Manager)*	new IT Strategy is a key deliverable for the IT Management Team, with an estimated publication date of March 2008. The strategy will be identifying the technology direction for the next three – five years and will include the telecommunications strategy, which will be based around IPT telephony. Implementing IPT telephony is a large project that has to maintain the current daily operation while migrating staff to the new technology. To assist in identifying the scope and scale of the project a pilot is now planned to commence in January (slightly later than originally scheduled to take advantage of the supplier's latest product) and will run to the end of end June 2008. Following completion of the pilot a capital bid and business case will be submitted for approval".
7. **iPlan application and e-Planning**	We recommend that improved Logical Access Controls should be put in place within the e-Planning Application. These should conform to BS7799 standards and include the following:-	Agreed. Already in hand with Northgate IS. Acknowledged prior to the audit and raised with Northgate awaiting audit report. Raised – addressed – e-mail	Not given	Ongoing	June 2008 (previously After October 2007)	Y Responsible officer: **Bob McIver** *(Head of Building Control)*	At the moment it is acknowledged that the password security is not BS7799 compliant. Currently there are plans by management to implement an upgraded version of the system (version 2.7), which is

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Audit Area	Recommendation	Management response	Original Deadline	Status	Revised deadline	Management action required	Update
	• password required to access the system and minimum length of 6 characters; • enforced Password Change of 60-90 days; • password history of 6 passwords; • user account lock out after three unsuccessful attempts; and • passwords comprised of both alphabetic and numeric characters.	correspondence obtained. *Upgrading to version 2.6.1.2 – Darren Colthrust (leave until 4th June) – been out for a year.* *2.7 to come out this week with new security. Keep until release – released within two weeks.*					BS7799 compliant. The implementation of this control is wholly dependent upon the development of password controls on the Northgate programs. **Update 10.01.08** Bob McIver (Head of Building Control) confirmed the following: - The upgrade to Northgate 2.7 is complex and this required consultation with Haringey IT. The upgrade is in place but has not yet been tested. - A meeting is planned with IT for next week when the upgrade will be discussed. - A new upgrade to Northgate 2.8 will be put in place and the two upgrades should result in the full implementation of the recommendation. - Expected timing for the upgrades to be implemented is Quarter 1 in 2008/09. - There is already security within the system, although this will be tightened further with the upgrades 9access need to be through the Council system first before accessing the

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Audit Area	Recommendation	Management response	Original Deadline	Status	Revised deadline	Management action required	Update
							system). Also no managers have raised this as an issue. Please Note: compensatory controls are in place i.e. all passwords are required to be at least 8 characters long which should be a mixture of numeric, alpha numeric, capital and small letters.
8. TOREX Leisure Management System	It is recommended that management should request the software suppliers to correct the system in order to fully prevent access following repetitive invalid logon attempts.	Agreed in principle. We have previously sought improvements to login in security via the Torex User Group and are pleased to note that this has now been included in their product 'road map'. We have subsequently forwarded the specific suggestions noted here and requested their incorporation into the development plan.	Dependency on software supplier and Leisure implementing new release of Torex software – under review.	Ongoing	May 2008	Y Responsible officer: **Andy Briggs** *(Interim Head of Leisure Centres)* Delegated to **Richard Clarke** *(Business Development Support Officer)*	**Update 10.1.08** Richard Clarke re-communicated the requests for enhancements regarding password security to the TLMS user group representative. These are the same as the specifications originally submitted but have been sent again due to the change of ownership of the software supplier. The development specifications submitted include Recording and Review of Failed Logons and Enforcing User Lockout.
	It is recommended that management should consider how, and on what basis, the business of the Leisure Centre(s) should / can be continued in the event of a disaster affecting the TOREX	Agreed. Business Continuity Planning (BCP) is a corporate requirement therefore a meeting has been arranged and guidance will be sought on the procedures and documentation	Draft at the end of Dec 06	Implemented	N/A	N Responsible officer: **Andy Briggs** *(Interim Head of Leisure Centres)*	**Update 10.01.08** Andrew Meek (Emergency Planning & Business Continuity Manager has confirmed the following:

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Audit Area	Recommendation	Management response	Original Deadline	Status	Revised deadline	Management action required	Update
	Servers. These arrangements should then be formally documented, including responsibilities and actions in such situations.	required.				Delegated to **Richard Clarke** *(Business Development Support Officer)*	- The Business Continuity Plan covering Sports Centres has been developed and submitted by Andy Briggs (Note: a copy of the document was obtained by Internal Audit). - There is one part of the BCP that still requires completion – the meeting points for the Business Continuity incident management team. Andrew Meek also stated that, apart from the section that is not completed, the BCP is satisfactory.

