



# Havering

LONDON BOROUGH

## AUDIT COMMITTEE AGENDA

<b>7.30pm</b>	<b>Tuesday, 3 March 2009</b>	<b>Havering Town Hall Main Road, Romford</b>
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Members 8: Quorum 3

### **COUNCILLORS:**

#### **Conservative Group (5)**

David Grantham (C)  
Frederick Thompson (V.C)  
Gary Adams  
Michael Armstrong  
Roger Ramsey

#### **Residents' Group (2)**

Clarence Barrett  
Andrew Mann

#### **Rainham Residents Group (1)**

Mark Stewart

**For information about the meeting please contact:  
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# NOTES ABOUT THE MEETING

## 1. HEALTH AND SAFETY

The Council is committed to protecting the health and safety of everyone who attends meetings of its Committees.

At the beginning of the meeting, there will be an announcement about what you should do if there is an emergency during its course. **For your own safety and that of others at the meeting, please comply with any instructions given to you about evacuation of the building, or any other safety related matters.**

## 2. MOBILE COMMUNICATIONS DEVICES

Although mobile phones, pagers and other such devices are an essential part of many people's lives, their use during a meeting can be disruptive and a nuisance. Everyone attending is asked therefore to ensure that any device is switched to silent operation or switched off completely.

## 3. CONDUCT AT THE MEETING

Although members of the public are welcome to attend meetings of the Committee, they have no right to speak at them. Seating for the public is, however, limited and the Council cannot guarantee that everyone who wants to be present in the meeting room can be accommodated. When it is known in advance that there is likely to be particular public interest in an item the Council will endeavour to provide an overspill room in which, by use of television links, members of the public will be able to see and hear most of the proceedings.

The Chairman of the meeting has discretion, however, to invite members of the public to ask questions or to respond to points raised by Members. Those who wish to do that may find it helpful to advise the Committee Officer before the meeting so that the Chairman is aware that someone wishes to ask a question.

**PLEASE REMEMBER THAT THE CHAIRMAN MAY REQUIRE ANYONE WHO ACTS IN A DISRUPTIVE MANNER TO LEAVE THE MEETING AND THAT THE MEETING MAY BE ADJOURNED IF NECESSARY WHILE THAT IS ARRANGED.**

If you need to leave the meeting before its end, please remember that others present have the right to listen to the proceedings without disruption. Please leave quietly and do not engage others in conversation until you have left the meeting room.

## **AGENDA ITEMS**

### **1. CHAIRMAN'S ANNOUNCEMENTS**

The Chairman will announce details of the arrangements details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

### **2. APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS**

### **3. DECLARATION OF INTERESTS**

Members are invited to declare any interests in any of the items on the agenda at this point of the meeting. Members may still declare an interest in an item at any time prior to the consideration of the matter.

### **4. MINUTES**

To approve as a correct record the minutes of the Committee meeting held 09 December 2008 and to authorise the Chairman to sign them.

### **5. EXTERNAL AUDIT PROGRESS REPORT - *Verbal***

### **6. INTERNAL AUDIT PROGRESS REPORT**

### **7. FRAUD PROGRESS REPORT**

### **8. INTERNAL AUDIT STRATEGY & 2009/10 AUDIT PLAN**

### **9. URGENT BUSINESS**

To consider any other item in respect of which the Chairman is of the opinion, by reason of special circumstances which shall be specific in the minutes that the item should be considered at the meeting as a matter of urgency.

**10. EXCLUSION OF THE PUBLIC**

To consider whether the public should now be excluded from the remainder of the meeting on the grounds that it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public were present during those items there would be disclosure to them of exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972; and, if it is decided to exclude the public on those grounds, the Committee to resolve accordingly on the motion of the Chairman.

**11. CONSIDERATION OF REPORTS CONTAINING EXEMPT INFORMATION**

**Cheryl Coppel**  
Chief Executive

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE  
Havering Town Hall, Romford  
9 December 2008 (7.30pm – 8.50pm)**

**Present:**

**COUNCILLORS**

**Conservative Group** David Grantham (in the Chair), Gary Adams, Roger Ramsey, and Frederick Thompson.

**Residents' Group** Clarence Barrett

Apologies for absence were received from Councillors Michael Armstrong and Andy Mann.

All decisions were made with no member voting against.

The Chairman advised the Committee of action to be taken in the event of emergency evacuation of the Town Hall becoming necessary.

The Chairman also welcomed representatives of Audit Commission and Price Waterhouse Coopers.

There were no declarations of interest

**20. MINUTES**

The minutes of the meeting held on 16 September 2008, were agreed as a correct record, subject to the amendment of minute 15 to read ' It was reported that in comparison to neighbouring local authorities the Council's systems and procedures were considered good.' in the last line of the penultimate paragraph. and the minutes were subsequently signed by the Chairman.

**21. ICELANDIC BANKS**

The Group Director, Finance and Commerce presented a verbal up date on the Council's deposits with the Icelandic Banks. Immediately following the downgrading of the Icelandic Banks the Group Director had undertaken an internal review of procedures which concluded that the council policy and procedures had been followed in relation to the deposits. A copy of her report had been provided to, and discussed with, the Group Leaders. As a matter of prudence Price Waterhouse Coopers had been asked to carry out an external review of the Council's internal

arrangements. Their report would be submitted to the Chairman and this Committee.

The Council had invested £6.5 m with the Heritable bank and £6m with the Landsbanki. The Resolution Committee is in the process of establishing a new Landsbanki and an old Landsbanki. If the Council's money is deposited with the new bank the deposits should be more accessible as the new bank is for Icelandic domestic depositors. If it is with the old bank, it would take sometime to resolve and is more uncertain.

Heritable Bank was registered in the UK. The appointed administrator has reviewed the business. The first creditors meeting had been held on Monday and we were still awaiting a report back from our representatives. The Lead Member for Finance and Commerce advised the Committee that he had read through the report of the Administrators to the Heritable creditors and it appeared that at the time the bank was downgraded their assets matched their liabilities, so it was likely creditors would receive a substantial dividend.

Members noted that the Council had been advised that the Government had issued regulations exempting authorities from accounting for any losses until 2010/2011. Under the current regulations the lost funds would need to be treated as an impairment to the revenue accounts, however, ideally the council would wish to spread any impairment across years

The Committee also noted that the Council's cash flow had not been adversely affected by this situation and was being managed. Treasury management arrangements had been changed to ensure the Council only deposit funds with the seven British banks with access to Bank of England funds for three month periods only. This may cause problems as it was predicted that the Bank of England rate could fall to  $\frac{1}{2}$  % by 31 March so officers were investigating the possibility and feasibility of investing funds for a longer period.

The Council's Treasury management decisions were influenced by advice given by Sector Treasury Management Services Ltd (Sector) who provide Fitch ratings for individual banks. Members noted that officers meet with Sector regularly to review arrangements, indeed one week before the crisis the Council were advised it had a strong portfolio of investments.

Officers were looking to ensure that Sector had met all their obligations during this vital period.

Even if we had had sufficient notice of potential problems our investments were for fixed periods and in such circumstances early withdrawal would have meant a loss of principal. Similarly to have stopped investing in the Icelandic Banks in the face of satisfactory ratings that they were sound would have meant a subjective judgement being taken which has obvious risks and issues for accountability.

The Council noted the report and requested that the Chairman be kept informed of any new developments.

## 22. AUDIT COMMISSION PROGRESS REPORT

The Audit Commission presented their report detailing work they had completed since the last meeting, and of the work completed during the rest of the financial year. The Committee noted that the Audit Commission had issued unqualified audit opinions on the Council's financial statements, on 30 September 2008, and on the Whole of Government Accounts on 24 October 2008. An unqualified value for money conclusion had been issued on 30 September 2008. The Use of Resources assessment had been completed and the Group Director, Finance and Commerce notified of the Council's draft scores on 11 November 2008.

It was reported that the Audit Commission had completed their review of the Council's arrangements for ensuring data quality and found them to be adequate. They had reviewed a sample of 5 of the Council's published performance indicators, of which 3 required amendment. Two of the three required only minor amendment whilst the third in respect of BV165, Pedestrian Crossing with disabled facilities required some amendment. The fact that three out of five indicators needed amendment was not unusual as the selection is risk focused.

The Committee have **noted** the contents of the report.

## 23. INTERNAL AUDIT PROGRESS REPORT

The Committee considered the report of the Internal Audit & Corporate Risk Manager on work undertaken by the internal audit team during the period 1 July to 30 September 2008. At the end of September 35% of the audit plan had been delivered. Performance was 5% behind the profiled plan due to delays in recruitment and variations in annual leave plans from those anticipated at the start of the year.

It was noted that of the eleven audits completed during this period ten had received an Unqualified Opinion, the exception being E Payments which received a qualified opinion. The Committee were advised, by the Head of Business Systems, that the supplier of the APACS Security Module, ANITE, was carrying out final testing of new software which would deliver changes to allow the system to operate in a PCI-DSS compliant environment. It was anticipated that this would be put into live operation early December. The APACS server was a PC application in a secure environment and the password restrictions on the machine complied with what was currently in place across the rest of the LAN (Local Area Network).

In response to concern that reconciliation was not being carried out in a number of areas the Committee were advised that whilst there was no current check to ensure all write offs processed on the system had been authorised, a number of high level reconciliations were undertaken and that in the specific case mentioned in the Registrars audit that the team had only recently become local authority employees and were in the process of reviewing/introducing robust systems to meet our requirements.

A number of other minor issues were raised and discussed with officers providing explanations where required.

The Chair requested further information be provided to members following the meeting with regard to two outstanding audit recommendations.

The Committee have noted the contents of the report and received responses from officers on the specific areas of concern as detailed above.

## **24. HOUSING BENEFIT FRAUD**

The Committee considered the report which detailed the work and performance of the Benefit Investigation Section during the period 1 April to 30 September 2008.

Local Authorities were empowered by S151 of the Local Government Act 1972 to undertake housing and council tax benefit fraud investigations and prosecute offenders. At October 2008 there were 17,952 claimants for housing and council tax benefit.

The report advised that the Benefit Investigation Section received referrals from a number of sources including anonymous tip offs, External Organisations and Internal Departments. During Quarter One referrals from the Department of Work and Pensions (DWP) had been suspended following the loss of data by the DWP. Despite this 355 cases had been referred for investigation during this period.

Every two years the Audit Commission run a data matching exercise, the National Fraud Initiative which was designed to help participating bodies identify possible cases of fraud and detect and correct any consequential under or overpayments from the public purse. The last exercise took place in 2007 where a total of 2,817 original matches involving Housing Benefit and Council Tax Benefit were identified. 224 were the subject of further investigation and this resulted in fraud being established in only five cases, with two resulting in an Official Caution and a third in an Administrative Penalty. Two cases were still being investigated and could come to prosecution shortly. The next exercise was due in January 2009.

The severity of the sanction was determined by the circumstances surrounding the offence. Guidance to assist in determining the sanction was provided in the Council's Benefit Fraud Policy which considered a range of issues including:

- The factors surrounding the offence,
- The amount defrauded,
- The evidential test, and
- The test of public interest.

Overpayments were identified and classified as fraudulent following an investigation and recommendation from the Benefits Investigations Section. The Council's commitment to recovering overpayments was a tool in the authority's corporate strategy for the prevention and detection of fraud and corruption. With regard to subsidy and expenditure, fraudulent overpayments are recorded as an eligible



overpayment and the Authority receive 40% subsidy from the DWP. For the purposes of overpayment recovery, any Housing Benefit overpayment that was fraudulent could be recovered at a higher rate from ongoing entitlement if the claimant had either:

- Been found guilty of an offence whether under statute or otherwise, or
- Made an admission after caution of deception or fraud for the purpose of obtaining relevant benefit, or
- Agreed to pay a penalty under section 115A of the Social Security Administration Act 1992.

