

# AUDIT COMMITTEE

## AGENDA

7.30pm

Wednesday,  
26 January 2005

Havering Town Hall  
Main Road, Romford

Members 6: Quorum 3

### COUNCILLORS:

#### Conservative Group (3)

Eddie Cahill (Chairman)  
Daryl Williams (Vice Chairman)  
Graham Price

#### Residents' Group (2)

Gillian Ford  
Jeff Tucker

#### Labour Group (1)

Wilf Mills

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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 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 (if any) - receive.****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 on 24 November 2004 and to authorise the Chairman to sign them.

**5. EXTERNAL AUDIT PROGRESS REPORT 1 NOVEMBER 2004 – 31 DECEMBER 2004 – *Report attached*****6. INTERNAL AUDIT PROGRESS REPORT 1 NOVEMBER 2004 – 31 DECEMBER 2004 – *Report attached*****7. INTERNAL AUDIT PLAN 2005/08 – *Report attached*****8. CLIENT AUDIT MANAGER'S REPORT 1 NOVEMBER 2004 – 31 DECEMBER 2004 – *Report attached*****9. AUDIT AND INSPECTION ANNUAL LETTER – *Report attached***

Audit Committee, 26 January 2005

**10. 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 specified in the minutes, that the item should be considered at the meeting as a matter of urgency

Stephen Evans  
Chief Executive

## **MINUTES OF A MEETING OF THE AUDIT COMMITTEE**

**Havering Town Hall, Romford**

**Wednesday, 24 November 2004 (7.30pm – 8.55pm)**

### **Present:**

**Conservative Group** Councillors Eddie Cahill (in the Chair), Graham Price and Daryl Williams

**Residents' Group** Councillors Gillian Ford

**Labour Group** Councillor Wilf Mills

An apology for absence was received from Councillor Jeff Tucker

Councillor Roger Ramsey was present

No member declared an interest in any matter under consideration

All decisions were made with no member voting against

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

### **19 MINUTES OF MEETING HELD 25<sup>th</sup> AUGUST 2004**

The Minutes of the meeting held 25<sup>th</sup> August 2004 were agreed as a correct record and signed by the Chairman.

### **20 RESULTS OF EXTERNAL AUDIT OF ACCOUNTS 2003/2004**

As part of the Audit and under Statement of Auditing Standards (SAS) 610, a report relating to results of external audit of Accounts 2003/2004 from the Audit Commission was presented.

It was noted that a Statement of Internal Control had been issued which provided wider assurance with regard to Corporate Governance issues.

Representatives from the Audit Commission explained that the Report tabled at the meeting was definitive and also that an unqualified opinion had been given on the accounts.

In response to questions raised by Members, it was noted that as the Statement of Internal Control was a new requirement, Local Authorities had not previously been required to publicise weaknesses. It was the view of the Director of Finance and Chief Executive that LB Havering had a policy of having robust actions in place and it was inappropriate for weaknesses which could expose the Council to the risk of fraud or corruption to be disclosed in the accounts (a public document).

Members present requested that the Audit Commission representatives should inform CIPFA that the requirements of SAS 610 were unrealistic. Following a full discussion, there was a general consensus amongst members that the required information relating to the Council's weaknesses should be taken out of public domain.

Following discussion,

- The interim Statement of Internal Control as presented was **agreed** and
- The Chairman of the Committee be delegated to consider any further issues raised under SAS 610

## **21 EXTERNAL AUDIT PROGRESS REPORT 1 JULY 2004 – 31 OCTOBER 2004**

A report updating the Committee on work completed by the Audit Commission since the last meeting of the Committee, and of work to be completed during the rest of the financial year was presented to the Committee.

Members were informed that the Planning Inspection report had been issued but did not appear in the report because it needed to be presented at Regulatory Services Meeting and at the Environment Overview and Scrutiny Committee.

Representatives from the Audit Commission informed all that Risk Management was now embedded at the top of the organisation with officers working to extend this culture throughout the council. A number of recommendations were made and Officers of the Council appeared to be following them through.

Regarding the Interim Audit Report, they informed the Committee that Social Services overspend was still disappointing and measures needed to be put in place to avoid re-occurrences. Also, further improvements were expected when it came down to the year end closedown procedures across the Council.

The Committee were advised that a final report would be presented to the Committee regarding grants issuance and allocation

Members **noted** the report.

**22 INTERNAL AUDIT PROGRESS REPORT 1 JULY 2004 – 31 OCTOBER 2004**

A report informing the Committee of audit issues from internal audit activities for period July 2004 – October 2004 was presented.

Members noted all qualified opinions given.

Members raised concerns regarding the lack of adequate monitoring of sickness absence. Executive Director, Finance and Planning agreed to pursue the Assistant Chief Executive (Human Resources) to prepare a report for the Committee.

Members **noted** the report.

**23 SCHOOLS' BUDGETS**

A report providing information in respect of the position of Havering with regard to the recent publication from the Audit Commission suggesting LEA's should be more involved in how schools were managing their budgets was presented to the Committee.

Members **noted** the report.

**24 SCHOOLS INTERNAL AUDIT SERVICE**

At the August meeting of the Committee, it was reported that new arrangements for the Internal Audit Services for Schools would begin in the autumn school term.

It was noted that this new approach was to utilise an external provider of internal audit services to conduct a triennial cycle of risk-based audits in Havering schools.

Members were advised that Deloitte and Touche LLP were the new service provider for the Internal Audit service in Havering schools and that a progress report would be received annually.

Members **noted** the appointment.

## **25 CLIENT AUDIT MANAGER'S REPORT 1 JULY 2004 – 31 OCTOBER 2004**

A report containing information on:

- Implementation of Audit Commission's recommendation
- Comparative analysis of Internal Audit plan
- Implementation of Internal Audit recommendations
- Progress on Fraud and Corruption Action Plan
- Internal Audit Key Performance Indicators
- Budget Analysis
- Benefits Investigation
- Risk Management issues

was presented to the Committee.

The Interim Client Audit Manager informed the Committee that regarding Risk Management activities, a review of activities report would be brought to the January meeting. He informed all that as new risks were identified, the register of Corporate risks would be updated. Recommendations would be sent to Heads of Service and Executive Directors and would also be brought to the Committee.

It was noted that all outstanding recommendations would be brought back to the Committee and Service Managers invited to the Committee meeting to explain why their service had outstanding activities.

Lastly, he advised the Committee that a policy statement signed by the Leader of the Council and the Chief Executive would be circulated to everyone in the Council.

Members **noted** content of the report.

## **26 AUDIT AND INSPECTION ANNUAL LETTER 2002/2003**

An Action Plan designed to monitor the progress made in respect of recommendations contained in the Annual Letter which was considered at a meeting of the committee held 23 March 2004 was presented to the Committee.

Following discussion,

Members **noted** progress of the Action Plan.



## **27 INTERNAL AUDIT PLAN 2005/06 – 2007/08**

A report showing the risk based Internal Audit Plan for the three years 2005/06 to 2007/08, which had been prepared by pps Acit was presented to the Committee.

Officers informed the Committee that more work needed to be done before January 2005 to see where a full system audit would not be necessary. It was noted that the content of the plan had been sent to all relevant Officers and 1300 audit days had been allocated and contingencies built into the audit days.

Members **noted** the content of the report and that a final agreed plan would be presented at the January Audit Committee meeting.

## **28 EXCLUSION OF THE PUBLIC**

**It was RESOLVED:**

That the public 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 paragraphs 8, 9 and 10 of Schedule 12A to the Local Government Act 1972.

## **29 AUDIT REVIEW – CENTRAL PARK POOL AND LEISURE CENTRE**

A report requesting that a panel of three be set up to consider an interim report on the Central Park Pool project was presented to the Committee.

It was **agreed** that Councillors Eddy Cahill, Gillian Ford and Wilf Mills would be the nominated Panel Members.

## **30 INTERNAL AUDIT STRATEGY**

A report proposing that the Council enters into a consortium arrangement with other London Boroughs to offer a joint contract for the provision of internal audit services to the consortium boroughs for a minimum period of 1 April 2006 to 31 March 2009 was presented to the Committee.

Members **noted** that Havering would work with Waltham Forest and Tower Hamlets Councils.

**31 REVIEW OF INTERNAL AUDIT CONTRACT – POSSIBLE EXTENSION (5<sup>TH</sup> YEAR 2006/2007)**

A report regarding the internal Audit Contract was presented to the Committee.

Members **noted and agreed** the recommendations.

Progress report:  
January 2005  
London Borough of  
Havering

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**Summary report**

- Introduction
- Finalised reports

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**Appendix 1**

- Progress in delivering the 2003/04 and 2004/05 Audit and Inspection Plans

**Appendix 2**

- Summaries of reports issued and completed action plans

<b>Reference:</b>	LB Havering Progress report - JAN 05 final
<b>Date:</b>	January 2005

## Introduction

The purpose of this report is to update the January 2005 Audit Committee on work completed since the last Audit Committee of 24 November 2004 and the work to be completed during the rest of the year.

This report includes:

- details of those reports issued since the last progress report
- a summary of progress in delivering the Plan in Appendix 1 (excluding completed items that have already been reported to the Audit Committee in previous progress reports)
- detailed summaries from all audit and inspection reports issued since the last progress report along with completed action plans to address recommendations made in Appendix 2.

## Finalised reports

The following reports have been finalised since the last Audit Committee:

- e-government follow up
- user focus
- CPA scorecard
- Direction of travel
- Annual Letter.

Full summaries and completed action plans for the first two reports are included at Appendix 2. The CPA scorecard and Direction of Travel reports are not included in this progress report as the key messages from these are included in the Annual Letter, which will be reported to the next Audit Committee.

## Status of our reports to the Council

*Our reports are prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. Reports are prepared by appointed auditors and addressed to non-Executive Directors/Members or officers. They are prepared for the sole use of the audited body, and no responsibility is taken by auditors to any Director/Member or officer in their individual capacity, or to any third party.*

## Progress in delivering the 2003/04 and 2004/05 Audit and Inspection Plans

Key Area of Audit Plan	Named Contact	Start	Target completion date	Final report Date	Comment
<b>2003/04 A&amp;I Plan</b>					
<b>Planning and reporting</b>					
Annual Letter 2003/04	CE & EDF&P	October 2004	December 2004	January 2005	Draft discussed with CE, ACES&C and EDF&P on 20 December 2004. Final version issued in January 2005. To be reported to the Audit Committee following presentation to Cabinet and/or lead members.
<b>Accounts</b>					
Audit of Financial Statements 2003/04	EDF&P	August 2004	November 2004 (Opinion and SAS 610 report) December 2004 (Report)		Audit started in August 2004 and unqualified opinion issued on 30 November. SAS 610 issues reported to the Audit Committee on 24 November. Report currently being drafted.
<b>Grant claims</b>					
Report on 2002/03 claims	EDF&P	October 2003	March 2004		Overall report delayed due to ongoing work on some claims. Draft report issued in August. Initial discussions were held with officers on 23 September and officers' detailed comments were received on 28 October. Report amended to include more detail and issued to officers on 13 December. Officers' response expected in January 2005.
<b>2004/05 A&amp;I Plan</b>					
<b>Planning and reporting</b>					
Annual Letter 2004/05	CE & EDF&P	October 2005	December 2005		
<b>Accounts</b>					
Review of Core Processes 2004/05	EDF&P	March 2005	July 2005		

Key Area of Audit Plan	Named Contact	Start	Target completion date	Final report Date	Comment
Audit of Financial Statements 2004/05	EDF&P	July 2005	October 2005 (Opinion and SAS 610 report) December 2005 (Report)		
<b>Financial aspects of corporate governance</b>					
Corporate governance arrangements	EDF&P	March 2005	August 2005		
<b>Grant claims</b>					
Report on 2003/04 claims	EDF&P	November 2004	March 2005		
<b>Performance indicators/plan audit</b>					
BVPP compliance audit	ACES&C	August 2004	December 2004	21 December 2004	Work completed and checklist submitted for Regional quality assurance. Formal opinion issued on 21 December 2004.
BVPP PI audit	ACES&C	July 2004	September 2004 (Submission)  December 2004 (Report)	30 September 2004	Work completed and final submission made on 6 September with 7 qualifications to 6 PIs. Following extension to the deadline to 30 September to allow officers to provide further information to reduce the number of reservations, the number was reduced to 2. In addition to this 7 community safety PIs were qualified as a result of problems in obtaining accurate data from the Met police (this was a London wide issue).  Feedback meeting held to discuss key issues and draft report issued to officers on 7 January 2005.
<b>Comprehensive performance assessment</b>					
Qualitative assessment of continuous service improvement (Direction of travel report)	CE and ACES&C	September 2004	November 2004	7 January 2005	Early draft report issued on 25 November and discussed with CE and ACES&S in December. Final report issued January 2005 for internal purposes only.

Key Area of Audit Plan	Named Contact	Start	Target completion date	Final report Date	Comment
<b>Performance work</b>					
User focus tool feedback	ACES&C/EDCA &C	June 2004	September 2004	13 December 2004	Work providing external challenge to BVR of Community Leadership and completing user focus tool largely completed and draft report provided to officers on 13 October. Final report delayed to enable comments on the Council's BVR report to be incorporated.
E-government follow up	Ray Whitehouse	July 04	November 2004	21 December 2004	Set up meeting held on 19 July. Final terms of reference issued on 9 July. Draft report issued to Head of E-Government Technology Services on 13 October. Response received late December.
Customer access inspection follow up	EDCA&C	November 2004	April 2005		Will be linked to user focus work. Set up held on 24 November. Fieldwork in progress
ICT review	EDCA&C	TBC			Preliminary risk assessment completed and detailed scope of work now to be agreed.
Capital planning and management	EDF&P	April	TBC		Meeting held with Head of Financial Services in April and Audit Commission to provide good practice guidance where available as initial part of this review. Some limited guidance provided in July 2004. Further discussions have been held with officers to agree what further support and guidance can be provided and a draft terms of reference is to be issued in January.
VFM follow up	ACES&C	TBC			Follow up of various reports. Detailed timing and scope to be agreed but will be after QA of CSI i.e. Q4.
<b>Inspections</b>					
Housing	EDH&R	January 2005	April 2005		On site 17 January 2005

Key	Title
CE	Chief Executive
ACES&C	Assistant Chief Executive Strategy and Communications
EDF&P	Executive Director Finance and Planning
EDSS	Executive Director Social Services
EDCA&C	Executive Director Customer Access and Culture
ACEHR	Assistant Chief Executive Human Resources
EDH&R	Executive Director Housing and Regeneration



## Summaries of reports issued and completed action plans

### E-government follow up (2004/05)

#### Introduction

In March 1999 the Government produced a white paper, 'Modernising Government', which included a new package of reforms and targets. The intention was that by 2002, 25% of dealings with Government, including local government and the NHS, should be capable of being conducted by the public electronically, with 100% of dealings capable of electronic delivery by 2005.

For local government there has been a focus on the direction originally provided by the Department for Local Government, Transport and the Regions (DTLR). Other major government departments who have identified and are funding specific local government targets and projects include the Department for Education and Skills (DfES), Department of Health (DOH) for Social Services and Department for Culture, Media and Sport (DCMS).

In March 2001, the DTLR published a document asking councils to produce an Implementing Electronic Government (IEG) statement by July 2001 as a pre-condition for funding in 2002/03. Since then, the IEG process has been regularised into an annual process and detailed guidance provided by the Office of the Deputy Prime-minister (ODPM) in order to drive the e-government agenda.

Although the setting of targets has focused much attention on Electronic Service Delivery (ESD), e-government also includes e-democracy and e-community, these issues are also being progressed and driven as part of the ODPM objective.

#### Background

The London Borough of Havering's (the Council's) e-government agenda is set out in its IEG statement which is closely associated with the Council's own vision of how it does business with the local community including partners. E-government is key to this and is a major initiative for Havering.

The e-government approach recognises the 2005 targets but is concerned mainly with enhanced access to services and improving integration and efficiency of services. To this end the Council is involved in a number of initiatives, including:

- a multi service call centre supported by Customer Relationship Management software;
- public access service centre (PASC); and
- improved web site.

#### Audit scope

The objective of the audit was to assess the overall progress towards the achievement of e-government in the context of the Council's broader aims, to highlight areas of risk and to recommend actions to reduce the level of risk.

The review focused on achievement against the recommendations made in our e-government review carried out in April 2003, as summarised in the attached report grid at Appendix 2.

## Audit approach

The audit was undertaken through:

- interviews with key officers; and
- review of key documents such as strategies, business cases and plans.

Havering makes a distinction between the customer facing elements of modernisation and the technological aspects and uses the term e-government to refer to the latter. In this review 'e-government' is generally used in a broad sense to refer to the whole range of initiatives.

## Main conclusions

The Council has addressed a number of the issues raised in then original Audit Commission review carried out in 2003.

- e-government processes have been restructured and an e-government board of senior managers developed to improve communication and information sharing.
- ICT has been centralised, providing more control over business case development and co-ordination of initiatives and developments.
- Community consultation procedures and practices have been initiated to ensure that development is in line with, and supports, community expectation.
- Project management standards have been adopted across the whole organisation, this has improved internal communication and realisation of project objectives.
- Training and staff development initiatives have been implemented in order to raise staff skills and service performance.
- ICT is being developed to support service and business initiatives, including, e-commerce and the democratic process.
- Service targets have been developed and are regularly reported across a range of services including Customer Relationship Management and the Call Centre.

However some issues were identified that need to be addressed to improve service resilience and delivery:

- Although disaster recovery requirements have been reviewed, and a plan developed, substantial funding is required to realise the objective. The Council should identify options and a process to ensure the funding is made available. The Council's increased reliance on electronic technology lays service delivery open to serious jeopardy if contingency planning and business continuity are not fully addressed.
- Web inter-action capabilities are limited, although forms are available over the internet, they generally have to be printed, completed and posted back to the Council. To realise improved efficiency and service delivery, interactive services need to be developed more fully.
- Training and skills development initiatives have been developed, however the issue of raising ICT desktop skills has not been fully realised. The council should continue to develop partnership arrangements with the Havering College in order to realise this initiative.
- The Intranet is due for re-development as part of the Internet upgrade. As part of this process it is essential to ensure that information on services and standards are widely available across all Council departments and for all staff. The use of intranet technology

can also support the Freedom of Information Initiative and, if linked to the Internet Management processes, can be initiated and supported at very low costs.

## The way forward

The Council should focus on the following issues in order to further develop the e-government initiative:

- Securing disaster recovery funding.
- Developing inter-active web initiatives.
- Developing training partnerships for desktop skills.

Further recommendations to help improve the Council's approach to e-government are included in the attached Action Plan at Appendix 1.

## Action Plan – E-government follow up (2004/05)

File ref	Finding	Conclusion	Recommendation	Priority	Response	Comp date	Resp Officer
EX.1 Disaster Recovery	A disaster recovery study has been undertaken from and IT perspective, and a business case developed. This is currently with SMT for action and identification of the substantial budget necessary to implement the recommendations.	Disaster recovery procedures and processes are required in order to protect critical data and information necessary for continued delivery of services.	Develop and implement a disaster recovery process and regime.  Ensure that the necessary funding is earmarked in order to develop and implement the process	High	Phase 1 is now well under way, all major upgrades to ICT hardware are now completed. We are now in the planning stage for the implementation ITIL.  Phase 2 is currently waiting funding that will be considered as part of this year Medium Term Financial Strategy (MTFS) planning.	Phase 1 Dec 2005  Subject to ITIL business case approval.  Phase 2  MTFS completion by March 2005, phase 2 completion date will then need to set.	Richard Wells
EX.2 Web Transacti ons	Forms are currently available via the web, however, these need to be printed and posted rather than filled in on-line. Transactional live forms software is being developed and consideration is being given to developing a payments on line capability.	Interactive web capability should be further developed to support improved service provision and financial savings.	Develop and implement web transactional capabilities, interactive forms and payments on-line as planned.	High	We are currently deploying a web forms solution which was procured by a rigorous selection process. On-line payments are being implemented as part of a project to replace the Authority's cash receipting system. We have also put into place resources to start implementing business change supported by the technology.	March 2005	Gary Griffin
EX.3 Training and Skills Develop ment	Consideration is being given to developing a partnership with Havering College to provide the training services as it is felt that this will provide better value.	Skills development needs to be a continuous process incorporated into the business ethos in order to ensure that continuous development is achieved to support	Continue to develop an ongoing training strategy and, partnerships that address e-service delivery issues.	Medium	A pilot group evaluated an equalities & diversity e-learning packages made available by Havering College under the Learn Direct Scheme. This proved to be resource intensive from an administrative aspect. We have	March 05	Mike Chiles

File ref	Finding	Conclusion	Recommendation	Priority	Response	Comp date	Resp Officer
		new and emerging initiatives.			<p>now purchased another package.</p> <p>We are also purchasing PRIME from IDeA to be used as part of a blended learning approach for our senior management development programme.</p> <p>Authoring software is currently being evaluated in order that we can have in-house development capacity.</p>		
EX.4 Intranet Develop ment	Intranet development will be carried out as part of the internet development, as outlined in the internet strategy, and includes developing internet content management processes.	Information needs to be widely available and up-to-date in order to maintain standards and develop e-initiatives, the Intranet can be fundamental to this process, the intranet should be developed in order to provide support and dissemination of information across the council.	Redevelop the Intranet as part of the wider Internet initiative to ensure that interactive information provision supports e-enabled service delivery and business developments.	Medium	The Intranet will be substantially re-developed over the coming months. As well as procuring a single content management system that will support both Internet and Intranet sites, a project backed by the Chief Executive is going to introduce similar self service facilities for staff, that will be available for customers.	July 2005	Gary Griffin

## User focus and BVR of community leadership and engagement (2004/05)

### Introduction

User Focus describes the way in which public service providers engage with the people who pay for and use their services. User focus can be demonstrated in a number of ways, including thorough and inclusive consultation, ease of access to services and the close involvement of users in planning services.

Consulting and involving services users, and finding out what the general public wants from local services, can help councils and other public organisations to deliver their work more efficiently and effectively. Public participation reinforces the democratic legitimacy of local government and is crucial to the development of community leadership and engagement. Improving the level of involvement of local people with local services is a major objective of the Government's modernisation agenda.

### Background

The London Borough of Havering (the Council) is very aware of its responsibilities to exercise strong community leadership and for ensuring a robust user focus exists in its services.

Previous Comprehensive Performance Assessment (CPA) results and other external audits and inspections have identified weaknesses in relation to the Council's user focus approach. These include the need for the Council to increase the involvement of service users and the consideration of diversity priorities. The Audit Commission's risk based 2004/05 Audit and Inspection Plan included, therefore, an overview of current arrangements for user focus and engagement to assess if they are 'fit for purpose'.

The Council has initiated its own testing of current processes and procedures for community leadership and engagement with a Best Value Review (BVR) which commenced in April 2004. Its original completion date of end September was extended to end November 2004. The community leadership and engagement BVR is one of a six 'community themed' BVRs which the Council is undertaking from 2003 to 2006.

Following discussions with the Council in August, it was agreed that it would be timely and relevant to cover both user focus and the BVR of community leadership and engagement in the Audit Commission's 2004/05 overview of user focus arrangements. The results of this review will inform the follow up of our previous customer access inspection which was initiated in November 2004.

### Objectives

Our review aimed to assist the Council by:

- providing an objective assessment of the robustness of current user focus arrangements
- supporting the Best Value Review of community leadership and engagement by adopting a 'challenger' role
- identifying the strengths and areas for improvement of the current arrangements
- contributing to ongoing risk management in user focus, community leadership and engagement.

## Audit approach

The following audit techniques were used during the review:

- completion by the Council of the Audit Commission's user focus planning tool on a self assessment basis
- discussions with the Leader of the Council and Member 'Champions' with lead responsibilities for user focus related areas
- meetings with community sector and service user representatives
- focus group of staff leads with responsibilities for user focused services
- participation in two 'challenge' sessions with members of the Best Value Review (BVR) team
- follow up discussions with BVR team members
- research sources on good practice made available to BVR team
- on site review of key documentation and data.

## Main findings and conclusions

Findings and conclusions from the user focus aspect of our review and our 'challenge' of the BVR of community leadership and engagement are reported below in two sections. Recommendations follow after each section.

## Current user focus arrangements

### Overall

A number of user focus initiatives are already in place and the Council is committed to further developing these. There is also increased awareness of the need to address issues of social exclusion and the requirements of Havering's more diverse communities. The Audit Commission's user focus self assessment summary was comprehensively completed. A clear audit trail was also provided with detailed cross references to a wide range of key documentation and data. The Council's self assessment is included in Appendix 1.

### Strategic approach

The strategic approach to user focus is clearly emphasised in key documentation. This includes the Corporate Development Plan, with its overall theme of 'Putting People First', and the HSP's Community Strategy's first priority theme of 'Increased Community Participation'. Work to produce Havering's Local Development Framework confirms plans to engage widely and inclusively in the 'Statement of Community Involvement'.

### Community information channels

The Council is actively extending its community based information. It has successfully introduced a Public Advice and Service Centre (PASC), the first of other planned 'one stop' information sources in accessible locations. Interpreting and translation services are more routinely available to reflect Havering's changing community. Street information kiosks are being piloted. A communication exhibition unit regularly tours town centre and residential areas providing a mobile information and advice facility.

Accessible locations for faith groups are also being sought, together with an increased number of 'drop in' centres catering for diverse needs. Councillors have participated in a 'question and answer' web site game involving young people to encourage increased involvement.