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.

Deloitte & Touche Public Sector Internal Audit Limited

London

January 2008

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IN-HOUSE INTERNAL AUDIT – IRREGULARITIES INVESTIGATED 01/04/07 – 31/12/2007 & B/F FROM 2006/7

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/12/07	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
AdultS, Culture and Community Services	Misuse of blue badge B/F	1	1	1	Dismissed Dismissal Upheld at Appeal ET Lodged	
	Irregular Car Mileage Claims B/F	1	1	1	No action due to mitigation Repayment actioned	£500
	Allegation of housing fraud	1	0	0		
	Allegation of favouritism in awarding of overtime and contract discrepancies	1	0	0		
	Fraudulent Housing Application	1	1	1	Trainee contract terminated	
	Allegation of housing fraud	1	1	1	Dismissed	
	Unauthorised removal of stock	1	1	1	Appeal Pending Pending	

IN-HOUSE INTERNAL AUDIT – IRREGULARITIES INVESTIGATED 01/04/07 - 31/12/2007 & B/F FROM 2006/7

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/12/07	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
	Alleged Misuse of Resources	1	1	1	Pending	
Children & Young Peoples Service	Working whilst off sick	2	2	2	1 x Dismissed 1 x Dismissal upheld at Appeal 1 x ET Found in favour of the Council 1x No Action Taken	
	Alleged misconduct	1	1	1	Awaiting Disciplinary Outcome	
	Allegation of misuse of funds	1	0	0		
	Allegation that monies were not banked at time of receipt	1	1	1	Employee Resigned	
	Allegation of personal gain	1	1	1	Pending	
Corporate Resources	Irregular HB payment processing	2	2	2	Resigned pending disciplinary action	

IN-HOUSE INTERNAL AUDIT – IRREGULARITIES INVESTIGATED 01/04/07 – 31/12/2007 & B/F FROM 2006/7

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/12/07	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
	Allegation that estate parking permit was fraudulently altered	1	1	1	Dismissed	
	Allegation of irregular recruitment	1	0	0		
	Allegation of misuse of disabled badge	1	1	1	Pending	
	Misuse of Resources	1	1	1	Pending	
Urban Environment	Allegation of private work during work time B/F	1	1	1	Dismissed Dismissal upheld at Appeal ET Pending	

IN-HOUSE INTERNAL AUDIT – IRREGULARITIES INVESTIGATED 01/04/07 - 31/12/2007 & B/F FROM 2006/7

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/12/07	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
	Alleged Irregular housing application B/F	1	1	1	Dismissed Dismissal Upheld at Appeal ET Lodged	
	Misuse of Resources	2	2	2	Pending	
	Alleged Irregular housing application B/F	1	1	1	Dismissed ET Lodged	
	Alleged Irregular Housing Allocation	1	1	1	Settled Final Written Warning and Relegation	
Non-specific	LBH cheques claims of non-receipt	1	1	N/A	N/A	£450
Total		27	23	22		£950

Haringey Council – Audit Committee

Disciplinary Case Analysis October 2007 to December 2007

Introduction

The information in this report is taken from SAP. It covers the period 01 October 2007 – 31 December 2007.

The data is based on Haringey Council employees who

- hold Permanent, Temporary or Fixed Term Contracts
- are considered as Supernumerary (employees that have been on a Temporary Contract for more than 52 weeks)

Note that this data excludes:

- Casual or Sessional Workers
- Schools
- Agency Workers

Legend	
Adults, Culture & Community Services	AS
The Children & Young People's Service	C
Corporate Resources	CR
People & Organisational Development	PO
Policy, Performance, Partnership & Comms	PP
Urban Environment	UE
Haringey Council	HGY

The Council's Disciplinary Procedure is considered as a tool to assist in good management and not solely as a means of imposing sanctions or setting out procedures leading to dismissal.