When recovering overpayments from ongoing entitlement, the standard maximum rate of recovery was £9.15 per week from 1 April 2008. If the overpayment had arisen as a result of fraud this figure increased to £12.00 per week. In addition to the above rates of recovery, the local Authority could increase deductions by 50% of certain disregards, if applicable, for

- Earnings
- Regular charitable income or voluntary payments
- War Disablement Pension or War Widows pension

Since April 2008 the value of fraud overpayments created was £313,947. The recovery of overpayments was a long term commitment and the Council only needed to recover 60% of the debt with the DWP refunding 40% of the overpayments.

A key task was the raising of awareness to combat fraud in the benefit system. It was difficult to quantify the success of the various campaigns run by the Council and others, but the Council look to be cost effective and in the last financial year spent just £2,000 on awareness campaigns. In addition the council was allowed to use one side of the JC Decaux advertising boards. The next campaign would be designed by students at the college.

It was reported that in the last three years, there had been three unsuccessful attempts to recruit a permanent Principal Investigations Officer; therefore, this role had been filled by an Interim. However, the Government's agenda to work in partnership, improve efficiency and share services had prompted Benefits Services to seek out fraud management services from its colleagues in neighbouring boroughs. Redbridge and Tower Hamlets' Councils had both expressed an interest in providing management assistance in Benefit Fraud and a specification was currently being drafted to identify requirements.

With regard to anonymous tips the Committee were advised that in many cases there was insufficient evidence to proceed so the rate of successful investigations was relatively low. Another area of concern was the increase in living together where the Council had a low rate of successful prosecution although the number of cases was rising. This was because the section did not have sufficient resources to carry out an on-going investigation including long term observation of alleged living together cases.

Members welcomed this first full report on the work in respect of benefit fraud and asked for additional information in future reports to include comparison with previous years and benchmarking against other local authorities.

We have noted the report and received full responses to all our questions.

## **25. ANNUAL REVIEW OF RISK MANAGEMENT ARRANGEMENTS**

The committee were advised that Risk Management arrangements are subject to continuous scrutiny and review by officers and that this has particularly been the case in the last year as efforts are on-going to integrate and embed Risk Management into all business processes.

The report presented provided details of the formal annual review, which took place as planned during October and November, of risk management and an update on developments during the last year and new initiatives going forward including the identification of risk in the service planning process.

The committee were informed that as part of the annual review the Risk Management strategy had been refreshed but that only minor changes had been required to reflect the developments during the year including the introduction of an operational Risk Management Group to meet as a sub group of the strategic Risk Management Group.

The Corporate Risk Register had been reviewed by the Corporate Management Team in November, the graphical summary was discussed and the changes to risk ratings highlighted to members.

The Committee received detailed responses to all our questions from officers and noted that a detailed action plan in response to the credit crunch had been prepared and discussed with the Lead Member for Finance and Commerce.

Members suggested that the movements in risk were included in the graphical summary in future.

Questions were raised regarding recruitment and retention, the ratings for risk 21 and 10 and the olympics. Officers provided responses to all questions posed.

The Committee have agreed to:

1. reaffirm our role as having overall responsibility for overseeing Risk Management arrangements;
2. note the work continuing to take place on Risk Management;
3. note the Corporate Risk Register and consider that with the exception of the Credit Crunch all the appropriate key corporate risks were included; the actions being taken were sufficient; the ratings were accurate and sufficient progress was being made;
4. approve the Risk Management Strategy;

Audit Committee 9 December 2008

5. note the Policy Statement; and
6. proceed with the planned Risk Management training in March, which should concentrate any changes which arise in the following months.





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MEETING	DATE	ITEM
AUDIT COMMITTEE	3 MARCH 2009	6

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## **REPORT OF THE CHIEF EXECUTIVE**

**SUBJECT: INTERNAL AUDIT PROGRESS REPORT**

### **SUMMARY**

This report advises the Committee of the systems work undertaken by the internal audit team during the period 01 October to 31 December 2008.

### **RECOMMENDATION**

1. To note the contents of the report.
2. To raise any issues of concern and ask specific questions of officers where required.

### **REPORT DETAIL**

The progress report contains an update to the Committee regarding Internal Audit activity presented in five sections.

#### **Section 1. Audit Work 01 October – 31 December 2008**

A summary of the progress made to deliver the plan in quarter three is detailed in this section of the report.

#### **Section 2. Management Summaries**

Summaries of all final reports issued in the period are included.

#### **Section 3. Follow Ups**

Results of the two qualified reports, Use of Consultants and Asbestos Management, are detailed in this section of the report.

#### **Section 4. Key Performance Indicators**

The key performance indicators for the audit team are outlined in this section of the report; along with current performance.

## **Section 5. Budget & Resource Information**

The budgetary position at the end of December along with forecasted positions for each quarter and year end are included for information. Information is also highlighted regarding the team's resources.

## **Section 6. Outstanding Audit Recommendations Tables**

The details regarding status of all prior year outstanding recommendations are included within tables for information.

### **Financial implications and risks:**

By maintaining an adequate audit service to serve the Council, management are supported in the effective identification and efficient management of risks. Failure to maximise the performance of the service may lead to losses caused by insufficient or ineffective controls or even failure to achieve objectives where risks are not mitigated. In addition recommendations may arise from any audit work undertaken and managers have the opportunity of commenting on these before they are finalised. In accepting audit recommendations, the managers are obligated to consider financial risks and costs associated with the implications of the recommendations. Managers are also required to identify implementation dates and then put in place appropriate actions to ensure these are achieved. Failure to either implement at all or meet the target date may have control implications, although these would be highlighted by any subsequent audit work. There are no financial implications or risks arising directly from this report.

### **Legal implications and risks**

None arising directly from this report

### **Human Resource implications and risks**

None arising directly from this report

### **Equality and Social Inclusion implications**

None arising directly from this report

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**Cheryl Coppell**  
**Chief Executive**

### Background Papers List

None.

## **Section 1 Audit Work 1<sup>st</sup> October 2008 – 31<sup>st</sup> December 2008**

At the end of December 65% of the audit plan had been delivered. Performance is 1% behind the profiled plan this is due to delays in recruitment and variations in annual leave plans from those anticipated at the start of the year. Despite this other key performance indicators remain on target.

Schedule 1 details the final reports that were issued between October and December 2008. Details are listed in the table below and management summaries under Section 2 starting on page 5.

### **SCHEDULE 1: 2008/2009 Audits Completed To Final Report Stage**

Report	Opinion	Recommendations				Ref below
		High	Med	Low	Total	
New Stock System – Library	Unqualified	0	0	0	0	2(1)
Asylum Seekers	Qualified	6	5	3	14	2(2)
Pensions	Unqualified	0	2	0	2	2(3)
Commissioning of Works	Qualified	3	0	0	3	2(4)
Data Back Up Procedures	Unqualified	0	1	1	2	2(5)
IT Strategy	Unqualified	0	0	0	0	2(6)
Project Management	Unqualified	0	5	0	5	2(7)
Community Strategy Procedures	Unqualified	0	0	0	0	2(8)
Licensing	Unqualified	1	2	0	3	2(9)
Creditors	Unqualified	0	1	0	1	2(10)
<b>Total</b>		<b>10</b>	<b>16</b>	<b>4</b>	<b>30</b>	

## **Section 2 Management Summaries**

<b>New Stock System - Library</b>	<b>Schedule 2(1)</b>
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### **2.1.1 Background**

2.1.2 The London Borough of Havering (LBH) joined the London Libraries Consortium in order to reduce costs, implement a more efficient system for ordering, supply and payment of books to libraries across the borough and provide a wider service for users.

2.1.3 The budget for purchase of books and materials for libraries in LBH during 2008/09 is approximately £300,000 revenue and £200,000 capital.

### **2.1.4 Summary of Audit Findings**

2.1.5 The system controls and processes in place have been found to be effective.

### **2.1.6 Audit Opinion**

2.1.7 No recommendations have been raised as a result of this audit.

2.1.8 An **Unqualified** audit opinion has been given as the audit has found that the system of control is generally in place.

<b>Asylum Seekers</b>	<b>Schedule 2(2)</b>
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### **2.2.1 Background**

2.2.2 Upon arriving in the UK, unaccompanied asylum seeking minors (UASM) have no identification, information, documentation or guardians. All Local Authorities have an obligation to provide accommodation, education, health and other necessary services to asylum seeking children.

2.2.3 Due to the legislative restrictions on single adult asylum applicants there has been a rise in adults claiming to be children.

2.2.4 Currently the London Borough of Havering Unaccompanied Minors team supports approximately 68 asylum seekers.

2.2.5 In 2007/2008 the budget for Asylum Seekers was 346K. The budget for 2008/09 is 317K.

### **2.2.6 Summary of Audit Findings**

2.2.7 The legislation under which each of the unaccompanied asylum seeking minors are being supported is not clearly set out within the management information retained.



- 2.2.8 Criminal clearance disclosures have not been updated after three years in line with Corporate requirements.
- 2.2.9 There is a lack of documented procedures within the service setting out roles and responsibilities as well as segregation of duties and information in relation to the prevention and detection of fraud in conjunction with the Data Protection Act.
- 2.2.10 There are insufficient controls in place to ensure that grant claim submissions contain all relevant cases and that information is accurate.
- 2.2.11 Key documentation is not transferred over to new files prior to archiving and management spot checks are not being carried out.
- 2.2.12 No form of identification is required to be produced by individuals collecting payments from the Authority.
- 2.2.13 Regular visits to properties housing unaccompanied asylum seeking minors supported by the Authority are not being carried out.
- 2.2.14 Checks are not being undertaken to establish whether UASMs are receiving benefit payments from other authorities.
- 2.2.15 A potential overpayment made to property providers receiving housing benefit payments for individuals that are financially supported by the Authority.
- 2.2.16 Relationships with departments within the Authority that could provide sound advice and support in relation to the provision of the service have not been forged, such as Legal and Housing.
- 2.2.17 Lack of tenancy agreements / contracts between the Authority and providers for the provision of accommodation.
- 2.2.18 A list of accommodation providers is not in place.
- 2.2.19 There are no controls in place to ensure key documentation required is obtained for all current and new property providers.
- 2.2.20 Records relating to supported individuals and expenditure are not sufficient to allow effective management information to be produced and safeguard from financial loss to the Authority.
- 2.2.21 The current Asylum Seekers database used to retain core and financial information is antiquated, corrupt and inaccessible by most of the service.
- 2.2.22 Cost codes do not meet the needs of the service provision in relation to adequate coding of expenditure to allow for the provision of accurate budget monitoring and forecasting.

2.2.23 A memo was issued to relevant managers during the audit, setting out the six high level issues identified during the review. This audit report encompasses all issues identified within the review.

### 2.2.24 Audit Opinion

2.2.25 As a result of this audit we have raised six high, five medium and three low priority recommendations.

2.2.26 Recommendations raised relate to:

- the lack of clarity regarding the legislative or policy requirements that determines
- the type of support the authority provides to the young people;
- The accuracy, completeness and availability of management information in information relating to the young people and payments made;
- The absence of accommodation contracts and long term accommodation strategy;
- The need for relationships to be forged with other services that may be able to provide support and advice;
- The insufficient expenditure coding to adequately meet the reporting needs of the service; and
- The lack of documented procedures within the service area.

