MEETING
AUDIT COMMITTEE

DATE AND TIME
WEDNESDAY, 18 JUNE 2008 AT 7PM

VENUE
**BARNET HOUSE, 1255 HIGH ROAD,
WHETSTONE, N20 0EJ**

TO: MEMBERS OF THE COMMITTEE (Quorum 3)

Chairman: Councillor Jeremy Davies
Vice Chairman: Councillor Daniel Webb

Councillors:

Danish Chopra	Geof Cooke	Tom Davey
Mukesh Depala	Marina Yannakoudakis	

Substitutes:
Councillors

Wayne Casey	Dean Cohen	Monroe Palmer
Hugh Rayner	Alan Schneiderman	Agnes Slocombe

You are requested to attend the above meeting for which an Agenda is attached.

Janet Rawlings, Democratic Services Manager
Democratic Services contact: Katy Lam 020 8359 2015

CORPORATE GOVERNANCE DIRECTORATE

To view agenda papers on the website: http://committeepapers.barnet.gov.uk/democracy

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ORDER OF BUSINESS

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BARNET
LONDON BOROUGH

AGENDA ITEM: 6   Page nos.

Meeting	Audit Committee
Date	18 June 2008
Subject	**Corporate Risk Strategy**
Report of	Executive Director for Resources
Summary	This report seeks to inform the Audit Committee of the refreshed Risk Management Strategy for 2008/09.

Officer Contributors	Paul Lawrence – Head of Risk and Insurance Nikki Adams – Corporate Risk Officer
Status (public or exempt)	Public
Wards affected	None
Enclosures	Appendix A – Refreshed Risk Management Strategy 2008/09 Appendix B – Corporate Risk Register
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: Paul Lawrence – Head of Risk and Insurance 020 8359 7197

Beacon
Council

2002-2003
Improving Urban Green Spaces
Libraries as a Community Resource
2002-2004
Community Cohesion

1.   **RECOMMENDATIONS**

1.1   **That the attached refreshed Risk Management Strategy for 2008/09 be accepted as the policy and procedure by which the Authority will continue to monitor and manage risk.**

2.   **RELEVANT PREVIOUS DECISIONS**

2.1   Audit Committee 20 June 2007, when last version approved.

3.   **CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

3.1   The presence of strong risk management policies and procedures is paramount to the authority achieving all of its corporate priorities and as such impacts on all the corporate objectives.

3.2   The requirement of a Risk Management Strategy and strong risk management processes and procedures underpins the Council's annual Use of Resources assessment which was integral to the old comprehensive performance assessment and will continue to be a central part of the comprehensive area assessment in the future.

4.   **RISK MANAGEMENT ISSUES**

4.1   Failure to identify a risk management strategy will have a significant negative impact on the Authorities ability to demonstrate embedded risk management processes and procedures.

4.2   Without a strong risk management strategy within the Authority we will not be able to ensure consistent processes are in place for managing risk.

4.3   Poor risk management processes and procedures will have a direct negative impact on the Authority's external inspection and assessment ratings.

5.   **EQUALITIES AND DIVERSITY ISSUES**

5.1   Effective management of risk gives assurance in the provision of services to the entire community on an equitable basis.

6.   **FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**

6.1   Strong risk management processes and procedures protect the Authority from potential financial implications and enhance the control environment and governance requirements.

7.   **LEGAL ISSUES**

7.1   None.

8. CONSTITUTIONAL POWERS

8.1 Constitution part 3 responsibility for functions, section 2 responsibility for Council functions, details the terms of reference for the Audit Committee to provide independent assurance of the adequacy of the risk management framework.

9 BACKGROUND INFORMATION

9.1 As part of best practice, and as recommended by External Audit, we have conducted a review of the Risk Management strategy and guidelines.

9.2 The Risk Management Strategy is an essential part of the Risk Management toolkit as it ensures a consistent approach to the identification, mitigation and monitoring of risk across the Authority. It will also be difficult to demonstrate an embedded approach to risk management without the existence of a comprehensive Risk Management Strategy.

9.3 The current Risk Management Strategy was developed in 2007 by the Head of Corporate Services and has now been updated to reflect the transfer of responsibility for risk to the Head of Risk & Insurance.

9.4 The current Risk management Strategy covers;

Risk Management Policy Statement

Definitions which now includes reference to considering opportunities as well as threats

Risk Management Objectives

Achieving Risk Management Objectives

Risk monitoring and reporting, including quarterly review through Finance and Performance Review

Actions required to mitigate risk

The Statement on Internal Control

Corporate Guidance & Support

An extensive roles and responsibility matrix in risk management

9.5 There are also a comprehensive set of Risk Management guidelines that managers can refer to when managing risk. Both the Risk Management Strategy and the Risk Management Guidelines are available to all managers and Members via the Resources intranet web page.

9.6 The existence of the Risk Management Strategy will contribute to improving risk management processes and procedures across the Authority by providing a consistent framework for managers to operate within and will assist to maintain our CPA assessment on risk and assurance.

9.7   Based on the acceptance of the revised Risk Management Strategy a programme of activity focussed on further embedding risk management across the Authority and to ensure compliance will be developed. This will include the implementation of a computerised system to record, monitor and report on risk management; quarterly risk register reviews; further training to officers and Members; and assessments of the methodology and processes used to capture and record risk across the Authority.

9.8   The Corporate Risk Register is monitored, reviewed and updated quarterly at Council Directors' Group. The current register is attached as Appendix B.

10   LIST OF BACKGROUND PAPERS

10.1   None.

Legal: MM
CFO: JB

Appendix A – Refreshed Risk Management Strategy 2008/09

Corporate Risk Management Strategy 2008/09

Author(s): **Paul Lawrence – Head of Risk and Insurance**
Nikki Adams – Corporate Risk Officer

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1 Risk Management Policy Statement

The Authority's Risk Management strategy is to proactively identify, understand and manage both positive and negative risks inherent in the delivery of our services and associated with our plans and strategies, so as to encourage responsible, informed risk taking.

The Authority does not support reckless risk-taking or management decisions being taken without due consideration to potential risks.

Risk management refers to the culture, processes and structures inherent within the Authority that are directed towards the effective management of potential opportunities and threats.

Risk management is a fundamental part of best management practice for Directors, Heads of Service and other managers when planning, setting objectives, assessing adequate controls (both financial and service delivery) and monitoring performance.