The procedure aims to:
- Allow managers to address issues of unsatisfactory conduct and seek improvements in behaviour
- Ensure that employees covered by the procedure are treated fairly and consistently
- Ensure that proper and adequate procedures are observed before any disciplinary decisions are taken
- Help and encourage all employees to achieve and maintain standards of conduct, attendance and job performance
- Maintain discipline essential to the delivery of high quality services
- Protect the health, safety and well being of staff, service users and members of the public
- Safeguard the integrity and good reputation of the Council
  (Disciplinary Procedure July 2005)

Disciplinary Cases

This section looks at the number of formal actions taken against employees under the disciplinary procedure based on data retrieved from SAP.

Disciplinary Cases by Directorate				
Directorate	Cases Closed	Cases Open	No of cases	No of employees
AS	8	16	24	22
C	5	5	10	10
CR	5	4	9	8
PO	0	0	0	0
PP	0	5	5	5
UE	2	9	11	11
HGY	20	39	59	56

Please, note that the total number of cases is 59, but this only represents 56 employees.
The reason being, that one employee can have more than one case running concurrently.
For example, an employee's dismissal could count as one case and their appeal as another.

- Policy, Performance, Partnerships & Comms has the highest percentage of disciplinary cases against its workforce at 2.12%

- **39** cases remain 'open' at the end of this period.

The following table looks at the stages of Disciplinary cases.

Stages of Disciplinary Cases				
Stage	Cases Closed	Cases Open	Total	%
Invest. - not suspended	13	11	24	41
Invest. - suspended	7	19	26	44
ET	0	6	6	10
Appeal	0	3	3	5
Total	20	39	59	100

The following table identifies the outcomes of the 20 cases that were concluded.

Outcome	Invest. - not suspended	Invest. - suspended	Invest. - appeal	Invest. - ET	Total	%
Disciplinary Case Outcomes						
Appeal dismissed	0	0	0	0	0	0
Appeal upheld	0	0	0	0	0	0
Dismissal	1	4	0	0	5	25
No action	3	0	0	0	3	15
Other	1	0	0	0	1	5
Part upheld	0	0	0	0	0	0
Verbal warning	3	0	0	0	3	15
Written warning	2	0	0	0	2	10
Final writ warning	3	2	0	0	5	25
Resigned	0	0	0	0	0	0
Suspension lifted	0	0	0	0	0	0
Relegation/Demotion	0	1	0	0	1	5
Total	13	7	0	0	20	100

- In **25%** of cases the employee received a Final Written Warning

- **25%** of cases resulted in Dismissal

This table displays reasons for Disciplinary action against employees.

Reason	Cases Open	Cases Closed	Total	%
Reasons for Disciplinary Cases				
Assault	0	0	0	0
Attendance	2	5	7	12
Behaviour	9	6	15	25
Fraud / Theft	9	3	12	20
Misuse of resources	8	2	10	17
Negligence	4	1	5	8
Other	7	3	10	17
Total	39	20	59	100

- The highest cause for disciplinary action was for Behaviour at **25%**

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

Disciplinary Cases by Ethnicity and Gender						
	Female		Male		All	
Ethnic Class	Total	%	Total	%	Total	%
B & M E	19	42.2	24	53.3	43	76.8
White	9	69.2	4	30.8	13	23.2
Total	28	50	28	50	56	100

- 27% of the workforce is male, but the male representation of the disciplinary cases is significantly higher at 50%

The following table looks at the ethnic breakdown per Directorate and across grade bands.