Collaboration with the Plain English Campaign has resulted in the wider availability of service newsletters and leaflets, in line with recommendations from recent external inspections and audits. Increased attention has been given to clearer, visual designs including useful pocket size information cards. The structure and leadership of Area Committees are being reviewed. A decision is expected by December 2004 on how these can provide more meaningful, shared dialogue and achieve actions relevant to local communities.

### Consultation and community involvement

A draft Consultation Strategy has been developed in collaboration with the Consultation Institute. This aims to build upon guidelines in the current Community Involvement Strategy which has been in place since 1999. The Consultation Strategy provides a broad framework with a useful matrix linking consultation methods to SMART performance standards. It also incorporates a three year phased consultation action plan. Year 1 of this action plan starts in 2005.

The draft Consultation strategy is based on good practice principles and mechanisms for consultation. The draft Consultation Strategy should be reviewed before it is finalised to include sufficient emphasis, not only on the way the Council communicates but also the ways it involves and understands its local people.

The current draft does not provide clear links to outputs and outcomes from the 'community themed' BVRs. More explicit links are also needed between the final strategy and other key corporate and partnership strategies such as the Communications Strategy and Community Strategy.

### Strengths

A number of strengths exist in the current user focus arrangements. These include:

- high profile commitment by the Leader and Member 'Champions' to empowering the local community
- overview and scrutiny increased involvement with focus on 'hard to reach' groups, e.g. disengaged young people
- community improvements being delivered by Council supported regeneration projects, notably on deprived housing estates such as the Mardyke
- stronger partnership culture developing with statutory and voluntary sectors, assisted by a more proactive Havering Strategic Partnership (HSP) and COMPACT agreement
- staff commitment and enthusiasm achieving improvements in front line customer care services
- innovative channels being used to provide accessible information and further develop local intelligence.



## Improvement opportunities

In addition to the review of the draft Consultation Strategy, we have also identified other key areas where the Council could further strengthen its user focus arrangements. These arise from our analysis of the Council's self assessment summary and follow up discussions with staff, community and service user representatives and Councillors.

Improvement areas include:

- wider involvement of Councillors at ward level from all political parties to build on the developing community initiatives of Cabinet and 'Champion' Members
- formal evaluation of user focus related initiatives to ensure they go beyond 'just consultation' and include wider involvement and feedback mechanisms
- collation of good practice to date from recently introduced initiatives to feed systematically into the final Consultation Strategy and 'community themed' Best Value Reviews
- further development of the current Performance Packs to include wider user satisfaction indicators, beyond the current emphasis on waiting times and complaints
- review of partnership consultation and engagement mechanisms to facilitate more joined up approaches.

## Recommendations

Recommendations arising from the user focus aspect of our overall review are outlined below. Conclusions and recommendations relating to the Best Value Review of community leadership and engagement follow in the next section.

Recommendations - User Focus	
R1	Ensure the final Consultation Strategy incorporates: <ul style="list-style-type: none"> <li>• appropriate integration of consultation with the wider aspects of community leadership and engagement</li> <li>• revised action plan with closer links to outputs and outcomes from 'community themed' Best Value Reviews</li> <li>• links to other key corporate and partnership strategies.</li> </ul>
R2	Review the participation of Councillors in community engagement activities, building on current initiatives, to ensure wider involvement at different levels and across political parties.
R3	Undertake a formal evaluation of user focus related initiatives to ensure they include community engagement and feedback mechanisms as well as consultation.
R4	Collate good practice to date from successful initiatives and ensure these systematically feed into key processes, including the final Consultation Strategy and 'community themed' Best Value Reviews.
R5	Review the current Performance Packs to include wider user satisfaction indicators.
R6	Review partnership consultation and engagement mechanisms to facilitate more joined up approaches.

## Best Value Review (BVR) of community leadership and engagement

### Overall

We provided an 'external' challenge of the process and outcomes from Best Value Review (BVR) of community leadership and engagement. This was undertaken by a review of key documentation and discussions with BVR team members, including two 'challenge' sessions. The planned observation of BVR team meetings did not take place as none were confirmed during our fieldwork phase. The BVR draft report and implementation plan have been delayed from the original deadline of 30 September and were produced in mid November. We agreed with BVR members that we would assess this version of the draft report and the implementation plan as part of a second 'challenge' session which took place on 24 November. We have provided a summary of detailed issues to the BVR team to inform revisions to the draft report and its implementation plan. Recommendations arising from our review will also feed into the final BVR report and implementation plan.

### 'Community themed' BVRs

In line with good practice, the Council has aimed for synergy in linking the Community Strategy key priority themes with those of its 'community themed' Best Value Reviews. The Best Value Review (BVR) of community leadership and engagement is one of six themed BVRs. These started with 'Making Havering a better place to live and work' in 2003/04 and are scheduled to end with the review of Younger People in 2005/06. The programme of these six BVRs is challenging. Skilful project management will be required to ensure objectives are achieved within stated timescales. Links between the outputs and outcomes from the BVRs will also need to be co-ordinated to minimise duplication.

### Profile of BVR for community leadership and engagement

The BVR of community leadership and engagement is of significant importance in the overall themed BVRs. It is closely linked to one of the Council's key priorities, improving community participation. Community leadership and engagement also featured prominently in the keynote election speech of the Council's Leader in May 2004. He acknowledged there has been a lot of talk about community leadership in Havering but that delivery had fallen short of expectations.

### BVR progress

The BVR of community leadership and engagement was initiated in April 2004. Its comprehensive Project Initiation Document (PID) was formally approved by the Leader of the Council, as the BVR's Lead Member. The BVR's scope in the PID links clearly to the Council's Improvement Planning Monitor for community leadership. Expected outcomes include ways of increasing officer and Councillor capacity to enable stronger community leadership to be achieved and reinforcing links to improve service delivery. Drawing on good practice nationally is also an integral part of the overall review to inform local improvements. The BVR team has not, however, been able to progress this to the extent originally planned.

An ambitious timescale of six months was set for the overall process and for the completion of a draft report from this BVR by 30 September 2004. This was not achieved and a request

was made to the Project Board for an extension until end November. A working draft report was circulated in mid November as part of preparation for the second 'challenge' session. Delays with both the review process and the report drafting have been attributed to unforeseen work commitments of BVR team members.

### **BVR team structure and project management**

As outlined in the PID, the review's organisation structure is robust. A 'core' team of six members includes an Executive Director, Assistant Chief Executive, two Heads of Service and other senior corporate support representatives. The 'core' team is supported by a large steering group. This comprises another Executive Director and Head of Service, Councillors, including the Leader, Chair of Havering Primary Care Trust, senior voluntary sector and Office of the Deputy Prime Minister (ODPM) representation, and a 'critical friend' from the London Borough of Barking and Dagenham.

To facilitate effective project management, it was intended that there would be a number of formal meetings of the BVR's team, supplemented by informal ones during the BVR process. As the BVR clashed with the busy summer period, formal meetings did not take place in the way originally intended. As a result informal meetings have largely driven the overall process, with limited input from the steering group. The Project Board has been kept informed by brief updates. Member Performance Packs also include details of the BVR's progress.

### **BVR team outputs**

A useful self assessment questionnaire was developed by the 'core' team, based on the Audit Commission's definition of community leadership. Its key themes included: awareness, prioritisation and focus, working together, role definition and building leadership capacity. This was used as the basis for discussions at a facilitated workshop event in June 2004. This was attended by statutory and voluntary sector agencies, although the latter were not as well represented as the BVR 'core' team had envisaged. The Audit Commission's regional lead on user focus was invited to attend as an observer. A further workshop took place at the HSP annual conference in July 2004 with key links being made between the BVR and the process for updating the community strategy.

Following these events the BVR questionnaire was sent to a cross section of 60 representatives from across the Council, statutory and community groups. A 53 per cent response rate was achieved following a reminder.

The analysis from the workshops and questionnaires has provided useful information for the BVR team to inform its report and implementation plan. This analysis is not, however, sufficiently utilised in the current working draft report. Strengths and improvement opportunities identified to date from the overall BVR process are broadly in line with the Council's user focus self assessment summary. They are also similar to the conclusions from our user focus review, already summarised above.

At the second 'challenge' session in November the BVR 'core' team representatives acknowledged that more work is required to the current draft version of the report and implementation plan. This is needed to more explicitly integrate the analysis arising from the fieldwork stages within the overall report and to inform the specific actions needed in the implementation plan. It was also agreed that SMART performance measures are required in the implementation plan against a more detailed breakdown of key issues for action.

The revised report and implementation plan are expected to be finalised by end December 2004.

## Recommendations

Recommendations from our overall external challenge of the BVR are outlined below. These take into consideration issues arising from the second 'challenge' session.

The action plan, including recommendations from the user focus aspect of our overall review, follows in the next section. It has been completed by the Council's senior officers as part of finalising our overall review.

### Recommendations – Best Value Review (BVR) of community leadership and engagement

- |    |  |
|----|--|
| R7 | Ensure all the 'community themed' Best Value Reviews, including the BVR of community leadership and engagement are: <ul style="list-style-type: none"><li>• co-ordinated to minimise risk of duplication and maximise benefits arising from linkages</li><li>• effectively project managed to agreed timescales.</li></ul> |
| R8 | Ensure outcomes from the BVR of community leadership and engagement meet the BVR's scope and objectives and are fully incorporated in the final implementation plan.   |
| R9 | Include appropriate recommendations from the Audit Commission's User Focus review in the BVR's improvement plan.   |

## Way forward

This is a final report issued to the Council in December 2004. It incorporates comments on our draft report issued in October, issues arising from the second BVR 'challenge' session and a short period of consultation on a revised final draft during November. We will follow up progress with the action plan's implementation during 2005/06.

## Action Plan – User focus and BVR of community leadership and engagement (2004/05)

Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
<b>User focus</b>					
R1 Ensure the final Consultation Strategy incorporates: <ul style="list-style-type: none"> <li>appropriate integration of consultation with the wider aspects of community leadership and engagement</li> <li>revised action plan with closer links to outputs and outcomes from 'community themed' Best Value Reviews</li> <li>links to other key corporate and partnership strategies.</li> </ul>	3	Jonathan Owen/Barry Howlett	Yes	Improvement Plan for Community Leadership and Engagement to include this.  Member of the Performance Team to have specific responsibility for consultation/engagement/involvement and how this impacts on partnership strategies.	December 2004
R2 Review the participation of Councillors in community engagement activities, building on current initiatives, to ensure wider involvement at different levels and across political parties.	3	Christine Dooley/ Jonathan Owen/David Ede	Yes	Complete review of area committees and overview and scrutiny committees. Implement Member Development programme as agreed with ODPM.	January 2005
R3 Undertake a formal evaluation of user focused related initiatives to ensure they include community engagement and feedback mechanisms as well as consultation.	2	Barry Howlett	Yes	This evaluation will be a cross service one including inputs from the Head of Customer Relationship Management.	April 2005
R4 Collate good practice to date from successful initiatives and ensure these systematically feed into key processes including the final Consultation Strategy and 'community themed' Best Value Reviews.	2	Barry Howlett	Yes	Use of internet/intranet.	April 2005

Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
R5 Review the current Performance Packs to include wider user satisfaction indicators.	3	Jonathan Owen/Barry Howlett	Yes	Will be picked up as part of new performance management arrangements being introduced in January 2005.	Ongoing from January 2005.
R6 Review partnership consultation and engagement mechanisms to facilitate more joined up approaches.	2	Barry Howlett/Shazia Ullah	Yes	To be referred to Havering Strategic Partnership (HSP) and new community strategy.	April 2005
<b>Best Value Review (BVR) of community leadership and engagement</b>					
R7 Ensure outcomes from all the 'community themed' Best Value Reviews, including the BVR of community leadership and engagement are: <ul style="list-style-type: none"> <li>co-ordinated to minimise the risk of duplication and maximise benefits arising from the linkages</li> <li>effectively project managed to agreed timescales.</li> </ul>	3	BVR Project team	Yes	Improvement goals within the BVR of community leadership and engagement are primarily concerned with sharing of information and greater integration with community partners.	Ongoing during 2005/06 for BVR community themed programme.
R8 Ensure outcomes from the BVR of community leadership and engagement meet the BVR's scope and objectives.	3	BVR Project Team	Yes	Implementation plan to meet objectives within the scope of the review both explicitly and implicitly.	End December 2004.
R9 Include appropriate recommendations from the Audit Commission's User Focus review in the BVR's improvement plan.	3	BVR Project Team	Yes	Agreed at second 'challenge' session of BVR held on 24 November 2004.	End December 2004



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MEETING	DATE	ITEM
AUDIT COMMITTEE	26 January 2005	6

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## **REPORT OF THE CHIEF EXECUTIVE**

**SUBJECT: INTERNAL AUDIT PROGRESS REPORT 01 NOVEMBER 2004 – 31 DECEMBER 2004**

### **SUMMARY**

This report advises the Committee of audit issues from internal audit activities for the period 01 November 2004 to 31 December 2004. It includes management summaries from internal audit work.

### **RECOMMENDATIONS**

1. To note the contents of the report.
2. To raise any issues of concern.

### **REPORT DETAIL**

#### **1. 2004/2005 Audits**

- 1.1 Schedule 1 details the 2004/2005 work completed to the draft and final report stages as at 31 December 2004.
- 1.2 Schedule 1 also details outstanding 2003/04 work which has been completed to the final report stages.
- 1.3 Schedule 2 contains the management summaries for audits completed to final report stage between 01 November and 31 December 2004.
- 1.4 Schedule 3 contains the management summaries for the follow-up audits completed between 01 November and 31 December 2004.

#### **2. Fraud and Investigation Work**

- 2.1 A brief synopsis of the fraud and investigations work between the 01 November and 31 December 2004 is at Schedule 4. Included in the summary are the results of the investigations and actions taken.

**3. Financial Implications and risks:**

In accepting audit recommendations, managers are obligated to consider business risks associated with the implementation of the recommendations

**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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**STEPHEN EVANS**  
Chief Executive

**Background Papers**

Internal Audit reports  
Internal Audit database



**2004/2005 AUDIT PROGRAMME (01 November to 31 December 2004)****SCHEDULE 1****Audits Completed To Final Report Stage**

Report	Issued	Internal Auditor's Opinion	Recommendations				Ref
			High	Med	Low	Total	
Rent Accounting	04/10/04	Qualified	1	7	4	12	Sch 2 (a)
Payroll	30/11/04	Unqualified		2		2	Sch 2 (b)
IT Planning	02/12/04 *	Unqualified					Sch 2 (c)
Regeneration Projects	9/12/04	Unqualified		3	1	4	Sch 2 (d)
RTB	20/12/04	Qualified	2	1		3	Sch 2 (e)
Youth Services	23/12/04	Qualified	4	3		7	Sch 2 (f)
Review of the Capital Section of the Financial Framework	30/11/04**	No opinion required					
<b>Total</b>			<b>7</b>	<b>16</b>	<b>5</b>	<b>28</b>	

\* No recommendation necessary

\*\* Not subject to an opinion. Changes will be reflected in a revised Financial Framework

**Pro-active Audits Completed To Final Report**

Report	Issued	Recommendations				Ref
		High	Med	Low	Total	
Invoice Payments: Libraries	28/7/04		2	2	4	Sch 2 (g)
Journal Transfers	15/11/04			2	2	Sch 2 (h)
Invoice Payments: Capital & Repairs	23/11/04			4	4	Sch 2 (i)
Residential Parking Discs Payments	30/11/04		4		4	Sch 2 (j)
<b>Total</b>			<b>6</b>	<b>8</b>	<b>14</b>	

**Follow Up Audits Completed**

Report	Issued **	Progress Towards Implementation	Ref
VAT incl CITS: Follow up to 03/04 report	23/11/04	Excellent Progress	Sch 3 (a)
Capital Monitoring: Follow up to 03/04 report	7/12/04	Excellent Progress	Sch 3 (b)
HB WIBS Claims: Follow up to 03/04 report	7/12/04	Excellent Progress	Sch 3 (c)
Remote Access: Follow up	8/12/04	Some Progress	Sch 3 (d)
Contractual Claims: Follow up	10/12/04	Good Progress	Sch 3 (e)
E-Govt: Follow up	10/12/04	Good Progress	Sch 3 (f)
Certificate Payments: Follow up	13/12/04	Good Progress	Sch 3 (g)
IT Security Policy: Follow up	13/12/04	Good Progress	Sch 3 (h)
UNIX: Follow up to 03/04 report	13/12/04	Good Progress	Sch 3 (i)
ICTS Strategy: Follow up to 03/04 report	13/12/04	Good Progress	Sch 3 (j)
Post Contract Completion	13/12/04	Good Progress	Sch 3 (k)
Physical Security: Follow up to 03/04 report	15/12/04	Some Progress	Sch 3 (l)
Libraries Internet: Follow up to 03/04 report	15/12/04	Some Progress	Sch 3 (m)
HB investigation Team Follow up	20/12/04	Excellent Progress	Sch 3 (n)

Report	Issued **	Progress Towards Implementation	Ref
Cashiers: Follow up to 03/04 report	21/12/04	Excellent Progress	Sch 3 (o)
Libraries: Follow up to 03/04 report	23/12/04	Good Progress	Sch 3 (p)

\*\* No recommendations made to Follow up reviews

**Audits Completed to Draft Report Stage as at 31 December**

Report	Draft Issued	Head of Service	Executive Director
Telecoms System	07/7/004	Ray Whitehouse	Cynthia Griffin
Network Security	12/7/04	Ray Whitehouse	Cynthia Griffin
Early Years	30/09/04	Sue Allen	David Maclean
Novell: Follow up to 03/04 audit	11/11/04	Ray Whitehouse	Cynthia Griffin
On Street Parking	22/11/04	Andrew McKenzie	Heather Bonfield
Parking Enforcement	22/11/04	Andrew McKenzie	Heather Bonfield
BACS: Follow up to 03/04 audit	22/11/04	Ray Whitehouse	Cynthia Griffin
Debtors	25/11/04	Jeff Potter	Rita Greenwood
Parking: Follow up to 03/04 audit	03/12/04	Andrew McKenzie	Heather Bonfield
Highways	7/12/04	Andrew McKenzie Zulfiqar Ali	Heather Bonfield
Child Protection	8/12/04	Marilyn Richards	Ruth Jenkins
Exemptions to contract terms: Pro Active audit	9/12/04	Cajetan Chukwulozie	Rita Greenwood
Academy Systems: Follow up to 03/04 audit	13/12/04	Ray Whitehouse	Cynthia Griffin
New Employees including references: Pro Active audit	16/12/04	Cajetan Chukwulozie	Rita Greenwood
SWIFT: Follow up to 03/04 audit	16/12/04	Marilyn Richards	Peter Brennan
Housing Benefit	21/12/04	Jeff Potter	Rita Greenwood
Loans & Investment	21/12/04	Mike Stringer	Rita Greenwood
Freedom Passes & Taxi Cards Follow up	21/12/04	Dylan Thomas	Cynthia Griffin
Business Continuity	21/12/04	Ray Stephenson	Heather Bonfield
Constitution incl. Scheme of Delegation	22/12/04	Phil Heady	Chris Dooley

**2003/2004 OUTSTANDING AUDIT WORK (ALL 03/04 AUDIT WORK COMPLETED)**

**Audits Completed To Final Report Stage**

Report	Issued	Internal Auditor's Opinion	Recommendations				Ref
			High	Med	Low	Total	
Community Care Placement	29/09/04	Qualified	2	18	1	<b>21</b>	Sch 2 (k)
Adoption & Fostering	23/11/04	Unqualified		5		<b>5</b>	Sch 2 (l)
Adult Education	24/11/04	Unqualified		4	1	<b>5</b>	Sch 2 (m)
<b>Total</b>			<b>2</b>	<b>27</b>	<b>2</b>	<b>31</b>	

\* opinions are not issued for pro-active audits

## **MANAGEMENT SUMMARIES SYSTEM AUDITS**

## **SCHEDULE 2**

### **RENT ACCOUNTING**

### **SCHEDULE 2 (a)**

#### **1.1 Introduction**

- 1.1.1 Rent accounting and collection is administered within the Corporate and Housing Directorate.
- 1.1.2 Initially, it was planned that the audit would cover both rent collection and accounting. However, following a meeting between Patsy Mortlock and Barry Adams on 21 August 2003, this has been changed to rent accounting only as rent collection is the subject of a Best Value Review.
- 1.1.3 At 1 April 2003, the housing stock totalled 11,461 properties. However, since this date 100 have been sold leaving 11,361. In addition to this, there are 3194 garages. This represents assets valued at approximately £481.5 million.
- 1.1.4 At 1 April 2003, the rent debit was £641.2K with current tenant arrears totalling £861K. At 1 April 2002, current tenant arrears totalled £727K against a rent debit of £614.5K.
- 1.1.5 At 1 April 2003, void properties numbered 314, this representing 2.74% of the housing stock. Of these 57 were classed as being long-term void i.e. where they are difficult to let or have structural problems.
- 1.1.6 Housing Rents are administered using the Anite Housing Management System, which was installed and went 'live' on 3 January 2003.

#### **1.2 Significant Issues**

- 1.2.1 There is no reconciliation between the number of properties held on the rents system and independent records held for example by Property Services. Therefore, there is no independent check to ensure that the rent roll is complete with no properties omitted.
- 1.2.2 There is no reconciliation of tenant notification documentation to the number of properties on the rent roll.
- 1.2.3 Whilst comprehensive arrears chasing procedures have been written and implemented at the Romford Housing Office, they have not been introduced around other housing areas. It is important that this is done as soon as possible so that there are standardised procedures throughout. The standardisation of procedures would be of assistance to those staff operating from more than one housing office.

#### **1.3 Recommendations**

This report contains 1 high and 5 medium priority recommendations.

The high recommendation states:

A reconciliation of the properties included on the rental roll should be undertaken using independent records e.g. Property Services.

## **1.4 Audit Opinion**

A qualified opinion is given based on the following:

- 1.4.1 There is no reconciliation between the number of properties on the rent roll to independent records held within the council. This would normally be the Asset Register or Property Services records. Therefore, there is no way of being certain that the rent roll is complete. Not only does this have financial implications from a rent viewpoint, but also can effect grant claims.

## **PAYROLL**

## **SCHEDULE 2 (b)**

### **1.1 Introduction**

- 1.1.1 The council's payroll is administered using the Cyborg (version 4.5) computer system, which was updated to the latest version in April 1998.
- 1.1.2 At the 31st March 2004 there were 13,254 live personnel on the payroll. The total gross payroll for 2003/04 was approx. £166m. The costs of running the payroll section were £484,326 against a budget of 488,880.
- 1.1.3 The audit has concentrated on examining the implementation of the recommendations made following the previous audit, and examining any changes in control which may have occurred since the last review.

### **1.2 Significant Issues**

The following significant issue was noted during the current audit review:

- Senior payroll staff are not initialling and dating system extracts when reviewing the accuracy of Tax & NI, Pension contributions, Pay Scales and APTC & Teachers pay arrears.

### **1.3 Recommendations**

- 1.3.1 The report contains two recommendations, all of a medium category.
- 1.3.2 The following recommendations made following the last audit have not been implemented. The reasons for this are also set out below:
- Net Pay and deductions are not included in the monthly payroll interface to the FIS General Ledger. Due to the implementation of FIS (11i) IT services have not had the resources to action this matter.
  - Cost centre managers are not receiving a report from accountancy in order for them to confirm that the payroll is accurately recording their staff.

Audit has informed the Financial Services Manager of a facility within the FIS General Ledger, which allows cost centre managers to obtain payroll details in respect of their staff. Audit has recommended that cost centre managers should take a copy of this data on a regular basis (i.e. six months), review its accuracy and forward a signed and dated copy to their Head of Service.

The Financial Services Manager has accepted the recommendation in principle and has informed the Interim Client Manager Internal Audit in order that the matter can be addressed at corporate level.

### **1.2 Audit Opinion**

- 1.4.1 An unqualified audit opinion can be given as Audit is satisfied that there is a strong control environment within the Payroll Department. Although a few incidences were noted where senior payroll staff are not evidencing month-end reviews or system checks, this has not invalidated the audit opinion.

## **IT PLANNING**

## **SCHEDULE 2 (c)**

### **1.1. Introduction**

- 1.1.1 IT Plans should evolve from the ICT strategy and should contain greater detail. Plans should be more short term and contain information regarding the resources to be made available in order to achieve the objectives of the authority's ICT Strategy.
- 1.1.2 The plans should be endorsed by senior management and communicated to those personnel with project or management responsibilities. The plans should cover all areas of IT and lay down what should be done, who should do it and when.
- 1.1.3 Monitoring of the plans should be undertaken regularly to ensure that progress is being made and variances identified at an early stage.
- 1.1.4 The Hydra project, rolling out the Citrix desktop, was the specific project examined. Procedures and processes were evaluated against expected controls to provide management with specific examples of the planning processes in operation.
- 1.1.5 The audit concentrated on examining the processes and procedures in place to ensure that plans deliver expected outcomes. We examined the controls applied by the Directorate to address the risks identified.

### **1.2. Significant Issues**

- 1.2.1 There were no significant issues arising as a result of this audit review.

### **1.3 Recommendations**

- 1.3.1 This report contains no recommendations.

### **1.4 Audit Opinion**

- 1.4.1 We can give an unqualified audit opinion. However the scope of the audit was a review of the Hydra project plan processes and is not a comment on the corporate planning processes.