2 Definitions

Risk is anything that may have an impact on the Council's ability to achieve its objectives. Risk management is the process of identifying risks, assessing their significance and taking appropriate action to either control, transfer, or tolerate the risk. When conducting a risk assessment managers should always consider both threats and the failure to maximise benefits from potential opportunities.

3 What Risk Management will Achieve

Responsibility for achieving the Council's corporate aims and objectives rests with the Cabinet and senior management. In order to achieve service objectives, the risks associated with each objective should be identified and then managed.

The Council is fully committed to the implementation and embedding of sound risk management practices in all of its services.

An effective risk management process will allow management to have assurance that all corporate and system objectives will be met efficiently and effectively. If operating effectively it is expected that the results will include increased efficiency, reduced costs, added protection to the council's reputation and the maximisation of potential opportunities.

It should become apparent as part of improved performance management procedures generally that those areas where risk management has been adopted effectively are more readily meeting targets.

4 Effective Risk Management

Effective risk management optimises the balance between risk and control. There are six elements to an effective risk management strategy:-

i)   communication to staff of the organisation's risk management policy, including the benefits of effective risk management;

ii)   leadership and ownership of risk management by senior management;

iii)   recognition that the organisation will support and consider innovative proposals where the risks are well thought through;

iv)   fully embedding risk management in the management processes of the organisation;

v)   linking of the objectives of the organisation to the management of risks;

vi)   Risk management should be extended to working with third party organisations (partners and contractors).

5   Risk Management Objectives

The Authority's objectives for corporate risk management aims are:

- To implement effective risk management processes and practices that form a key part of good governance and rigorous performance management.

- To consider risk management as an integral part of the decision making process that informs corporate and business planning and service delivery.

- To encourage considered and responsible risk taking as a legitimate response to opportunity and uncertainty.

- To achieve better outcomes for the Authority by managing an assessment of the challenges and potential risks faced, and improving the decision-making process targeted at risk mitigation and control.

- To facilitate, encourage, reinforce and embed good risk management processes and procedures across the Authority.

6   Achieving Risk Management Objectives

Risk management is led by the Chief Executive, drawing on advice from appropriate chief officers.

The Chief Executive, in conjunction with Directors and Heads of Service are responsible for the risk management framework of the Council and for assessing risks and making arrangements for the periodic review of progress.

For risk management to be effective across the Authority there is a requirement for processes and procedures that identify the methods used to continuously identify, analyse, prioritise, record mitigating action required and taken, monitor and report risks. The processes required to deliver against these objectives will need to ensure:

1. Clear responsibility and ownership of service area risk management by Lead Members, Directors and Heads of Service.

2. Clear identification of Corporate Objectives, Service Plans and Team Plans with objectives and targets that link through to the Corporate Objectives.

3. Clear identification of individual roles and responsibilities in respect of risk management through accurate job descriptions and personal objectives.

4. Consideration of risk as an integral part of corporate and business decision making processes.

5. A requirement for each Service Area to analyse, prioritise, respond to, monitor and report on the progress of risk management.

6. For Corporate Risk to provide specification, guidance, support and training arrangements to assist managers in their consideration of risk.

7. For Corporate Risk to facilitate the sharing of organisational intelligence and learning.

7 Risk management and fraud detection

It is the responsibility of every Director, Head of Service and Line Manager to ensure that their processes and procedures are protected against the possibility of fraudulent activities, and money laundering.

All managers should complete a risk assessment of all their processes and procedures specifically looking to identify and enhance any process weakness that could allow fraudulent transactions and activities to exist.

When establishing new processes and procedures or reviewing the effectiveness of existing processes and procedures managers should pay particular attention to the following areas;

Segregation of duties – where ever possible, no one person should be able to complete end to end processes which would allow fraud to go undetected.

Authorisation hierarchy – there should always be an authorisation process that required someone other than the originator to validate and authorise transactions thus ensuring that at least two people are involved in raising and authorising transactions.

Transparency – there should always be a record of the transactions processed throughout each link in the process chain allowing clear visibility of the requestor, processor and authoriser, recording date and time and action taken.

Audit trail – every process should have a recorded audit trail that is available for scrutiny. Each process should be audited regularly to ensure compliance with the requirements of the process. A full audit report should be completed detailing findings and recommended actions. The audit should be conducted by an independent party.

Any suspicion of or detection of fraudulent activities should be immediately reported to the Corporate Anti Fraud Team (CAFT) and the Police so that a full and thorough investigation can be conducted.

In accordance with the Council's Whistleblowing policy staff may report wrongdoing to their managers. All managers must be aware of this policy, and act accordingly by passing all information reported to them to the councils Whistleblowing Officer for investigation.

All managers should be familiar with the Council's policy on Anti Money Laundering and Suspicious Activity. The Council has a designated Money Laundering Reporting Officer and all cases where suspicious activity is suspected should be referred to them.

8   Risk monitoring and reporting

Openness and disclosure in relation to risk reporting is essential.

Risk 'owners' will need to change their assessments of risks as frequently as dictated by changing circumstances.

Corporate Risk will provide updates to the Executive Management Team, Cabinet and the Audit Committee throughout the year.

Lead Members and the Executive Management Team will be provided with periodic updates on the status of significant risks by the service area responsible officer as part of financial and performance monitoring reports.

The monitoring process will seek to challenge the effectiveness of actions taken and to reconfirm the likelihood of planned outcomes.

There will be a Corporate Risk Register that records risks that directly relate to the Corporate Plan and Key Priority Plans.

Comprehensive risk registers will be maintained by service areas to record risks and risk management progress and will be available for scrutiny.

Each service area will maintain a Service Area Risk Register which will record all risks relating to their service plan and team plans.

Every project will include a risk register as part of the project governance.

All papers to Cabinet and Delegated Power Reports (DPRs) will include a section on risks that identify the potential risks in the decision request, making it clear to senior management and Members what the risks are, what is planned to mitigate the risks and who will be responsible for monitoring the risks.

All risk registers will categorise risks according to their impact and their likelihood. This activity aims to assess the relative importance of the identified risks so as to allow managers, where necessary, to prioritise action to address them. The corporate risk management framework will assist managers in arriving at these judgments.

9 Actions required to mitigate risk

Action to address significant and material risks must be disclosed in the Corporate or Service Area risk logs and any updates on risks will be detailed in monitoring reports. Such action must have:

- given consideration to the full range of options available to address particular risks, including: accepting, transferring, mitigating, avoiding, sharing or eliminating the risk; and

- balanced cost benefit issues (not just financial); action proposed must be proportionate to the risk itself.