Disciplinary Cases by Ethnicity and Grade Band (T = Total no. in grade band, WF = % of workforce)															
Dir	Ethnic Group	MANUAL		SC1-SC5		SC6-SO2		PO1-PO3		PO4-PO7		PO8+		TOTAL	
		T	WF	T	WF	T	WF	T	WF	T	WF	T	WF	T	WF
AS	B & ME	3	18.4	5	15.2	5	13.3	2	4.3	0	3.7	0	0.1	15	54.9
	White	2	11.8	1	8.1	0	12.0	2	6.7	2	4.9	0	1.3	7	44.8
	Total	5		6		5		4		2		0		22	
C	B & ME	0	16.1	4	10.4	2	13.1	0	6.1	2	8.2	0	1.5	8	55.4
	White	0	7.4	0	6.3	0	12.5	0	4.7	2	9.0	0	4.6	2	44.4
	Total	0		4		2		0		4		0		10	
CR	B & ME	3	18.0	0	6.7	5	19.9	0	6.4	0	5.1	0	1.8	8	58.0
	White	0	1.8	0	5.5	0	13.9	0	7.4	0	7.7	0	5.1	0	41.5
	Total	3		0		5		0		0		0		8	
PO	B & ME	0	0	0	4.9	0	14.8	0	11.7	0	5.6	0	1.2	0	38.3
	White	0	0.6	0	4.9	0	19.1	0	14.2	0	17.9	0	4.9	0	61.7
	Total	0		0		0		0		0		0		0	
PP	B & ME	0	0.4	0	4.7	2	13.6	2	14.0	0	11.0	0	1.3	4	44.9
	White	0	0.4	1	3.8	0	7.2	0	19.5	0	16.9	0	6.8	1	54.7
	Total	0		1		2		2		0		0		5	
UE	B & ME	0	2.9	3	13.5	1	18.9	2	10.7	1	4.1	1	1.2	8	51.3
	White	0	2.6	2	8.9	0	10.9	0	12.1	1	8.3	0	5.4	3	48.3
	Total	0		5		1		2		2		1		11	
HGY	B & ME	6	14.7	12	12.6	15	11.7	6	5.1	3	3.9	1	0.7	43	48.8
	White	2	9.7	4	14.7	0	11.1	2	6.0	5	5.6	0	2.7	13	49.9
	Total	8		16		15		8		8		1		56	

Suspensions

This table shows a summary of suspension cases.

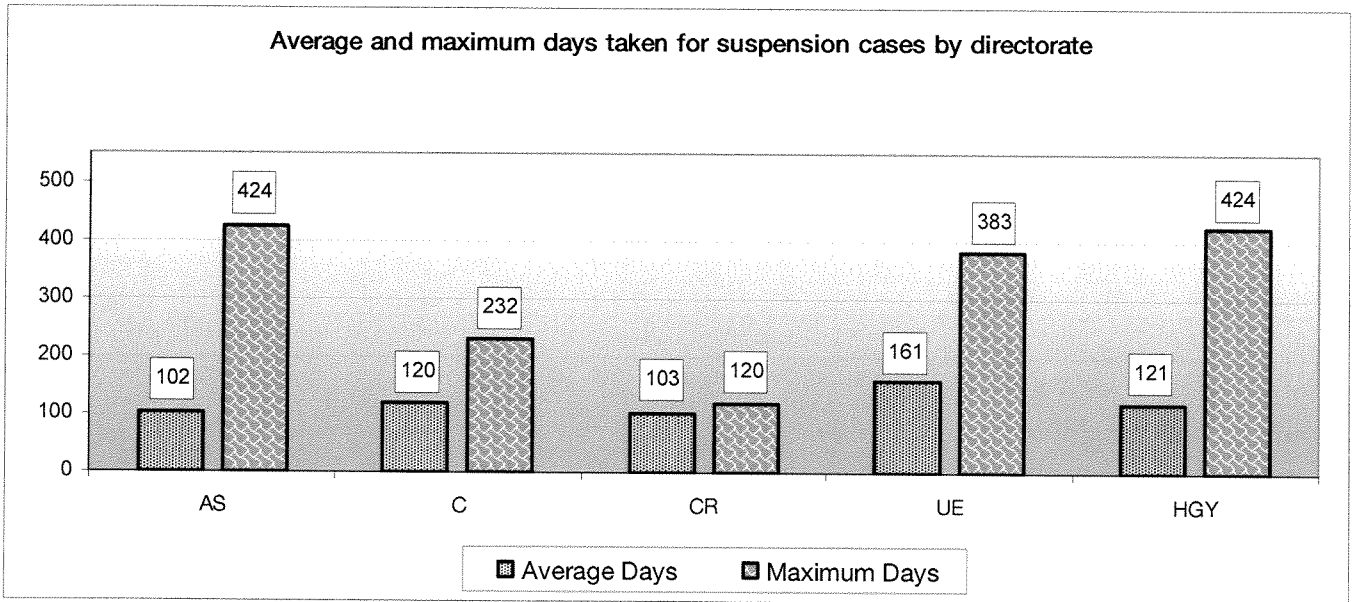| Summary of Suspension Cases	
Case status	Total
No. of cases heard	7
No. of cases not concluded	19
No. of cases not concluded - leaver	0
Total	26

Of the 26 suspensions, 7 cases have been heard.