## **REGENERATION PROJECTS**

## **SCHEDULE 2 (d)**

### **1.1 Introduction**

- 1.1.1 The Regeneration Section undertake a wide range of projects which generally involve funding from external parties to help improve the Borough. These range from works to roundabouts, riverside paths and large highway projects, the costs of which can range from £10,000 to schemes in excess of £1m. Procedures therefore need to be sound so as to ensure that officers comply with the Council's rules and procedures as well as the requirements of the funding bodies. There is also a need for close liaison with the relevant departments within the Council as well as the need for management responsibilities of the scheme to be clearly defined. Projects need to be well managed throughout the project lifecycle including project development, approval, implementation, monitoring, evaluation and review and to be sustainable thereafter.
- 1.1.2 Monitoring procedures also need to be in place to ensure that managers can identify those schemes where there are problems in meeting target times and/or keeping within budget. Managers also need to ensure that they are aware of the problems and take the relevant action to recover the delays or minimise the problems.

### **1.2 Significant Issues**

- 1.2.1 Schemes are being well managed by the Head of Regeneration & Partnerships and the Regeneration Manager. There were some problems identified in the administration and monitoring procedures but these are not considered to be significant. It is considered that such systems could be improved if monitoring was on a project basis rather than activity area, and the cost reports gave details of the expected final cost of the project.

### **1.3 Recommendations**

- 1.3.1 There are three medium category and one low category recommendations contained within the report.

### **1.4 Audit Opinion**

- 1.4.1 The controls and procedures that are operating within the Regeneration Section are considered to be adequate. However, there are some administrative and monitoring issues that need to be addressed by management which will further improve controls. These issues are not felt to be significant and so our audit opinion is therefore unqualified.

**RTB**

**SCHEDULE 2 (e)**

**1.1 Introduction**

- 1.1.1 Under the 1985 Housing Act, secure tenants renting a property from a Local Authority may be entitled to purchase the property. To qualify, the tenant must satisfy a number of requirements. The Act provides for purchase discounts. Applicants are liable to pay charges to the Local Authority if the property is sold within 3 years of the date of purchase.
- 1.1.2 The Right to Buy process is managed and administered by the Home Ownership Team who are available to advise on any aspect of the Right to Buy scheme. They are also responsible for on-going leasehold management.
- 1.1.3 During the last full financial year, 2003/2004, there were 301 Right to Buy applications and 258 completions. The total capital receipt for the year was £14,472,620.

**1.2 Significant Issues**

Comprehensive checks are not undertaken during the initial stages of the application process to ensure that all applicants are bona fide. Whilst, applications deemed to be suspicious are forwarded to the relevant Area Housing Offices adequate controls are not in place to ensure that:

- the current status of the investigation can be identified
- the further referral of the case can be tracked, i.e. forwarding to Legal or Internal Audit.

**1.3 Recommendations**

- 1.3.1 This report contains 2 high and 1 medium priority recommendations, which should help, improve control and address risks.

The High priority recommendations are set out below:

- 1.3.2 A computerised tracking system: i.e. IT specific systems, in house database or spreadsheet should be introduced allowing for one central record to be maintained between Homeownership, Area Housing Offices and Legal Services. A nominated officer should be responsible for ensuring that this record is kept up to date and failures to complete the record or take action by specified dates are investigated and actioned
- 1.3.2 A checklist should be produced which specifies the checks to be undertaken on suspicious right to buy applications and the appropriate responsible officer to carry these out. This should be signed by the officer completing the checklist and certified by an appropriate senior officer.

**1.4 Audit Opinion**

- 1.4.1 A qualified opinion is given based on the following:
- Controls are not in place to ensure that the progress of the investigation and whereabouts of the file can be monitored.
  - A checklist is not in place to ensure that all appropriate checks have been undertaken on suspicious right to buy applications.
  - Documentary evidence is not retained on file to evidence that action was taken to ensure that the rent account was not in arrears at the time of the completion.



## **YOUTH SERVICES**

## **SCHEDULE 2 (f)**

### **1.1 Introduction**

- 1.1.4 The Authority provides a dynamic and diverse informal education and support service to work with targeted groups and individual young people 11-25 years of age with a priority on those 13-19 years of age. Designated to meet the key Government targets, the service offers young people a wide range of informal education and support services to encourage their personal development. It primarily targets those young people who are "at risk" or in need of "support" whilst on their journey through to adulthood. The service works alongside other key providers or services in order to maximise the support on offer to individuals and groups of young people.
- 1.1.2 The Youth Support Service is organised into four clusters so that it can best respond to the needs of young people;-
- Education Support Services
  - Connexions and Contracted Services
  - Youth at Risk Services
  - Central Youth Services
- 1.1.5 During the audit it was established that the centres are called Youth Houses. A Youth House only relates to the actual building. Within each Youth House there may be a number of clubs or organisations using the facilities as a meeting point. One of these groups is the Youth Club.
- 1.1.6 Whilst the aim of the audit was to establish whether Youth Houses were being run in accordance with laid down standards the actual work has concentrated on the use of Youth Clubs.

### **1.2 Significant Issues**

- 1.2.1 During the audit review it was found that income is recorded on daily cash returns, however, the source of the income is not always specified. Minor expenditure is paid out by Youth Clubs from income collected, prior to banking. Expenditure incurred by the Youth Clubs is not appropriately authorised and formally documented.
- 1.2.2 Adequate controls are not in place to ensure that an effective audit trail is in place in relation to income and expenditure being processed through the Youth Clubs bank accounts.
- 1.2.3 There is a lack of controls in place to ensure that desirable / portable items are secure at the Youth Houses. Additional security measures such as restricted access to the premises and CCTV are not in place.

### **1.3 Recommendations**

- 1.1.3 This report contains 3 high and 2 medium recommendations which relate to the two Youth Clubs tested, 1 high recommendation which relates to all Youth Houses and Youth Clubs tested and 1 medium recommendation which relates to Central Youth Services. These should all help improve control and address risks.

The High priority recommendations are set out below:

1. The need for staff to be aware of the requirements of the Financial Framework and Youth Services Policy and Procedures handbook in relation to the maintenance of accounts and the usage of petty cash vouchers and the recording of expenditure.
2. The need for security controls to be introduced for all areas where items of a desirable / portable nature are retained.
3. The need for daily cash returns to be appropriately completed, ensuring that income collected is recorded against the relevant source.
4. The need for all Youth Clubs to have appropriate procedures in place to record all income and expenditure on a regular basis and for regular reconciliations of the Youth Club account to the bank statements to be undertaken.

#### **1.4 Audit Opinion**

A qualified opinion is given based on the lack of controls in place for the recording of income collected through to banking and expenditure.

## **MANAGEMENT SUMMARIES OF PROACTIVE AUDITS**

### **INVOICE PAYMENTS LIBRARIES**

### **SCHEDULE 2 (g)**

- 1.1 The Executive Director of Finance & Planning requested a pro-active audit on Invoice Payments. The purpose of the audit was to check a sample of invoice payments to ensure that all payments were legitimate and had been made in accordance with the Financial Framework.
- 1.2 A random sample of twenty (20) invoice payments processed by the Library Services was obtained and checked.
- 1.3 All twenty (20) purchases would appear to be for a valid Council need and all were purchased from what would seem to be a legitimate enterprise.
- 1.4 Two (2) out of the twenty one (21) transactions were processed despite the cost centre being over budget (One invoice had been coded to two cost centres, one of which was overspent).
- 1.5 Only twelve (12) purchases were supported by an official order and of these only three (3) had been signed by an authorised signatory and one (1) had been signed by an employee not authorised to certify orders. Eight (8) of the twelve (12) purchases had been made from a supplier approved by the London Library Consortium.
- 1.6 The lack of signatures on orders to the London Library Consortium Suppliers was brought to the attention of the Corporate Procurement Manager who informed the auditor that this practice was acceptable for suppliers approved by the London Libraries Consortium.
- 1.7 Eight (8) purchases were made without the use of an official order. Four (4) of these purchases should have been supported by an official order. In one (1) case the order for replacement tapes had been made by letter.
- 1.8 The orders sent to suppliers approved by the London Libraries Consortium contained all relevant details about the items ordered and where they should be delivered but they did not have the Council's Terms and Conditions annotated on them. This matter was also brought to the attention of the Corporate Procurement Manager who informed the auditor that this practice was also acceptable for suppliers approved by the London Libraries Consortium.
- 1.9 Invoices had not been date stamped by the receiving officer on three out of twenty (20) occasions.
- 1.10 Five (5) out of twenty (20) invoices had been signed by an authorised signatory that was not responsible for the cost centre the invoice was coded to.
- 1.11 In nine (9) out of (17) cases the invoice had not been certified within three days of receipt of the invoice. However, in seventeen (17) out of nineteen (19) cases payment had been made within thirty days of receiving the payment. It was not possible to check the remaining one (1) as the invoice had not been date stamped when received and the date processed for payment was over a month after the date of the invoice.
- 1.12 Five (5) suppliers were being paid by cheque and not the Council's preferred option of BACS.

Goods could only be identified as having been received and used in fourteen (14) out of twenty (20) cases. This being due to the type of purchase made and that the purchases had been made on behalf of a branch library.

**JOURNAL TRANSFERS**

**SCHEDULE 2 (h)**

- 1.1 The Executive Director of Finance & Planning requested a proactive audit on Journal Transfers. The purpose of the audit was to check a sample of journal transfers to ensure that:
  - they are appropriate and relevant;
  - there is supporting documentation showing which codes are being debited and credited and the reason for the transfer; and
  - the documentation is referenced with the FIS journal date, the amount of the transfer and the name of the person doing the journal.
- 1.2 By using Oracle Discoverer a sample of twenty five (25) journal transfers was obtained. All were found to be appropriate and relevant and included adequate narrative (*See Appendix 1*).
- 1.3 Twenty two (22) of the twenty five (25) journal transfers were examined in detail (The remaining three (3) were not examined due to staff absence during the review). It was found that the journal transfers do not have to be authorised prior to being input onto the Oracle system.
- 1.4 The journal transfers on Oracle do not show the year of account to which they relate and do not show the name of the initiator/originator although in all but two (2) cases the Unique Journal Reference does include the surname and initial of the person who initiated the journal.
- 1.5 All twenty two (22) journal transfers were supported by documentation. However, the type of documentation retained varied from a hand written summary with no supporting reports to a fully completed "Expenditure Journal" sheet (*See Appendix 2*) with supporting reports from Oracle as retained by Social Services Finance (Note: Social Services also use a "Budget Virement" Sheet - *See Appendix 3*).
- 1.6 The supporting documentation in four (4) out of twenty two (22) cases did not show the reason for the journal transfer but this could be identified.
- 1.7 Of the twenty two (22) cases examined, documentation had not been annotated with the date in six (6) cases, the amount of the journal transfer in fourteen (14) cases and the name of the person who had undertaken the journal transfer in twelve (12) cases.

**INVOICE PAYMENTS CAPITAL & REPAIRS**

**SCHEDULE 2 (i)**

- 1.1 The Executive Director of Finance & Planning requested a pro-active audit on Invoice Payments on Capital and Repair Works. The purpose of the audit was to check the processing of a sample of invoices and architects certificate payments to ensure they were legitimate and had been processed in accordance with the Financial Framework.
- 1.2 Work was also checked to ensure that:
  - I. it had been undertaken/completed;
  - II. the "client" was satisfied with the way the work was undertaken;
  - III. the "client" was satisfied that the work had been undertaken/completed to a satisfactory standard; and
  - IV. the work appeared to be the same as that charged for.
- 1.3 A sample of twenty (20) payments processed through the Council's Oracle Payables system was obtained and checked. This sample broke down into nine (9) Architects Certificates, eight (8) Invoices and three (3) external Architects Certificates each of which was processed as an invoice, i.e. appended with an invoice certification slip.
- 1.4 All twenty (20) payments would appear to be for a valid Council need and all payments were made to what would seem to be a legitimate enterprise.
- 1.5 Of the eleven (11) payments made by invoice:
  - I. Six (6) invoices had not been date stamped by the receiving office (Necessary for the completion of KPI's);
  - II. One (1) invoice had been certified for payment by an officer who was not responsible for the cost centre the payment had been coded to;
  - III. Three (3) invoices had been certified for payment by an officer responsible for the cost centre that the payment had been coded to but was for a higher amount than they are authorised to certify;
  - IV. It was only possible to identify that the Invoice Certification Label had been signed and dated within three days of receipt of the invoice on five (5) occasions and that on two (2) occasions it had not. It was not possible to confirm for four (4) cases if the invoice had been processed within three days; and
  - V. Two (2) invoices were not addressed to the London Borough of Havering. One was addressed to the Europa Centre and the other one was addressed to the external architect (the Architects Certificate was attached to the Contractors invoice).
- 1.6 Four (4) out of the 12 Architects Certificates (Nine (9) Havering Architects Certificates and three (3) External Architects Certificates) were found not to have been paid within fourteen days.
- 1.7 Four (4) out of the twenty (20) payments were made by cheque and not the Council's preferred payment of BACS.
- 1.8 No payments have been duplicated.
- 1.9 Eighteen (18) properties were then checked to ensure that the work had been undertaken/completed and the work appeared to be the same as that being charged for. It was found that:
  - I. Work could be identified as being undertaken or been completed in all cases;
  - II. In all but one (1) case work appeared to be the same as that being charged for (It should be noted that this audit has not been undertaken as a contracts audit review and therefore it is only the auditor's opinion);
  - III. The outstanding case was for the rebuilding of a brick wall between a private property and Council land. The original contract sum was for £6,905 but extra works have been included for the sum of £6,860 taking the total to £13,765

- IV. In three (3) cases the "client" was dissatisfied with the manner in which the work was undertaken and in the same three (3) cases the "client" was dissatisfied with the quality of the finished work. (This includes the work shown in (iii) above where the "client" is happy with the wall but not with the fencing and surrounding area).
  - V. In the remaining two (2) cases shown in (iv) above, in one case remedial action was undertaken by the same contractor at no extra cost and in the other the DSO undertook additional work at an extra cost at the request of the manager.
- 1.10 The remaining two (2) were not checked because one property access could not be gained and the other property's work is part of a current special investigation.
- 1.11 Included in the eighteen (18) properties checked were three (3) schools where part of the work had been the laying of non-slip flooring. In all three (3) cases the auditor was informed that problems had been encountered with flooring in that it marked very easily and was virtually impossible to clean.
- 1.12 During this review it was necessary to review the Authorised Signatory sheets retained by Audit & Risk Officer. It was found that all cost centres shown on the authorised signatory sheets relate to the old FIS system. It was also found that the files holding the authorised signatory documentation include current and old documentation, thus unnecessarily increasing the possibility of incorrect/out of date information being used. (It should be noted that this finding was made with the Authorised Signatory sheets held by Systems and Payments).

## **RESIDENTIAL PARKING DISC PAYMENTS**

## **SCHEDULE 2(j)**

- 1.1 Following an allegation by a member of the public the Client Manager Internal Audit requested a pro-active audit on Disc Parking Payments. The purpose of the audit was to check to ensure that:
1. Parking discs are accounted for by the Parking Section;
  2. Parking discs are accounted for in the retail outlets;
  3. The control and issuing of parking discs is in accordance with agreed procedures;
  4. Payments from outlets are received on a regular basis; and
  5. All income is accounted for
- 1.2 The Disc Parking Scheme was introduced into Havering in 1999. Disc bays were sited where previously there had been a single yellow line outside or near local shops etc. and they allow motorists to park for a restricted period of time. Parking Discs can be purchased at £10.60 per year from LBH establishments, e.g. Libraries and from eighteen (18) external retailers.
- 1.3 This review has concentrated on the controls and records pertaining to the external retailers. Records in respect of the transactions for 2004/2005 were examined.
- 1.4 From the examinations undertaken it would appear that the issuing and recording of Car Parking Discs and the collection and recording of income is well managed. Detailed findings were:
- 1.4.1 For all eighteen (18) retailers, Parking Discs issued by Angel Way could be accounted for.
- 1.4.2 For sixteen (16) out of the eighteen (18) retailers, the Parking Discs sold could be accounted for. For the remaining two (2) cases, one (1) retailer had not yet sold any discs and in the remaining case the retailer had lost the Disc Parking Account Sheets. However, the full amount of income for the number of disc issued had been collected (i.e. twenty discs issued by Angel Way, twenty discs sold by the retailer and income from the sale of twenty discs collected and banked by Angel Way).
- 1.4.3 There are no documented procedures or guidelines for the control and issuing of discs.
- 1.4.4 Income had been received from seventeen (17) out of the eighteen (18) retailers. The remaining retailer, who has only recently started, had not yet sold any discs. The collection of income and Disc Parking Account sheets from the retailers depends on the frequency of discs being sold.
- 1.4.5 All income is recorded on the individual Retail Outlets Spreadsheet. For seventeen (17) retailers the income collected had been correctly recorded. In the remaining case no income had yet been collected.
- All income recorded as being collected could be traced through the bank giro credits and onto FIS 11i.
- 1.4.6 The auditor was informed that there are no checks undertaken by Angel Way Car Park or by Environment Finance to ensure that the amounts banked have been correctly coded onto FIS 11i.
- 1.5 Other Findings:
- 1.5.1 A recent Systems Based Audit review of Permits and discs found that the number of discs held in stock was three hundred and seventy five (375) less than that shown on the records inherited from the Parking Section in Mercury House. Since the Systems Based Audit the records retained at Angel Way have been adjusted to take into account this difference.
- 1.5.2 In some cases the retailers were not completing the Disc Parking Account Sheets correctly or in full. Seven (7) retailers were not completing the Opening stock, number sold and closing stock details.

- 1.5.3 Seven (7) examples were found where retailers were using the wrong Disc Parking Account Sheets to record the issue of discs.
- 1.5.4 Receipts were not always being fully completed. Seven (7) instances were found where the type of income collected had not been completed and five (5) instances were found where the number(s) of the void tickets returned had not been annotated on the receipt.

## **2. Recommendations**

- 2.1 Procedure notes for the control and issuing of Parking Discs at Angel Way should be produced. (Note: this item has also been recommended as a result of findings made during the Systems Based Audit Review).

### Assistant Car Parks Supervisor Comments

*Old guidance notes have now been found regarding the completion of the Disc Park Account Sheets and the collection and banking of income. These guidance notes are to be updated and new ones completed in respect of the issue of Parking Discs.*

- 2.2 Retailers are reminded to complete the Disc Parking Account Sheets in full, that all discs should be issued in order and recorded on the corresponding Disc Parking Account Sheets.

### Assistant Car Parks Supervisor Comments

*The updated guidance notes on the completion of Disc Parking Account Sheets is to be issued to the relevant retailers.*

- 2.3 All official Council receipts are completed in full including the type of income collected and the number(s) of void ticket(s) collected.

### Assistant Car Parks Supervisor Comments

*Staff reminder issued.*

- 2.4 FIS 11i is checked to ensure that all income has been banked and correctly coded. (Note: this item has also been recommended as a result of findings made during the Systems Based Audit Review).

### Assistant Car Parks Supervisor Comments

*Checking of income on FIS 11i will be undertaken by the Car Parks Supervisor and the Assistant Car Parks Supervisor once training on the use of FIS 11i has been received.*



## **MANAGEMENT SUMMARIES 2003/04 SYSTEMS AUDITS**

### **COMMUNITY CARE PLACEMENT**

### **SCHEDULE 2 (k)**

#### **1.1 Introduction**

- 1.1.1 The Social Services Directorate is responsible for the placement of adults and children in residential care.
- 1.1.2 Gross Expenditure on placements totals £25m with £20m spent on adults and the remainder on children.
- 1.1.3 The Children and Families section of the Social Services Directorate administers the placement of children. Responsibility for adult placement is with the Head of Health and Social Care.
- 1.1.4 For adults only, there is also a need to “means test” clients to assess their ability to pay for the care they receive and bill them for this assessed contribution. This function is carried out by the Health and Social Care and Finance sections of the Directorate and central finance staff.
- 1.1.5 The purpose of this audit is to examine the controls in place to ensure that both adults and children are placed in accordance with their needs and, where possible, within the constraints of the budget. It also ensures that adequate action is taken to collect correctly assessed contributions from adult clients where appropriate.

#### **1.2 Significant Issues**

- 1.2.1 The payment of care providers accounts, the financial assessment of adults and the collection of client contributions were not found to be covered by detailed written procedures. Where procedures were in place, these could not be proved to have been agreed by the Director of Social Services.
- 1.2.3 There is significant delay between the placement of adults and the completion of the financial assessment and the first request for payment from the client
- 1.2.4 There are no written operational procedures to control the collection of contributions and at the time of the audit management played no role in overseeing this process. It is understood that a panel of officers now review outstanding debt on a regular basis.
- 1.2.5 It has been found that there is no management overview of the review of adult placements. This is felt to have contributed to some reviews not being undertaken.
- 1.2.6 Concerns are held about the accuracy of data held on adult clients. Discrepancies were found between records held by finance, those held by commissioning and those retained on the new computer system SWIFT.
- 1.2.7 Finally, there is felt to be a lack of long term planning for the placement of both adults and children to ensure adequate resources are identified to ensure all clients who require placement are placed appropriately and in a timely fashion.

### **1.3 Recommendations**

1.3.1 This report contains 2 high priority, 18 medium and 1 low priority recommendations which should help improve control and address risks.

1.3.1 The high priority recommendations are as follows:

- The Social Services Department scheme of delegation should be formally approved as soon as possible
- A five year plan should be developed for the provision and procurement of all care placements and this should be reviewed annually, to ensure that sufficient placements are available for the subsequent five years

### **1.4 Audit Opinion**

1.4.1 Based on the findings of the audit review we would need to give a qualified audit opinion based on the following:

- The assessment of adults and the collection of income are poorly controlled in that the current staffing levels do not allow for the timely assessment of clients and collection of income.
- No reliance can be placed on the accuracy of records relating to adult placements.
- The lack of long term forward planning could lead to shortages of appropriate placements in future years.
- The scheme of delegation has not been formally approved

## **ADOPTION & FOSTERING**

## **SCHEDULE 2 (I)**

### **1.1 Introduction**

1.1.1 The audit is undertaken as part of the 2003/2004 Internal Audit Plan.

1.1.2 There are three broad schemes of child placement, with each attracting different types and value of payment. The schemes are as follows:

- Long term placements: This is where children have been placed in the care of Foster Carers on a permanent basis. Although the Foster Carers have not legally adopted the child/children, it is envisaged that they will remain with the Carers for an indeterminable length of time. They may, however, return to the child placement scheme should the situation change.
- Task Focused Fostering: Children are allocated to Carers on a short to medium term basis.
- Adoption Placements: This is where the children are legally adopted and are not expected to re-enter the child placement system. The authority may recruit its own adoptive parents or an adoptive placement may be obtained elsewhere.

1.1.3 During 2002/2003, actual expenditure was £940,082 against a budget of £1,072,844, resulting in an underspend of £132,762. Adoption allowances totalled £194,353.

### **1.2 Significant Issues**

1.2.1 Entitlement to the various allowances is assessed by a means test where the applicant's income and expenditure details are requested. Where there is an excess of income over expenditure, the allowance will be reduced by the amount of excess income. Where income and expenditure are equal or there is an excess of expenditure over income, the full allowance will be paid. However, no documentary evidence e.g. pay slips, is requested to support the details declared.

1.2.2 Various one-off payments are paid to foster carers etc. to cover such expenses as birthdays, holidays and clothes. However, no checks are undertaken to ensure that the payments are used for the purpose they are given.

### **1.3 Recommendations**

1.3.1 This report contains 5 medium priority recommendations.

### **1.4 Audit Opinion**

It is possible to give an unqualified opinion based on the following: Overall, the standard of administration and control was found to be satisfactory.

## **ADULT EDUCATION**

## **SCHEDULE 2 (m)**

### **1.5 Introduction**

- 1.1.1 The audit is undertaken as part of the 2003/2004 Internal Audit Plan.
- 1.1.2 Adult Education is administered within the Education Directorate.
- 1.1.3 Courses are run at 15 main locations throughout the borough.
- 1.1.4 During the 2002/2003 educational year (September 2002 – July 2003), 872 courses were run, and there were 10,652 enrolments.

### **1.6 Significant Issues**

- 1.2.1 Payments received whether by cash, cheque or credit card should be processed and banked on a timely basis. By not doing so, not only does the authority lose the use of this income, but the risk of loss or misappropriation is increased.
- 1.2.2 Receipts should always be issued at the time payment is made. This is especially important where payment is made by post, so that acknowledgement of receipt is given to the applicant.
- 1.2.3 Security over keys is important and a Key Register will provide a record of all key holders.

### **1.3 Recommendations**

This report contains 4 medium and 1 low priority recommendations.

### **1.4 Audit Opinion**

It is possible to give an unqualified opinion based on the following:

- 1.4.1 Overall, the standard of administration and control was found to be good.