An assessment of the residual risk remaining, assuming successful application of the designated measures, should also be made.

There will be a need to differentiate those risks over which it is not possible to exert influence on the likelihood or impact of occurrence (e.g. government or external factors outside the Authority's control).

10 The Statement on Internal Control

Corporate Risk is responsible for providing a statement to the Audit Committee and Chief Executive that effective risk management systems are in place and to report on the effectiveness of the framework of internal control to manage the key risks that the Council is exposed to.

This report will take the form of the Council's annual Statement on Internal Control and be included in the Annual Governance Statement.

The Statement of Internal Control will take input from the Service Areas Statement of Internal Control and provide assurance to the Cabinet and the Executive Management Team of the overall effective and efficient process of managing risk across the Authority.

Each Director will contribute to this process by providing a Statement on Internal Control covering their own Service Area. The report will include assurance from the Directors on the following aspects of their control environment;

List of services provided

List of services delivered through partnership arrangements

Contractual arrangements and their monitoring process

Key / critical system dependencies and how they are managed

Financial controls and budget management processes

Scheme of delegation

Overall assessment of their control environment

Audit assessments and response to Audit recommendations

Statement on effectiveness of their Risk Management practices and procedures.

11 Corporate Guidance & Support

Guidance notes will form an integral part of this policy and strategy document. Guidance notes will be available to everyone in the Authority by publication on the Resources\Strategic Services\Strategic Finance\Insurance and Risk intranet website.

Support and advice from Corporate Risk will also be made available to support managers in this role, as and when required.

12 Roles and responsibility matrix in risk management

Below is a matrix identifying the roles and responsibilities for those involved in risk management. Further detail can be found in the Risk Management Guidelines

	Framework Strategy & Process	Identification of risks	Analysis of risk	Profiling risk	Determining mitigating actions and contingency plans	Prioritising actions	Controlling risk	Monitoring & reporting risk	Reporting risk to external stakeholders
Cabinet	Assessing and agreeing the Risk Management strategy							Monitoring the key corporate risks on a regular basis.	
Lead Member	Promote the framework, strategy and process	Recognise emerging organisation-wide themes and champion responsive action	Understand significant risks (strategic & operational). Agree the list of significant risks identified in Service Area risk logs	Encourage commitment to and ensure sufficient priority and profile for Risk Management		Challenge the measures to address significant risks		Ensure periodic updates on identified & emerging risks	
Chief Executive	Overall ownership and responsibility for risk management			Responsible for agreeing and prioritising corporate risks		Responsible for agreeing actions required to mitigate corporate risks			
	Ensure existence of and approve effective strategic	Recognise emerging organisation-	Understand significant risks	Demonstrate commitment to and ensure		Contribute to the identification		Authority to designate a member	Agree any public disclosures

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All Members	framework	wide themes and commission responsive action	(strategic & operational). Agree the list of significant risks identified in Service Area risk logs	sufficient priority and profile for Risk Management		of strategic risks Agree and/ or challenge the measures to address significant risks		forum to overview Risk Management issues Receive periodic updates on identified & emerging risks	arising
Council Directors Group	Implement Risk Management policy and strategy as agreed by members. Commission the annual review of Risk Management effectiveness	Contribute to the identification of corporate/ strategic risks	Act as a filter so that the number of significant risks is manageable Understand all significant risks (strategic and operational).	Challenge the risk analysis	Commission work on corporate risk / issues Recognise organisation-wide themes and initiate responsive action	Challenge the basis for determining risk priorities Challenge the measures to address significant risks	Ensure a responsible officer is assigned for all corporate/ cross-cutting significant risks Sanction or reject the level of residual risk	Receive periodic updates on identified and emerging significant risks	Commission the publication of the Statement of internal control and ensure sufficient and appropriate response to its findings Agree any public disclosures arising
Audit Committee	Risk management system are balanced, fair, conform to accountancy standards and meet prevailing best practice						Ensuring that the council's financial reports, annual financial statements, Statement of Internal Control are incorporated into the risk management	Risks identified in the above reports are recorded in the risk registers Satisfying the Council that the internal auditor carries out	

								process	sufficient systematic reviews of the risk management processes and procedures	
Executive Director of Resources	Lead Officer role for risk management within the Authority Responsibility to devise and develop risk management policy and strategy Identify corporate resources to support the framework Determine the role of the Corporate Risk Management								Monitor effectiveness of the risk management framework and recommend changes as appropriate.	
Corporate Risk Management	Developing guidance on the implementation of risk management, including standard formats for risk registers. Maintaining awareness, co-ordinating training	Assisting Directors Group and Cabinet in identifying key corporate risks, and strategies for managing them **15**	Reviewing risk registers produced by services Provide professional support and advice to Directors and Heads of	Providing guidance and support for a variety of scenarios, including service management; new systems; projects; partnerships;					Leading on an annual assessment of the Internal Control Environment Reporting twice a year to Directors	

	and disseminating best practice. Monitoring progress by services in implementing risk management. Contribute to formulation of policy and strategy, advising on good practice as appropriate		Service and their managers as required Provide support and advice on the assessment and reporting of risk within service areas	contracts				Group on risk management guidance; progress within services; corporate risks Provide information to Directors and Heads of Services on the effectiveness of their Risk Management processes and procedures	
Directors & Heads of Service	Ensure sufficient awareness of the policy & strategy within own service. Ensure compliance with framework requirements and ethos. Maintain effective risk management processes and procedures within own service. Commission and endorse regular reviews of risks across own	Proactively engage self and managers in risk identification as part of business planning **16**	Ensure a realistic approach to estimations of likelihood and consequence.		Take a rigorous cost: benefit stance to control measures Ensure measures agreed are deliverable and steps are taken to secure delivery Identify resources to address the highest priority risks	Ensure adequate arrangements to monitor changes associated with the risks. Ensure openness and honesty in disclosure of all material details when reporting on risk. Use key risk indicators where appropriate	Ensure a responsible officer within own service is identified to own the risks management processes within the service Ensure each risk within the services is assigned to a responsible officer for all risks	Ensure openness and honesty in disclosure of risks. .	

	service. Contribute to work to review Risk Management arrangements.				Ensure agreed action is implemented	to provide early warning of potential problem areas. Be collectively responsible for the key corporate risks in order to provide a reasonable assurance that the Council's objectives are met in the most efficient and economical way.	identified			
Internal Audit	Contribute to formulation of policy and strategy, advising on good practice as appropriate. Advise on good practice/ make recommendation as appropriate.	Support Heads of Services and their managers in risk identification process. **17**						Support Heads of Services and their managers in this process. Supporting managers through sharing expertise on risk and control issues as required Undertake risk-based	The Chief Internal Auditor is responsible for providing an opinion on the affectivity of the risk management systems to the Audit Committee and Chief Executive Ensure review work is based on	Contribute to an annual statement reporting on the effectiveness of the framework of internal controls to manage the key risks that the Council is exposed to.

								audits in main programme of audit work.	significant and material risks identified. Review services' approach to ensure it is sufficiently rigorous and thorough.