2.2.27 A **Qualified** audit opinion has been given as weaknesses have been identified in the system of control, which could result in key risks materialising including the failure to detect error or fraud.

<b>Pensions</b>	<b>Schedule 2(3)</b>
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### 2.3.1 Background

2.3.2 The London Borough of Havering (LBH) has a partnership arrangement with the London Borough of Redbridge in order to reduce costs and share knowledge and data.

2.3.3 From 1 April 2008 changes to the Local Government Pension Scheme (LGPS) have been introduced affecting pension contribution rates and the implementation of new, or amendments to existing LBH procedures.

### 2.3.4 Summary of Audit Findings

2.3.5 Communication and control of data flow between the Human Resources (HR), Payroll and Pension teams was identified as an issue.

2.3.6 Audit testing on the secondary checks carried out by Pensions staff on final salary calculations confirmed the need for this to continue.

### 2.3.7 Audit Opinion

2.3.8 As a result of this audit we have raised two medium priority recommendations.

2.3.9 The recommendations relate to the need for an improvement in the communication and data flow between the Pensions, Payroll and HR teams and a review of the level of checks carried out and subsequent errors identified in the Pensions team.

2.3.10 An **Unqualified** audit opinion has been given as the audit has found that the system of control is generally in place and any recommendations being made are to enhance the control environment.

<b>Commissioning of Works</b>	<b>Schedule 2(4)</b>
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### 2.4.1 Background

2.4.2 The London Borough of Havering (LBH) operated a 'Technical Services Partnership Agreement' until 31 December 2007 when it expired. A review of the current position and possible future provision of Technical Services was carried out. As a result it was decided to divide the Service into two contracts, one contract for Architectural and Surveying Services (Property) and another one for Civil Engineering (Highways).

2.4.3 Both contracts were awarded to Jacobs UK Ltd in January 2008. The Architectural and Surveying Services (Property) contract is for ten years with an option to extend for a further five years. The Civil Engineering (Highways) contract is for five years with an option to extend for a further five years.

2.4.4 The value of the Architectural and Surveying (Property) contract could be in the region of £1 – 2 million depending on the amount of receipts realised from the sale of assets. This is of course uncertain given the current economic conditions.

2.4.5 The value of the Civil Engineering (Highways) contract is in excess of £230,000.

2.4.6 On 1 July 2008 the responsibility for the Engineering (Highways) contract was transferred from Technical Services within the Finance and Corporate Directorate to Streetcare in the Culture and Community Directorate.

### 2.4.7 Summary of Audit Findings

2.4.8 Neither of the Jacobs contracts has been signed by either party even though they have been in operation since January 2008. Officers are applying the Financial Submission fees and a copy of this document was supplied to audit, however, neither the original Contract nor original Financial Submission documentation was available for the audit.

2.4.9 Corporate Asset Management Group (CAMG) are putting procedures in place to identify if works are commissioned outside the Technical Services system.

Recently a new system has been set up by CAMG to report monies charged to Capital Budgets which identify any works commissioned outside the Official system. It is planned to extend this system to include Revenue spend and to have both reports produced on a quarterly basis.

2.4.10 There is no official system for allocation of works.

2.4.11 There is no official monitoring function for works allocated.

2.4.12 Invoices are thoroughly checked and monitored and where necessary challenged and monies credited. This is subject to the condition in paragraph 2.4.8.

2.4.13 Currently all invoices relating to both Jacobs' Contracts are processed within Technical Services, however, this cannot continue because the resource will be required to carry out other administration work such as performance management.

2.4.14 Client Service Areas are recharged for works carried out and the testing showed that not all the transactions were charged as required by the 'How to use Technical Services' document.

2.4.15 The new contracts were subjected to the official competitive tendering process as detailed in the LBH Contract Procedure Rules. It would therefore seem a reasonable assumption that the schedule of rates is an accurate reflection on the market rate for works carried out.

2.4.16 There is a Trading Account for Technical Services. Part of this system processes payments to Jacobs and calculates recharge rates to client service areas. However, confidence in the Trading Account and its resulting calculations are being challenged by officers within Technical Services and is supported by the Head of Asset management. There is a planned review of how the Trading Account is managed. In light of this it has been decided to not include the Trading Account in the audit.

2.4.17 Payments are made to Jacobs UK Ltd through the Trading Account and then passed to Creditors for a BACS payment.

#### **2.4.18 Audit Opinion**

2.4.19 A **Qualified** audit opinion has to be given as weaknesses have been identified in the system of control which could result in key risks materialising.

<b>Data Back Up Procedures</b>	<b>Schedule 2(5)</b>
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## 2.5 Background

- 2.5.1 The Council's data centre is currently located next to the Town Hall and is host to all Council servers.
- 2.5.2 The Council is currently in the process of finalising a contract with ANIX in which all current data centre and equipment will now be hosted by ANIX. A detailed contract will be available in the near future to define the tasks to be performed by ANIX and the council.
- 2.5.3 The current infrastructure will reside with ANIX and disaster recovery and tape management will be their responsibility.
- 2.5.4 The target implementation deadline for the decision is planned for the third quarter of 2009/10.

### 2.5.5 Summary of Audit Findings

- 2.5.6 Although server locations have been documented in the inventory spreadsheet and are updated when ever a new server is bought, the spare license locations are not documented.
- 2.5.7 The Council's off site tape storage location is on the 11th floor of Mercury House. Tapes are stored at this location in tape cabinets that are not fire proof.

### 2.5.8 Audit Opinion

- 2.5.9 As a result of the audit we have raised two recommendations one of medium priority and one low priority.
- 2.5.10 Recommendations relate to the documentation of storage location for spare licenses and the provision of a fire proof safe to securely store the Council's data at the off site location.
- 2.5.11 An **Unqualified** audit opinion is given as the audit has found that the system of control is generally in place and that any recommendations being made are to enhance the control environment.

<b>IT Strategy</b>	<b>Schedule 2(6)</b>
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### **2.6.1 Background**

2.6.2 The Information and Communications Technology (ICT) Strategy which underpins the development of business change projects has a high risk profile within the Council's audit programme. An important objective of the Council is to head towards technology enabled government; therefore an adequate ICT Strategy is key in achieving the requirements of this and capturing service requirements.

2.6.3 The Council has a documented ICT Strategy, which is published on the intranet; the strategy covers a three year period from 2008 to 2011 and is reviewed and updated on an annual basis following input from key officers from within the Council.

2.6.4 Primary ownership of the ICT Strategy is with the Head of Business Systems and sponsorship of the strategy is achieved from the IT Strategy and Programme Board which comprises a number of IT users from across the Council.

2.6.5 The ICT strategy has taken into account the strategic technology required to deliver against the Council's business needs as defined in the Corporate Plan and the supporting service plans as well as external influences such as t-government.

2.6.6 Corporate and business level needs are identified and reflected in the strategy through a consultation with Council services. The strategy was found to be highly influenced by the needs of the organisation (individual services) and has resulted in prioritised projects and deliverables.

2.6.7 A corporate risk assessment has been carried out to identify key ICT risks. The Risk Register is maintained and monitored by the Programme Office, and was last updated in July 2008.

2.6.8 A follow up of the 2006/07 IT Strategy Audit was also conducted; the audit identified two areas for improvement, which subsequently resulted in two recommendations. Both recommendations were found to be fully implemented. The first recommendation related to an omitted risk within the ICT Business Risk Register, this item was found to have been included in the April 08 Risk Register and was identified as 'closed'. The second recommendation related to the ICT Strategy Board adequately communicating with the Project Board, however, there is now a newer ICT Strategy & Programme Board which includes both the remits of the previous two boards removing the risk of inadequate communication between two separate boards.

### **2.6.9 Summary of Audit Findings**

2.6.10 We have raised no recommendations in this report.

## 2.6.11 Audit Opinion

2.6.12 As a result of this audit we have raised no recommendations.

2.6.13 An **Unqualified** audit opinion has been given.

<b>Project Management</b>	<b>Schedule 2(7)</b>
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### 2.7.1 Background

2.7.2 Project Management is a key function in the delivery of new systems and services and this seeks to establish strong project governance to help assist in the successful implementation of Council IT projects. Our audit looked to examine two IT projects that the Council has embarked upon to develop its existing IT environment. The two projects that were selected with the assistance of the Programme Management Office were the implementation of the Mayrise Street Lighting system project and the project for the management of repairs to the IT Data Centre.

2.7.3 Project management governance within the Council currently includes a Programme Board and Programme Office. It is intended that both project management and programme management will fall within the scope of the newly created post of Assistant Director for Business Transformation.

2.7.4 The London Borough of Havering "Havering" have developed a project management toolkit which includes the requirement for the completion of key project documents such as a documented Business Case, Project Initiation Document (PID), Risk and Issues logs, in addition to other supporting documentation. All key project documentation was found to be in place for both the projects sampled. We are also pleased to note that End of project reports, including sign off, transfer of issues to the operational environment and lessons learned reports were completed for the projects examined

2.7.5 The project management methodology used within the Council is based on PRINCE2 and the extent that this is applied is dependent on the scale of the project, however, all projects will include the completion of some standard documentation. The project toolkit is currently under review to update the toolkit with the changing demands within Havering

### 2.7.6 Summary of Audit Findings

2.7.7 A project quality assurance function should be put in place to ensure that issues such as fully completed and updated documentation and other house keeping tasks are maintained and completed. This would also help to provide some assurance that the project is being delivered to the required standard.

2.7.8 There is no escrow arrangement in place for the source code of the Mayrise system. Mayrise is supplied by a smaller company and the identification of an escrow arrangement was not identified to assist in ensuring that

contingency arrangements were in place into ensure the sustainability of the project.

2.7.9 System requirement specifications could not be obtained for the Mayrise system. Expected functionality and features should be tested against the specification to ensure the expected product is received.

2.7.10 Prior to the implementation of any new system, changes in working practices and business processes should formally be assessed and planned. There was limited evidence that this had occurred for the Mayrise project prior to implementation.

2.7.11 There is currently no process in place to assess whether expected benefits as identified in the Business Case have been realised, although a lessons learned process is established

### **2.7.12 Audit Opinion**

2.7.13 As a result of this audit we have raised 5 medium priority recommendations.

2.7.14 In order to further improve the control environment, management need to ensure that:

2.7.15 A project quality or assurance function responsibility is established as a standard role on all projects and this should review the deliverables of all projects.

2.7.16 Management should ensure that the sustainability of the Mayrise application is investigated to provide for coverage in the event of the system supplier being unable to meet its obligations due to operational difficulty. This could include the use of escrow agreements.

2.7.18 A System Requirement specification should always be developed, agreed and tested against for all projects.

2.7.19 Business processes need to be assessed and redesigned/engineered where necessary for all projects. This should seek to identify what improvements are required from the system, to ensure that new systems delivered by projects are able to deliver these improvements.

2.7.20 All projects should undergo a benefits realisation review to identify how successful the project has been at delivering the improvements identified in the PID.

2.7.21 An **Unqualified** audit opinion has been given as the audit has found that the system of control is generally in place and any recommendations being made are to enhance the control environment.



<b>Community Strategy Procedures</b>
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<b>Schedule 2(8)</b>
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**2.8.1 Background**

2.8.2 The LAAs are the delivery plans of the Community Strategy based on local needs and to help bring decision-making closer to local people. The Havering Strategic Partnership (HSP) provides the structure to link the Community Strategy to the wider community.