The table below looks at the 26 suspension cases and identifies the no. of working days each case has taken. If the case has not concluded by the end of the period, the number of working days is calculated from the start date of the current disciplinary stage to the end of the quarter.
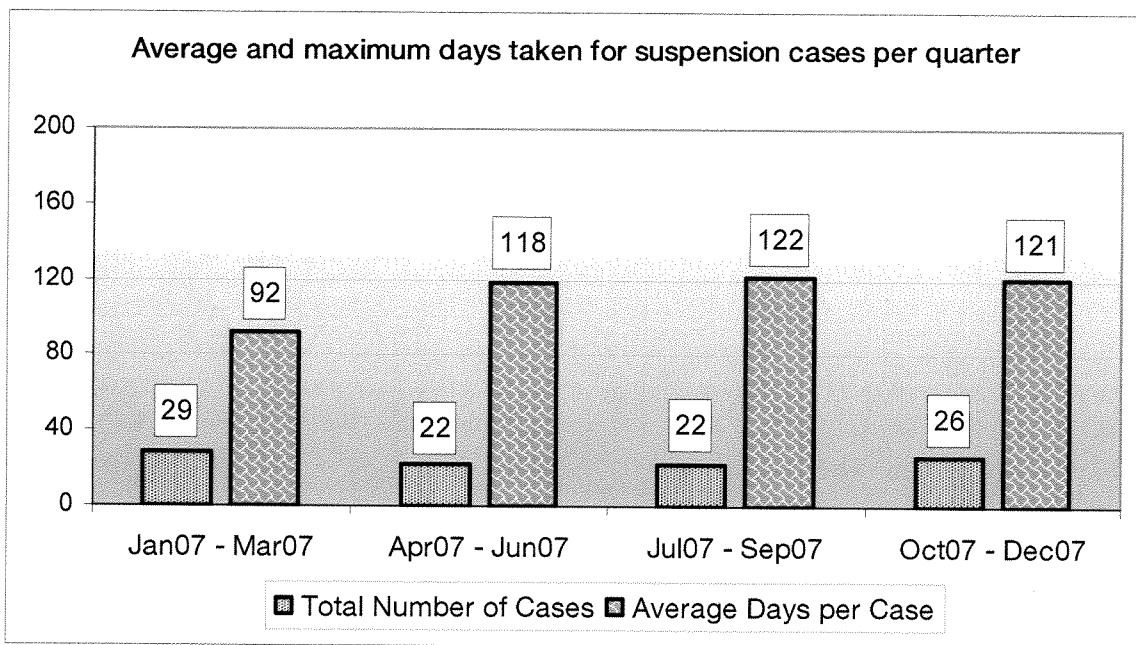
The table also identifies, by directorate, the average number of days suspension and the maximum days for a single case.

Timescales of Suspension Cases										
Directorate	1-60 days	61-120 Days	121-180 days	181-240 days	240+ days	Total cases	Total cases heard	Total no. of days taken for all cases	Avg. days	Max. days
AS	6	1	0	1	1	9	3	918	102	424
C	2	1	3	1	0	7	2	842	120	232
CR	0	4	0	0	0	4	1	413	103	120
PO	0	0	0	0	0	0	0	0	0	0
PP	0	0	0	0	0	0	0	0	0	0
UE	2	2	0	0	2	6	1	963	161	383
HGY	10	8	3	2	3	26	7	3136	121	424
Total cases heard	2	2	1	0	2	N/A	N/A	N/A	N/A	N/A

In this quarter, on average, 121 days were spent on each suspension case. This is a similar figure to the 1st and 2nd quarter of 2007/8.

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Average and maximum days taken for suspension cases by directorate

	AS	C	CR	UE	HGY
Average Days	102	120	103	161	121
Maximum Days	424	232	120	383	424

☐ Average Days   ☐ Maximum Days

The chart below looks at the number of suspension cases per quarter and highlights Haringey Council's average number of days per case.

Average and maximum days taken for suspension cases per quarter

	Jan07 - Mar07	Apr07 - Jun07	Jul07 - Sep07	Oct07 - Dec07
Total Number of Cases	29	22	22	26
Average Days per Case	92	118	122	121

☐ Total Number of Cases   ☐ Average Days per Case

The average number of days taken per suspension case has fallen by 5 days since December 2006, showing the benefit of the extra scrutiny and focus on management action that is continuously ongoing.

Although this is good and reflects that we have made an improvement from this time last year, the Council still aims to lower the average number of days taken per case to 70 days.