**MANAGEMENT SUMMARIES FOLLOW-UP AUDITS**

**SCHEDULE 3**

**VAT incl CITS**

**SCHEDULE 3 (a)**

**1.1. Introduction**

- 1.1.1 The Systems Control and Development Officer is responsible for compiling the Authority's VAT returns. The Corporate Payments Team and other officers, who make payments on behalf of departments where responsibility for payments is devolved, are required to ensure that the VAT element is correctly calculated and coded.
- 1.1.2 The Construction Industry Scheme was introduced in April 2002. Under the scheme, subcontractors are required to hold either a Registration Card or a Subcontractors Tax Certificate. Where a subcontractor holds a Registration Card, the Authority is required to make a deduction from all payments for labour of an amount on account of the subcontractor's tax and National Insurance Contribution (NIC) liability. Where the subcontractor holds a Tax Certification, the Authority may make a gross payment i.e. making no deduction on account of tax or NIC. The Corporate Payments Team are responsible for administering the Construction Industry Scheme (with the exception of schools) including verifying Registration Cards and Tax Certification and submitting monthly returns and payments to the Inland Revenue. Schools are responsible for verifying Registration Cards and Tax Certificates of subcontractors they employ. The administration of the scheme by schools has not been examined as part of this review as it will need to be reviewed by the school's auditors.

**1.2 Progress Implementing Recommendations**

- 1.2.1 The original audit found one weakness within the control environment, which has been set out in detail in the attached schedule. Set out below is information regarding the recommendation and the current position regarding its implementation.
- 1.2.2 A follow up audit has now been carried out to check on the information already given as to progress made to address the concern raised during the audit.

Recommendation Category	Number	Present position
Medium	1	This recommendation has been fully implemented. No further action is required.

**1.3 Audit Opinion**

- 1.3.1 Excellent progress has been made as the recommendation has been fully implemented.

## **CAPITAL MONITORING**

## **SCHEDULE 3 (b)**

### **1.1 Introduction**

- 1.1.1 Capital expenditure is all expenditure that can be capitalised under the current CIPFA statement of recommended practice plus any other expenditure that Government consents to or legislation permits. The broad framework for regulating the capital finance system is specified under the Local Government Act 2003. It is imperative that capital expenditure schemes are closely monitored to ensure that they remain within budget.
- 1.1.2 During the last financial year an audit was carried out to review the procedures within the Authority to monitor capital expenditure schemes. A final report on this matter was issued on the 4<sup>th</sup> August 2004.

### **1.2 Progress Implementing Recommendations**

- 1.2.1 The Interim Client Manager Internal Audit wrote to all Heads of Service during October 2004 requesting that the audit recommendation regarding capital schemes be implemented.
- 1.2.2 The Financial Services Manager reconfirmed that existing controls and procedures for reporting capital schemes to the Project Board and council members are still being applied as prescribed.

Recommendation Category	Number	Present position
Medium	1	Audit has obtained assurance that Heads of Service are providing the Financial Services Manager with appropriate information on capital schemes in order to report to the Project Board and Council Members.

### **1.3 Audit Opinion**

- 1.3.1 Excellent progress has been made and the audit recommendation has been fully implemented.

**HB WIBS Claims**

**SCHEDULE 3 (c)**

**1.1 Introduction**

- 1.1.1 In April 2002, the Authority's Benefits Sections implemented a new incentive scheme SAFE (Security against Fraud and Error) which replaced the Weekly Benefit Savings scheme. The key elements of the new scheme include the prevention and deterrence of fraud and error overpayment. As part of the new scheme, there are rewards for identifying eligible overpayments. Rewards are based on the level of weekly incorrect benefit (WIB) paid and contribute towards the Authority's threshold target which is determined by the Department of Work and Pensions (DWP). The scheme also offers incentive payments for sanctions and prosecutions.
- 1.1.2 The purpose of the original audit review was to examine the procedures in place to identify eligible overpayments and claim WIB rewards. The original review did not include an examination of rewards for sanctions and prosecutions as this was covered as a separate review of the Housing Benefits Investigations Team.

**1.2 Progress Implementing Recommendations**

- 1.2.1. The audit found a number of control weaknesses within the control environment, which have been set out in detail in the attached schedule.
- 1.2.2. A follow up audit has now been carried out to check on the information already given as to the progress made to address the concerns raised during the original audit.

Recommendation Category	Number	Present position
Medium	3	All recommendations have been appropriately implemented. One of the original recommendations could not be implemented until resources were made available upon realignment. However, alternative controls have been implemented to resolve this issue.

**1.3 Audit Opinion**

- 1.3.1 Excellent progress has been made as all recommendations have been implemented.

**REMOTE ACCESS**

**SCHEDULE 3 (d)**

**1.1 Introduction**

- 1.1.1 The method of providing remote access to the Havering network for some users will be changed from dial-in access to broadband over the next 12 months. British Telecom will provide the broadband facility.
- 1.1.2 Currently 7 sites are piloting the broadband, with the intention of rolling out broadband to all suitable users within 12 months.
- 1.1.3 The focus of this audit was to ensure that as part of the migration to broadband that control is exercised over the transfer of existing user accounts to the new system. It also evaluated the effectiveness of the new system for the control and monitoring of remote access accounts and sessions.

**1.2 Progress Implementing Recommendations**

- 1.2.1 The audit found some control weaknesses within the control environment, which have been set out in detail in the attached schedule.
- 1.2.2 A follow up audit has now been carried out to check on the information already provided regarding the progress made to address the concerns raised during the audit.

Recommendation Category	Number	Present position
Medium	9	None of the recommendations have been fully implemented, however four are being progressed and management are aware that action needs to be undertaken on the remaining four. Recommendation 5 needs no further action.
Low	2	The method of providing remote access has changed making both recommendations redundant.

**1.3 Audit Opinion**

- 1.3.1 Some progress has been made.



**CONTRACTUAL CLAIMS**

**SCHEDULE 3 (e)**

**1.1 Introduction**

1.1.1 On construction contracts the exact nature of the works is not always known. The contractor will fully plan the various work elements of the project but there may be unknowns associated with the works or other external factors encountered that will alter the programme. This may give rise to the contractor claiming both additional time to complete the works and monetary claims for the loss and expense incurred as a result of these delays. There is, therefore, a need for managers to ensure officers retain sufficient details to record the events on site, especially unexpected events, in order that any claims can be fully checked to ensure that they are both accurate and valid. The failure to retain the relevant details increases the risk that a contractor will be able to submit and be paid for an unjustified claim and/or the claim being exaggerated.

**1.2 Progress Implementing Recommendations**

1.2.1 It was found that the Council's exposure to claims is small with only one project identified as having a claim. However, the audit identified weaknesses within monitoring procedures and the level of information being retained. This compromises the Council's ability to identify schemes with potential budgetary problems at an early stage so that action can be taken to minimise their effect. Also, when claims are received there is an increased risk that contractors could be inflating their claims or try to claim for items that they are not entitled, due to inadequate records of the events on site.

1.2.2 A follow up audit has now been carried out to check on the information already given as to progress made to address the concerns raised during the audit.

Recommendation Category	Number	Present position
High	1	This has been actioned and was due to be fully implemented in October 2004 with the formal introduction of the monthly monitoring sheet. The Surveying Services Manager has indicated to the Head of Strategic Planing & Technical Services that this has now been implemented.
Medium	2	Action has been taken in respect of one of the recommendations as it is linked to the high priority recommendation above and should also be implemented in October 2004. No action has been taken in respect of the other recommendation to date but officers have stated that this should be fully implemented by November 2004. The Surveying Services Manager has indicated to the Head of Strategic Planing & Technical Services that these recommendations have now been implemented.

**1.3 Audit Opinion**

- 1.3.1 There has been good progress to date to implement the three recommendations contained within the final report. The report by the Surveying Services Manager to the Head of Strategic Planning & Technical Services indicates that the recommendations have now been fully implemented, however, this has yet to be confirmed by Audit.

**E-GOVERNMENT**

**SCHEDULE 3 (f)**

**1.1 Introduction**

1.1.1 Central Government’s policy is for Public Authorities to increase the use of new technology to provide the following:

- Improved access to services;
- Gain improvements in services and delivery;
- Improve the communication and consultation with communities and other organisations;
- Strengthen the partnership with local communities and business.

1.1.2 As part of this exercise Local Authorities are required to submit Implementing Electronic Government (IEG) statements to provide information on progress and as a mechanism to obtain funding for e-government initiatives.

1.1.3 E-Government is a corporate responsibility however the lead department for spearheading the approach to the initiative is the E-Government and Technology Services department.

**1.2 Progress Implementing Recommendations**

1.2.1 The audit found some control weaknesses within the control environment, which have been set out in detail in the attached schedule.

1.2.2 A follow up audit has now been carried out to check on the information already provided regarding the progress made to address the concerns raised during the audit.

Recommendation Category	Number	Present position
High	1	The e-Government Programme Office is actively pursuing this recommendation.
Medium	2	The first recommendation has been actioned. The second has been identified as needing improvement and its implementation will be progressed following the appointment of the new member of the e-Government Programme Office.
Low	1	This has been partially actioned and may be extended following the appointment of the new member of the e-Government Programme Office.

**1.3 Audit Opinion**

1.3.1 Good progress has been made. All recommendations have been addressed either fully or partially. Further developments are planned as part of the e-government agenda, which should address the remaining recommendations fully.

**CERTIFICATE PAYMENTS**

**SCHEDULE 3 (g)**

**1.1 Introduction**

1.1.1 On construction contracts, in order to prevent the contractor getting into financial difficulties, provision is made for interim payments to be made. These payments are made on certificates issued by the authorised officer named in the contract, normally either the Contract Administrator or Architect. The payments have to be accurate so as to avoid the contractor being over or underpaid. If the contractor is underpaid then he can still get into financial difficulties and the Council face the possibility of being taken to court for payment of the monies due to the firm. If the contractor is overpaid then the Council could face difficulties in getting the work completed as the contractor has already received the majority of the monies due to him.

**1.2 Progress Implementing Recommendations**

1.2.1 The original review found that the Council was not paying certificates in accordance with the time-scales stated in the contract. There were also various administrative issues that needed to be addressed such as the identification of the Contract Administrator and the payment due date on the interim certificates. Concern was also raised that some certificates (11%) were not being supported with either a valuation or other relevant documentation. This prevents officers from defending their actions should they be accused of deliberately over or under valuing the work undertaken by the contractor.

1.2.2 A follow up audit has now been carried out to check on the information already given as to progress made to address the concerns raised during the audit.

Recommendation Category	Number	Present position
Medium	7	Five of the recommendations have been fully implemented. The other two have been actioned and were due to have been fully implemented by the end of November 2004. The Surveying Services Manager has indicated to the Head of Strategic Planning & Technical Services that this has now been fully implemented.
Low	1	This has been implemented.

**1.3 Audit Opinion**

1.3.1 Good progress has been made as all of the recommendations have been fully implemented or actioned.

**IT SECURITY POLICY**

**SCHEDULE 3 (h)**

**1.1 Introduction**

- 1.1.1 The Audit Commission published a report in September 2001 entitled [yourbusiness@risk](#) which reviewed the type and incidence of IT abuse within organisations in the UK. The report highlights the risks facing local government as a consequence of IT abuse.
- 1.1.2 As an appendix to the report the Audit Commission provides a self-assessment checklist to enable organisations to assess how well their policies and procedures address the risks of IT abuse.
- 1.1.3 The audit review reassessed the measures in place to prevent IT abuse occurring within the London Borough of Havering, and compared them to both the original checklist and the findings from the last audit, to evaluate what progress has been made to date.

**1.2 Progress Implementing Recommendations**

- 1.2.1 The audit found some control weaknesses within the control environment, which have been set out in detail in the attached schedule.
- 1.2.2 A follow up audit has now been carried out to check on the information already provided regarding the progress made to address the concerns raised during the audit.

Recommendation Category	Number	Present position
Medium	5	Significant progress has been made in all areas relating to corporate security arrangements. Those areas not fully implemented will be addressed by management within the next few months.
Low	5	Significant progress has been made in all areas relating to corporate security arrangements. Those areas not addressed relate to the management and monitoring of the corporate network.

**1.3 Audit Opinion**

- 1.3.1 Good progress has been made. Most of the recommendations have been addressed either fully or partially.

**UNIX**

**SCHEDULE 3 (i)**

**1.1 Introduction**

- 1.1.1 UNIX is a machine independent operating system used widely to support a variety of applications at Havering.
- 1.1.2 The original intention was to review the security settings established for UNIX and measure the actual settings for a number of applications against the baseline.
- 1.1.3 Extensive use was to be made of 3<sup>rd</sup> party software to verify the controls in place for file and directory permissions. Although we ran the third party software against the UNIX files the recently changed configuration of application files, i.e. held together in one huge database, created a huge output report, which was too large to analyse in any meaningful way.
- 1.1.4 We changed the focus of the audit to examining the management and control exercised over the UNIX operating environment as a whole, since it is maintained as a separate entity. The aim of the audit was to provide management with the assurance that the management of the UNIX environment ensures the security and accuracy of the applications and data running under it.

**1.2 Progress Implementing Recommendations**

- 1.2.1 The audit found some control weaknesses within the control environment, which have been set out in detail in the attached schedule.
- 1.2.2 A follow up audit has now been carried out to check on the information already provided regarding the progress made to address the concerns raised during the audit.

Recommendation Category	Number	Present position
Medium	7	Changes to the method of accessing the network have made the first recommendation redundant. Three of the recommendations have been implemented, the three remaining recommendations are being progressed by management.
Low	3	All recommendations have been implemented.

**1.3 Audit Opinion**

- 1.3.1 Good progress has been made. All recommendations have been addressed either fully or partially.

**ICTS STRATEGY**

**SCHEDULE 3 (j)**

**1.1 Introduction**

- 1.1.1 Organisations have a clear need to ensure that their technology is closely linked to their business strategy in order to provide efficient service delivery to their customers. If they are to negotiate a path through the organisational and technological change, while maintaining or improving service delivery, they require a plan that identifies where the organisation intends to go and how they will get there, that is, a strategy.
- 1.1.2 The audit reviewed the existing ICT strategy and compared it to best practice. We:
  - Ensured that an integrated strategy has been developed and formally approved;
  - Ensured that the integrated strategy is appropriate and up to date;
  - Reviewed the arrangements in place to manage and maintain the strategy;
  - Made conclusions and recommendations as appropriate and reported to management.

**1.2 Progress Implementing Recommendations**

- 1.2.1 The audit found some control weaknesses within the control environment, which have been set out in detail in the attached schedule.
- 1.2.2 A follow up audit has now been carried out to check on the information already provided regarding the progress made to address the concerns raised during the audit.

Recommendation Category	Number	Present position
Medium	2	One of the recommendations has been fully implemented and the other will be by December 04.
Low	1	The recommendation has been fully implemented.

**1.3 Audit Opinion**

- 1.3.1 Good progress has been made (most implemented or mostly implemented)

**POST CONTRACT COMPLETION**

**SCHEDULE 3 (k)**

**1.1 Introduction**

1.1.1 It is important that weaknesses in design and the construction techniques are identified on each project and action is taken to avoid similar mistakes occurring on future schemes. It is therefore important to have an appraisal system that allows the identification of such weaknesses. Conversely the appraisal should identify good practices and for these to be conveyed to all staff for use on future schemes. The appraisal system should identify the views of the client, and help to identify training needs for staff. There should also be appraisals made of the performance of external firms in order that those firms who perform poorly are prevented for tendering any future works for the Council.

**1.2 Progress Implementing Recommendations**

1.2.1 It was found that at present there is little information being compiled on the performance of the different sections. This will therefore prevent any weaknesses or good points being identified and relevant action taken to address the points identified. Managers in the Technical & Surveying Services Section were aware of this lack of review and have taken steps to start seeking details on their performance and that of the companies used by seeking the views of their clients on the service being provided. However at present only limited management information has been generated in respect of the above and again Managers are aware of this weakness. There are no reviews of the performance of the design team or the project as a whole. This, as mentioned above, could lead to weak practices continuing whilst good practices are not being conveyed to all officers. Further reviews of the performance of the design team could identify training needs that would help improve the service provided.

1.2.2 A follow up audit has now been carried out to check on the information already given as to progress made to address the concerns raised during the audit.

Recommendation Category	Number	Present position
Medium	5	Two recommendations have been implemented and the other three have been actioned. The Surveying Services Manager has reported to the Head of Strategic Planning & Technical Services in November stating that two of these three recommendations have now been implemented, and the other is progressing.

**1.3 Audit Opinion**

1.3.1 Good progress has been made with all five recommendations having now been implemented or actioned.



**PHYSICAL SECURITY**

**SCHEDULE 3 (I)**

**1.1 Introduction**

- 1.1.1 The responsibility for the control and monitoring of IT equipment owned by the London Borough of Havering lies with the Information Communications and Technology Section. IT equipment is also requisitioned for use at home by Members and officers.
- 1.1.2 Initial investigations revealed that little information is kept for the IT equipment purchased for use at home. No information was available regarding the number of Havering owned desktop PCs, laptops or printers used at home by officers.
- 1.1.3 The focus of the audit was to evaluate the effectiveness of the system for the control and monitoring of IT equipment supplied for use at home.

**1.2 Progress Implementing Recommendations**

- 1.2.1 The audit found some control weaknesses within the control environment, which have been set out in detail in the attached schedule.
- 1.2.2 A follow up audit has now been carried out to check on the information already provided regarding the progress made to address the concerns raised during the audit.

Recommendation Category	Number	Present position
High	2	One recommendation has been implemented, the other has been progressed.
Medium	4	Two recommendations have been implemented, the other two have been progressed.
Low	1	This has been fully actioned.

**1.3 Audit Opinion**

- 1.3.1 Some progress has been made, equipment is still not listed on an inventory, however discussions with the manager responsible highlighted the problems associated with undertaking the project. It is intended to undertake the project when the funds are made available to upgrade low specification machines.

**LIBRARIES INTERNET**

**SCHEDULE 3 (m)**

**1.1 Introduction**

- 1.1.1 As a result of an incident at the Central Library, a request was made for a review into the arrangements for the general public to access the Internet using the PCs located in the Libraries. The Library Internet service was funded by a central government initiative, the aim of which is to provide free access to the Internet for the public.
- 1.1.2 Access to the Internet is provided by the London Grid for Learning network. The London Grid for Learning also provide an Internet filtering software facility using a product called NetSweeper, which is used to support and enforce the Local Authority's Internet Acceptable Use policy.
- 1.1.3 Each Local Authority has the ability to modify the sites that their customers can access, by advising which sites they would like to restrict access to. The contractor responsible for updating and controlling the filtering software can provide logs of access made and sites visited.
- 1.1.4 The focus of this audit was to identify current practices for allowing access to the Internet, identify weaknesses and recommend solutions.

**1.2 Progress Implementing Recommendations**

- 1.2.1 The audit found some control weaknesses within the control environment, which have been set out in detail in the attached schedule.
- 1.2.2 A follow up audit has now been carried out to check on the information already provided regarding the progress made to address the concerns raised during the audit.

Recommendation Category	Number	Present position
Medium	2	Both recommendations have been progressed.
Low	2	Both recommendations have been progressed.

**1.3 Audit Opinion**

- 1.3.1 Some progress has been made. However, the forthcoming changes to the provision of some Libraries Services as part of a consortium may result in a common approach being taken in some areas. This may include the provision of Internet services to users. Therefore at this time there is little benefit in undertaking major changes to the systems in place. At the time of the audit this approach was not being considered.

**HB INVESTIGATION**

**SCHEDULE 3 (n)**

**1.1 Introduction**

- 1.1.1 The Housing Benefit Investigations Team is responsible for investigating cases of alleged Housing Benefit fraud. The Team comprises of the Manager (whose duties are divided between the Investigations Team and Enforcement), a Senior Investigator, a Sanctions Officer and 3 Investigators (one post is currently vacant). Cases for investigation may be referred from Council employees, members of the public or may arise as a result of data matching exercises.
- 1.1.2 With the implementation of the New Incentive Scheme (NIS) in April 2002, the Investigations Team may now claim rewards from the DWP on cases where sanctions are applied or where the claimant is prosecuted.
- 1.1.3 The purpose of the original audit review was to examine the procedures in place to conduct fraud investigations including claiming rewards for sanctions and prosecutions in accordance with NIS.

**1.2 Progress Implementing Recommendations**

- 1.2.1 The audit found a number of weaknesses within the control environment, which have been set out in detail in the attached schedule. Set out below is information regarding the recommendations and the current position regarding their implementation.
- 1.2.2 A follow up audit has now been carried out to check on the information already given as to the progress made to address the concerns raised during the original audit.

Recommendation Category	Number	Present position
Medium	3	Two recommendations have been implemented. The remaining recommendation is no longer applicable under the new re-alignment of the section.

**1.3 Audit Opinion**

- 1.3.1 Excellent progress has been made as all recommendations that are still relevant have been fully implemented.

## **CASHIERS**

## **SCHEDULE 3 (o)**

### **1.1 Introduction**

- 1.1.1 The original audit was undertaken as part of the 2003/2004 Audit Plan
- 1.1.2 The Main Cashiers Sections are administered within the Customer, Cultural and E-Government Services.
- 1.1.3 The offices are located within the Town Hall and the new Public Access Service Centre located in the shopping centre.
- 1.1.4 Monies collected include Council Tax, Housing Rents, Sundry Debtors as well as deposits from other council departments.
- 1.1.5 During 2002/2003 the Cash Office processed transactions to the approximate value of £100 million.
- 1.1.6 The cash receipting system used is the Academy based CR2000, which has been operating for 6 years.
- 1.1.7 The audit did not cover the Housing Cashiers Offices, as these are covered elsewhere in the 2003/2004 Audit Plan.
- 1.1.8 This audit did not cover the bankings and control in the Public Advice Service Centre, but concentrated on the Cash Office at the Town Hall.
- 1.1.9 This was the first Main Cashiers audit undertaken by pps Acit.

### **1.2 Progress Implementing Recommendations**

- 1.2.1 Audit visited the main cash office at the Town Hall on the 8<sup>th</sup> December 2004 and confirmed that the audit recommendations made in the audit report dated 24<sup>th</sup> August 2004 have been implemented.
- 1.2.2 The only exception was in respect of recommendation 'three', which concerned the confirmation of cash collection bag numbers presented to 'Nat West'.
- 1.2.3 The Cashier Supervisor informed audit that Securicor Cash Services Ltd assumed responsibility on the 1<sup>st</sup> November 2004 for cash in transit operations. Council cash is now collected and taken directly to Securicors' Depot at Chelmsford and transferred for processing to Securicors' Cash Centre Maidstone, Kent. Consolidated cash is then transferred to the 'Nat West' cash centre also located in Maidstone, Kent.
- 1.2.4 The Cashier Supervisor informed audit that recommendation 'three' could not be implemented, as she has not received any written confirmation of the procedures carried out by Securicor in respect of cash collection and reconciliation.
- 1.2.5 The Cash Supervisor also expressed concerns regarding the time taken to credit monies collected to the council's bank account. Prior to the new corporate contract all monies collected at the main cash office were credited on the same day to the council's bank account.
- 1.2.6 The Cash Supervisor has forwarded her concerns on these matters to the Financial Services Manager and the Treasury Manager.

1.2.7 Audit has not carried out any further audit work on this matter as it is outside the remit of the follow up exercise.

Recommendation Category	Number	Present position
Medium	6	<ul style="list-style-type: none"><li>• Two recommendations have been fully implemented.</li><li>• Three recommendations have alternative procedures in place.</li><li>• One recommendation is no longer applicable.</li></ul>

### 1.3 Audit Opinion

1.3.1 Excellent progress has been made as the recommendations relating to the main cash office have been fully implemented or are no longer relevant.

1.3.2 The only reservation relates to the new corporate contract for cash in transit operations. Further assurances are required from Senior Management that proper procedures and controls are in place to confirm the accuracy and completeness of all cash collected and banked and that monies are credited to the Council's bank account on the day after collection.

1.3.3 Audit noted that a meeting was held with Securicor on the 15<sup>th</sup> December 2004 to discuss the progress of the new cash in transit contract. At the date of this report audit had not been informed of any matters arising from the meeting.

**1.1 Introduction**

- 1.1.1 The Audit Commission published a report in September 2001 entitled [yourbusiness@risk](#) which reviewed the type and incidence of IT abuse within organisations in the UK. The report highlights the risks facing local government as a consequence of IT abuse.
- 1.1.2 As an appendix to the report the Audit Commission provides a self-assessment checklist to enable organisations to assess how well their policies and procedures address the risks of IT abuse.
- 1.1.3 The audit review reassessed the measures in place to prevent IT abuse occurring within the London Borough of Havering, and compared them to both the original checklist and the findings from the last audit, to evaluate what progress has been made to date.

**1.2 Progress Implementing Recommendations**

- 1.2.1 The audit found some control weaknesses within the control environment, which have been set out in detail in the attached schedule.
- 1.2.2 A follow up audit has now been carried out to check on the information already provided regarding the progress made to address the concerns raised during the audit.

Recommendation Category	Number	Present position
Medium	5	Significant progress has been made in all areas relating to corporate security arrangements. Those areas not fully implemented will be addressed by management within the next few months.
Low	5	Significant progress has been made in all areas relating to corporate security arrangements. Those areas not addressed relate to the management and monitoring of the corporate network.

**1.3 Audit Opinion**

- 1.3.1 Good progress has been made. Most of the recommendations have been addressed either fully or partially.