2.8.3 The LAAs are three year contracts. LAA1 was based on 12 stretch targets beginning in 2007/08 while LAA2 reflects the new assessment under the Comprehensive Area Assessment (CAA) and is based around 32 National Indicators (NIs) beginning in 2008/09.

**2.8.4 Summary of Audit Findings**

2.8.5 The controls and processes in place surrounding the Community Strategy have found to be effective.

2.8.6 Links in Havering Performs (HP) to the Community Strategy goals and priorities are unclear. As this may translate to service plans management should ensure evidence is clear and can be presented to support achievement of the goals and priorities.

2.8.7 The Policy Co-ordinator, HSP post will be vacant from 26 January 2009. Audit testing has provided assurance that there are adequate controls in place to ensure the system will continue to be effective and that robust procedure notes will be left. However, there is a concern that tacit knowledge and understanding will be lost and there may be a possible effect on the relationships that have been built up with the Government Office for London (GOL) and other partners.

**2.8.8 Audit Opinion**

2.8.9 No recommendations have been raised as a result of this audit.

2.8.10 An **Unqualified** audit opinion has been given as the audit has found that the system of control is generally in place.

<b>Licensing</b>
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<b>Schedule 2(9)</b>
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**2.9.1 Background**

2.9.2 The Council is required to issue and regulate licenses in accordance with the Licensing Act 2003 which came into force on the 24<sup>th</sup> November 2005. The act promotes four licensing objectives:

- Prevent crime and disorder;
- Ensure public safety;
- Prevention of public nuisance; and

- Protect children from harm.

2.9.3 Under the 2005 Gambling Act, the London Borough of Havering has a duty to licence premises where gambling takes place as well as the licensing of certain activities. The licensing authority is guided by the Gambling Commission's Guidance and must have regard for the licensing objectives set out in the Gambling Act.

2.9.4 Special treatment licenses cover services such as acupuncture, cosmetic-piercing, massage, semi-permanent make-up, tattooing, chiropody, electrolysis, pedicure, reflexology and manicures.

2.9.5 As the three areas generating the largest income, the audit looked at gambling licences, premises licenses and special treatment licences.

2.9.6 A separate internal audit review will be carried out to cover those licenses which are the responsibility of Trading Standards to issue.

### **2.9.7 Summary of Audit Findings**

2.9.8 Underpayments of gambling fees were identified as fees related to the previous financial year. Errors in dates applied to Special Treatment Licenses were also noted.

2.9.9 There is currently an inadequate system of internal control in place to ensure the legislative requirements of electrical tests are carried out.

2.9.10 Controls could be strengthened around the monitoring of license breaches as currently no supervisory review occurs.

2.9.11 Cheque payments are not currently held securely whilst the application is being processed.

2.9.12 The current banking system is over complex causing errors to occur and difficulties in the reconciling and monitoring of income.

### **2.9.13 Audit Opinion**

2.9.14 As a result of this audit we have raised one high and two medium priority recommendations.

2.9.15 The recommendations relate to:

- the method of storing and banking money;
- ensuring segregation in license applications and
- keeping appropriate records to ensure license compliance.

2.9.16 An **Unqualified** audit opinion has been given as the audit has found that the system of control is generally in place and any recommendations being made are to enhance the control environment.

<b>Creditors</b>
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<b>Schedule 2(10)</b>
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**2.10.1 Background**

2.10.2 The total creditor payments through the Council's bank account for 2007/08 were in excess of £366 million.

2.10.3 At the time of the audit the new e-procurement system had just gone live with a single transaction from one supplier. Once fully implemented, significant reductions in the number of paper invoices and other payable items should be seen.

**2.10.4 Summary of Audit Findings**

2.10.5 The Creditors system is sound however the quality of the input documents provided to the accounts payable team from some service areas was very poor.

2.10.6 It was noted that some refunds being made by these departments showed a lack of understanding of Value Added Tax (VAT) treatment. This was compounded by the use of non-standard form-sets that led to careless completion and did not make it easy to identify basic errors.

**2.10.7 Audit Opinion**

2.10.8 As a result of this audit we have raised one medium priority recommendation.

2.10.9 The recommendation raised relates to:

- Reminding Management of the importance of correct information on payment requests particularly where VAT is concerned; and
- Greater emphasis is placed on the use of standard forms and certification slips.

2.10.10 An Unqualified audit opinion has been given as the audit has found that the system of control is generally in place and any recommendations being made are to enhance the control environment.

### **Section 3 Follow Ups**

Two of the 2007/08 qualified audit reports were scheduled for follow up in the period the results of our work are detailed below.

#### **Use of Consultants**

The audit found some weaknesses within the control environment and as a result there were eight high priority recommendations.

The follow up review indicated that five recommendations had been fully implemented; one partly implemented and two require no further action. The last recommendation has been implemented since the follow up was completed.

<b>Rec' No</b>	<b>Priority</b>	<b>Present Position</b>
R1	High	Implemented
R2	High	No further action
R3	High	Implemented
R4	High	Partly
R5	High	Implemented
R6	High	Implemented
R7	High	Implemented
R8	High	No further action

#### **Asbestos Management**

As a result of the control weaknesses identified in the original audit four recommendations were made. One was high priority and the other three medium priority.

To date only one recommendation has been fully implemented. Two are in progress and expected to be fully completed in April 2009 and the last, relating to using electronic software to log and track removal information, is not started and expected completion date is June 2009.

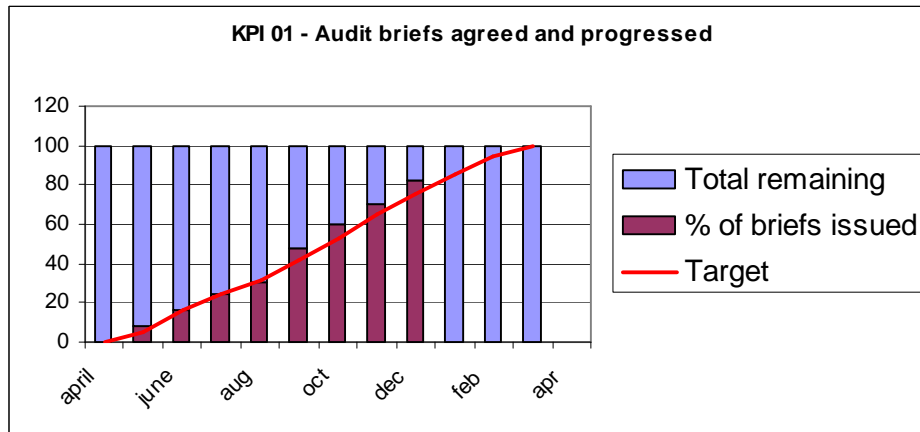
<b>Rec' No</b>	<b>Priority</b>	<b>Present Position</b>
R1	Medium	Implemented
R2	Medium	Partly Implemented
R3	High	Partly Implemented
R4	Medium	Not Yet Started

**Section 4 Key Performance Indicators (KPIs)**

Listed below are the KPIs for the audit team as outlined in the 2008/09 Service Plan.

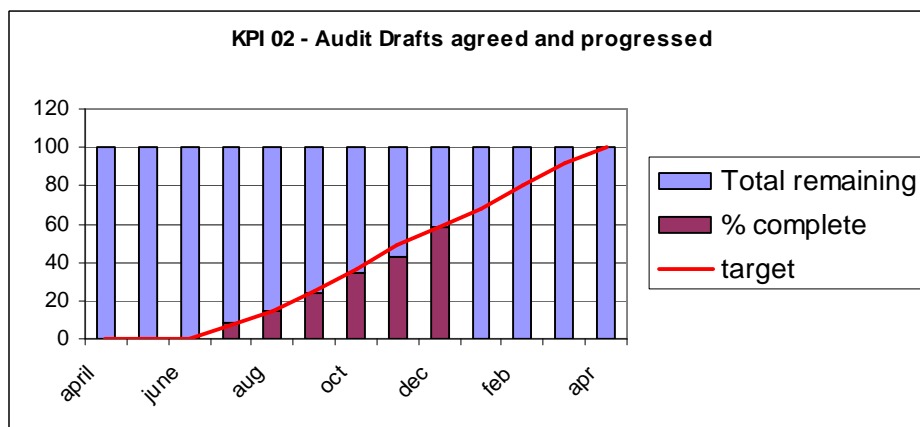
KPI results are reported monthly to the Head of Service, Group Director, External Audit and Audit Representatives and included quarterly in Head of Service Pack, Corporate Management Team reports and reports to Audit Committee.

**KPI 01. The total number of audit briefs issued as a percentage of the total annual number of planned reviews (%).**



Performance with regards the issue of audit briefs is ahead of target at the end of December.

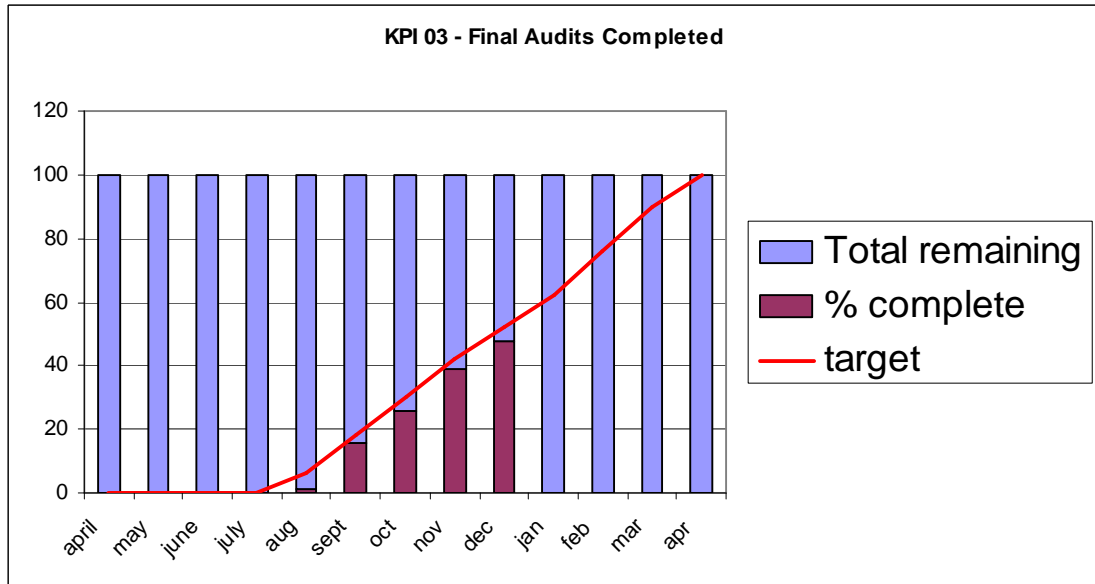
**KPI 02. The number of audit reviews completed to draft stage as a percentage of the total annual number of planned reviews (%).**



The issue of draft reports is on target at the end of December.