Providing information and assurance on the reliability/ effectiveness of existing internal control mechanisms.

Provide annual assessment of risk management across the Authority | |
| **Service/ Team Managers** | Ensuring that the Council's risk management approach is effectively communicated to all existing and new staff

Risk Management is embedded in the staff appraisal | To review all Service and Team plans and identify risks that may impact on the ability to deliver

18 | To assess the impact of all risks against the objectives of the service area or department and identify the level of impact and likelihood | To review each risk and identify its impact on the corporate objectives or key priority plans | To identify and implements mitigating activities or contingency plans that minimize the impact of the risk | To review the mitigating actions and priorities the work effort required to implement | To assign officers and resources to the mitigating activities

. | To review all risks regularly and report to senior management progress and change against any risk that maybe of high impact | |

	process.		To reassess the impact and likelihood of all risks once the mitigating actions or contingency plans have been identified					or likelihood	

Appendix B - Corporate Risk Register (April 2008)

Number	Corporate Priority	Objective	Risk Type	Risk Description	Risk Raised by	Date Raised	Controls in place	Initial Assessment Likelihood	Initial Assessment Impact	Mitigating Action	Lead Officer	Last updated	Action taken	Current status	Revised Assessment Likelihood	Revised Assessment Impact	Closure Date	Closing Authority
1	A successful suburb	Deliver the Three Strands approach of Protect, Enhance and Grow	Reputation	Deterioration in the quality of the suburbs, for example, a lack of enforcement or attention to quality of design	Directors Group	03/07	Strategic management liaison facilitated through 'Place' theme meeting. Enhanced PEPS performance management system based onmonthly performance monitoring with senior service managers. Member challenge meetings used to track performance and ensure coordinated actions. Rigid managerial control processes tom improve the quality of development management proposals and the quality of applications proposed to Committee. 23/01/08 Update - Contract in place to deliver Aerodrome Bridges project.	high	high	Making progress with the renewal of the Aerodrome Bridges project in Colindale utilising opportunity borough funding. Close monitoring of the trajectory of S.106 revenues, recruitment of dedicated S.106 revenues, recruitment of dedicated S.106 Monitoring Technician to improve controls on S.106 finance generation, introduction of consistent, standardised S.106 clasues in planning approvals. Preparation of planning briefs for town centres subject to rapid change or large new development proposals to manage development in a structured way. Creation of Area Action Plans for very large areas of change in Mill Hill East and Colindale. 23/01/08 Update - Aerodrome Bridges project in Colindale underway, utilising opportunity borough funding.	Lorraine Butler, Stewart Murray, Mike Freestone	23/01/2008	29/10/07 - Contractor has setup site offices and operations on site have started. We have obtained possession of network rail tenancies. The fabrication of bridges has started. The first closure of Aerodrome Road 19 October 2007. Update 23/01/08 - Fast / West bridge deck installed successfully during December. Slow / East bridge has been delivered and is being assembled. Installation due January 2008.	Open	medium	high		
2	Clean, green and safe	Delivering waste reduction through waste management	Operational	Inability to achieve Government targets leading to financial penalty.	Directors Group	03/07	Implement Waste Prevention strategy Implement organic waste service	high	high	Waste Prevention Strategy ongoing. Service offered to all house with gardens January 2006. Continue to promote service through Web Site and media generally.	Roger Jones	25/10/2007	Waste prevention figures are reducing to target. Recycling targets are not being achieved to fourth quarter final information is being compiled. 25/10/07 - Significant reductions only possible by monitoring dry recyclables and other associated waste orgins such as side waste.	Tolerated	High	Medium		

No	Theme	Objective	Type	Risk	Owner	Date	Controls	Impact	Likelihood	Further action	Lead officer	Date	Progress	Status	Impact	Likelihood	Closed date	Closed by
3	Clean, green and safe	To reduce the fear of crime.	Reputation	The fear of crime by members of the community remains high causing damage to the Authorities reputation.	Directors Group	03/07	Community Protection Group in place to co-ordinate work on reducing crime and the perceptions of crime. Implementation of Street lighting PFI	high	high	Communication/Publicity plan in place. Targets set and monitored. CPG group have set up a Priority Intervention Team specifically to provide community reassurance. Commence operational aspects of the contract to ensure delivery.	Mike Freestone, Dorne Kanareck	25/10/2007	Contract has been running for 15 months. Core Investment Programme is behind schedule. Action is being taken and targets set to bring the programme back in line by the end of October 2007. 25/10/07 - After initial slow start recent progress has been improving and catching up with programme, a real improvement on the Q1 position has been made.	Tolerated	High	Medium		
4	Strong and healthy	Delivering equality of service to all residents	Strategic	Differential needs of communities poorly understood or not addressed, thereby leading to poorer outcomes and missed targets.	Directors Group	03/07	Single Equalities scheme in place. Reviews at First Stat and F&PR	high	high	Six monthly assessment of actuals vs target with corrective actions introduced where necessary.	Jill Stansfield	19/06/2007	Single Equalities scheme approved by Council. Working with Resources - Business Development Manager to include monitoring in the F& PR and First Stat reviews.	Open	medium	high		
5	Supporting the vulnerable	Maximise the independence of older people and those requiring care or support.	Operational	Insufficient range of social care services provided with poor choice of access and ineffective management of the	Directors Group	03/07	This is covered by the Adult Social Services Vision Action Plan	high	high	Regular reviews of the progress towards the actions identified in the Vision Action Plan will ensure close monitoring of this risk.	Irene Findlay	25/05/2007	Vision Action Plan created and published. Clear roles and responsibilities defined.	Open	low	high		
6	Supporting the vulnerable	Deliver the Housing Strategy to increase the availability of affordable housing and provide real alternatives to homelessness.	Strategic	Low cost home ownership products developed that are not in demand or affordable	Directors Group	03/07	Regular monitoring of the individual schemes, products and of their take up, sales and prices.	high	high	All low cost home ownership advertised on Home Connections. Marketing list to gauge and quantify demand and to target marketing. Recently had a high number of shared ownership sales - demand is greater than supply. Open market homebuy programme which is a small in Barnet compared to shared ownership is struggling nationally and the Housing Corporation are looking to attract more financial institutions to be involved. Information on Open Market Home Buy sent to all Council tenants who were working in March 07.	Nigel Hamilton, Lorraine Butler	22/01/2008	Annual targets set to be taken forward in 2008 corporate plan	Open	Low	High		
7	A bright future for children and young people	Maintaining child protection	Strategic	Sustainability of the substantial progress made with respect to outcomes for our most vulnerable	Directors Group	03/07		high	high		Gillian Palmer	22/05/2007	Superseded by risk 12	Closed	low	low	22/05/2007	Gillian Palmer