**Work completed during period 01 November – 31 December 2004**

Ref	Description	Result of audit/Action taken
1.	(T8daag) Mis-use of Petty Cash Account	Confirmed that authorisation for payments in advanced had been received.
2.	(T6aaag) NFI – 2002 match	All cases referred completed – Total savings identified - £24060
3.	(T8aaeg) NFI – 2002 Income Support matches	Passed to DWP for further investigation.
4.	(T8baan) Computer equipment – Fraud and Corruption	Member of staff pleaded guilty to Police prior to Court process.
5.	(T8caad) Broadford School – Insurance claim	Report to Audit Committee
6.	(T8caag) Purchase of Bonded Stock	Completed – Agreement with Contractor re duplicate payments (£19515) and recording of stock.
7.	(T8daac) Fraud Hotline – Parking ticket issues	Two separate cases to be investigated.
8.	(T8daah) Complaints re mis-use of telephone	Case cancelled – Insufficient evidence.
9.	(T8caar) Alleged Long Term Sub Letting	Case cancelled - Insufficient evidence.
10.	(T8caas) Alleged Tenancy abuse/Sub Letting.	Investigation (CCTV + entry records) proved allegation correct. NTQ served on tenant.
11.	(T8caah) Asylum Seeker – Receiving income whilst claiming assistance.	Completed – Management progressing action

**As at 1<sup>st</sup> January 2005, the following cases were being progressed**

Ref	Description
T8bacc	Forensic Examination desktop for private and business use whilst at work
T8caai	NFI 2004/05
T8caaj	Staff time recording
T8caao	Review of contractor payments
T8caav	Fraud Hotline reports
T8caax	Alleged inappropriate use of desktop
T8daaa	Inappropriate use of desktop
T8daab	Review Firewall Procedures for monitoring Internet and E mail usage
T8daad	Tender Awards procedures
T8daae	Mis-use of laptops
T8daaf	Alleged Fraudulent application for RTB
T8daai	Review of Parking Enforcement Notices
T8daaj	Alleged Fraudulent application for RTB
T8daak	Fraud Hotline Allegation re Parking ticket
T8daal	Review of Income and Expenditure – Romford Ice Rink



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MEETING	DATE	ITEM
AUDIT COMMITTEE	26 January 2005	7

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## **REPORT OF THE CHIEF EXECUTIVE**

**SUBJECT: INTERNAL AUDIT PLAN 2005/06 – 2007/08**

### **SUMMARY**

This report presents the Internal Audit Plan for the three years 2005/06 to 2007/08 (see Appendix 1). The contents of the plan have included suggestions from the November Audit Committee, the Executive Director of Finance & Planning and the Client Manager Internal Audit. The Risk Management Group and Heads of Services have been consulted on aspects of the plan, and the Section 151 Officer has consulted with the Audit Commission

### **RECOMMENDATIONS**

1. To note the contents of the report
2. To agree the final Internal Audit plan for the period 2005/06 to 2007/08

### **REPORT DETAIL**

#### **1. INTERNAL AUDIT PLAN 2005/06 to 2007/08**

- 1.1 A report showing the risk based Internal Audit Plan for the three years 2005/06 to 2007/08 was prepared by pps Acit and presented to the 26 November Committee (Item 12). Officers informed the Committee that more work needed to be done before January 2005 to see where a full system audit would not be necessary, as the Council's internal controls were getting stronger.
- 1.2 pps Acit prepared the plan using their risk based methodology to identify the key risks that would prevent departmental and corporate objectives being achieved. In addition, pps Acit have used the Council's corporate and service risk registers to inform the plan and therefore further embed risk management within the Council.
- 1.3 The audit plan is allocated into the following categories:

Audit area	2005/06	2006/07	2007/08
Corporate Audits (cross-cutting reviews)	64	79	87
Systems Audits:			
CAAC	10	10	25



**LONDON BOROUGH OF HAVERING**

**IA Strategy Oct 2004**

<b>Audit area</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
Education	36	34	37
Environment	50	30	67
Finance & Planning	149	138	104
Housing & Regeneration	81	67	52
Social Services	65	51	39
Contract Audits	110	124	114
Computer Audits	145	145	153
Follow-up Audits	50	50	50
Pro-active Audits	150	150	150
Fraud Investigations	300	300	300
General Contingency	40	43	47
<b>Total audit days</b>	<b>1250</b>	<b>1221</b>	<b>1225</b>

- 1.4 The plan, which now takes into account the changes proposed to the original plan allocates 1250 audit days for 2005/06, 1221 days for 2006/07 and 1225 days for 2007/08. The reduction of total audit days from 1300 in 2005 reflects the view that the times allocated for audits may be reduced due to the improvements in the Council's internal controls and risk management strategy and because of the familiarity that pps Acit have of the Council's systems gained over the last 3 years. The plan has also been amended to show the more innovative approach that is being taken in its preparation. These changes have been made without affecting the scope of work, indeed it is the view of pps Acit that the plan now adds greater value.
- 1.5 The authority has requested that this year's plan should include a contingency for follow up audits. These would mainly be undertaken on audits receiving qualified opinions in the previous year. In addition to this, the plan has a contingency of 300 days for fraud investigations. and a small general contingency is allocated for miscellaneous unexpected reviews. This ensures that the fraud days are used specifically for reactive fraud investigation work, particularly as that may increase as a result of the sustained fraud awareness campaign. Any unused days will be timely reallocated to other priority areas.
- 1.6 The plan includes 150 days per year to carry out specific pro-active fraud reviews. These audits will involve the detailed examination of a service to ascertain if there appears to have been any irregularities, and/or if there are weaknesses within the systems and procedures which could enable a fraud to be perpetrated.

**2. Financial Implications and risks.**

The cost of the audit for the next three financial years will be contained within the overall audit budget. The reduction in days provide savings of £12,450 in 2005/06 and approximately £25,879 in 2006/07 and 2007/08. The Council is aiming to review the contract arrangements to achieve efficiencies to assist in delivering the savings included within the current MTFS from 2006/07.

**3. Legal Implications and risks:**

None arising directly from this report

**4. Human Resource Implications and risks:**

None arising directly from this report

**5. Equality and Social Inclusion implications:**

None arising directly from this report

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**STEPHEN EVANS**  
Chief Executive

**Background Papers**

Internal Audit Plan 2005/06 – 2007/08

HAVERING RISK ASSESSED AUDIT PLAN FOR THE YEARS 2005/06 to 2007/08						
Directorate	Head of Service	Risk Area	05/06	06/07	07/08	Qtr for 05/06 to do work
ACE's	Jonathan Owen	CPA/Best Value Strategy and Monitoring	0	12	0	
ACE's	Christine Dooley	Register of Interests/Related Party Transactions/Gifts/Hospitality	0	0	15	*
ACE's	David Ede	Codes of Conduct & Accountability	15	0	0	
ACE's	Cynthia Griffin	Freedom of Information Act	10	0	0	
ACE's	Christine Dooley	Governance & Committee Structure	0	15	0	
ACE's	Christine Dooley	Standing Orders incl. Scheme of Delegation	0	5	0	
ACE's	Cynthia Griffin	Communication Arrangements including relationships with partners	0	15	0	
ACE's	Cynthia Griffin	PASC's	0	12	0	
ACE's	David Ede	Personnel arrangements	15	0	0	
ACE's	David Ede	Employment of staff permanent/temporary	0	0	15	
ACE's	David Ede	Sickness , holiday, special leave procedures	0	0	15	
ACE's	Jonathan Owen	Performance Management	0	0	15	

HAVERING RISK ASSESSED AUDIT PLAN FOR THE YEARS 2005/06 to 2007/08						
Directorate	Head of Service	Risk Area	05/06	06/07	07/08	Qtr for 05/06 to do work
ACE's	All ACE's	Health & Safety	0	20	0	
ACE's	All ACE's	Climate Change	12	0	0	
ACE's	J Owen	KPI's	12	0	0	
ACE's	All ACE's	Taxation issues relating to service delivery	0	0	12	
ACE's	All ACE's	Impact of new legislation affecting Local Government	0	0	15	
<b>Sub Total for Corporate Issues</b>			<b>64</b>	<b>79</b>	<b>87</b>	
Customer Access & Culture	Dylan Champion	Central Library	0	10	0	
Customer Access & Culture	Dylan Champion	Branch Libraries	0	0	0	
Customer Access & Culture	Dennis Holmes	Indoor Sport & Recreation	0	0	10	
Customer Access & Culture	Ray Whithouse	Business Continuity	0	0	15	
Customer Access & Culture	Dylan Champion	Cashiers	10	0	0	
<b>Sub Total for Customer Access &amp; Culture</b>			<b>10</b>	<b>10</b>	<b>25</b>	
Education	Sue Allen	Education Other than at School	12	0	0	
Education	Sue Allen	Home to School Transport	0	12	0	

<b>HAVERING RISK ASSESSED AUDIT PLAN FOR THE YEARS 2005/06 to 2007/08</b>						
<b>Directorate</b>	<b>Head of Service</b>	<b>Risk Area</b>				<b>Qtr for 05/06 to do work</b>
			<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	
Education	Sue Allen	Pupil Services	0	0	12	
Education	Sue Allen	Special Educational Needs	0	12	0	
Education	Sue Allen	Education Welfare Services	12	0	0	
Education	Sue Allen	Youth Service	0	0	10	
Education	Sue Allen	Truancy	12	0	0	
Education	Sue Allen	Pupil Forecasting	0	10	0	
Education	David Tomlinson	Catering	0	0	15	
<b>Sub Total for Education</b>			<b>36</b>	<b>34</b>	<b>37</b>	
<b>Environment</b>	Ray Stephenson	Crime and Disorder Reduction CCTV	0	0	10	
Environment	Gerald Krawczyk	Domestic Refuse Collection	0	0	10	
Environment	Gerald Krawczyk	Trade Refuse Collection	0	0	10	
Environment	Gerald Krawczyk	Waste Disposal including landfill tax	15	0	0	
Environment	Andrew McKenzie	Management of car parks and parking meters	0	15	0	
Environment	Andrew McKenzie	Permits and Other Parking	5	0	10	

<b>HAVERING RISK ASSESSED AUDIT PLAN FOR THE YEARS 2005/06 to 2007/08</b>						
<b>Directorate</b>	<b>Head of Service</b>	<b>Risk Area</b>				<b>Qtr for 05/06 to do work</b>
			<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	
Environment	Andrew McKenzie	Parking Ticket issue & processing	5	0	15	
Environment	Gerald Krawczyk	Street Lighting	0	0	12	
Environment	Gerald Krawczyk	Street Care management	15	0	0	
Environment	Andrew McKenzie	Vehicle Workshops	0	15	0	
Environment	Andrew McKenzie	Use of Fuel Cards	10	0	0	
<b>Sub Total for Environment</b>			<b>50</b>	<b>30</b>	<b>67</b>	
Finance & Planning	Jeff Potter	Housing Benefits	15	10	15	
Finance & Planning	Jeff Potter	Council Tax	12	7	12	
Finance & Planning	Jeff Potter	NNDR	12	5	12	
Finance & Planning	Mike Stringer	Main Accounting System	10	0	0	
Finance & Planning	Jeff Potter	Debtors	5	12	5	
Finance & Planning	Mike Stringer	Creditors	10	10	10	
Finance & Planning	Mike Stringer	Insurance	0	10	0	

<b>HAVERING RISK ASSESSED AUDIT PLAN FOR THE YEARS 2005/06 to 2007/08</b>						
<b>Directorate</b>	<b>Head of Service</b>	<b>Risk Area</b>				<b>Qtr for 05/06 to do work</b>
			<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	
Finance & Planning	Mike Stringer	Cash and Banking Control	10	0	10	
Finance & Planning	Mike Stringer	Cheque Control	0	10	0	
Finance & Planning	Mike Stringer	VAT	0	0	10	
Finance & Planning	Jeff Potter	Payroll	15	10	15	
Finance & Planning	Mike Stringer	Pensions Systems	0	12	0	
Finance & Planning	Mike Stringer	Departmental Budgetary Control	0	15	0	
Finance & Planning	Mike Stringer	Corporate Financial Procedures.	15	0	15	
Finance & Planning	Mike Stringer	Risk Management Policy	15	0	0	
Finance & Planning	Mike Stringer	Recharges	0	10	0	
Finance & Planning	Mike Stringer	Fraud Policy & Response Plan/Whistle Blowing Policy	15	0	0	
Finance & Planning	Mike Stringer	Purchasing Strategies	15	0	0	
Finance & Planning	Mike Stringer	Income Controls	0	15	0	

<b>HAVERING RISK ASSESSED AUDIT PLAN FOR THE YEARS 2005/06 to 2007/08</b>						
<b>Directorate</b>	<b>Head of Service</b>	<b>Risk Area</b>				<b>Qtr for 05/06 to do work</b>
			<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	
Finance & Planning	Mike Day	Development Control & Planning	0	12	0	
<b>Sub Total for Finance &amp; Planning</b>			<b>149</b>	<b>138</b>	<b>104</b>	
Housing & Regeneration	Barry Kendler	Services to Housing Residents( Warden Services Concierge, Caretaking & Anti Graffiti Teams)	0	15	0	
Housing & Regeneration	Barry Kendler	Housing Aid	12	0	0	
Housing & Regeneration	Barry Kendler	Housing Renovation Grants	12	0	0	
Housing & Regeneration	Barry Kendler	Housing Rents Collection / Arrears	15	10	15	
Housing & Regeneration	Barry Kendler	Housing Grants and Allowances	15	0	0	
Housing & Regeneration	Barry Kendler	Assessments & Allocations	15	0	0	
Housing & Regeneration	Barry Kendler	maintaining quality of Housing stock	0	0	10	
Housing & Regeneration	Barry Kendler	Former Tenants Arrears	12	0	0	
Housing & Regeneration	Barry Kendler	Verification of Tenancies	0	0	12	
Housing & Regeneration	Barry Kendler	Housing Estates (Repairs and Maintenance)	0	0	15	
Housing & Regeneration	Barry Kendler	Homelessness & B & B Accom	0	15	0	



<b>HAVERING RISK ASSESSED AUDIT PLAN FOR THE YEARS 2005/06 to 2007/08</b>						
<b>Directorate</b>	<b>Head of Service</b>	<b>Risk Area</b>				<b>Qtr for 05/06 to do work</b>
			<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	
Housing & Regeneration	Barry Kendler	Voids	0	15	0	
Housing & Regeneration	Mike Robinson	Building & Technical Services	0	12	0	0
<b>Sub Total for Housing &amp; Regeneration</b>			<b>81</b>	<b>67</b>	<b>52</b>	
Social Services	Ruth Jenkins	Purchasing of services for Children and families	0	0	12	
Social Services	Ruth Jenkins	Provision of Services for the Under 8's	15	0	0	
Social Services	Ruth Jenkins	Child Protection	0	12	0	
Social Services	Peter Brennan	Commissioning of residential placements and Home care for the elderly	0	12	0	
Social Services	Peter Brennan	Provision of residential placements and Home care for the elderly	15	0	0	
Social Services	Peter Brennan	Providing Services for the physically disabled	0	15	0	
Social Services	Peter Brennan	Purchasing services for those with learning difficulties	0	0	12	
Social Services	Peter Brennan	Providing services for those with learning difficulties	10	0	0	
Social Services	Peter Brennan	Purchasing services for those with mental health problems	15	0	0	
Social Services	Peter Brennan	Providing services for those with mental health problems	0	0	15	
Social Services	Peter Brennan	Grants to Voluntary Organisations	10	0	0	

<b>HAVERING RISK ASSESSED AUDIT PLAN FOR THE YEARS 2005/06 to 2007/08</b>						
<b>Directorate</b>	<b>Head of Service</b>	<b>Risk Area</b>				<b>Qtr for 05/06 to do work</b>
			<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	
Social Services	Peter Brennan	Receiverships/Appointeeships and residents savings & Securities	0	12	0	
<b>Sub Total for Social Services</b>			<b>65</b>	<b>51</b>	<b>39</b>	
Contracts	Various	Contingency- Project reviews at Client Request and a project review	0	0	0	
Housing & Regeneration	Barry Kendler	Tendering Processes	0	15	0	
Housing & Regeneration	Mike Robinson	Certificate Payments	0	12	0	
Various	Various	Consultants Fees	12	0	12	
Environment	Gerald Krawczyyk	Liquidated Damages/Loss and Expense/Variations	0	15	0	
Various	Various	Repairs/Maintenance	15	12	12	
Various	Various	Specific Project Review	10	10	10	
Housing & Regeneration	Mike Robinson	Approved list/Contract Register	10	0	10	
Various	Various	Contract procedure Rules Compliance	0	12	0	
Housing & Regeneration	Mike Robinson	Post Completion Assessment (Major works contracts)	0	12	0	
Assistant Chief Executive Christine Dooley	Christine Dooley	Payments to Counsel **	0	0	0	

<b>HAVERING RISK ASSESSED AUDIT PLAN FOR THE YEARS 2005/06 to 2007/08</b>						
<b>Directorate</b>	<b>Head of Service</b>	<b>Risk Area</b>				<b>Qtr for 05/06 to do work</b>
			<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	
Assistant Chief Executive Christine Dooley	Christine Dooley	Legal Services Contract Monitoring ** (15 days to cover both these services)	15	0	0	
Housing & Regeneration	Roger McFarland	Responsibility for managing regeneration projects	0	0	10	
Various	Mike Robinson & Various clients	Project Assessment & Management	12	0	12	
Finance & Planning	Mike Stringer	Insurance & performance Bonds	12	0	0	
Various	Various	Partnership Arrangements	0	12	0	
Housing & Regeneration	Barry Kendler	Final Accounts	12	0	12	
Various	Mike Stringer & Mike Robinson	Capital Monitoring	0	12	0	
Various -	Streetcare & tech Services Housing	Health & Safety on site	12	0	12	
Education	Various	Contract Management	0	0	12	
Housing & Regeneration	Housing	Contract management	0	12	0	
Various	Legal Technical Services Streetcare & Housing	awareness of changes in legislation and major building cases	0	0	12	
<b>Sub Total for Contract Services</b>			<b>110</b>	<b>124</b>	<b>114</b>	
Customer Access & Culture	Ray Whitehouse	E-GOVERNMENT	15	0	0	
Customer Access & Culture	Ray Whitehouse	E-COMMERCE	15	0	15	
Customer Access & Culture	Ray Whitehouse	NETWORK SECURITY	0	15	0	
Customer Access & Culture	Ray Whitehouse	NETWORK INFRASTRUCTURE	10	0	10	
Customer Access & Culture	Ray Whitehouse	TELEWORKING / REMOTE ACCESS	15	0	15	
Customer Access & Culture	Ray Whitehouse	VIRUS PROTECTION	0	12	0	

<b>HAVING RISK ASSESSED AUDIT PLAN FOR THE YEARS 2005/06 to 2007/08</b>						
<b>Directorate</b>	<b>Head of Service</b>	<b>Risk Area</b>				<b>Qtr for 05/06 to do work</b>
			<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	
Customer Access & Culture	Ray Whitehouse	INTERNET & EMAIL	0	15	0	
Customer Access & Culture	Ray Whitehouse	BUSINESS CONTINUITY	0	0	0	
Customer Access & Culture	Ray Whitehouse	IT STRATEGY	10	0	10	
Customer Access & Culture	Ray Whitehouse	IT PLANNING	0	0	10	
Customer Access & Culture	Ray Whitehouse	PROJECT MANAGEMENT	0	15	0	
Customer Access & Culture	Ray Whitehouse	OPERATING SYSTEMS	0	0	15	
Customer Access & Culture	Ray Whitehouse	HELPDESK	15	0	0	
Customer Access & Culture	Ray Whitehouse	ORACLE DATABASES	15	0	15	
Customer Access & Culture	Ray Whitehouse	DIP/WORKFLOW SYSTEM	0	10	0	
Customer Access & Culture	Ray Whitehouse	SYSTEM CHANGE MANAGEMENT	10	0	0	
Customer Access & Culture	Ray Whitehouse	ICT PROCUREMENT	0	15	0	
Customer Access & Culture	Ray Whitehouse	PHYSICAL SECURITY	0	10	0	
Customer Access & Culture	Ray Whitehouse	SOFTWARE LEGITIMACY	0	0	10	
Customer Access & Culture	Ray Whitehouse	DSO SERVITOR	10	0	0	
Finance and Planning	Jeff Potter	ACADEMY CTAX/NNDR & BENEFITS	15	0	15	
Finance and Planning	Jacinta Clifford	PAYROLL/HUMAN RESOURCES	0	15	0	
Finance and Planning	Mike Stringer	DEBTORS	0	0	0	
Finance and Planning	Mike Stringer	CASHIERS	0	8	0	
Finance and Planning	Mike Stringer	BACS	0	0	8	

<b>HAVERING RISK ASSESSED AUDIT PLAN FOR THE YEARS 2005/06 to 2007/08</b>						
<b>Directorate</b>	<b>Head of Service</b>	<b>Risk Area</b>				<b>Qtr for 05/06 to do work</b>
			<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	
Housing & Regeneration	Marina Cottington	RENT ACCOUNTING	0	0	15	
Housing & Regeneration	Mike Robinson	GIS	0	15	0	
Social Services	Peter Brennan	SWIFT	15	0	15	
Environment	Andrew McKenzie	computer controls re the processing of p	0	15	0	
<b>Sub Total for Computer Services</b>			<b>145</b>	<b>145</b>	<b>153</b>	
			50	50	50	
<b>Sub Total for Follow ups</b>			<b>50</b>	<b>50</b>	<b>50</b>	
<b>Details of Pro Active Reviews</b>						
Placements -SEN and Social Services			15	0	0	
Tenancies			0	0	5	
PC abuse / Telephone abuse-land / mobiles			0	10	0	
Flexi /annual Leave & Overtime / Toil			10	10	10	
New Employees, including references. Leavers			15	0	15	
Agency staff			5	0	0	
Honoraria and other payments to staff			0	10	0	
Write Offs			10	0	10	
Car Loans			0	10	0	
Travel / Subsistence & Car Allowances			0	5	0	
Cheques			5	0	0	
Invoice payments			10	10	10	
Journals			5	0	5	
Checking of specific write offs			0	0	5	
Income			5	0	0	
Inventories / Stock			5	0	0	
Death Certificates			0	0	5	
Homecare providers			10	10	10	
RTB			0	5	0	
Sickness			10	10	10	
Petty Cash / safes /keys			10	0	10	
Abuse of vehicles			5	0	5	
Discounts / Exemptions			10	0	0	
Checking on specific arrears cases			0	0	10	
Invoice payments: Capital & repairs			0	15	0	
Stock & Plant			10	0	0	
Asset Control			0	15	0	
Banking			10	0	15	
Renovation Grants			0	10	0	
Payroll Specific			0	15	0	
Council tax			0	15	0	
NNDR			0	0	15	
Hospitality Registers			0	0	10	
<b>Sub Total for Pro-Actives</b>			<b>150</b>	<b>150</b>	<b>150</b>	

<b>HAVERING RISK ASSESSED AUDIT PLAN FOR THE YEARS 2005/06 to 2007/08</b>						
<b>Directorate</b>	<b>Head of Service</b>	<b>Risk Area</b>				<b>Qtr for 05/06 to do work</b>
			<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	
<b>FRAUD INVESTIGATION CONTINGENCY</b>			<b>300</b>	<b>300</b>	<b>300</b>	
<b>GENERAL CONTINGENCY</b>			<b>40</b>	<b>43</b>	<b>47</b>	
<b>GRAND TOTAL</b>			<b>1250</b>	<b>1221</b>	<b>1225</b>	

\* to be completed when plan agreed



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MEETING	DATE	ITEM
AUDIT COMMITTEE	26 January 2005	8

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## **REPORT OF THE CHIEF EXECUTIVE**

**SUBJECT: CLIENT AUDIT MANAGER'S REPORT – 01 NOVEMBER 2004 – 31 DECEMBER 2004.**

### **SUMMARY**

This report contains information on:

- Implementation of Audit Commission's recommendations
- Implementation of Internal Audit recommendations
- Internal Audit Key Performance Indicators
- Comparative analysis of Internal Audit plan
- Progress on the re-tendering of the internal audit contract
- Statement of Internal Control Action Plan
- Progress on Fraud and Corruption Action Plan
- Budget Analysis
- Benefits Investigation
- Risk Management issues
- Other issues for the attention of the Committee

### **RECOMMENDATIONS**

1. To note the contents of the report.
2. To raise any issues of concern
3. To consider and agree any further training needs

### **REPORT DETAIL**

#### **1. Implementation of Audit Commission's recommendations**

- 1.1 Appendix 1 gives full details of all the outstanding recommendations from 2003 to date, showing the actual recommendations, the position currently being reported and the target date that was given for the recommendations to be completed. It should be noted that many of the recommendations are very broad and as such it is difficult to have an outcome that can be judged complete.

- 1.2 In the 24 November Committee meeting, Members requested that 'Responsible Officers' with outstanding audit recommendations must attend to explain why they have failed to implement external audit recommendations. Appendix 1 and 2 contains outstanding recommendations and the 'Responsible Officers'. The position has been discussed with all applicable officers and they have been requested to attend this meeting.
- 1.3 The Committee should also note that there are other recommendations which are not reported, as they are being implemented within the agreed timescale or are 'ongoing' actions.
- 1.4 Summary of the Audit Commission's activities since the last Committee meeting

<b>Finalised reports</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Total</b>
e-Government follow-up	2	2		<b>4</b>
User Focus	6	3		<b>9</b>
CPA Scorecard *				
Direction of Travel *				
Annual Letter *				
<b>Total number of recommendations</b>	<b>8</b>	<b>5</b>		<b>13</b>

The Audit Commission has issued five reports since the 24 November Committee meeting. The External Audits Progress report contains the full details.

\* Details to the CPA Scorecard and the Direction of Travel are contained in the Annual letter which is being finalised.