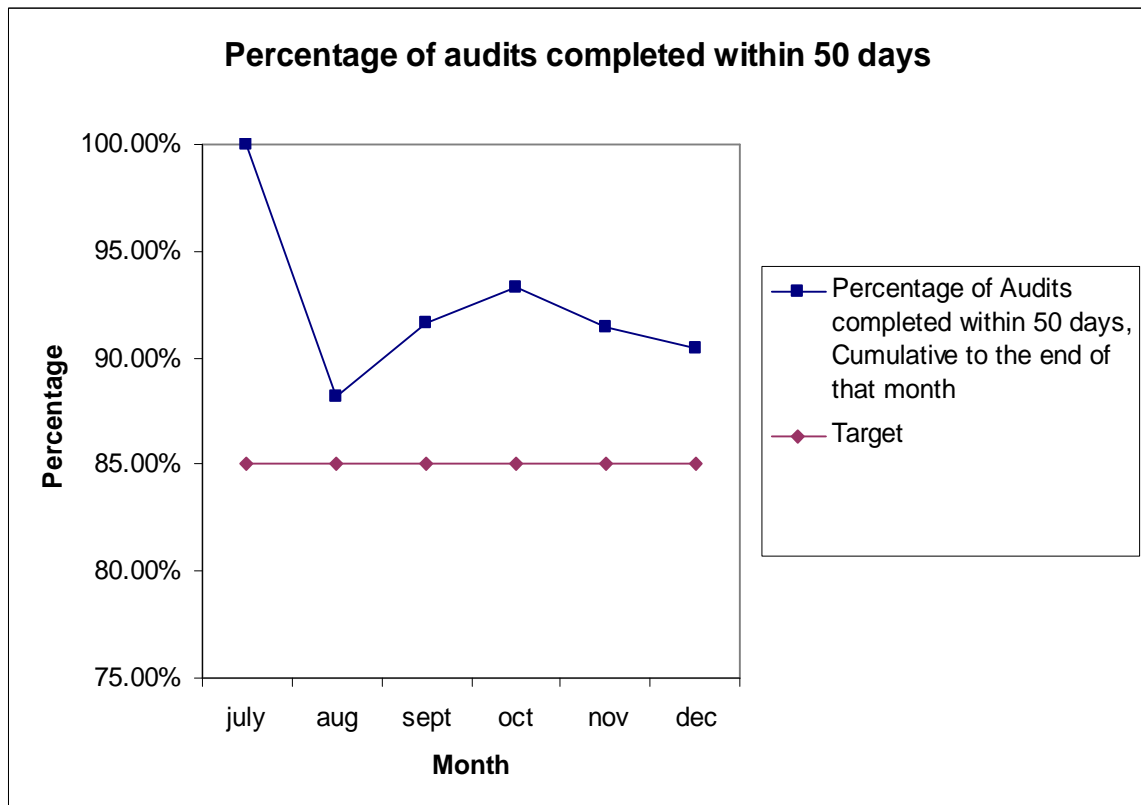
**KPI 03. The number of audit reviews completed to final stage as a percentage of the total annual number of planned reviews (%).**

Targets for final reports have been profiled to reflect the planned issue of draft reports. It is aimed that all final reports will be agreed by the end of April 2009.



Targets for final reports are slightly below target at the end of December, the performance drop follows delays in issuing drafts in earlier periods.

**KPI 04. Performance against target time: 50 days max to complete an audit from start to release of a draft report (%).**



Performance relating to this KPI continues to be above target.

**KPIs 05. Systems audit survey forms assessed (%).**

**KPIs 06. Fraud audit survey forms assessed (%).**

**KPIs 07. Management Satisfaction Survey forms results above average/satisfactory (%).**

Systems and Fraud forms assessed are 70% and 100% respectively for the period. Work to chase missing responses has commenced and it is aimed both will be 100% for the year when the plan is completed in April.

All feedback received at the time of preparing this report was above average/satisfactory.

**KPI 08. % of plan delivered against target.**

The target for quarter three was to have 66% of the plan completed. Actual performance at the end of December was 65%.

**KPI 09. % of audit recommendations agreed by management.**

A target of 90% has been set for this KPI. At the end of December 95% had been agreed by management. There are no specific issues to bring to the managers attention regarding the recommendations not accepted by management.

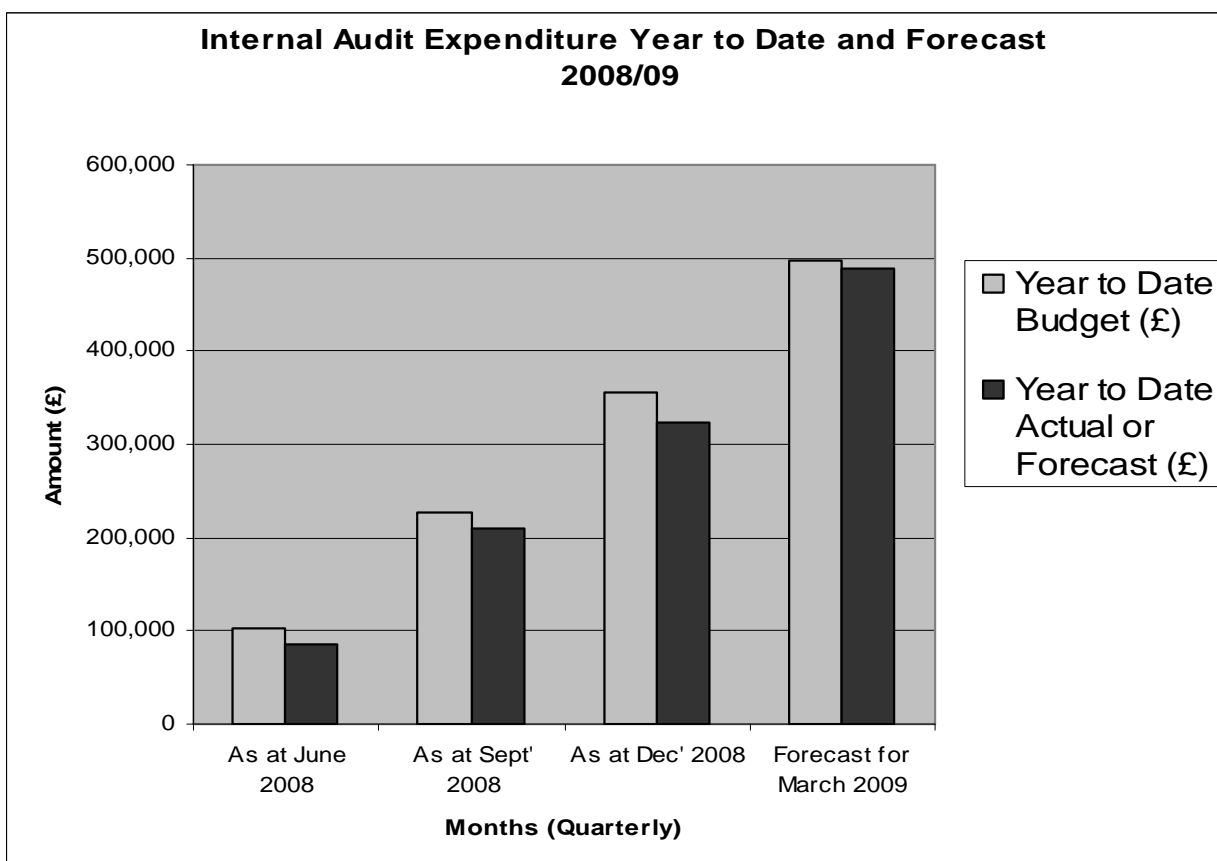
**Section 5 Budget & Resource Information**

**2008/2009 Budget Analysis**

Internal Audit (F620) 2008/09 Year to Date Expenditure and Forecast as at December 2009

	As at June 2008	As at Sept' 2008	As at Dec' 2008	Forecast for March 2009
Year to Date Budget (£)	102,014	227,314	355,300	496,580
Year to Date Actual or Forecast (£)	86,444	208,965	323,747	488,000
Variance (£)	<b>-15,570</b>	<b>-18,349</b>	<b>-31,553</b>	<b>-8,580</b>

The under spend is due to the vacancies in the team in the earlier months of the financial year. The budget for 2008/09 is sufficient to allow timely delivery of the audit plan and allow the team to be flexible in the service it provides to the Council. Some agency resource has been procured to assist with the completion of the plan.





## Section 6 – Outstanding Audit Recommendations Tables

There is a noticeable reduction in the number of prior year audit recommendations which remain outstanding and the implementation of more recent audit recommendations continues to become more timely and efficient.

Categorisation of recommendations

*High: Fundamental control requirement needing implementation as soon as possible.*

*Medium: Important control that should be implemented.*

*Low: Action pertaining to best practice.*

As noted in the December report there are two recommendations pre-dating 2006/07 but no change in status was due in this reporting period therefore they have been omitted from this report.

### Outstanding Internal Audit Recommendations – 2006/07

Review in 2006/07	HoS Responsible	Outstanding			Position as at end December 08		
		High	Medium	Low	In Progress	Not Started	Position Unknown
Providing Services for the Physically Disabled	Adult Social Care	1	1		2		
Governance	Housing & Public Protection			1	1		
Liquidated and Ascertained Damages	Streetcare		1		1		
	<b>Total</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>0</b>

With the exception of Providing Services for the Physically Disabled, which has a deadline of June 2009, the remaining recommendations all have agreed revised deadlines of March 2009.

**Outstanding Internal Audit Recommendations – 2007/08**

Review in 2007/08	HoS Responsible	Outstanding			Position as at end December 08		
		High	Medium	Low	In Progress	Not Started	Position Unknown
Street Lighting	Street Care		1		1		
Asbestos Management	Asset Management	1	2		2	1	
Register of Interests	Asset Management		2		2		
Cash and Bank	Asset Management	4	2		5	1	
Civil Contingencies	Development & Building Control		1		1		
Pensions	Exchequer Services			1	1		
Payroll	Exchequer Services		1		1		
Petty Cash	Finance & Performance		1		1 (not due)		
<b>Total</b>		<b>5</b>	<b>10</b>	<b>1</b>	<b>14</b>	<b>2</b>	<b>0</b>

The Asbestos Management and Cash and Bank recommendations, not yet started, are of Medium Priority and are expected to be completed by June 2009 and April 2009 respectively.

**Outstanding Internal Audit Recommendations – 2008/09**

At December 2009 only three outstanding 2008/09 recommendations were noted each had not been fully implemented by the original target date. All three are of medium priority and relate to the following audits: Parking Ticket Issuing & Processing; Permits and Other Parking and Academy Revenues and Benefits. In each case the status is 'in progress' and a revised deadline of March 2009 has been agreed with Management.



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**MEETING**

**DATE**

**ITEM**

**AUDIT COMMITTEE**

**03 March 2009**

**7**

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## **REPORT OF THE CHIEF EXECUTIVE**

**SUBJECT: FRAUD PROGRESS REPORT**

### **SUMMARY**

This report advises the Committee of anti fraud and corruption work undertaken by the internal audit team during the period 01 July to 31 December.

### **RECOMMENDATION**

1. To note the contents of the report.
2. To raise any issues of concern and ask specific questions of officers where required, either with regards the cases highlighted or the performance of the team.

### **REPORT DETAIL**

The progress report contains three sections; the content of each section is outlined below:

#### **Section 1. Fraud Work July to December**

- A) Table of 'Fraud Hotline' reports.**
- B) Table of completed cases.**
- C) Summary of proactive audit findings.**
- D) Work in progress as at end of June.**
- E) Details of savings and losses for the period.**

#### **Section 2. Fraud Review – direction of travel**

An update is provided with regards the Fraud Team and the Review of the Fraud service.

### **Section 3. Key Performance Indicators**

The results for the two, fraud specific, key performance indicators are presented in tables in this section of the report.

#### **Financial implications and risks:**

Recommendations may arise from any audit work undertaken and managers have the opportunity of commenting on these before they are finalised. In accepting audit recommendations, the managers are obligated to consider financial risks and costs associated with the implications of the recommendations. Managers are also required to identify implementation dates and then put in place appropriate actions to ensure these are achieved. Failure to either implement at all or meet the target date may have control implications, although these would be highlighted by any subsequent audit work. The work of the fraud team often identifies losses which may be recouped by the Council. There are no financial implications or risks arising directly from this report.