8	More choice, better value.	Better outcomes for the Community through effective partnerships	Operational	Ineffective governance arrangements for partnerships. Poor services delivered through partnerships and low levels of satisfaction. Partnerships are not accountable, do not add value and objectives are not met.	Directors Group	03/07	Partnership Register includes partnership structures and membership and terms of reference for every partnership within LSP family Partnership agreements in place for members of partnerships to commit resources and their agreement to be challenged Partnership agreements in place for all relevant partners to commit to delivering LAA targets Performance management through quarterly performance updates to each Partnership Board, a quarterly exception report to the LSP and a full six monthly performance report to the Community Steering Group	high	high	Updating of partnership register Internal Audit to undertake Audit of partnership guidelines, partnership register, partnership agreements, governance and risk management arrangements	Andrew Nathan, Jeff Lustig	28/01/2008	Register of LSP partnerships in place. Audit still in progress. DCG reviewing governance arrangements. Partnership guidance being revised and launch of register and guidance to officers discussed with Lead Member- no specific date as yet. 29/10/07 - Partnership guidance to be revised as part of response to Audit recommendations. Report on governance arrangements, taking on board latest govt guidance on their advisory nature, made to LSP 17 Jan 2008. LSP to adopt revised constitution following approvals from partner bodies, including Council, 27 March 2008 Partnership guidance to be updated for 31 March 2008 using Use of resources Project Board as sounding board. DCG to make arrangements through Constitutional Review sub committee to enshrine council's participation in partnerships New risk register for LSP to be considered at 27 March meeting.	Open	medium	high		
9	More choice, better value.	Effectively manage the change agenda to deliver fit for purpose services.	Strategic	Organisation resistant to change and services don't meet client needs.	Directors Group	03/07	An effective risk management approach at corporate, service and project level ensures that change risks are managed. A system of project and programme monitoring through the Project Support Team and the Capital and Assets Group is being put in place Budget and Performance Management systems identify and an early stage and seek to problem solve potential impact of change agenda on performance	high	high	An OD and Change Team has been established to provide support and development to service going through change programmes and share practice The project methodology implemented provides for better identification and management of change issues The Council's Managing Change policy provides an agreed framework for managing the HR aspects of change	Nick Walkley	20/03/2008	Project management methodology now supplemented by business process and change management toolkit. Update 17/01/08: Directors Group agreement to new work on future of organisation Planning and consultation has commenced. Other change programmes now in delivery phase Updated 20/03/08 - Scoping phase of new organisation work commenced, work stream owners identified and programme management in place.	Open	medium	Medium		

No	Theme	Objective	Type	Risk	Owner	Date	Controls	Risk rating		Planned action	Lead	Date	Progress update	Status	Residual rating		Date	Comments
10	More choice, better value.	Maximise residence satisfaction levels	Operational	Perception remains that "the Council doesn't do enough for people like me", and our lead over other London boroughs continues to erode.	Directors Group	03/07	Recommendations in Directors Group paper.	high	high	Paper going to CDG 02/05/07 with analysis and recommendations for approach and specific actions.	Sean Powley, Emer Coleman	29/10/2007	Focus groups undertaken by consultation demonstrated respondents did not understand the question and therefore the validity of the survey response is questionable. Corporate decision now taken to establish a project board to develop approaches to qualatitive research to support quantitative research. update 20/03/08 - -Research ongoing around different methodologises for more open conversations with residents	Open	Medium	Medium		
11	More choice, better value.	Set Council Tax increases in line with the Medium Term Financial Strategy and maintain adequate reserves and balances.	Financial	Financial risks arising from council activities and projects, and factors outside the council's control (eg, Government grant levels and litigation).	Directors Group	03/07	Effective financial forward planning, incorporating financial risk register. Budget Board Corporate Assets Groups (CAG) Regular budget and debt monitoring, and reporting to CRC.	high	high	1. Inclusion of Financial Forward Plan in the Budget Report to Council in March 2007, which modelled different scenarios for service pressures. This sets the overall framework for 2008/09 budget development. 2. Reporting of a comprehensive corporate financial risk register in the Budget Report, and the inclusion of costed updates in monitoring reports to CRC. 3. Report to Council Directors Group on 3 May 2007, which reviews the 07/08 budget process and sets the scene for 2008/09. 4. Cabinet event planned for July 2007.	Clive Medlam	21/01/2008	23/10/07 - Progress with the 08/09 budget was last discussed at KPB on 09/10/07. We are still a significant way from bridging the forecast resource gap, partly due to the identification of emerging pressures. Directors and HoS told to go back and review pressures and seek further savings, ahead of Member Challenge meetings in November. CSR07 has been announced and indicates a real grant increase of just 1% nationally, but without information on floors and ceilings we are still in the dark and need to continue assuming minimal (or nil) grant increase. CSR07 has helped us track likely movement on specific grants, although significant risk now over grants ving into the LSP/LAA arrangements 21/01/08 Update - Budget headlines for 2008/09 were finalised at the target 3.5% (below RPI) and were announced at Council in Dec 07. Work on the 2009/10 and 2010/11 will start early in 2008.	Open	medium	high		
12	A bright future for children and young people	To improve outcomes for vulnerable children (to be healthy, safe, enjoy and achieve, make a positive contribution and achieve economic well being)	Strategic	Outcomes for vulnerable children do not improve.	Gillian Palmer	05/07	Clear priorities and performance measures to improve outcomes are agreed by CYPSPB and Cabinet and set out in Barnet's Children and Young People Plan/KPP	Medium	High	Priorities of CYPP embedded in service plan and team plans. Corporate and service level performance management cycle in place and fully operational.	Gillian Palmer	01/04/2008	Recent APA confirms decisive response to JAR recommendations and rigorous performance management within the service.	Closed	Low	High	01/04/2008	Council Directors Group - action taken has removed the risk to the authority and therefore this will be dealt with at service level

AGENDA ITEM: 8   Page nos.