## **2. Implementation of Internal Audit recommendations**

### 2.1 Summary of 2003/04 outstanding recommendations

	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Total</b>
Total number of recommendations outstanding as of December 2004	20	163	55	<b>238</b>

As of December 2004, there were 238 outstanding 2003/04 Internal Audit recommendations. The details are contained in Appendix 2. These are recommendations that have missed their implementation deadline by more than one month. The names of the 'Responsible Officers' are contained in the details as requested by the 24 November Committee. These officers have been requested to this meeting to explain why they have failed to implement audit recommendations.

### 2.2 Summary of 2004/05 Internal Audit (IA) A recommendations

As of 31 December 2004, IA has issued 132 recommendations (excluding fraud audits). Most of the agreed actions are not yet outstanding. Only 3% of 2004/05 due actions have missed their implementation milestone (see Page 21). This is an improvement in the implementation of Internal Audit recommendations.

<b>Review</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Total</b>
Total number of recommendation(s)	21	87	24	<b>132</b>
Total number of outstanding recommendation(s)		3 (3%)	2 (8%)	<b>5 (3%)</b>



### 3. Performance Indicators (as of December 2004)

- 3.1 Committee members will note that there are 9-Key Performance Indicators (KPI) in Appendix 3. These indicators are focused on measuring the efficiency and effectiveness of Internal Audit activities.
- 3.2 An analysis of the KPI's indicates an improvement in the percentage of completed total audit days (KPI 01) and reviews (KPI 02), 46% and 51% respectively. The on-target total number of audit briefs issued (KPI 03) and input days resourced (KPI 04), 88% and 73% respectively, indicates that a significant part of the annual audit plan should be completed by 31 March 2005.

	Definition	Annual Cumulative Target	Performance as of December
KPI 01	Number of total actual audit days completed as a percentage of total planned annual days (1300).	100 %	46%
KPI 02	The number of audit reviews completed as a percentage of the total annual number of planned reviews (108).	100 %	51%
KPI 03	The total number of audit briefs agreed as a percentage of the total annual number of planned reviews (108)	100 %	88%
KPI 04	The total number of input days on audits as percentage of the total number of planned days (1300)	100 %	73%
KPI 09	Survey Forms Assessed	100 %	64%

- 3.3 In December 2004, the CMIA wrote to the Director of pps Acit, following concerns expressed by Senior Management in November about Internal Audit's ability to complete the 2004/05 plan. The Council has received a response with details on how Internal Audit will meet the plan. We will use the response to continue monitoring activities, as we enter the last quarter.
- 3.4 As at the end of December 2004, 51% of the plan had been completed, 20% of the plan was at draft or formal report stage, 20% was being actively worked on and the remaining 9% was due to be commenced in the early part of the new calendar year. It is important that the resource input by the Head of Internal Audit is sustained in order to maintain the improvements in performance.
- 3.5 The Client Manager anticipates an increase in the number of reports as Internal Audit strives to complete the audit plan. Managers should comply with the Internal Audit protocol to ensure that reviews are expediently conducted and reports timely completed.

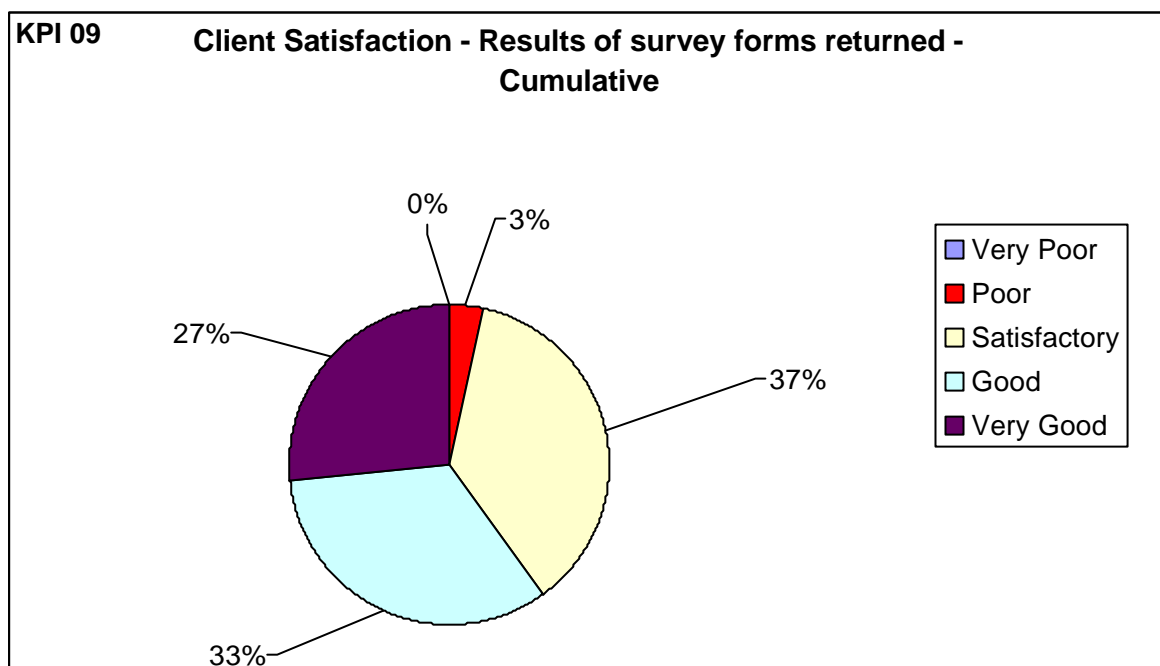
### 4. Survey Questionnaire Analysis

- 4.1 The analysis of the survey forms is the responsibility of the CMIA. In the August Committee meeting, Members inquired about national performance indicators for assessing the Audit Commission's work. Members were informed that none existed. To provide a way of assessing the Audit Commission's work, the Executive Director of Finance has adopted the survey questionnaire successfully used to assess Internal Audit. This will be discussed with the Audit Committee. The March Audit Committee will contain a survey analysis of the Audit Commission's work in 2004/05.
- 4.2 The survey asks respondents to assess the Auditor's performance on a scale of 1– 5 (very poor very good) in the following areas:
- Audit Planning
  - Quality of draft report

- Quality of final report
- Communication
- The Auditor

#### 4.3 Survey Analysis of Internal Audit's 2004/05 work

37% of the survey returns reported a satisfactory review, and 60% reported a good to excellent audit experience, with one poor response (3%). It is pleasing to note that a significant number (97%) of managers are satisfied with the internal audit process.



### 5. Comparative analysis between the Internal Audit Plan for 2004/05 and 2003/04

- 5.1 Appendix 4 provides the status of Internal Audit's efforts in implementing the 2004/05 annual plan, and data from 31 December 2003 which provides valuable comparative information.
- 5.2 As of 31 December 2004, Internal Audit has completed 55-reviews (51%) while 22-reviews (21%) are at the consultation/final draft stage. At the same period in 2003, 15-audits (19%) were completed to the final and 26 (32%) to consultation/final draft stage. Although (36) 33% of the annual plan is still to be completed, at the same time last financial year, 43 (54%) of the plan was yet to be completed. The analysis indicates significant improvement in output when 2004/05 is compared to last years performance.
- 5.3 Members will note that 84 audits were completed during the last financial year whereas it is anticipated that **113** will be completed this year. This years performance is anticipated to surpass the target number of 108-reviews.
- 5.4 The main reason for the difference between the target numbers for each period is a change in reporting requirements. In previous years, Internal Audit have not recorded, as a specific task, when they check on the progress being made to implement recommendations from an earlier audit (follow up audit). However, it has now been agreed with the Council that, in future, Internal Audit plan will separately show the follow up audits. 34 of these audits have been planned for this year (normally taking 2 days per audit).

## 6. Progress on the re-tendering of the internal audit contract

6.1 In the 24 November Committee meeting, Members received a report on the Internal Audit Strategy. The report recommended that the Council should re-tender the Internal Audit Contract. The new contract will be in partnership with other London Boroughs.

6.2 So far, we are progressing as follows:

- Identification of the Councils who want to join in the contract. A meeting of North London Councils (Tower Hamlet, Barking & Dagenham, and Waltham Forest) is scheduled for 01 February. In addition, the Procurement Unit has sent a notice (through the London Contract Suppliers Group) to all London Boroughs informing them of our intent and requesting interested Councils to contact us.
- Once the partnership members have been identified, discussion will proceed on the contract specifications.
- Meanwhile, our Legal Services has established a timetable for the re-tendering of the contract to ensure timely compliance with Contract Standing Order and OJEC notices.

## 7. Progress on the Statement of Internal Control Action Plan

7.1 Appendix 5 presents the Statement of Internal Control (SIC) action plan. The SIC provides greater assurance with regard to corporate governance issues. It was signed by the Leader of the Council, the Chief Executive, and the Executive Director of Finance & Planning. It is part of the 2003/04 Statement of Accounts and was presented to the November Committee. The action plan will be tracked and reported to the Committee.

## 8. Progress on Fraud and Corruption Action Plan

8.1 Appendix 6 details progress on the implementation of the fraud action plan. Most of the actions have been completed or are in progress. In September 2004, the Council started its anti-fraud campaign. The objective was to raise awareness on the Council's efforts to prevent, detect and investigate frauds, within or outside the organisation. The public, staff and Members were the target group. The campaign involved the following activities:

- Publication of a brief article in the September 2004 'Living in Havering'
- Distribution of posters on Council notice boards and strategic locations
- Posting of anti-fraud poster on JC Decaux advertising board
- Distribution of a letter and guidance leaflet from the Chief Executive to all employees
- Establishment of a website with contact information
- Improvement of the relationship with the Metropolitan Police.
- Completion of a fraud response plan for internal use
- Presentation of anti-fraud sessions to staff and Members in October – December, focusing on the roles of Internal Audit, Benefit Investigations and Stakeholders.

8.2 Summary of calls on the fraud hotline log (As of December)

<b>Source of calls</b>	<b>No.</b>	<b>Actions</b>	<b>Status</b>
Anonymous	4	Cases were forwarded to the appropriate service areas to address	Benefits referred one case to DWP. No investigation was required for other cases.
Staff	4	Four cases being investigated by Internal Audit	In progress
Public	1	Internal Audit working on two investigations	In progress

Between September and December 2004, Internal Audit recorded nine (9) calls from the public, staff and Member(s). Approximately, 70% of the calls resulted in either a proactive audit and/or an investigation. The investigations are still in progress. Of the calls forwarded to the applicable service area, one case was sent to the Department of Work and Pensions (DWP) for investigation.

- 8.3 At one of the Council's anti-fraud seminars, a member of the e.doc Workflow team requested training on the identification of altered and false documents used to claim Housing and Council Tax Benefit, e.g. tenancy agreements, passports etc. In addition to Benefit Services, there are other sections within the Council that rely on documentary evidence for the provision of services. A wider training initiative is now planned for the identification of altered and false documents.

DWP may be able to assist with the costs of this initiative through its 'Performance Fund'. This fund is available to Local Authorities to improve their benefit administration, which includes the prevention of fraud and error. A bid for partial funding for benefit staff training will be made and other services can then be incorporated into the initiative.

Due to the constraints of year end and the re-assessment of benefits for the new financial year, it is anticipated that the initiative will be delivered in May 2005. This will have the advantage of re-enforcing the Council's anti-fraud awareness programme.

- 8.4 In another session, a Finance Officer stated that her service area has a problem with obtaining login access (IDs and Passwords) for temporary staff. This means that temporary staff access the system with other users IDs and Passwords, compromising the integrity of the system. In its December 20 meeting, the Risk Management Group (RMG) suggested the creation of login access for agency staff. Managers will be responsible for assigning and managing these Agency logins. The Client Manager Internal Audit has notified ICT and will continue to work with them to develop a solution by the end of January 2005.

- 8.5 Since the anti-fraud campaign started, the Council has held numerous meetings with the Metropolitan Police. In one of the meetings, The Metropolitan Police assessed the Council's anti-fraud efforts with reassuring approval. An updated protocol for the London area is currently being prepared by the Police. Meanwhile, the Council now has a Police Liaison Officer from the Havering Branch. Members of the Council's Fraud Team recently attended an informative counter fraud session at New Scotland Yard.

- 8.6 Sustaining the anti-fraud message will be a priority for 2005/06. In March 2005, the RMG plans to re-launch the anti-fraud poster using the JC Decaux boards. In September 2005, the poster will also be circulated to over 85,000 Havering households through a Havering Community Safety Partnership program. The 2005/06 anti-fraud sessions will be arranged to directly address the needs of high risk service areas.

- 8.7 The anti-fraud campaign has succeeded in raising awareness within and outside the council. The number and quality of cases under investigation, and relationship with the Metropolitan Police have all improved. The campaign will be sustained by future advertising and by ensuring that serious cases are successfully investigated and prosecuted. In addition, future anti-fraud sessions will be more specific to the operations of high risk service areas.

## **9. Year to Date (YTD) Budget Analysis**

- 9.1 The revised budget figure for Internal Audit (2004/05) is £415,130. Appendix 7 provides a graphic summary of Internal Audits YTD expenditure from 01 April to 31 December 2004. As of 31 December 2004, YTD actual (£328,703) is slightly above the budgeted amount (£311,297). This is due to a timing difference in recorded expenditure, as account is within budget.

## 10. Benefits Investigation

10.1 A report on Benefits Investigations is at Appendix 8.

## 11. Risk Management Issues

11.1 The RMG have completed the bi-annual review and assessment of the corporate and service risk registers. The registers are now posted on the Intranet (Our Plans & Policies). Analysis of the service registers identified the following risk themes for Risk Managers to consider in their next risk review :

Anti-Fraud Management	Health & Safety – Vandalism	Recruitment & Retention
Business Continuity	Industrial Action	Reputational Management
Communications	Insurance Management	Sickness Management
Equality & Diversity	Legislative – Compliance	Staff Development
Financial Management	Operational Management	Staff Grievances
Health & Safety – Assault	Partnership Management	Systems Management
Health & Safety – Compliance	Project Management	
Health & Safety – Injury	Quality of Service	

The current corporate risk register is attached as Appendix 9. There are no changes to the risk register since the Committee approved the November review.

## 12. Other issues for the attention of the committee

12.1 The review of schools internal audit findings (2003/04) presented to the Audit Committee in August 2004 excluded three schools. These schools had not submitted their audit reports in time to be included in the review:

- The Frances Bardsley School, Full Assurance
- The Coopers' Company & Coborn School, Substantial Assurance
- St. Ursula's R.C. Junior School, Substantial Assurance

12.2 The committee had requested that a supplementary report be presented to the Executive Director, Finance & Planning once the reviews were completed. The Executive Director of Finance & Planning received a report on the reviews. There were no issues for the Committee to consider as two schools (see 12.1) had substantial assurance while one school received a full assurance.

12.3 The Client Manager would like to progress training needs required by Committee members. Members may wish to attend training offered in another Local Authority.

## 13. Financial Implications and risks:

In accepting audit recommendations, managers are obligated to consider financial risks associated with the implementation of the recommendations.

## 14. Legal Implications and risks

None arising directly from this report

**15. Human resource Implications and risks**

As indicated in the 24 November 2005 Committee report, there will be T.U.P.E. implications for the re-tendering of the internal audit contract.

**16. Equality and Social Inclusion implications**

None arising directly from this report

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**STEPHEN EVANS**  
Chief Executive

**Background Papers**

Internal Audit reports & database  
Audit Commission Progress report  
2003/04 Statement of Internal Control

**Appendix 1      Outstanding External Audit Recommendations**

<b>HIGH PRIORITY RECOMMENDATIONS</b>					
<b>Reports</b>	<b>Recommendations</b>	<b>Reported By</b>	<b>Date Due</b>	<b>Current Position</b>	<b>Classification</b>
<b>Democratic Renewal</b>	Develop Overview and Scrutiny policy development programmes that have a clear and crosscutting direction, and take account of key performance data.	Assistant Chief Executive Legal Services  Christine Dooley	31/12/03	Group Leaders have meet seven times in 2004 in an effort to plot a way forward on all aspects of O&S. Governance Committee has set up an informal Member level group to consider the most appropriate O&S model for Havering. This group will consider R10 and other in coming to a conclusion	In progress
	Encourage local community stakeholder involvement in the political management process, including taking an active part in member meetings.	Assistant Chief Executive Legal Services  Christine Dooley	31/12/03	As above	In progress
	Develop the work programmes of the Overview and Scrutiny Committees to include post implementation review.	Assistant Chief Executive Legal Services  Christine Dooley	31/12/03	As above	In progress
	Clarify the expected role of Overview and Scrutiny Committees in respect of Best Value and communicate this effectively to members.	Assistant Chief Executive Legal Services  Christine Dooley	31/10/03	As above	In progress
	Encourage greater scrutiny focus on holding the Cabinet to account.	Assistant Chief Executive Legal Services	3/12/03	As above	In progress

<b>HIGH PRIORITY RECOMMENDATIONS</b>					
<b>Reports</b>	<b>Recommendations</b>	<b>Reported By</b>	<b>Date Due</b>	<b>Current Position</b>	<b>Classification</b>
		Christine Dooley			
	Improve communication between members involved in scrutiny when developing reports.	Assistant Chief Executive Legal Services  Christine Dooley	3/12/03	As above	In progress
	Foster a more inclusive and less party-political approach to Scrutiny working.	Assistant Chief Executive Legal Services  Christine Dooley	3/12/03	As above	In progress
	Improve member attendance at training sessions to ensure they develop the core skills necessary to carry out their roles effectively.	Assistant Chief Executive Legal Services  Christine Dooley	1/2/04	Overall responsibility for member training allocated to HR under the Corporate Governance Action Plan (June 2004). Action being pursued	In progress
	Consider the establishment of a mechanism to ensure effective exchange of information between Cabinet, OSC and Area Committee chairs.	Assistant Chief Executive Legal Services  Christine Dooley	31/12/03	Area Committees, their role and purpose, to be the subject of a member Working Party examination due to report in the New Year	In progress
<b>Joint Review SS 2002/03</b>	Continue to extend use of financial flexibilities as part of strengthening joint commissioning	Heads of Business Strategy Bob Page	Jan 2004	First stage is establishment of Joint Commissioning plans and posts. Mental health joint commissioning post being recruited to (PCT lead) and Older Peoples' commissioning	In progress



<b>HIGH PRIORITY RECOMMENDATIONS</b>					
<b>Reports</b>	<b>Recommendations</b>	<b>Reported By</b>	<b>Date Due</b>	<b>Current Position</b>	<b>Classification</b>
				strategy nearing completion	
	Ensure implementation of Best Value Review action plan in line with requirements to improve service re alignment and investment	Heads of Business Strategy/ Head of Community services Bob Page / Peter Brennan	Oct 2003	Will be taken forward as part of work programme of Physical Disabilities Partnership Board. Yew tree Lodge functions being developed	In progress
	Finalise and widely publicise a communications strategy which includes effective liaison and relationships with external bodies, particularly the voluntary sector	Heads of Business Strategy Bob Page	Nov 2003	Nearing completion	In progress
<b>E Government</b>	Redevelop the Intranet	Head of ICT Services  Ray Whitehouse	April 2003	Focus to date with existing resources has been on improving facilities for citizens on internet site. Intranet redevelopment will be aligned with replacement of the corporate content management system	In progress
<b>Procurement – Parkman, Domiciliary Care</b>	Formulate a contract register (with corporate procurement involvement) to: • hold details of contracts and contractors • inform the domiciliary care strategy (and its future revisions) • plan and inform future procurement projects • enable effective monitoring of contractor performance.	Commissioning Manager  Bob Page		Work started on Contract register as part of Strategic Procurement Steering Group action initial report by mid March 04	Partially complete
<b>Programme Governance (Nov 04)</b>	Use the PIG monitoring process as an example to implement a robust corporate structure for project governance that clearly defines overall programme objectives and establishes nominated senior-level accountability for stakeholder management across the programmes and then roll this out to other projects and programmes.	Cynthia Griffin / Jonathan Owen	Dec 04	Yes This has been achieved for e-Government projects and it is now planned to be adopted by all PIG projects.	

<b>HIGH PRIORITY RECOMMENDATIONS</b>					
<b>Reports</b>	<b>Recommendations</b>	<b>Reported By</b>	<b>Date Due</b>	<b>Current Position</b>	<b>Classification</b>
	Create and publicise an overall and discrete statement or strategy that clearly defines overall programme objectives and meets best practice standards.				
	Ensure clear terms of reference and governance responsibilities and standards are established for all corporate programme governance groups.	Cynthia Griffin / Jonathan Owen	Oct04 Mar05	Yes Identify all key corporate groups for inclusion. All relevant TOR's to be constructed, agreed and published. This has already been achieved for FIG.	
	Continue to develop corporate standards and methodology around full Business Case presentation and funding approval. All Business Cases to show linkages to corporate priorities and ongoing sustainability. Ensure this is established for all new e-Government and FIG projects	Ray Whitehouse/ David Yates	Sep 04	Yes A draft updated Business Case is now available and needs approval.	

<b>MEDIUM PRIORITY RECOMMENDATIONS</b>					
<b>Reports</b>	<b>Recommendations</b>	<b>Reported By</b>	<b>Date Due</b>	<b>Current Position</b>	<b>Classification</b>
<b>Democratic Renewal</b>	Develop future training sessions to provide a greater insight into the roles of the Cabinet.	Assistant Chief Executive Legal Services  Christine Dooley	31/10/03	Action being pursued before the target date (31/10/03) and continues. Overall responsibility for member training allocated to HR under the Corporate Governance Action Plan (June 2004	In progress
	Review whether members remain supportive of the current call-in process outlined in the Council's Constitution.	Assistant Chief Executive Legal	3/12/03	Governance Committee due to consider complete review of the Constitution and has now formed an informal group to undertake review	In progress

<b>MEDIUM PRIORITY RECOMMENDATIONS</b>					
<b>Reports</b>	<b>Recommendations</b>	<b>Reported By</b>	<b>Date Due</b>	<b>Current Position</b>	<b>Classification</b>
		Services Christine Dooley			
<b>Corporate Governance 2002/03</b>	R3 Staff should formally sign up to the model code of conduct once it is issued by the Office of the Deputy Prime Minister and adopted by the Council. Appropriate training should be given to staff on conduct issues. When the Council adopted the current code of conduct, staff were not required to acknowledge receipt of the code in writing.	Assistant Chief Executive Corporate Human Resources David Ede	When provided by ODPM	Agreed This recommendation is agreed and will be implemented once the model code of conduct has been agreed. The OPDM issued the draft code for consultation purposes with a response deadline of 19 <sup>th</sup> November. ACEs (HR and Legal are jointly preparing a response on behalf of the authority	In progress
<b>Procurement</b>	R5. Framework to be reviewed to include detailed guidance on construction, engineering and building works and on leasing arrangements.	Head of Financial Services Mike Stringer	Oct 2003	To be included in Procurement Framework version 2. Work to be carried out in 2005 once Contract Procedure Rules update is complete	In progress
	R11. Establish systems in CPU to monitor adherence to guidance in the Procurement Framework. Report results to responsible ED, senior management team and responsible Member. Hold directorate officers to account for non-compliance.	Head of Financial Services Mike Stringer	Jan 2004	Started with vendor analysis and SPSG. Training for Contract Monitoring Officers underway. Major contracts reported to SPSG every 6 months. Improvement Action Plan in place.	In progress
<b>Procurement – Parkman, Domiciliary Care</b>	Review and implement the most appropriate contract arrangement for the procurement of spot and block purchased domiciliary care hours, including <ul style="list-style-type: none"> <li>• clarifying the contract arrangements with the four spot only providing agencies; and</li> <li>• reviewing the volume of care hours specified as block during the re-tender process using the strategy (see R1) and market intelligence to balance more appropriately the volumes of block and spot purchasing in order to achieve greater value for money.</li> </ul>	Commissioning Manager Bob Page		Modernisation of Home Care Service underway, steering group has identified actions for the re tendering of Domiciliary Care Contracts, initial expressions of interest have been sought and received	In Progress

<b>MEDIUM PRIORITY RECOMMENDATIONS</b>					
<b>Reports</b>	<b>Recommendations</b>	<b>Reported By</b>	<b>Date Due</b>	<b>Current Position</b>	<b>Classification</b>
<b>Programme Governance (Nov 04)</b>	Approve the prioritisation process contained within the PIG terms of reference against which priorities can be determined, and establish corporate arrangements and standards for the management of benefits from the programmes and projects. 2 Cynthia Griffin Yes The PIG TOR has been agreed and contains the process	Cynthia Griffin	June 04	The PIG TOR has been agreed and contains the process	
	Establish corporate arrangements and standards for communications and continuous two-way consultation and engagement of users and stakeholders around the activities and outcomes associated with the programmes and projects to enable commitment to successful delivery.	Ray Whitehouse / David Yates	Oct 04	Stakeholder Management is now included within the overall Prince2 method and a Project Leadership course is now available to emphasise the 'softer skills' required for programme / project management.	
	Establish nominated senior level accountability for configuration and knowledge management to ensure that corporate arrangements and standards for the management of assets, knowledge and information around the programmes and projects are complied with and information around the programme is accurate in order that priorities can be determined, interdependencies identified and conflicts resolved.	Ray Whitehouse	Sep 04 Mar 04 Jun 05	Establish a corporate repository Describe assets Fully link with Information Governance	
	Implement uniform arrangements, standards and systems for the planning, stage reviews, reporting, and maintenance of issues logs and risk logs for commencement of every project, in order that all criteria for benefits, success and risks are understood and addressed and that effective and realistic planning can be undertaken,	David Yates	Sep 04	Yes Revised business case format now meets criteria recommended.	