#### **Legal implications and risks**

None arising directly from this report

#### **Human Resource implications and risks**

None arising directly from this report

#### **Equality and Social Inclusion implications**

None arising directly from this report

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**Cheryl Coppel**  
**Chief Executive**

#### Background Papers List

None.

**Section 1 Fraud Work July - December****A) Fraud Hotline Reports Received**

<b>CALLER</b>	<b>CALL CONTENT</b>	<b>DETAILS/RESULT OF INVESTIGATION</b>
Member of the public	Allegation that Single Person Discount is being claimed on a property when others live there.	Allegation confirmed, discount removed and outstanding payments backdated.
Member of the public	Claim that occupants were subletting council property and claiming council tax benefit.	Allegation unfounded.
Anonymous	Claim that Council Tax not being paid.	Council Tax investigating.
Member of the public	Claim that occupants were subletting council property.	Allegation unfounded.
Anonymous	Claim that occupants were subletting council property and not paying Council Tax.	Allegation confirmed by unannounced inspection. London Borough of Newham notified.
Anonymous	Allegation that an employee is working whilst sick.	Insufficient information to investigate.
Anonymous	Allegation that an employee is working whilst sick.	Insufficient information to investigate.

## B) Completed Cases

20 cases were completed and closed during the period 01 July – 31 December 2008.

In addition four proactive audits were concluded and final reports issued. See part C of this section.

The table below provides a list of the 20 cases closed and the result of the audit.

<b>Job Code</b>	<b>Audit Name</b>	<b>Directorate</b>	<b>Type of Audit</b>	<b>Result of Audit</b>
T8maam	Clacton Family Trust – Residents Accounts	SC&L	Miscellaneous	Management Action Plan
T8maan	Day Services Centre – Amenities Account Anomalies over signature arrangements	SC&L	Miscellaneous	Funds Located
T8maao	Travel & Subsistence	F&C	Miscellaneous	Task complete
T8maap	Use of greenbelt land general non compliance issues by owner.	F&C	Miscellaneous	Task complete
T8maar	Single Person Discount	F&C	NFI	Task complete
T8maas	Internet Usage	C&C	PC misuse & Abuse	Disciplinary
T8maat	Top 50 users	C&C	PC misuse & Abuse	Management Action Plan
T8maav	Lost property – Clearance of Vault	F&C	Miscellaneous	Task complete
T8maaw	Internet Usage	F&C	PC misuse & Abuse	Map/Rap
T8maax	Internet Usage	C&C	PC misuse & Abuse	Insufficient Evidence
T8naaa	Free School Meals	F&C	General	Passed to Housing

				Benefits
T8naab	Misuse of Car Park Pass	F&C	General	Disciplinary
T8naac	Flexi Time Misuse	F&C	Falsification of Records	Meeting with staff
T8naad	Petty Cash Misuse	L&DS	Breach of Council Procedures	Insufficient Evidence
T8naae	Private Work by Employee	F&C	Breach of Council Procedures	Resignation
T8naaf	Internet Misuse	C&C	PC misuse & Abuse	Resignation
T8naah	Misuse of Car Park Passes	C&C	Miscellaneous	Insufficient Evidence
T8naaj	Assistance in investigation of partner organisation	SC&L	Agency Investigations	Task complete
T8naal	Review & Retrieval of Emails	L&DS	PC misuse & Abuse	Task complete
T8naam	Review & Retrieval of Emails	C&C	PC misuse & Abuse	Task complete

Abbreviations in table:

- SC&L - Social Care and Learning
- F&C – Finance & Commerce
- C&C – Culture & Community
- L&D – ACE Legal & Democratic
- HiH – Homes in Havering
- CE – Chief Executives Office
- IT – Information Technology

### C) Proactive Audit Findings

Below are summaries of the results of the pro-active audits concluded in quarters two and three.

Audit Title & Scope	Recs Total	H	M	L	Comments
<p><b><u>CONTRACTS</u></b></p> <p>30 contract exceptions were selected and documentation checked to ensure it had been completed, signed and approved appropriately.</p> <p>It was also established whether reason was sufficient, goods and services procured were reasonable and that expenditure was within the cost and duration agreed by the exception.</p> <p>Invoices were checked to ensure they were related to the exception.</p>	7	0	1	6	<p>Two significant issues were identified.</p> <p>Exceptions are not being consistently submitted to renew details where the approved contract cost or duration has been exceeded.</p> <p>Procedures are not being consistently followed.</p> <p>There are clear procedures in this area, the emphasis for the system of control is in preventative measures, there are mechanisms to detect non compliance these are mainly locally managed controls although some central compensating controls do exist. There is a reliance on management to follow procedures and as a result of this work Corporate Management Team have reminded managers of their responsibilities.</p>
<p><b><u>RSA TOKENS</u></b></p> <p>A sample of 40 token users was selected and usage reviewed to ensure the request had been appropriately approved; usage warrants the expenditure; lost tokens are reported; leavers have returned tokens.</p>	4	0	0	4	<p>The audit noted that procedures had not been followed with regards the approval of requests for RSA tokens and three tokens have been issued but never used.</p> <p>Further investigation via a non user report indicated that 57 tokens have been issued but never used.</p> <p>The audit has encouraged business systems to consider the risks in this system and the related controls to ensure an efficient system is in place.</p>
<p><b><u>SICKNESS</u></b></p> <p>A sample of 40 employees reported as</p>	3	0	3	0	<p>It was noted during the audit that return to works are not being completed in a timely manner, records are not</p>



<p>having sickness absence between July 2007 and June 2008 were selected and reviewed to ensure the sickness procedures had been complied with.</p>					<p>maintained consistently in line with procedures and medical certificates are at times not being requested to confirm an individual is allowed to come back to work after a period of long term sickness.</p> <p>The system of control is manual with regards sickness at Havering and in the absence of an automated system the controls will always be excessively time consuming and open to error/non compliance.</p>
<p><b><u>COUNCIL TAX STAFF ARREARS</u></b></p> <p>A sample of 50 council employees, some with access and some without access to academy, where chosen and their Council Tax accounts reviewed to ensure no inappropriate activity.</p>	2	0	1	1	<p>It was noted that access had not been removed for one Council leaver. It was further noted that Council staff can access their own accounts and suggested that this access is blocked.</p>
<p><b><u>FLEXI, ANNUAL LEAVE, OVER TIME &amp; TOIL</u></b></p> <p>20 employees in receipt of over time payments in January and 20 employees working on the flexi system were selected and records reviewed to ensure compliance with procedures.</p>	13	4	3	6	<p>The audit noted that there were: Inconsistencies in the information supplied to payroll relating to claims of overtime or additional hours; A lack of timesheets being completed by manual workers on contracted hours and Flexi time is claimed and recorded prior to 8am.</p>

**D) Work In Progress as at end December 2008**

At the end of December there were 11 cases in progress.

The table below indicates the audit by name.

<b>Code</b>	<b>Audit Name</b>
T8maay	Misuse of employee time
T8maaz	Misuse of Purchasing Card
T8naag	Use of Council Name to obtain credit
T8naai	Misuse of Purchasing Card
T8naak	Direct Payments to one supplier
T8naan	Overtime Claims
T8naao	Internet Misuse
T8naap	PC misuse
T8naaq	Performance Misreporting
T8nnar	Performance Misreporting
T8naas	Internet Misuse

Six pro active audits were also in progress at the end of December 2008.

There are also an additional nine assignments which are ongoing throughout the financial year. These tasks include:

- National Fraud Initiative 06/07.
- Fraud Awareness Training.
- Fraud Awareness Campaign.
- Requests from other authorities and government agencies.
- Approval of proxy access requests.
- Whistle Blower Reports.
- Fraud Hotline Reports.
- Advice to Directorates.
- National Fraud Initiative 08/09.

## E) SAVINGS & LOSSES

When a fraud is committed there may be two elements to the financial consequences. The table below details the losses identified in the period 01 July to 31 December 2008 and the case details.

Definitions of terms in table:

**Losses** - These are the sums of money that the audit determined have the lost or stolen.

**Savings** - refer to the amounts of money that the detection of the fraud has prevented being lost. A prime example of this would be the discount on a right to buy. If we prevent the sale then we prevent the discount being given and thereby we save the Council money.

**Management to recover** - These are the actual sums of money which management can take action to recover from those "lost".

**Cost of audit** - This is the cost based on the Internal Audit resources required.

Case details	Savings (S) / Losses (L) Identified £	Management to recover	Cost of Audit £
Cancellation of Right to Buy	38,000 (S)		275
Non Entitlement to Empty Property Grant	10,000 (L)	10,000	1947
Recovery of Council Tax – linked to case above	3,200 (L)	3,200	0
Recovery of Overcharges to Residents	6,573 (L)	6,573	4,379
Cancellation of Right to Buy	38,000 (S)		275

**Section 2 Fraud Review – direction of travel**

The third post in the Fraud team was successfully filled in Quarter 3. The Audit Technician from the systems audit team had been on secondment to the fraud team previously to ensure delivery of the plan but he commenced in the post officially in December 2008.

In previous years the pressures of investigating large reactive fraud cases has meant that the proactive audit plan work has ceased and the plan has as a result not been completed at the end of the year.

A shortfall in resource of @ 60 days to deliver the fraud elements of the 2008/09 Internal Audit Plan was identified at the end of quarter 3, however resources in the team have been redistributed and increased use of agency auditors has been made to address this issue and ensure completion of the plans.

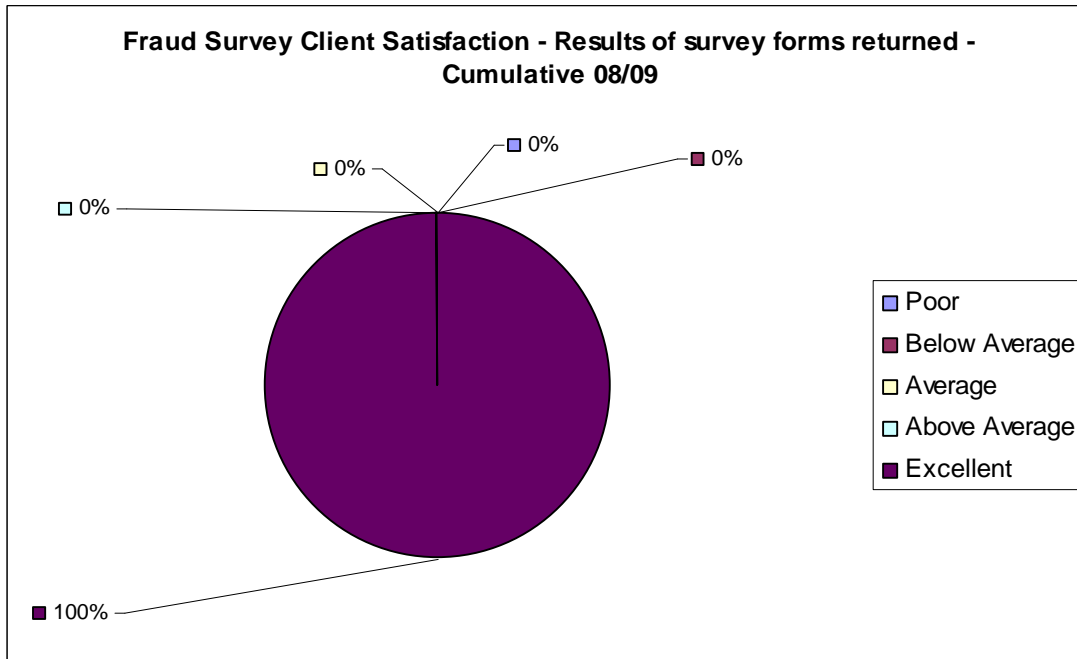
In September 2008 the Committee received a report outlining a review of the arrangements in place over fraud and special investigations. This review is still ongoing however the sickness of the Principal Auditor on the systems side of the team has meant that the Internal Audit & Corporate Risk Manager and Principal Auditor fraud have less time to invest in the review. It is anticipated that this work will commence again fully in the new financial year.