Meeting	Audit Committee
Date	18 June 2008
Subject	**Annual Report of the Corporate Anti Fraud Team 2007/08**
Report of	Deputy Director of Corporate Governance
Summary	The Committee is asked to note the Annual Report of the Corporate Anti Fraud Team 2007/08

Officer Contributors	Val Lambe, Corporate Anti Fraud Team Manager Dorne Kanareck, Deputy Director of Corporate Governance.
Status (public or exempt)	Public
Wards affected	All Wards
Enclosures	Corporate Anti Fraud Team Annual Report 2007/08
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: Val Lambe 0208 359 7791 Dorne Kanareck 0208 359 7988

1. RECOMMENDATIONS

1.1 **That the Committee note the contents of the CAFT Annual Report for 2007/08.**

1.2 **That the Committee consider whether there are any areas on which they require additional information or action.**

2. RELEVANT PREVIOUS DECISIONS

2.1 The Corporate Anti Fraud Team (CAFT) was launched on 7th May 2004 (delegated powers report, ref: BT/2004-05 -2 March 2004)

2.2 On 19 March 2008, decision no. 7, the Audit Committee included in the work programme for 2008-09, that an annual report on the work of the Corporate Anti-Fraud Team be produced to this meeting.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The Council's Corporate Plan has set six key objectives to provide more choice and better value over the next four years, the work of the Corporate Anti Fraud Team supports this through delivering value for money through better use of resources.

4. RISK MANAGEMENT ISSUES

4.1 The Corporate Anti Fraud Team has a duty to the Council in the protection of the public purse through prevention, detection, investigation and deterrence of fraud.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 The Corporate Anti Fraud Team is committed to promoting equality, challenging discrimination and developing community cohesion. This will be demonstrated through our Annual Report and our service delivery.

5.2 The Annual Report will have no adverse impact or diversity issues. The CAFT have worked closely with the Benefits Service in ensuring that forms and leaflets have been modified and adapted so that all members of the community, especially vulnerable groups, have an understanding of the services provided and how to access them. We believe this will further reduce the likelihood of intentional or other fraud being committed.

6. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

6.1 None

7. LEGAL ISSUES

7.1 None.

8. CONSTITUTIONAL POWERS

8.1 The Constitution, Part 3, Paragraph 2, details the functions of the Audit Committee including, "To monitor Council policies on Raising Concerns at Work" and the anti-fraud and anti-corruption strategy and the Council's complaints process".

9 BACKGROUND INFORMATION

9.1 CAFT provides a specialist investigation service to the Council as well as giving advice and assistance, and providing a comprehensive Fraud Awareness Training and Education programme throughout the organisation.

9.2 The team continues to operate within the Counter Fraud Framework which consists of a set of comprehensive documents, these detail the Council's Fraud Response Plan, Fraud Reporting Toolkit, Prosecution Policy and the Whistle Blowing Policy.

9.3 The CAFT Annual Report for 2007-08 provides an insight into the work of the team, including details of investigations undertaken.

10. LIST OF BACKGROUND PAPERS

10.1 None

Legal: JEL
CFO: CM

LONDON BOROUGH OF BARNET

CAFT

CORPORATE ANTI FRAUD TEAM

ANNUAL REPORT

2007/08

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Introduction

The Corporate Anti Fraud Team (CAFT) is a specialist investigative unit which was established in May 2004 to investigate allegations of Housing Benefit, Council Tax Benefit and General Fraud within the London Borough of Barnet. Our aim is to assist the Council in protecting the public purse through the facilitation of sound strategies, procedures and controls in the prevention, detection, investigation and deterrence of fraud and corruption.

CAFT is part of the Corporate Governance Directorate, this new directorate was launched on 1st December 2006 to "promote the highest standards of conduct, accountability, and transparency in the way the Council and its partnerships operate". Corporate Governance is responsible for safeguarding the Council's legal interests and democratic responsibilities, providing independent audit assurance and, assisting in delivering the anti-crime strategy.

CAFT has worked throughout 2007/08 collectively with the Directorate's Community Protection Group (CPG) in the delivery and promotion of the anti-crime strategy. One of our clear objectives has been to ensure that the intelligence gathered throughout our investigations was collated and disseminated to all the relevant anti-crime teams to assist with their partnership working which is aimed at promoting and improving community safety and reducing the fear of crime in the community.

Evidence shows that there is a definite link between Benefit Fraud and other types of crime such as anti social behaviour, domestic violence, theft, robbery and immigration offences. This knowledge is a vital tool when working towards a more intelligence led approach in the targeting of these crimes.

In addition to the above, CAFT advanced into the field of Financial Investigations which is explained in more detail in the body of the report, under the heading "The Corporate Investigation Team".

During 2007/08 we commenced close working relationships with our local Metropolitan Police 'Crime Payback Unit', and will continue to build on this relationship over the forthcoming year seeking to prevent financial benefit from accruing to those who commit fraud against or within Barnet.

I would also like to take this opportunity to introduce myself as the new CAFT Manager and to give my assurance that we will continue to develop the team in 2008/09 in accordance with our Annual Work Plan, legislative requirements, good practice, and the needs of the organisation and the community.

I do hope that you find this 2007/08 Annual Report informative and that it captures and demonstrates the effective workings of CAFT, whilst instilling confidence in our drive to prevent, detect and deter fraud and corruption both within the Council and the wider Barnet community.

Val Lambe
Corporate Anti Fraud Team Manager

How We Operate

CAFT provides a specialist investigation service to the Council as well as giving advice and assistance, and providing a comprehensive Fraud Awareness Training and Education programme throughout the organisation. The team operates within the Counter Fraud Framework which consists of a set of comprehensive documents, these detail the Council's Fraud Response Plan, Fraud Reporting Toolkit, Prosecution Policy and the Whistle Blowing Policy.