<b>MEDIUM PRIORITY RECOMMENDATIONS</b>					
<b>Reports</b>	<b>Recommendations</b>	<b>Reported By</b>	<b>Date Due</b>	<b>Current Position</b>	<b>Classification</b>
	including the development of suitable exit strategies in the event of project non-viability. Ensure this is implemented for all PIG projects.				
	Implement uniform arrangements, standards and systems for the maintenance of change control under Prince2. Ensure these are implemented for all e-Government and PIG projects	David Yates	Sep 04	Construct and implement robust change control processes for use on all project activities. This will be extended to cover new PIG projects	
	Implement formal processes for handover and acceptance of the project outcomes and products to operational departments in order that the project team and operational units are clear on responsibility and accountability.	David Yates	Sep 04	Construct and implement robust 'production' processes to allow for seamless handover of new systems to operational support teams. This will be extended to cover all new PIG projects.	
	Implement a post-project implementation review and lessons learned several months after completion of the project in order that the organisation can judge whether the project products and outcomes have delivered the intended benefits to the organisation and also learn from the project processes to aid continuous improvement to best practice.	David Yates	Sep 04	Yes Ensure that the process is embedded within the Method and monitor via the Programme Office. A Lessons Learned template will be designed to allow PM's to enter items throughout the Project Lifecycle to aid construction of the Lessons Learned template at the end of the project. Measurement of achieved benefits will be documented within Project Quality Plans This process will be adopted for all e-Government and PIG projects.	

<b>LOW PRIORITY RECOMMENDATIONS</b>					
<b>Reports</b>	<b>Recommendations</b>	<b>Reported By</b>	<b>Date Due</b>	<b>Current Position</b>	<b>Classification</b>
<b>Procurement</b>	R12. Monitor the use of project management of procurement process to evaluate use and learn lessons	Head of Financial Services		Started with Building Repairs contracts. To be followed up. Improvement action plan in place.	In progress

<b>LOW PRIORITY RECOMMENDATIONS</b>					
<b>Reports</b>	<b>Recommendations</b>	<b>Reported By</b>	<b>Date Due</b>	<b>Current Position</b>	<b>Classification</b>
		Mike Stringer			
<b>Programme Governance (Nov 2004)</b>	Implement uniform arrangements, standards and systems for the documentation of all projects under Prince2 in relation to filing and version control. This could be maintained by the Programme Office. Ensure this is implemented for PIG projects.	David Yates	Sep 04	All e-Government projects have filing and version control applied. This will be extended to cover the strategic projects.	

**APPENDIX 2      Internal Audit Outstanding Recommendations**

	Review in 2003/4	High	Medium	Low	Head of Service Responsibility	Position at December 04
	Meal on wheels		1	5	Education Strategy & Resources David Tomlinson	1 outstanding being progressed
	Public lighting		8		Streetcare Zulfiqar Ali	All outstanding but being progressed
	Standards fund		2		Financial Services Mike Stringer	Both still outstanding but being progressed
	Right to buy	1		1	Housing Barry Kendler	1 still being progressed
	HB verification framework		11	3	Exchequer Services Jeff Potter	3 outstanding being progressed
	Cheque Control			2	Financial Services Mike Stringer	1 outstanding. Progress has been delayed pending the resolution of several staff-related issues and due to ongoing staff vacancies and long term sickness absence. The staff issues have now been resolved and recruitment is now underway for the second time, the first attempt having failed to recruit someone. It is therefore now planned to address this during the first part of 2005 once the recruitment process has been concluded.
	Final Accounts	1	4	1	Streetcare	1 outstanding being progressed

	Review in 2003/4	High	Medium	Low	Head of Service Responsibility	Position at December 04
					Zulfiqar Ali	
	Pensions		7	1	Exchequer Service Jeff Potter	5 recommendations outstanding, some parts not started
	Post Completion Assessments		5		Strategic Planning & Technical Services Mike Robinson	2 outstanding being progressed
	Community Care Packages		3	2	Strategy & Commissioning Bob Page	All now outstanding
	Homecare		12	2	Strategy & Commissioning Bob Page	1 outstanding being progressed
	Off street parking		8	1	Environmental management & Regulation Andrew McKenzie	2 outstanding being progressed
	Leaseholders	2	5		Housing Barry Kendler	2 outstanding being progressed
	Payroll		4		Exchequer Services Jeff Potter	1 outstanding being progressed
	Contract Monitoring	1	2		Streetcare Zulfiqar Ali	1 outstanding being progressed
	Assessments & Allocations	3	6		Housing	All outstanding and still being progressed



	Review in 2003/4	High	Medium	Low	Head of Service Responsibility	Position at December 04
					Barry Kendler	
	Novell		8	8	E Govt Technology Service Ray Whitehouse	11 recommendations outstanding
	Remote Access		9	2	E Govt Technology Service Ray Whitehouse	8 recommendations outstanding
	Academy		6	5	E Govt Technology Service Ray Whitehouse	7 recommendations outstanding
	Physical security	2	4	1	E Govt Technology Service Ray Whitehouse	5 recommendations outstanding
	Swift	3	3	2	E Govt Technology Service Ray Whitehouse	2 recommendations outstanding
	Parking COPPT system	1	2	9	Environmental management & Regulation Andrew	2 outstanding being progressed

	Review in 2003/4	High	Medium	Low	Head of Service Responsibility	Position at December 04
					McKenzie	
	Unix		7	3	E Govt Technology Service Ray Whitehouse	2 outstanding being progressed
	Libraries	3	21		Customer Service Dylan Champion	9 outstanding pending libraries refurbishment
	Libraries Internet		2	2	Customer Service Dylan Champion	4 outstanding being progressed
	Community care placements	2	18	1	Strategy & Commissioning/ Children & Family Services/ Health & Social Care Bob Page/Ruth Jenkins/Peter Brennan	5 outstanding
	CRM system	1	5	4	E Govt Technology Services/ Customer Services Ray Whitehouse	3 outstanding

	Review in 2003/4	High	Medium	Low	Head of Service Responsibility	Position at December 04
	<b>Total</b>	<b>20</b>	<b>163</b>	<b>55</b>		

	Review in 2004/05	High	Medium	Low	Head of Service Responsibility	Position at December 04
	Tendering Processes	1	3	2		Not Outstanding
	Training Children & families		3			Not Outstanding
	Pupil Services		12	5		<b>Some Issues outstanding</b> , but these are being progressed and generally timescales are being met
	Crime & Disorder Reduction CCTV	4	4	1		Not Outstanding
	Domestic Refuse	2	6	3		Not Outstanding
	Trade Refuse	1	12	3		Not Outstanding
	Computer Housing Rents	1	7	4		Not Outstanding
	Regeneration		3	1		Not Outstanding
	<b>Total</b>	<b>9</b>	<b>50</b>	<b>19</b>		

**Categorisation of recommendations:**

High: Fundamental control requirement needing implementation as soon as possible

Medium: Important Control that should be implemented

Low: Pertaining to Best Practice

**APPENDIX 3 Internal Audit Key Performance Indicators (KPI)**

KPI	Definition	Target	Qtrs 1	Qtrs 2	Qtrs 3	Comments
KPI 01	Number of total actual audit days completed as a percentage of total planned annual days (1300). Compute, Total number of audit days completed to final stage plus days spent on fraud work/Total number of planned audit days	audits =	27	178	408	
		fraud =	61	124	184	
		100% cumulative	7%	23%	46%	
KPI 02	The number of audit reviews completed as a percentage of the total annual number of planned reviews (108). Compute, Total number of audit reviews completed to final stage/Total number of planned reviews	100% cumulative	4	22	55	
			4%	20%	51%	
KPI 03	The total number of audit briefs agreed as a percentage of the total annual number of planned reviews (108). Compute, Total number of audit briefs issued to final stage/Total number of planned reviews	100% cumulative	26	55	95	
			24%	51%	88%	
KPI 04	The total number of input days on audits as percentage of the total number of planned days (1300) Compute, Total number of input days on the contract/ total number of planned days	100% cumulative	354	607	948	
			27%	47%	73%	
KPI 05	Performance against target time: Maximum 28 days between release of the formal draft and receipt of response Measure number of days between formal draft date and date response received. Only count when a formal has been sent	in time	1	5	9	
		out of time	0	2	4	
		no formal				
		95%	100%	71%	69%	
KPI 06	Performance against target time: Percentage of reviews where the final report was issued within 5 available working days of receipt of the response agreeing to the formal report. Compute, number of days between response to the formal report and distribution of a final.	in time	1	6	11	
		out of time	0	1	3	
		no formal				
		100%	100%	86%	79%	
KPI 07	Performance against target time: 50 days max to complete an audit from start to release of a consultation draft. Compute, number of days from start date of audit to release of consultation draft	within 50 days	8	19	43	
		outside days	5	12	31	
		100%	62%	61%	58%	
KPI 08	Reports followed up which require a follow-up. Compute, total number of reviews requiring followup and total number of followup's undertaken (36 in year) Count when final sent	number	1	6	23	
		100% cumulative	3%	17%	64%	
KPI 09	Survey Forms Assessed. Compute, the total number of survey forms collected to total number of survey forms distributed. Results analysed over categories	100%	0.0%	62%	63%	See section 4.3

**APPENDIX 4      Comparative Analysis Internal Audit Plans**

**This Financial Year: Systems & Pro Active audits (As of 29 December 2004 position):**

<b>Detail</b>	<b>Systems</b>	<b>Contract</b>	<b>Computer</b>	<b>Pro-Active</b>	<b>Totals</b>	<b>%age</b>
Total number of planned of audits	<b>59</b>	<b>13</b>	<b>23</b>	<b>13</b>	<b>108</b>	<b>100</b>
Audits completed to date	28	9	9	9	<b>55</b>	51
Audits at formal draft stage	2	1	2	1	<b>6</b>	6
Audits at Consultation draft stage	9	1*	5	1	<b>16</b>	15
Being worked on	13	2	3	3	<b>21</b>	19
Still to be started	8	0	3	4	<b>15</b>	14
<b>Total</b>	<b>60</b>	<b>13</b>	<b>22</b>	<b>18</b>	<b>113</b>	<b>105</b>

Last Financial Year : End of December 03 position:

<b>Detail</b>	<b>Systems</b>	<b>Contract</b>	<b>Computer</b>	<b>Pro-Active</b>	<b>Totals</b>	<b>%age</b>
Final number of audits	<b>43</b>	<b>13</b>	<b>16</b>	<b>12</b>	<b>84</b>	<b>100</b>
Audits completed to date	10	2	1	2	<b>15</b>	<b>19</b>
Audits at formal draft stage	5	3			<b>8</b>	<b>10</b>
Audits at Consultation draft stage	13	0	3	2	<b>18</b>	<b>22</b>
Still to be completed	15	8	12	8	<b>43</b>	<b>54</b>
<b>Total</b>	<b>43</b>	<b>13</b>	<b>16</b>	<b>12</b>	<b>84</b>	<b>100</b>

**Appendix 5      STATEMENT OF INTERNAL CONTROL ACTION PLAN**

<b>improvement</b>	<b>Action</b>	<b>Person Responsible</b>	<b>Position</b>
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**Appendix 5 STATEMENT OF INTERNAL CONTROL ACTION PLAN**

	<b>improvement</b>	<b>Action</b>	<b>Person Responsible</b>	<b>Position</b>
1	Improve project and contract management to assist the Council in delivering its objectives	<ul style="list-style-type: none"> <li>• Enhance project management and contract management throughout the Authority by strengthening the capacity of staff in this area</li> <li>• Embed project management standards for staff and ensure projects delivered to time and within budget.</li> <li>• Establish and embed post project assessment of outcomes against objectives.</li> </ul>	<p>Cynthia Griffin (Executive Director CAAC)</p> <p>Rita Greenwood (Executive Director of Finance &amp; Planning),</p>	<ul style="list-style-type: none"> <li>• Training on project management continues</li> <li>• Simplified project management methodology in place</li> <li>• Post completion review taken place</li> <li>• Contract client monitoring training commenced</li> </ul>
2	Continue to improve the recovery of debt.	<ul style="list-style-type: none"> <li>• Continue to reduce arrears</li> <li>• Regular monitoring of debt at the highest level in the authority.</li> </ul>	Rita Greenwood (Executive Director of Finance & Planning), Jeff Potter (Head of Exchequer Services)	<ul style="list-style-type: none"> <li>• Debt Management Board continues</li> <li>• In many areas, recovery levels increasing</li> <li>• New initiatives being sought</li> </ul>
3	Succession and Continuity plans	<ul style="list-style-type: none"> <li>• Ensure business continuity plans are in place</li> <li>• Ensure documented procedures in place</li> </ul>	Heather Bonfield (Executive Director Environment) and All Senior Officers	<ul style="list-style-type: none"> <li>• Service continuity plans are being progressed</li> <li>• Corporate continuity plans are being drafted</li> </ul>
4	Strengthen controls in some IT systems	<ul style="list-style-type: none"> <li>• Implement audit recommendations in relation to IT systems and practices.</li> </ul>	Cynthia Griffin (Executive Director CAAC), Ray Whitehouse (Head of ICT)	<ul style="list-style-type: none"> <li>• Recommendations continue to be monitored</li> </ul>
5	Embed the Local Code of Corporate Governance	<ul style="list-style-type: none"> <li>• Regularly assess its effectiveness by consulting with all stakeholders</li> </ul>	Rita Greenwood (Executive Director of Finance & Planning)	<ul style="list-style-type: none"> <li>• Consultation will continue through Area Committees and other means</li> <li>• A self-assessment of the action plan</li> </ul>

**Appendix 5 STATEMENT OF INTERNAL CONTROL ACTION PLAN**

	<b>improvement</b>	<b>Action</b>	<b>Person Responsible</b>	<b>Position</b>
				progress will be submitted to Governance Committee in February
6	Further integrate service and financial planning	<ul style="list-style-type: none"> <li>The 2005/06 service planning process is being further integrated with the Medium Term Financial Strategy</li> </ul>	Rita Greenwood (Executive Director of Finance & Planning), Jonathan Owen (Assistant Chief Executive - Strategy & Communications)	<ul style="list-style-type: none"> <li>Fully integrated process was presented to develop options (ref-Cabinet Reports)</li> </ul>
7	Identify the issues which resulted in adverse variation in the 2003/04 outturn and take remedial action	<ul style="list-style-type: none"> <li>Individual reports to be prepared and reviewed</li> <li>Special monitoring arrangements to continue</li> <li>Consideration to be given in the 2005/06 budget process</li> </ul>	Rita Greenwood (Executive Director of Finance & Planning)	<ul style="list-style-type: none"> <li>Review undertaken</li> <li>Special monitoring continues in Social Services</li> </ul>
8	Embed a culture of fraud and corruption reporting and identification	<ul style="list-style-type: none"> <li>Regular briefing and training</li> <li>Increased awareness and publicity</li> </ul>	Rita Greenwood (Executive Director of Finance & Planning)	<ul style="list-style-type: none"> <li>Fraud action plan significantly progressed and to continue on a cyclical basis</li> </ul>

**APPENDIX 6 Fraud & Corruption Action Plan Position as at 08 December 2004**

<b>Action Plan</b>	<b>Responsible Person</b>	<b>Timescale</b>	<b><u>Comments/action</u></b>
Set up an external email address	Cajetan Chukwulozie	April	<ul style="list-style-type: none"> <li>In place via benefits and they will forward on any non benefit issues <b>COMPLETE</b></li> </ul>
Include information on Intranet and website	Cajetan Chukwulozie & ICT	April	<ul style="list-style-type: none"> <li>Completed per IT but CC to check.</li> <li>Information Technology provided framework for fraud link on the Intranet/Internet. Documents now being prepared. <b>COMPLETE</b></li> </ul>
Set up a fraud hot line	Cajetan Chukwulozie	April	<ul style="list-style-type: none"> <li>HB fax/answerphone to be used.</li> <li>Messages to be heard via handset so not heard in open plan office until accommodation security for team resolved. Risk is that an individual could access phone however risk is minimal given open plan office.</li> <li>RH to ensure that procedures are documented re answering the phone. <b>COMPLETE</b></li> </ul>
Annual letter to all staff reminding them of standards and code	Rita Greenwood / Mike Stringer	September	<ul style="list-style-type: none"> <li>To have leaflet attached.</li> <li>Large poster completed.</li> <li>Draft Fraud leaflet at Communications. <b>COMPLETE</b></li> </ul>
Financial Services Briefing to include possible frauds	Cajetan Chukwulozie	Ongoing	<ul style="list-style-type: none"> <li>Information included in June brief issued. Future briefs to carry fraud updates. <b>COMPLETE</b></li> <li>CC to ensure log kept of possible issues in order that this can be used for future issues. <b>COMPLETE</b></li> </ul>
Annual team briefing	Eds / HoSs	April	<ul style="list-style-type: none"> <li>EDs/HoSS advised by IT. <b>COMPLETE</b></li> <li>CC to arrange sentences for the Core Brief and send to Jackie Feeney <b>COMPLETE</b></li> </ul>
Production of Fraud Poster	Cajetan Chukwulozie & Design Studio	May	<ul style="list-style-type: none"> <li>Drafted. Need to be amended to ensure 24 hour answerphone is also included. Agreed to go with red one. CC to circulate when amended for final agreement and also to ask Jackie Feeney for numbers needed (500) to cover all noticeboards plus some extra and identify a period for the JC</li> </ul>



Action Plan	Responsible Person	Timescale	<u>Comments/action</u>
			Decux boards via Ted Sears. Final draft produced. <b>COMPLETE</b> <ul style="list-style-type: none"> <li>Benefit poster to continue as well.</li> <li>CC to organise a flyer that can also go to all staff.- need to get legal/human resources to clear it. Draft at Communications <b>COMPLETE</b></li> </ul>
"Living in Havering" feature	Cajetan Chukwulozie	Three times a year	<ul style="list-style-type: none"> <li>Inside Havering article and publicity in June. Too much copy for Living in Havering. CC to arrange for numbers to be checked and to include answerphone as well and request for JF timescale for when it will go in. CC and Press redrafted article. Numbers checked. <b>COMPLETE</b></li> </ul>
Fraud awareness training to staff and Members including PIDA and specific training for frontline staff	Cajetan Chukwulozie	Through 2004/05	<ul style="list-style-type: none"> <li>CC/RH to get together to organise coverage and content for one hr sessions on F/C as follows:                             <ul style="list-style-type: none"> <li>Session for frontline staff – one in Sept</li> <li>Sessions for all staff re raising awareness – two in sept one at T/hall and one at Broxhill.</li> <li>Session for Members RG getting date</li> </ul>                             Acit to be involved in the first three as well. Plus agree content for 1/2 hour session that can be done to CLT – (2 Nov 2004) Should then plan these for every 3 months and next one also engage Human Resources to cover whistle blowing.                         </li> <li>Fraud Poster, leaflets, Communication via Intranet/Internet package for the sessions. Dates set for briefings. <b>COMPLETE</b></li> </ul>
Ensure induction covers Fraud and Corruption	Cajetan Chukwulozie & Human Resources	May	<ul style="list-style-type: none"> <li>Mike Chiles has been asked to do. CC to make contact re ensuring the staff flyer is also given. <b>COMPLETE</b></li> </ul>
Annual reminder to all Members	Rita Greenwood	May	<ul style="list-style-type: none"> <li>Sent 8<sup>th</sup> June. <b>COMPLETE</b></li> </ul>
Review contract and procurement information to ensure full coverage	Cajetan Chukwulozie	Ongoing	<ul style="list-style-type: none"> <li>CC to confirm what is included <b>IN PROGRESS</b></li> </ul>
Review the confidential reporting code covering Audit Commission issues	Cajetan Chukwulozie	June	<ul style="list-style-type: none"> <li>This is for David Ede to do. CC to chase up likely timesacle. <b>IN PROGRESS</b></li> </ul>

Action Plan	Responsible Person	Timescale	<u>Comments/action</u>
Ensure PIDA named staff are appropriately trained	Cajetan Chukwulozie & Human Resources	Ongoing	<ul style="list-style-type: none"> <li>• Linked with previous point. However all PIDA in existing policy to be contacted by CC to ensure they are aware of what to do. <b>IN PROGRESS</b></li> </ul>
Document protocols of working and contact details with Key agencies	Cajetan Chukwulozie	Through 2004/05	<ul style="list-style-type: none"> <li>• CC to make contact with police contact and advice of what we are doing and agree a formal protocol. RH to document all the protocols that benefits has.</li> <li>• ACIT, Ros Hempstead and CC met with Tim Dowdeswell &amp; Dominic Mathews of the National Fraud Squad. Tim working on updating protocol with the Police and improving relationship with the Local Police. <b>COMPLETE</b></li> </ul>
Enhance information to the Audit Committee to cover all allegations and cover themes, management action etc.	Cajetan Chukwulozie & ACIT	Ongoing	<ul style="list-style-type: none"> <li>• CC to review next report. Consider including notification issues from email/hotline <b>COMPLETE</b></li> </ul>
Review Internal Audit Fraud and Corruption manual/response plan	Cajetan Chukwulozie & ACIT	June	<ul style="list-style-type: none"> <li>• pps Acit and HB have their own fraud response plans and procedures. Acit and RH have commented on procedures for dealing with f/c notifications. RG to send back to CC her final comments and CC to build into his procedures. Commence doing including and to set up log. Log to be reviewed at bimonthly meetings.</li> <li>• Fraud response plan reviewed and refreshed. Awaiting final approval <b>COMPLETE</b></li> </ul>
Review Financial Framework and Procedural Rules to ensure up to date and relevant	Cajetan Chukwulozie	Ongoing	<ul style="list-style-type: none"> <li>• Being reviewed by CC <b>IN PROGRESS</b></li> </ul>
Ensure adequate arrangements maintained for RIPA	Peter Davenport & Cajetan Chukwulozie	Ongoing	<ul style="list-style-type: none"> <li>• CDooley organising a meeting. Will be inspected again in September. Await meeting.</li> <li>• Meeting held in July. Having waiting on request for OSC to move inspection due to holiday period. Meanwhile, CC updating RIPA Policy and Procedure <b>COMPLETE</b></li> </ul>
Staff Code of Conduct when issued by ODPM to include compliance with anti-Fraud & Corruption strategy	Human Resources		<ul style="list-style-type: none"> <li>• C Dooley chasing and could reissue old one if taking too long. <b>IN PROGRESS</b></li> </ul>

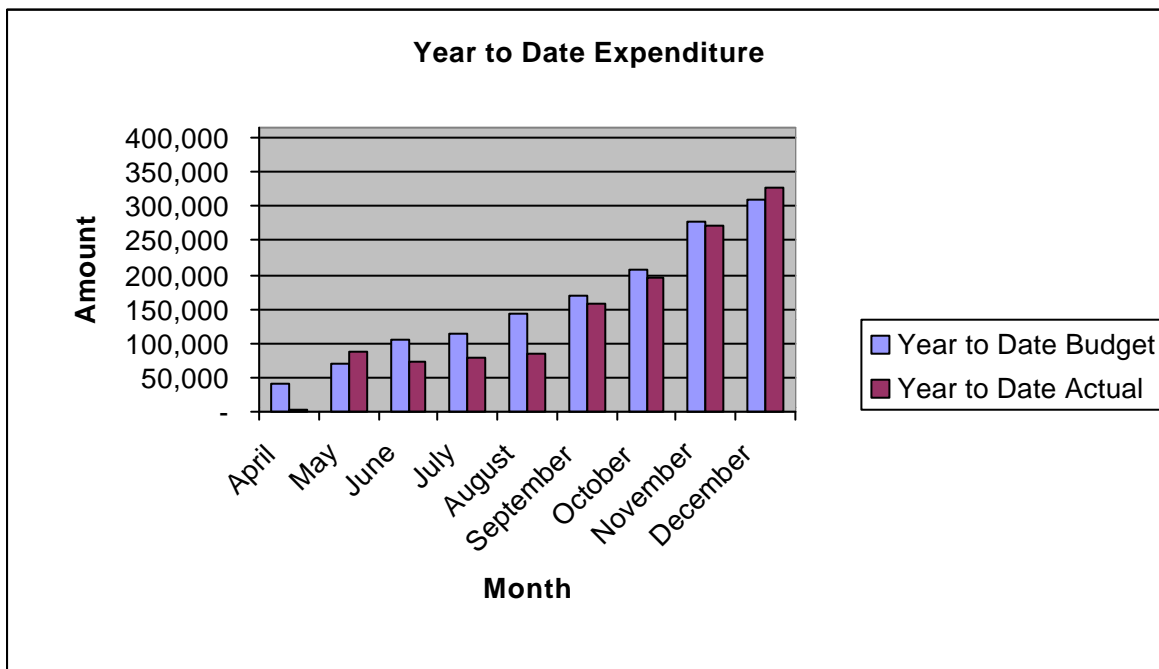
<b>Action Plan</b>	<b>Responsible Person</b>	<b>Timescale</b>	<b><u>Comments/action</u></b>
Other matters			<ul style="list-style-type: none"><li>• Rg/CC/RH to meet e bimonthly and CC/RH to invite other Havering sections as they consider necessary. Bimonthly meeting scheduled starting Aug 04.<b>ONGOING</b></li><li>• Need to consider intelligence gathering in Havering <b>IN PROGRESS</b></li><li>• Establish a policy and procedure for the prosecution of fraud cases <b>IN PROGRESS</b></li></ul>

**Appendix 7 Budget Analysis**

Internal Audit's Year to Date Expenditure (Cost Centre F620)

	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>
Year to Date Budget	40,947	69,519	104,110	114,028	142,534	169,902	207,527
Year to Date Actual	3,318	86,242	73,001	78,871	83,923	157,499	194,902
Variance	<b>37,629</b>	<b>(16,723)</b>	<b>31,109</b>	<b>35,157</b>	<b>58,611</b>	<b>12,403</b>	<b>12,625</b>

	<b>November</b>	<b>December</b>	<b>January</b>	<b>February</b>	<b>March</b>
Year to Date Budget	276,707	311,297			
Year to Date Actual	270,573	328,703			
Variance	<b>6,134</b>	<b>-17,406</b>			



**Appendix 8 Benefits Investigations 1<sup>st</sup> April 2004 - 31<sup>st</sup> December 2004**

The 31<sup>st</sup> December results against targets are:

	2004/5 Target	2004/5 Net Value £	YTD Target	YTD Target £	Achieved	Net Value £
Official Cautions administered	26	26,000	19	19,000	38	45,600
Administration Penalties administered	26	26,000	19	19,000	1	1,200
Administration Penalties Fines administered	26	1,950	19	1,425	1	1,547
Summonses Issued	20	20,000	15	15,000	12	14,400
Prosecutions (convictions)	20	40,000	15	30,000	8	16,000
Prosecution Costs	20	-14,000	15	-10,500	5	-2,538
Orders of the Court	150	7,500	112	5,600	27	4,050
Orders of the Court Interest	-	Not set	-	Not set		8,510
<b>TOTAL</b>		<b>£107,450</b>		<b>£79,525</b>		<b>£88,769</b>

**Targets**

Investigations have exceeded the overall financial year-to-date target despite not having appropriate 'Interview Under Caution' facilities for the 3 month period April – June 2004 due to Health and Safety issues.