**Section 3 Key Performance Indicators (KPIs)**

The following KPIs are monitored specifically in relation to fraud assignments and outlined in the 2008/09 Internal Audit Service Plan.

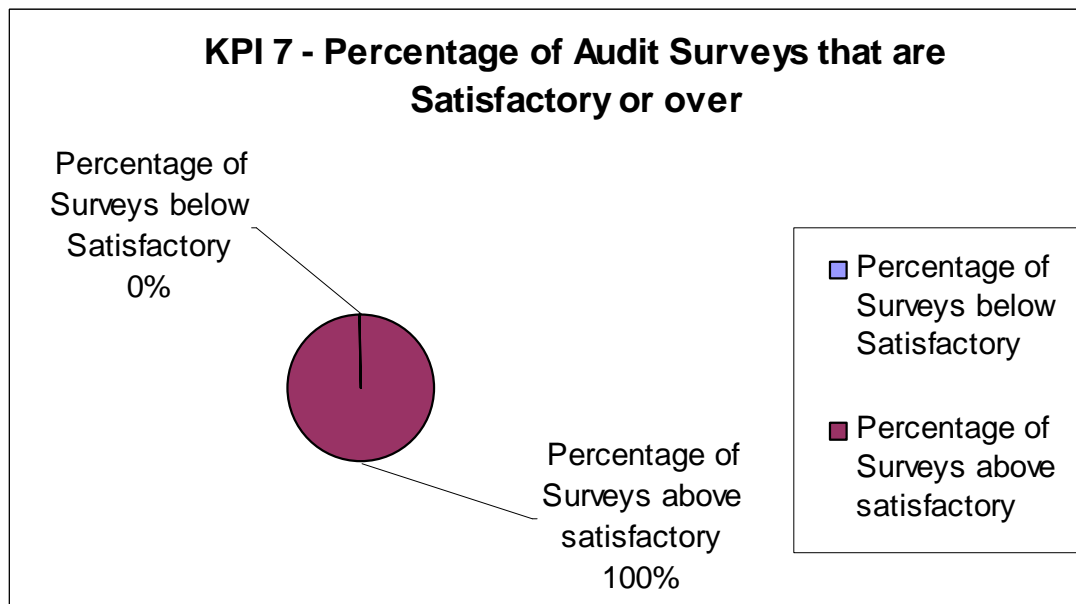
**KPI 06 Fraud audit survey forms assessed (%).**

All 11 survey forms distributed for quarter two and three assignments have been received back. A new electronic feedback form has now been implemented to ensure efficient capture of performance feedback.



**KPI 07 Management Satisfaction Survey forms results above average / satisfactory (%).**

All feedback for the period was above average / satisfactory.







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MEETING	DATE	ITEM
AUDIT COMMITTEE	03 March 2009	8

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## REPORT OF THE CHIEF EXECUTIVE

**SUBJECT: INTERNAL AUDIT DRAFT STRATEGY AND PLAN FOR 2009/10**

### **SUMMARY**

In accordance with the Internal Audit Charter and Terms of Reference the Audit Service reports each year to the Audit Committee on its proposed Strategy and Audit Plan.

The Strategy outlines the means by which Internal Audit will achieve its objectives and is attached as Appendix A of this report.

Appendix B details the risk based audit plan for the next financial year, which shows how the service will deliver its strategy and what audit work will be undertaken for the period together with the number of audit days required.

The individual audits shown in the plan and the assurance gained by completing them will feed into the Head of Internal Audit Opinion which is a key assurance for the Annual Governance Statement.

### **RECOMMENDATION**

- 1 To review the draft strategy and provide comments in order that these may be considered as part of the compilation of the final strategy.
- 2 To approve the strategy on the basis of any agreed amendments arising during the meeting.
- 3 To review the draft plan and provide comments in order that these may be considered as part of the compilation of the final plan.

- 4 To approve the plan on the basis of any agreed amendments arising during the meeting.
- 5 To note that any required changes to the Audit Plan during the financial year, as considered necessary by the Internal Audit & Corporate Risk Manager, will be reported for discussion within the progress report to the next Audit Committee meeting.

<b>REPORT DETAIL</b>
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## **1. Internal Audit Strategy 2009/10**

- 1.1 Appendix A contains the proposed Audit Strategy for 2009/010. It has been drafted following reference to examples from other Councils as well as reference to best practice guidance provided by Cipfa.
- 1.2 The Strategy sets out how Internal Audit intends to meet its objectives for the coming year.

## **2. Audit Plan 2009/10**

- 2.1 The Strategic Audit Plan approved March 2007 has been reviewed as part of the 2009/010 Planning Process. The initial 'Strategic Audit Plan' for 2007/08 – 2009/10 indicated that there would be a requirement for 1434 days for 2008/09. However a plan of 1530 days is proposed. Since the restructure of the audit team the focus and objectives of the team have evolved and there have been significant changes in the organisation also. Although it is still good practice to undertake strategic planning at a high level i.e. to ensure the team structure and available resources are being developed in a way that will continue to meet the needs of the organisation, it is widely accepted that the focus of audit planning needs to be the next 12-18 month period.
- 2.2 The audit plan has been derived by reviewing and updating the Strategic Audit Plan and the list of key systems / areas of risk (audit universe). Both the Corporate and Service Risk Registers have been considered along with the draft service plans produced for each service area. Audit and Governance Issues identified during 2008/09 have also been fed into the process and the plan identifies resources to provide assurance to management on the issues identified in the draft 2008/09 Annual Governance Statement. Meetings have taken place with Heads of Service to discuss potential audit areas and any specific issues or concerns.
- 2.3 The plan has been circulated to Senior Management for comment; any significant comments received after the submission of this report will be presented at the meeting.
- 2.4 As an audit plan is not a static document and is always evolving as risk plans are amended, service provision changes and previous audits change the categorisation of the risk assessment of a service. This means that the audit plan will change in year. By delegating the responsibility for everyday operational



decisions to the Internal Audit & Corporate Risk Manager this will facilitate efficient work processes during the year.

**3. Financial Implications and risks:**

3.1 The costs of both directly employed and outsourced services to carry out the agreed plan will be met from within the 2009/10 budget for the Audit Service. The 1530 days of resource available are sufficient to review all the high risk areas identified in the planning process as well as allowing the team to undertake a small percentage of probity type audits.

3.2 It is unlikely that it will not be possible to recruit to the vacant Audit Technician post ready for the start of 2009/10, however should it not be possible to appoint in a timely fashion or if any other reduction in available resources occurs, then temporary staff will need to be used for an interim period the costs of which would need to be contained within the audit budget.

3.3 The risks relating to the audit plan are set out below.

Risk	Mitigation factors
That the plan will not address the key risk areas within the council	<p>The plan has been prepared taking into account the council’s risk registers. When the auditable areas have been identified they have been subjected to a risk evaluation to determine if and when they should be reviewed.</p> <p>The plan has been formulated upon the assessment of the Internal Audit &amp; Corporate Risk Manager using prescribed methodologies, including discussion with Heads of Service. The plan has been circulated to Senior Management for comment and will be reviewed periodically throughout the year with any required changes being reported to Audit Committee.</p>
That the plan does not provide assurance for the external auditor	<p>The plan ensures that key areas of the financial procedures which feed the financial statements are reviewed annually.</p> <p>There is regular liaison between the internal and external auditors during the year to ensure adequate assurance is provided.</p>
That the plan is not flexible enough to meet the needs of the council during the year	<p>There is a contingency within the year to allow for unforeseen systems based audit work and if necessary decisions may need to be made to replace one audit with another.</p> <p>As the level of fraud investigation work cannot be determined with any certainty the same practice will operate as in previous years in that should there be more fraud investigation work than was</p>

	<p>planned then the pro-active audits would be reduced and if there is not as much as anticipated then further pro-active audits would be undertaken.</p> <p>Should additional work be required above these two factors then resources may be seconded from the systems team or additional funding may need to be identified before work could commence.</p>
<p>That there are not sufficient staffing resources both in number and to the required skill level to carry out the work identified</p>	<p>The structure of the team is appropriate to deliver the draft audit plan. Should a shortfall in resource occur in year then, as stated above, temporary agency staff will need to be employed.</p> <p>Training needs are assessed at 6 monthly intervals via the PDPA process.</p> <p>Continuous training is provided to ensure that staff have sufficient skills to carry out their duties and deliver the audit plan and strategy.</p>
<p>That there is insufficient understanding and coverage of other risks (not purely operational and strategic)</p>	<p>Involvement with projects systems development and change.</p> <p>Reliability and integrity of management databases and information.</p> <p>Stewardship of financial and non financial assets. Reviews to ensure that the authority complies with new legislation.</p>
<p>Not addressing risks in areas where there control deficiencies and weaknesses have been identified</p>	<p>The audit planning process will review the Annual Governance Statement and ensure that reviews of identified weaknesses are included within the plan.</p> <p>Also that recommendations to address critical control weaknesses are reviewed in the following financial year to ensure that they have been fully implemented by agreed dates.</p>

**4. Legal Implications and risks**

None arising directly from this report.

**5. Human Resource Implications and risks**

None arising directly from this report.

## **6. Equality and Social Inclusion implications**

None arising directly from this report.

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**E-mail:** vanessa.bateman@haverling.gov.uk

**Cheryl Coppel**  
**Chief Executive**





**Havering**  
LONDON BOROUGH

# **AUDIT STRATEGY**

Version: February 2009

## 1. Internal Audit Strategy

- 1.1 An Internal Audit Strategy outlines the means by which Internal Audit seeks to achieve its stated aims and objectives. These objectives are linked to the goals and vision of the organisation.
- 1.2 The perceived outcome of this strategy is the provision of an effective audit service, that achieves its own objectives, and in particular a service that meets the needs of management and other stakeholders.

## 2. Strategy Statement

- 2.1 The overall Strategy of Internal Audit is:

***“To deliver a risk-based audit plan in a professional, independent manner, to provide the organisation with an opinion on the level of assurance it can place upon the internal control environment, and to make recommendations to improve it.”***

## 3. Definition

- 3.1 The Internal Audit Charter and Terms of Reference defines Internal Audit as

***“An assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.”***

## 4. Objectives of Internal Audit

- 4.1 The objectives for the Audit Service are:

- To understand the whole organisation, its needs and objectives.
- To add value and assist the organisation in achieving its objectives.
- To be forward looking, innovative and challenging.
- To help to shape the ethics and standards of the organisation.
- To ensure value for money is achieved in the use of public funds.
- To ensure the right resources are available to deliver the audit plan, recognising changes in capacity, experience, qualifications and specialisms.
- To share opportunities for joint working and seek to share best practice with auditors and examiners from other authorities and organisations, in particular the Council’s External Auditor.
- To maintain strong and effective relationships with management.