The Council is committed to demonstrating that services represent value for money and that there is a continuous drive to improve quality, efficiency and effectiveness of services. CAFT supports this whilst delivering a ZERO tolerance agenda on Fraud and Corruption within the Council.

The team is responsible for the investigation of internal fraud and corruption, the investigation of Housing and Council Tax Benefit fraud, providing assistance in the identification of incorrect Housing and Council Tax Benefit awards, the administration of the Housing Benefit Data Matching Service (HBMS) data matches and the delivery of a comprehensive Fraud Awareness Training and Education Programme.

CAFT consists of individual teams of Benefit Investigators, Corporate Investigators, Verification Officers, Intelligence Officers and Support Officers. Each team works and contributes towards the overall aims and objectives of CAFT, whether it be by, achieving performance measures set by the Department of Work & Pensions (DWP) or by following good practice procedures that promote efficiency and professionalism. Below are some details on the work of the individual teams.

The Verification Team

The Verification Team is funded on a yearly basis by the DWP and comprises of five Verification Officers. They are responsible for verifying existing Housing and Council Tax Benefit (HB/CTB) claims and ensuring that the benefit entitlement is accurate and the correct amount of benefit is in payment. The team plays an active role in the safeguarding of the benefit system (Pericles) against fraud and error.

In April 2007 the DWP introduced a new performance measure (PM10) which measured "the number of reductions in benefit entitlement" against individual Local Authority set targets. Evidence showed that the majority of fraud and error in the benefit system was due to unreported changes that occurred after a claim was already put in payment. PM10 was introduced to reduce fraud and error by encouraging Local Authorities to implement activities to capture these undeclared changes.

The Verification Team worked very closely with the Benefit Service throughout 2007/08 and accomplished this new measure through visits to existing benefit claimants at their homes, the investigation of the monthly HBMS data-matches and through the reassessments of postal intervention forms. The investigation of the HBMS data-matches is explained in more detail in the body of the report, under the heading "Effective Joint Working".

The team were also responsible for PM11 which measured " the number of HBMS data-matches resolved in two months" The Verification Officers worked very closely with the Benefit Investigators in CAFT and resolved 1,613 cases within the two months, a 100% success rate.

During 2007/08 the total amount of incorrect awards of HB/CTB detected by the Verification Team was £532,472.32 and £193,540.39 has so far been recovered and repaid to the Benefit Service. This is an ongoing recovery process by the Benefit Service which will continue until the debt has been fully repaid.

How We Operate

The Intelligence Team

2007/08 has seen the development of the CAFT Intelligence team into a central 'intelligence hub' for the Community Protection Group (CPG) and the Corporate Governance Directorate as a whole. It has meant that intelligence and information within CAFT can be disseminated to the other anti crime teams allowing for a more intelligence led approach to Crime and Disorder. The benefits of this approach have been:

- Provision of information and intelligence to enable the Council and other organisations to investigate criminality and prosecute offenders.

- Facilitating responses to requests for information/intelligence required for operational emergencies or sensitive enquiries.

- The provision of intelligence and information for legal interventions.

The team consists of an Intelligence Manager, Intelligence Officers, Crime Intelligence Analyst, the Crime and Disorder Reduction Partnership (CDRP) Information Sharing Officer (partnership funded) and the Borough Watch Coordinator (partnership funded). The further development of this team has enabled an expanded intelligence and analysis function.

Intelligence Analysis evaluates our fraud and other crime data to allow a more pro-active approach to the work of CAFT and the CPG.

The exchange of intelligence and information does not stop within the Local Authority. The Intelligence team acts as a single point of contact for information requests from various organisations including other Local Authorities, the Department of Work and Pensions, the Police, Her Majesty's Revenue and Customs and The Serious and Organised Crime Agency.

A contact directory has been collated with our main partner organisations which allows us to exchange information and intelligence through statutory gateways, using a dedicated Information Sharing Protocol which has over 30 member organisations as signatories. This has enabled us to build contacts with organisations such as the Police for improved joint working and information sharing.

In addition to the above, a key project of the Intelligence Team this year was working on the CDRP's first Crime & Disorder and Substance Misuse Strategic Assessment.

The aim of this assessment is to provide knowledge and understanding of Barnet's community safety issues to inform and enable the partners in CDRP to:

- Understand the patterns, trends and shifts relating to crime and disorder and substance misuse by reviewing a wide range of relevant partnership datasets and intelligence.

- Take into account economic, social, technological, environmental, legal and organisational issues that may affect the partnership as it carries out its business.

The Intelligence Team also provide performance data from the CDRP to the quarterly Crime First Stat, this data is collated and analysed to monitor the partnership's performance against Government and Local Authority targets. In addition, the team also provides intelligence and statistical data to the 6 weekly Multi Agency Operations Group where this is used to task and direct resources within the partnership to enable specific problem areas to be targeted.

How We Operate

This cycle of information gathering, evaluation, analysis and dissemination identifies evidence and draws conclusions and inferences from the information, making recommendations for further data collection, crime reduction opportunities or enforcement activity. The outcome of the cycle may lead to further activity in response to the findings and as such can be a continuous process.

<u>The Benefit Investigation Team</u>

All allegations of fraud concerning Housing and Council Tax Benefit claims are passed to the Benefit Investigation team.

The Benefit Investigation team consists of Benefit Investigators who have all attained the Government recognised qualification in Professionalism in Security (PINS). Part of this qualification involves conducting interviews under caution, these interviews must be conducted in accordance with the Police and Criminal Evidence Act 1984 (PACE). These interviews are an integral part of the investigation process.

PACE sets out the working practices applicable to the investigation of crime, enshrining the principles of fairness and openness. It was introduced following on the recommendations in the Report of the Royal Commission on Criminal Procedure (1981), a body which had been directed in its terms of reference to strike a balance between the interests of the community and the rights and liberties of the individual suspect.

CAFT conducted 275 interviews under caution during 2007/08.

During the last year the Benefit Investigation team has: -

- Investigated 1,220 HB/CTB referrals.
- Resulting in the issue of 15 formal cautions.
- 133 administrative penalties.
- 16 successful prosecutions.
- Identified £613,175.52 in recoverable Fraud Overpayments.

During 2007/08 the total amount of fraudulent overpayments recovered and repaid to the Benefit Service amounted to £212,622.12. This is an ongoing recovery process by the Benefit Service which will continue until the debt has been fully repaid.