**Fraudulent Overpayments**

The Investigations Service has identified £157k of fraudulent benefit overpayments. The Council only receives 40% of this in government subsidy and must meet the remaining 60%. However, as a government incentive, the Council is able to retain all monies recovered without loss of subsidy. In this instance an excess of £62k over expenditure.

Recovery of fraudulent overpayments is pursued robustly and any costs incurred are met from the excess income.

**BVPI 76**

Currently, there is not a national target set for this BVPI, only local. The actual figures for the BVPI are based on annual totals and therefore only an estimate can be given currently.

Description	Annual Target	Estimated Average @ 3rd Quarter
- Number of claimants visited, per 1,000 caseload	8.00	3.53
- Number of fraud investigators employed, per 1,000 caseload	0.29	0.31
- Number of fraud investigations, per 1,000 caseload	35.60	43.84
- Number of prosecutions and sanctions, per 1,000 caseload	4.60	5.35

**Appendix 9 CORPORATE RISK REGISTER**

Project Board 04 Nov 2004

Risk	Counter Measures	Assessment of Risk (with controls in place) Mar '04			Review Frequency	Responsi-bility	Changes on counter measures since last assessment	Assessment of risk now		
		Impact	Likeli-hood	Residual Risk Rating				Impact	Likeli-hood	Residual Risk Rating
1 Providing ineffective services	Identification of poorly performing services Assessment of Performance targets Service planning and action plans Local plans and staff objectives (PDPAs) Monthly monitoring Best value and other reviews Inspections and audit reports CPA process (including action plan) Training (including leadership programme) Management	3 / 4	3 / 4	9 / 16	As required  Annually Annually Annually  Monthly As required As required Annually Ongoing  Ongoing	SMT / HoSs  ACE CSC HoSs HoSs  SMT / HoSs ACE CSC HoSs ACE CSC ACE HR  HoSs	<ul style="list-style-type: none"> <li>• Performance Management in place</li> <li>• Ongoing improvement in indicators</li> <li>• Protocol for monitoring inspections/audit recommendations in place</li> <li>• MTFS now incorporates assessment of resource prioritisation</li> <li>• Agreement to undertake ASD on ineffective services</li> </ul>	3 / 4	3 / 4	9 / 16

Risk	Counter Measures	Assessment of Risk (with controls in place) Mar '04			Review Frequenc y	Responsi-bility	Changes on counter measures since last assessment	Assessment of risk now		
		Impact	Likeli- hood	Residual Risk Rating				Impact	Likeli- hood	Residual Risk Rating
2 Receiving a lower than expected CPA Assessment	Implementation of the CPA Action plan Focus on CPA weak issues Senior management oversight Progressing the objectives of the Havering Strategic Partnership (HSP) Improving ASJ self-assessment Obtaining better Inspection and audit reports	3 / 4	3 / 4	9 / 16	Annually Monthly As required 6 monthly As required	ACE CSC SMT SMT / HoSs ED F&P HoSs	<ul style="list-style-type: none"> <li>No application for Corporate assessment so still reliant on service improvement in key areas</li> <li>Performance Management in place</li> <li>Monitoring of inspections/audit recommendations</li> </ul>	3 / 4	3 / 4	9 / 16
3. Failure to recruit /retain staff	Culture change programme Assessment of the Recruitment procedures Corporate plan for retaining staff Staff development (PDPAs / 1 to 1s/induction) Review of job profiles/content Recruitment & retention packages Reduction in dependency on agency staff	3 / 4	3 / 4	9 / 16	Ongoing Ongoing Ongoing Ongoing  Ongoing Ongoing Ongoing	SMT ACE HR SMT HoSs  HoSs ACE HR/HoSs SMT / HoSs	<ul style="list-style-type: none"> <li>BHO bedding-in</li> <li>Achievement of liP in various services</li> <li>Expansion of management development programme</li> <li>Review of agency arrangements underway</li> </ul>	3 / 4	3 / 4	9 / 16

Risk	Counter Measures	Assessment of Risk (with controls in place) Mar '04			Review Frequenc y	Responsi-bility	Changes on counter measures since last assessment	Assessment of risk now		
		Impact	Likeli- hood	Residual Risk Rating				Impact	Likeli- hood	Residual Risk Rating
4 Poor programme or project management <ul style="list-style-type: none"> <li>• Failure to timely deliver projects</li> <li>• Failure to deliver projects within budgets</li> <li>• Failure to deliver value for money projects to specifications</li> </ul>	Improvement of staff training Project management procedures Project Implementation Group Project Board Monthly monitoring of key projects Post implementation reviews Monitoring of contractor/contract performance	3 / 4	3 / 4	9 / 16	As required Ongoing Annually Monthly Monthly Monthly Ongoing Ongoing	HoSs HoSs ED, CAC ED, CAC SMT / HoSs SMT / HoSs HoSs HoSs	<ul style="list-style-type: none"> <li>• Post improvement reviews in place but still early stages</li> <li>• Simplified process still under development</li> <li>• Project management improving</li> <li>• Proposals for project management being drawn up</li> <li>• Poor project management still evidenced in capital</li> <li>• Review of contract monitoring responsibilities</li> <li>• Use of ODPM funding</li> </ul>	3 / 4	3 / 4	9 / 16



Risk	Counter Measures	Assessment of Risk (with controls in place) Mar '04			Review Frequenc y	Responsi-bility	Changes on counter measures since last assessment	Assessment of risk now		
		Impact	Likeli- hood	Residual Risk Rating				Impact	Likeli- hood	Residual Risk Rating
5. Not making the best use of staff	<p>Training Management Staff development (PDPAs / 1 to 1s/induction)</p> <p>Culture change programme</p> <p>Sickness monitoring Industrial relations Addressing violence to staff concerns</p>	3 / 4	3 / 4	9 / 16	<p>Ongoing Ongoing Ongoing</p> <p>Ongoing</p> <p>Ongoing Ongoing</p>	<p>ACE HR / HoSs HoSs ACE HR / HoSs ACE HR / HoSs HoSs ACE HR</p>	<ul style="list-style-type: none"> <li>BHO bedding-in</li> <li>liP work taking place</li> <li>Legislation tracking and PDPA</li> <li>Improvement in sickness absence record</li> <li>ODPM funding to develop staff</li> </ul>	3 / 4	3 / 4	9 / 16
<p>6. Freedom of Information</p> <ul style="list-style-type: none"> <li>Failure to timely establish a policy and procedure for the inevitable processing of requests</li> <li>Failure to timely provide training to appropriate staff</li> <li>Failure to timely communicate guidance and new policy and procedures to staff</li> </ul>	<p>Assessment of the laws, policies and practices required to comply with Act</p> <p>Establishment of an action plan</p> <p>Budgetary allowance for the potential costs of challenges</p> <p>Provision of appropriate training (general and/or specific) for staff/officers/Members</p> <p>Development of a guidance toolkit for managers</p>	N/A	N/A	N/A	As required	Head of ICT	N/A	2 / 4	4 / 4	8 / 16

Risk	Counter Measures	Assessment of Risk (with controls in place) Mar '04			Review Frequency	Responsi-bility	Changes on counter measures since last assessment	Assessment of risk now		
		Impact	Likeli-hood	Residual Risk Rating				Impact	Likeli-hood	Residual Risk Rating
7. Not maximising income or specific grants	<p>Central Government lobbying Partnership unit</p> <p>Establishment of grant spending plans</p> <p>Grants co-ordination role</p> <p>Staff training</p> <p>Corporate fees &amp; charges policy</p> <p>Debt recovery policy and procedures</p>	3 / 4	3 / 4	9 / 16	<p>Annually</p> <p>Ongoing</p> <p>Annually</p> <p>Ongoing</p> <p>Annually</p> <p>Annually</p> <p>Ongoing</p>	<p>CE</p> <p>HoS R&amp;P/ ACE CSC ED F&amp;P</p> <p>HoSs</p> <p>HoS FS</p> <p>HoS FS</p> <p>ED F&amp;P</p>	<ul style="list-style-type: none"> <li>Grants Co-ordinator role now permanent</li> <li>Improvement in performance on grants</li> <li>Staff training programme</li> <li>F&amp;C policy still to be reviewed</li> <li>Debt is being more co-ordinated</li> </ul>	3 / 4	2 / 4	6 / 16
8. Insufficient funds and/or poor financial management (Budgetary control, VFM, impropriety, fraud & corruption)	<p>Financial procedures and manuals</p> <p>Financial controls</p> <p>MTFS and budgetary process</p> <p>Out-turn position</p> <p>Monthly monitoring</p> <p>Audit reports</p> <p>Review processes</p> <p>Adequacy of reserves/contingencies</p> <p>Fraud &amp; corruption strategy</p>	3 / 4	3 / 4	9 / 16	<p>As required</p> <p>As required</p> <p>Annually</p> <p>Annually</p> <p>Monthly</p> <p>Ongoing</p> <p>Ongoing</p> <p>Annually</p> <p>Annually</p>	<p>ED, F&amp;P / ACE /LDS</p> <p>HoS</p> <p>ED, F&amp;P</p> <p>SMT / HOSs</p> <p>ED, F&amp;P</p> <p>HoSs</p> <p>HoS FS</p> <p>ED F&amp;P</p> <p>ED F&amp;P</p>	<ul style="list-style-type: none"> <li>Final out-turn position as expected</li> <li>MTFS process firmly established</li> <li>Clear parameters set for directorates</li> <li>New monitoring systems in place</li> <li>Reserves/contingencies reviewed as part of MTFS</li> <li>Fraud &amp; corruption strategy launched</li> </ul>	3 / 4	2 / 4	6 / 16

Risk	Counter Measures	Assessment of Risk (with controls in place) Mar '04			Review Frequenc y	Responsi-bility	Changes on counter measures since last assessment	Assessment of risk now		
		Impact	Likeli- hood	Residual Risk Rating				Impact	Likeli- hood	Residual Risk Rating
9. Causing harm to people we owe a duty of care. <ul style="list-style-type: none"> <li>• Failure to provide appropriate service leading to the death of a resident and/or stakeholder</li> <li>• Potential for the civil and/or criminal prosecution of officers in cases like Corporate Manslaughter</li> </ul>	Health and Safety Policy and Procedures H&S action plans Risk assessments Management Inspections Insurance Identification of Corporate Manslaughter risks and action plan	3 / 4	3 / 4	9 / 16	Annually  Ongoing As required Ongoing Ongoing As required	ED, Environment HoSs HoSs HoSs HoSs D, F&P HoC Safety & Facilities	<ul style="list-style-type: none"> <li>• Corporate H&amp;S policy still to be agreed</li> <li>• Minimal progress with allocation of H&amp;S budgets 04-05</li> <li>• Considerable work carried out on legionella but still underway</li> <li>• Risk assessments and action plans in place</li> </ul>	3 / 4	2 / 4	6 / 16

Risk	Counter Measures	Assessment of Risk (with controls in place) Mar '04			Review Frequenc y	Responsi-bility	Changes on counter measures since last assessment	Assessment of risk now		
		Impact	Likeli- hood	Residual Risk Rating				Impact	Likeli- hood	Residual Risk Rating
10. Reputational risk <ul style="list-style-type: none"> <li>failure to maintain the integrity and reputation of LBH</li> <li>failure to meet residents and stakeholders aspirations, thus failing to maintain Members/public/s taff confidence</li> <li>failure to secure resources needed to deliver an ambitious agenda</li> </ul>	Assessment of the laws, policies and practices required to comply with Act Establishment of an action plan Budgetary allowance for the potential costs of challenges Provision of appropriate training (general and/or specific) for staff/officers/Members Development of a guidance toolkit for managers Provision of information for Partners Possible consideration of Human Rights in BV reviews	N/a	N/a	N/a	As required	HoStrategy & Communicatio ns	N/A	3 / 4	2 / 4	6 / 16
11. Failing to sustain/ develop relations with partners	Memberships Establishment and implementation of protocols Havering Strategic Partnership Staff contacts	3 / 4	2 / 4	6 / 16	As required As required Ongoing As required	HoSs HoSs ACE SC HoSs	<ul style="list-style-type: none"> <li>Alternative Service Delivery strategy approved</li> <li>ASD/partnering proposals identified in MTFS</li> <li>North East London partnership established but in early stages</li> </ul>	3 / 4	2 / 4	6 / 16

Risk	Counter Measures	Assessment of Risk (with controls in place) Mar '04			Review Frequency	Responsi-bility	Changes on counter measures since last assessment	Assessment of risk now		
		Impact	Likeli-hood	Residual Risk Rating				Impact	Likeli-hood	Residual Risk Rating
12. Inadequate communication with residents /service users /members	Communication strategy Consultation process Press office Local offices/PASC  "Living In Havering" Committee meetings Overview & Scrutiny meetings	2 / 4	2 / 4	4 / 16	Annually As required Ongoing Ongoing  Monthly Ongoing Ongoing	ACE CSC ACE CSC ACE CSC ED, H&R / ED CAC ACE CSC SMT / HoSs SMT / HoSs	<ul style="list-style-type: none"> <li>• Outcome of Strategy work</li> <li>• Media relations (Press release sent to Local &amp; National media)</li> <li>• Production of various publications like Council Tax leaflets for residents</li> <li>• Arrangement of events for the public like meet the Cabinet at the Romford Market</li> </ul>	2 / 4	2 / 4	4 / 16
13. Inability to maintain council business in the event of an incident	IT restoration procedures Review of Emergency plan Review of Emergency spend protocol Establishment of Business continuity plans Exercises of scenarios	4 / 4	1 / 4	4 / 16	Annually Bi Annually As required Bi Annually Annually	ED, CAC ED, Env HoFS HoSs HoSs	<ul style="list-style-type: none"> <li>• Emergency plan in place and schedule of call-out officers established</li> <li>• Still more to do on business continuity and IT backup</li> <li>• Most Directorates have failed to provide the business continuity plans</li> </ul>	4 / 4	1 / 4	4 / 16

Risk	Counter Measures	Assessment of Risk (with controls in place) Mar '04			Review Frequenc y	Responsi-bility	Changes on counter measures since last assessment	Assessment of risk now		
		Impact	Likeli- hood	Residual Risk Rating				Impact	Likeli- hood	Residual Risk Rating
14.Human Rights Act <ul style="list-style-type: none"> <li>• Failure to comply with the Act</li> <li>• Potential violation of the rights of a stakeholders</li> <li>• Challenges and legal suit from aggrieved stakeholders</li> </ul>	Assessment of the laws, policies and practices required to comply with Act Establishment of an action plan Budgetary allowance for the potential costs of challenges Provision of appropriate training (general and/or specific) for staff/officers/Members Development of a guidance toolkit for managers Provision of information for Partners Possible consideration of Human Rights in BV reviews	N/a	N/a	N/a	As required	Ass CEX Legal	N/A	2 / 4	2 / 4	4 / 16



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MEETING	DATE	ITEM
<b>AUDIT COMMITTEE</b>	<b>26 January 2005</b>	<b>9</b>

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## **REPORT OF THE CHIEF EXECUTIVE**

**SUBJECT:   AUDIT & INSPECTION ANNUAL LETTER 2002/03**

### **SUMMARY**

The Action Plan in response to the 2002/03 Audit & Inspection Annual Letter is attached to this report as Appendix A. The Action Plan was prepared to report progress on the recommendations contained within the Annual Letter.

### **RECOMMENDATION**

- To note the progress of the Action Plan in response to the 2002/03 Audit & Inspection Annual Letter.

### **REPORT DETAIL**

The Action Plan prepared in response to the 2002/03 Audit & Inspection Annual Letter is attached as Appendix A.

The Action Plan is designed to monitor the progress made in respect of recommendations contained in the Annual Letter which was considered at a meeting of this committee on 23 March 2004.

It will be noted that all the Audit Commission recommendations have been actioned. There is significant improvement in all areas but particularly with financial control, performance

indicators and risk management. The Audit Commission 2003/04 Audit & Inspection Annual Letter will be reported to future meetings of the Audit Committee.

**Financial Implications and risks:**

The Annual Letter has significant implications for the continuing improvement of the Council's financial processes. A number of the recommendations are ongoing and there is therefore a strong theme of continuous improvement contained within them. There should be no additional costs incurred as a result of the recommendations, which may however result in reprioritising work.

**Legal Implications and risks:**

None

**Human Resources Implications and risks:**

None

**Equalities and Social Inclusion implications:**

None

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**STEPHEN EVANS**  
**Chief Executive**

**Background Papers**

None



Page	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Title						
Key Recommendations						
Council Performance						
3	<p>Members should continue to work closely with officers and build on progress made to improve the Council's performance through:</p> <ul style="list-style-type: none"> <li>The consistent embedding of the cultural change programme and performance management across the whole organisation;</li> <li>Closer monitoring of measures being taken to improve weaker services, particularly housing and environmental;</li> </ul>		<p>Cabinet Strategic Management Team</p> <p>SMT Overview &amp; Scrutiny committee members</p>	<p>Yes</p> <p>Yes</p>	<p>The Cabinet work closely with officers to continue to progress improvement through the Corporate Development Plan (CDP agreed in June). The implementation of the improvements set out in the CDP is being robustly monitored through the Performance Monitoring packs.</p> <p>Monthly reports on progress are being made to the Leader's Briefing (Performance) and to all Members.</p> <p>Performance information is now available electronically on the Intranet.</p> <p>Project Board have agreed to develop a new Performance Management system to focus on each area of the Council with emphasis on the weaker performing. The new arrangements will be in place in the new year.</p> <p>Relevant overview and scrutiny committees also have a key role in monitoring measures taken to improve weaker services. The Performance Management Framework including the Member Monitoring pack was briefed to Overview &amp; Scrutiny committees in April. Request from members that Performance is included on O/S agendas</p>	<p>Monthly monitoring</p> <p>Monthly</p> <p>On going</p> <p>Jan 2005</p> <p>O/S committees every two months</p>

	<ul style="list-style-type: none"> <li>More effective partnership working.</li> </ul>		Executive Directors Heads of Service	Yes	<p>Partnering is a key element of the MTFS. Cabinet approved the Council's ASD strategy in July along with an updated Procurement Strategy. EDs/HoS have identified partnership opportunities as part of their MTFS Star Chamber submissions.</p> <p>Members of SMT are discussing partnering opportunities with neighbouring boroughs.</p>	Ongoing
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Page	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Title						
<b>Financial Standing</b>						
3	<p>Members should continue to monitor closely the spending in social services and ensure that appropriate action to minimise any further overspends in taken on a timely basis.</p> <p>Members should ensure that as part of the ongoing development of the MTFS:</p> <ul style="list-style-type: none"> <li>Detailed plans are in place for the delivery of the proposed savings;</li> <li>Robust monitoring systems are in place to measure progress against savings plans;</li> <li>The necessary decisions are taken on reprioritisation and savings to bridge potential revenue and capital budget gaps;</li> <li>The adequacy of working balances and reserves is considered.</li> </ul> <p>Members should continue to monitor arrears and income collection levels closely and ensure that appropriate action is taken to improve performance where targets are not being achieved.</p>		<p><b>Cabinet Strategic Management Team Executive Director for Social Services / Finance &amp; Planning. Lead Members and Chief Executive</b></p> <p><b>Strategic Management Team</b></p> <p><b>Executive Director for Finance &amp; Planning</b></p> <p><b>Cabinet Lead Members</b></p> <p><b>Executive Director for Finance &amp; Planning</b></p> <p><b>Cabinet</b></p>	Yes	<p>Cabinet and relevant portfolio holders work with Executive Directors to ensure reductions in overspends and that savings plans are delivered. There are ongoing quarterly meetings in place between Lead Members and relevant Executive Directors [and the Chief Executive) to review the position in Social Services and to review financial management. Detailed analysis is taking place and the Executive Director is preparing a specific report.</p> <p>This year's budget process, under the Medium Term Financial Strategy, has continued to focus attention on prioritisation and improving the financial standing of the authority. This has included prioritisation and ensuring budgets are balanced. The principles of the 05-06 strategy require directorates to operate within their financial means. The budget also considered the adequacy of the reserves and contingency sum and the risks being faced. The MTFS is fully integrated with Service Planning and integrates capital and revenue.</p> <p>The MTFS will continue as it is rolled forward with the aim of continuing to move resources to priorities; ensuring a balanced budget and maintaining financial stability e.g. robust reviews, risk assessments and adequacy of reserves. It also takes account of local, regional and national influences, including the financial settlement, to ensure that a</p>	<p>Monthly reports to SMT</p> <p>On going</p> <p>Ongoing</p>

					<p>prudent but robust approach is taken.</p> <p>Savings are monitored as part of the 2004-05 budget monitoring process along with key areas. This is now a standard element of the monthly performance pack.</p> <p>Information on arrears and income collection levels is also included with regular reports to Members. Arrears and income collection levels are being reported in the Monthly Performance pack.</p>	<p>Ongoing through Monthly reporting of Performance Monitoring Pack</p>
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Page	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	Title					
<b>Systems of Internal Financial Control</b>						
4	Steps should be taken to embed risk management in the day to day operations of the council		Cabinet Strategic Management Team  Heads of Service	Yes	Risk management has been further strengthened with the establishment of a Risk Management Strategy and the creation of the Risk Management Group, and significant progress has been made against the action plan. It is now evidenced as being embedded in processes e.g. risk registers and action plans, and is now reported in the Monthly Performance Pack sent to all Members. The Council recently received a good risk management review from the Audit Commission, recognising the implementation of the strategy as a success.  Risk issues are also highlighted in committee reports. Risk Management documents and information are now posted on the Intranet.  Further action is being taken to embed risk management in everyday activities.	Monthly       Ongoing       Ongoing
<b>Accounts</b>						
4	Members should satisfy themselves that the arrangements for producing and supporting the audit of the statement of accounts are strengthened for future years to: <ul style="list-style-type: none"> <li>Meet the earlier accounts deadlines;</li> <li>Improve the quality of working papers prepared for audit.</li> </ul>		Cabinet Executive Director for Finance & Planning	Yes  Yes	Arrangements are in place to take this forward. The Cabinet Member for Finance is working with the Executive Director for Finance and Planning to meet these deadlines. Discussions have taken place with the Audit Commission including staff briefings as the 2003-04 audit of accounts rolls out. A post closedown review has been undertaken and this was reported to Senior Management team and this will feed into the management of the closedown process for 2004-05, reflecting the	Ongoing

					bringing forward by one month of the deadline. The key points will be included in a global email and planning for 2004-05 commences in early January.	
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Page	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Title						
<b>Best Value Performance Indicators</b>						
4	Member should ensure the processes for producing performance indicators continue to be strengthened so that they are accurate and properly supported on a timely basis.		Cabinet Project Board	Yes	Processes for producing indicators have been tightened and Cabinet Members and Executive Directors ensured further strengthening. Regular risk assessments have been made by the Strategic Management Team and reported to Members as necessary. The BVPIs were audited in Sept and the outcome was that only two were qualified. This was a further significant improvement on previous years.	Quarterly report to Project Board 3 February 05
<b>Grant Claims</b>						
4	Members should monitor the action taken by officers to improve the quality and timeliness of grant claim submissions for audit.		Lead Member for Finance	Yes	The grants post has now been established on a permanent basis and an appointment has been made; the candidate will commence in early 2005. The current postholder has led the development of a grants protocol and has provided training to a number of staff, and has continued to improve year on year performance. Performance is being monitored through the Member Pack, as part of financial standards. Development of an action plan arising from the 2002-03 grants audit is underway.	Ongoing and Monthly