- To report significant issues to the Audit Committee, in a timely fashion, to enable and support the effective completion of their responsibilities.

## **5. Status of Internal Audit**

- 5.1 Internal Audit is responsible to the Head of Finance & Performance for line management purposes, and helps to deliver the statutory financial responsibilities of the Council's Chief Finance Officer the Group Director of Finance & Commerce. However Internal Audit is independent in its planning and operation, and has no responsibility for delivering or managing non-audit services.
- 5.2 The Internal Audit & Corporate Risk Manager shall have direct access to the Chief Executive, all levels of management and elected members.

## **6. Audit Resources and the Annual Plan**

- 6.1 The Internal Audit & Corporate Risk Manager is responsible for delivering the audit service in accordance with its Terms of Reference. To ensure that this can be achieved, there are appropriate arrangements for:
- Determining and planning the work to be carried out (i.e. an audit plan based on an assessment of the risk).
  - Providing the resources required to deliver the audit plan (principally the level of staff and external input), the necessary skills (both in general audit and technical areas) and support facilities (such as IT facilities, equipment and management and administration processes).
- 6.2 Due to the specialist skills required to carry out computer audits and the fact that the resources required would not equate to a full time member of staff this service is currently procured from the private sector, this method of service provision will be reviewed in 2009/10 against other potential shared service opportunities. All other resources required to deliver the 2009/10 audit plan are currently in place within the Audit Team.
- 6.3 The Internal Audit service will be delivered on the basis of a Strategic Audit Plan covering a 3-year period, consistent with the current longer term financial planning regime, and a detailed Plan for 2009/10. The plan sets out the number of person-days required for Internal Audit to adequately review the areas involved.
- 6.4 Where resources available are not considered, by the Internal Audit & Corporate Risk Manager, to be adequate for the Head of Internal Audit opinion to be provided, this will be reported to the Audit Committee.

- 6.5 The annual risk assessment process takes account of a range of strategic, corporate, service and operational risks (including those identified through the Risk Management process and by the external auditor) and the views of senior management on these issues.
- 6.6 The 2009/10 Plan balances the following requirements:
- The need to ensure the Audit Plan is completed in a timely fashion
  - The need to ensure core financial systems are adequately reviewed to provide assurance that management has in place proper arrangements for financial control (on which External Audit will place reliance);
  - The need to appropriately review other strategic and operational arrangements;
  - The need to have uncommitted time available to deal with unplanned issues which may need to be investigated e.g. allegations.
  - To enable positive timely input to assist corporate and service developments.

## **7. Relationships**

- 7.1 A joint working arrangement with External Audit will be operated such that Internal Audit resources are used as effectively as possible.
- 7.2 Periodic reports relating to audit issues will be provided to Corporate Management Team and where necessary direction regarding specific policy or risk issues will be sought. Corporate Management Team therefore has a part to play in the successful achievement of strategy outcomes in particular the achievement of the Internal Audit objectives.
- 7.3 An Audit Representatives Group exists to maintain links between the team and each of the Council directorates.
- 7.4 Internal Audit manage an annual programme on presentations and training designed to raise the profile of the audit team and raise awareness of audit issues.

## **8. Quality**

- 8.1 Internal Audit will comply with the CIPFA *Code of Practice for Internal Audit in Local Government in the UK*, and auditors are expected to comply with any other relevant professional standards.
- 8.2 The Internal Audit & Corporate Risk Manager will ensure that there is an Audit Manual in place setting out expected standards for the service, and will monitor compliance with these standards, including in relation to the planning, conduct and reporting of audit assignments.



Relevant training will be provided to ensure auditors have the level of skills necessary to undertake their roles.

- 8.3 Where necessary to ensure an adequate, effective and professional audit service is provided, the Internal Audit & Corporate Risk Manager will buy in resources from external providers to supplement internal resources.

## **9. Performance Management**

- 9.1 Progress against the audit plan, and the content of the plan itself, will be kept under review by the Internal Audit & Corporate Risk Manager in liaison with the Head of Finance & Performance and the Group Director Finance & Commerce, and through monitoring corporate and service developments.
- 9.2 Where there is a need for material changes to the plan a revised plan will be re-submitted to Audit Committee for approval.
- 9.3 Audit Committee will also be advised of performance against the audit plan and on other relevant key performance indicators, as identified within the Service's Business Plan, on a quarterly basis.

## **10. STRATEGY REVIEW**

- 10.1 This strategy will be reviewed annually and presented for approval by the Audit Committee.
- 10.2 The next review will be completed in February 2010.

## **11. KEY CONTACTS**

- 11.1 Head of Finance & Performance – Mike Stringer ext 2101
- 11.2 Internal Audit & Corporate Risk Manager – Vanessa Bateman ext 3733



**APPENDIX B**

Service Area - CORPORATE	Audit Area	Goal	Budget	Head of Service	Group Director
ALL	Complaints	Individuals	20	ALL	Culture & Community
ALL	Contract Monitoring	Value	20	ALL	Finance & Commerce
ALL	Contract Completion - Final accounts	Value	20	ALL	Finance & Commerce
ALL	Staff Leavers (permanent / agency)	Individuals	20	ALL	Finance & Commerce
ALL	Agency Staff - Recruitment Checks	Value	20	ALL	Finance & Commerce
ALL	Information Governance	Value	20	ALL	Finance & Commerce
ALL	Partnerships	Value	20	ALL	Culture & Community
ALL	Data Quality	Value	20	ALL	Finance & Commerce
ALL	Equality & Diversity	Individuals	15	ALL	Culture & Community
ALL	Climate Change	Environment	15	ALL	Finance & Commerce
TBC	Budgetary Control	Value	15	TBC	Finance & Commerce
<b>205</b>					

Service Area - ACE Legal & Democratic	Audit Area	Goal	Budget	Head of Service	Group Director
Health & Safety	Corporate Health & Safety	Environment	15	Health & Safety	ACE Legal & Democratic
Legal	Contract Procedure Rules Compliance	Value	10	Legal / Business Development	ACE Legal & Democratic
<b>25</b>					

<b>Service Area - CULTURE &amp; COMMUNITY</b>	<b>Audit Area</b>	<b>Goal</b>	<b>Budget</b>	<b>Head of Service</b>	<b>Group Director</b>
Streetcare	Street Cleansing Management	Environment	15	Streetcare	Culture & Community
Streetcare	Parking Income	Value	10	Streetcare	Culture & Community
Housing	Lettings	Individuals	15	Housing & Public Protection	Culture & Community
Housing	Management of Homes in Havering	Value	20	Housing & Public Protection	Culture & Community
Communications	Budgetary Control inc Print Room	Value	10	Communications	Culture & Community
Culture & Leisure	FairKites	Town & Communities	8	Culture & Leisure	Culture & Community
					<b>78</b>

<b>Service Area - SOCIAL CARE &amp; LEARNING</b>	<b>Audit Area</b>	<b>Goal</b>	<b>Budget</b>	<b>Head of Service</b>	<b>Group Director</b>
Childrens	Child Protection	Individuals	80	Childrens	Social Care & Learning
Childrens	Intergrated Childrens Systems (Contact Point)	Environment	25	Childrens	Social Care & Learning
Childrens	Youth Service	Individuals	20	Childrens	Social Care & Learning
Childrens	Childrens Centres	Individuals	15	Childrens	Social Care & Learning
Learning & Achievement	Additional Educational Needs	Learning	10	Learning & Achievement	Social Care & Learning
Learning & Achievement	Adult Learning	Learning	10	Learning & Achievement	Social Care & Learning
Adults	CM2000	Value	20	Adults	Social Care & Learning
					<b>180</b>

<b>Service Area - FINANCE &amp; COMMERCE</b>	<b>Audit Area</b>	<b>Goal</b>	<b>Budget</b>	<b>Head of Service</b>	<b>Group Director</b>
Business Efficiency (HR)	Outcomes of policy/strategy review	Value	20	Human Resources	AD Business Efficiency
Business Efficiency (HR)	Comensura (VNIMS)	Value	20	Human Resources	AD Business Efficiency
Business Efficiency (BDU)	Corporate Contracts	Value	15	Business Development	AD Business Efficiency
Business Efficiency (BS)	Cyborg	Value	10	Business Systems/Exchequer	AD Business Efficiency
Business Efficiency (BS)	Government Connect	Value	15	Business Systems	AD Business Efficiency
Business Efficiency (BS)	E Procurement & CRM	Value	15	Business Systems	AD Business Efficiency
Business Efficiency (BS)	Oracle Financials	Value	15	Business Systems/Finance & Performance	AD Business Efficiency
Business Efficiency (BS)	Intergrated Childrens Systems	Value	15	Business Systems/Childrens Services	AD Business Efficiency
Business Efficiency (BS)	Data Centre Project & Controls	Value	10	Business Systems	AD Business Efficiency
Business Efficiency (BS)	Disaster Recovery	Value	10	Business Systems	AD Business Efficiency
Business Efficiency (BS)	Server Virtualisation Project	Value	10	Business Systems	AD Business Efficiency
Asset Management	Jacobs Contract inc (Trading Account)	Value	15	Asset Management	Finance & Commerce
Asset Management	Facilities Management (centralised property management)	Value	15	Asset Management	Finance & Commerce
Finance & Performance	National Indicators	Value	15	Finance & Performance	Finance & Commerce
Finance & Performance	Havering Performs	Value	20	Finance & Performance	Finance & Commerce
Finance & Performance	Main Accounting	Value	10	Finance & Performance	Finance & Commerce
Finance & Performance	Creditors	Value	10	Finance & Performance	Finance & Commerce
Finance & Performance	Fixed Assets	Value	10	Finance & Performance	Finance & Commerce
Finance & Performance	Risk Management	Value	15	Finance & Performance	Finance & Commerce
Exchequer	Housing Benefits	Value	15	Exchequer Services	Finance & Commerce
Exchequer	Council Tax	Value	10	Exchequer Services	Finance & Commerce
Exchequer	Debtors	Value	15	Exchequer Services	Finance & Commerce
Exchequer	Payroll	Value	10	Exchequer Services	Finance & Commerce
Exchequer	Pensions	Value	10	Exchequer Services	Finance & Commerce
<b>325</b>					

	Reactive Fraud & Special Investigations	Value	320	Finance & Performance	Finance & Commerce
All	Pro-active Fraud	Value	180	Finance & Performance	Finance & Commerce
<b>500</b>					

	Governance	All	25		
	Risk Management	All	50		
	Advice to Directorates	All	25		
	Sign off of Grant Claims	Value	10		
	Contingency	n/a	57		
	Follow Ups	n/a	30		
	ISA Flowcharting	n/a	20		
<b>217</b>					

1530

Non Chargeable Activity  
(A/L, One to Ones, Study, Training, Sick, Admin etc)

910

TOTAL - 9 posts 260 days per year & Computer Audit

2440

	<b>Days</b>	<b>Expected Utilisation</b>	<b>Total</b>
Internal Audit & Corporate Risk Manager	260	0.55	143
Principal Auditor Fraud	260	0.6	156
Principal Auditor Systems	260	0.6	156
			<b>Fraud 507</b>
Senior Auditor (Fraud)	260	0.65	169
Senior Auditor (Systems)	260	0.65	169
Auditor (Fraud)	260	0.7	182
Auditor (Systems)	260	0.7	182
Auditor (Systems) - Unfilled Vacancy	260	0.7	182 Excluded
Audit Technician	260	0.55	143
Cipfa Grad	260	0.55	143
Computer Audit	100	1	100
	<b>2440</b>	<b>63 %</b>	<b>1530</b>