



Haringey Council

Agenda item:

[No.]

Audit Committee

On 24 June 2008

Report Title: **Internal Audit Progress Report – proposed format for 2008/09**

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 propose a revised reporting format for the quarterly internal audit progress reports.

2. Recommendations

2.1 That the Audit Committee reviews the proposals and approves the reporting format and processes, to be adopted from July 2008 and for the 2008/09 cycle of meetings.

Report Authorised by: **Chief Financial Officer**

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3. Local Government (Access to Information) Act 1985

3.1 List of background documents:

The following background documents were used in production of this report:

- Review of Effectiveness report to Audit Committee 29 October 2007
- Audit Committee minutes 29 October 2007.

4. Background

- 4.1 At the Audit Committee in October 2007, a report provided details of the how the committee would respond to the recommendations in the IPF Toolkit and the Audit Commission's Use of Resources report, which highlighted the need to review Haringey's audit committee and its effectiveness.
- 4.2 Although the IPF Toolkit is not mandatory, the issues and actions contained within it are considered to represent best practice. The majority of issues are already completed by Haringey and its Audit Committee and therefore the council can be seen to be complying with best practice in many areas. However, feedback and input from Members was used as part of the review in order to provide a framework for the future development and increased effectiveness of the Audit Committee.
- 4.3 Members wanted to ensure that the Audit Committee was a useful tool for the council and that this opportunity to improve effectiveness was used to enable members to become more engaged with the work of the committee.
- 4.4 One of the issues was raised was the quarterly reporting format, and the level of detail currently provided. Members considered that more regular information throughout the year, on a monthly basis, would allow the Audit Committee to focus on the key risks and issues facing the council during the formal Committee meeting.
- 4.5 As a result of the feedback it was agreed that, for 2008/09, a revised reporting process and format would be introduced. Taking account of Members' feedback, the proposed format for 2008/09 is attached at Appendix A.

5. Proposed reporting template

- 5.1 This proposed format applies to the work completed by Deloitte and Touche which supports the overall Head of Audit opinion and the s151 officer's assurance processes. It is proposed that the existing summaries and formats of the in-house investigations and overall HR disciplinary statistics remain the same. The Head of Audit and Risk Management will continue to provide a covering report for the quarterly summaries.
- 5.2 The main points to note in respect of the proposed quarterly report are:
- An overall summary of completed reports, providing details of the date when the audit was undertaken; the date of the final report; the assurance level; the direction of travel (providing a comparison against previous years); the number of recommendations made in each of the priority areas; and any further comments;
 - Where 'limited' or 'no' audit assurance level is indicated, a more detailed summary is included, based on the existing summary report;
 - An overall summary of work completed as part of the work on the Financial Management Standard in Schools (FMSiS);
 - An overall report on the outcome of audit follow up work, based on the existing reporting format; and

- A more detailed summary of progress in management's implementation of the Priority 1 recommendations made.
- 4.6 It is proposed that Members will receive summaries of completed audits on a monthly basis. The existing summary report format will be used (as included in the proposed report format), but details of all completed reports will be issued.
 - 4.7 If Members have any questions in relation to the monthly summaries, or wish to receive copies of the full report of any audits included in the summary, these should be directed to the Head of Audit and Risk Management.
 - 4.8 If, as a result of receiving the monthly report summary, Members wish to call individual Directors to the Audit Committee meeting to discuss the content of any individual report, or progress on any follow up actions, this should be discussed and agreed with the Chair of the Audit Committee.
 - 4.9 The reporting format will be reviewed on a regular basis, or in response to any changes to the CIPFA Code of Audit Practice, or other statutory or local requirements, and presented to the Audit Committee for formal approval.

**Internal Audit
Quarter 1 Internal Audit Report
2008/2009
London Borough of Haringey**

Deloitte & Touche Public Sector Internal Audit Ltd.
July 2008

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Executive Summary

Introduction

This is our first quarter report to the Audit Committee for the 2008/09 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 internal audit reviews. 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 Audit Committee. Members of the Committee will also be provided with full copies of our audit reports upon request.

All recommendations are agreed with Council officers, and any disputes are discussed prior to the final report being issued. All recommendations to address any control weaknesses highlighted within this report have been agreed. Officers' actions to address the recommendations, including the responsible officer and the deadline for completion, are fully detailed in the individual final audit reports.

The attached tables reflect the status of the systems at the time of the audit, and recommendations may already have been implemented by Council officers by the time the final report is issued and reported to the Audit Committee. The audits highlighted in **bold** are those not previously reported to the Audit 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 1 2008/09:

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Detailed summaries

Audit area	Scope	Status/key findings	Assurance
DIRECTORATE			
Audit Title	Details of the scope of the audit	Overall audit opinion. Summary of key findings, including areas where controls were found to be operating satisfactorily and key risk areas identified. Detailed Priority 1 Recommendations made.	Limited/No Assurance

Follow-up 2006/07 and 2007/08:

Follow Up 2006/07

AUDIT AREA	Assurance Level	Recommendations										Comments								
		Category				Implemented				N/A	Not Imp.		In Progress							
		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	0	1	0	1	4				
Programme Budget & Budget Control Reporting Independent Challenge	Substantial	1	6	0	7	0	4	0	4	3	0	0	0	0	0	0				
Equalities	Substantial	0	6	0	6	0	1	0	1	1	1	1	1	3						
Finance																				
Debtors	Substantial	1	5	0	6	0	1	0	1	0	1	0	4	1						
Cash Receipting	Substantial	0	5	0	5	0	4	0	4	0	1	0	1	0						
Creditors	Substantial	0	4	1	5	0	3	1	4	1	1	0	0							
Treasury Management	Substantial	0	3	0	3	0	2	0	2	0	1	0	0							
Strategic FM & Budgetary Control	Substantial	0	1	2	3	0	1	1	2	0	0	0	1							
Payroll & Expenses	Limited	0	9	2	11	0	4	1	5	0	6	0	0							
Council Tax	Substantial	0	1	1	2	0	1	1	2	0	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								
Environment																				
Waste Management	Limited	7	7	0	14	5	3	0	8	0	4	2								

AUDIT AREA	Assurance Level	Recommendations											Comments	
		Category				Implemented				Not Implemented				
		1	2	3	Total	1	2	3	Total	N/A	Not Imp.	In Progress		
Health and Safety-Environmental Services	Limited	3	3	0	6	0	0	0	0	0	0	1	5	
Parking Control and Enforcement	Substantial	1	4	0	5	0	3	0	3	0	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 implemented – officers have started implementation of recommendations

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2008/09

APPENDIX A

Detailed Progress Report - Implementation of Priority 1 Recommendations

Audit Area	Number of Priority 1 Recommendations	Original Implementation Deadline	Progress/Status	Comments/Update
Report Title				

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

July 2008

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