For 2007/2008 the Benefit Investigators were responsible for PM16 which measured "the number of successful sanctions per thousand caseload" the DWP set the Council a target of 114 sanctions. A sanction is classified as a successful prosecution, an administrative penalty or a formal caution. The Benefit Investigation team met this target by achieving 164 combined sanctions.

Officers from this team also deliver specific Benefit related Fraud Awareness Training to and refresher training on a regular basis to all staff members involved in the administration of benefits. This training was delivered to 66 staff members during 2007/08.

How We Operate

The Corporate Investigation Team

The Corporate Investigators deal with all allegations of fraud and/or corruption within or against Council. They also regularly provide advice and assistance to Heads of Service, department managers and staff members on a range of matters, including the identification of "risk of fraud" within their service, recommendations of preventative measures to tackle the risk and the strengthening of operational procedures.

The Corporate Investigators also investigate all referrals received under the Council's Whistle Blowing Policy and all referrals of Blue Badge misuse. Details of these investigations are provided below.

During 2007/8, six members of CAFT completed their Financial Investigation training; two are now fully qualified and accredited by the National Police Improvement Agency (NPIA) and have powers under Part 8 of the Proceeds of Crime Act as Financial Investigators/Intelligence Officers. The remaining four are due to complete their qualifications within the next six months.

The Proceeds of Crime Act 2002, Section 378 allows our Officers to be equipped with the knowledge and skills, to not only conduct Financial Investigations, but allowing them access to a vast range of intelligence and information previously unavailable to them. This legislation is intended to prevent those engaged in fraudulent activities from benefiting financially from their crime.

During the last year the Corporate Investigation Team has:-

- Investigated 64 referrals of Fraud or Corruption.

- Successfully investigated and prosecuted 4 separate fraud cases involving Council staff. A further case is scheduled for trial in June 2008.

- As a result of our investigations - 5 staff members were dismissed.

Whistle Blowing Investigations

The Council's Whistle Blowing Policy was drawn up in conjunction with the Public Interest Disclosure Act 1998. The Act establishes a framework for responsible whistle blowing and is intended to encourage employees and the public to report any concerns that they may have of improper conduct or malpractice or abuse within the Council or to any of its service users. The London Borough of Barnet strongly endorses this policy; promoting how committed we are as an authority, to being open, honest and accountable.

During the last year the Corporate Investigation team has:-

- Received 4 Whistle Blowing referrals.

- Investigated and closed 4 Whistle Blowing cases.

- Found no evidence of improper conduct, malpractice or abuse arising from the referrals.

How We Operate

Blue Badge Investigations

The Blue Badge Scheme allows genuine disabled persons to park, in most places, free from normal parking restrictions and in many cases free of charge and without limit of time. The scheme is administered by Local Authorities on behalf of the Department for Transport and operates throughout the European Union.

It is clearly stated on the badge that misuse may constitute a criminal offence, which is contrary to the Road Traffic Regulations Act 1984 and if convicted the offender can receive a maximum fine of £1000.

CAFT have developed a suitable working module for tackling the problem within the resources available. We record all referrals of misuse and make standard enquiries on all of them at an Intelligence level. Where there is evidence, the case is investigated with the potential outcome being either a warning (which could lead to the withdrawal of a badge) or a prosecution. There is also a system in place to refer matters on to other Local Authorities should it be required.

During the last year the Corporate Investigation team has:-

- Received 69 referrals alleging misuse of Blue Badge.

- Of those, 50 cases have been closed as no evidence of misuse found.

- 4 offenders received a 1st warning letter.

- 1 ongoing prosecution is with our Legal Services department.

- 3 cases referred to other Local Authorities as the misuse offence was committed within their borough.

- 11 cases are still under investigation.

Below are a few examples of some corporate investigations:-

Advice & Assistance 08

- This investigation relates to a former Barnet Council employee who is alleged to have fraudulently obtained petrol for personal use by using a London Borough of Barnet petrol card which was designated for refuelling authorised Council vehicles only.

- The offences were alleged to have been committed over a five month period involving a loss to the Council amounting to over £700.00

- On 21st August 2006 the suspect was formally interviewed under caution by two CAFT Investigators. Throughout this interview the suspect was unable to give any credible explanation for the use of petrol.

- The investigation revealed strong evidence to link the offences to the former employee, however the allegations had been denied and, as a result, prosecution proceedings were initiated.

- The case was passed to Legal Services and the suspect was summonsed to court where she pleaded 'Not Guilty' to 15 counts of theft.

- On 14th December 2007, after a three day trial at Harrow Crown Court, the suspect was found guilty, by a jury, of all 15 counts of theft and was later sentenced to a 120 hour Community Service Order. The Judge also ordered her to pay £741.46 to the Council within 14 days and ordered her to pay court costs of £1,000.00.

How We Operate

Operation Axiom

- This case relates to the fraudulent claims for Nursery Education Funding submitted by the owner of a nursery within the London Borough of Barnet. This funding is available for 3 and 4 year olds who attend nursery and is primarily to pay for the first 2½ hours of nursery time attended per day.

- In April 2007, Police arrested the suspect and interviewed her under caution at Colindale Police station with a CAFT Investigator. Fingertip searches of the suspect's home address and nursery office were conducted by CAFT Investigators and Police with further evidence of offences being seized.

- The results of the investigation showed that the suspect had made fraudulent claims totalling £21,182.00. This figure is made up of £11,178.00 that was actually fraudulently obtained and an attempt to fraudulently claim £10,004.00.

- In July 2007, the suspect was formally charged with 'False Accounting' contrary to section17(1)(a)of the Theft Act 1968, 'Obtaining Money Transfers by Deception' contrary to Section 15(1)&(5) of the Theft Act 1968 and 'Fraud by False Representation' contrary to Sections 1& 2 of the Fraud Act 2006.

- In March 2008, the suspect pleaded guilty at Harrow Crown Court to 4 counts of False Accounting, 3 counts of Dishonestly Obtaining Money Transfers by Deception and 1 count of Fraud by False Representation.

- In April 2008 the suspect appeared at Harrow Crown Court and was sentenced to nine months for each offence, suspended for twelve months, and ordered to serve 40 hours of Community Service. The judge further ordered her to repay £11,178.00 to the Council and also to reimburse costs of £792.00. The repayment was made in full that same day.

Operation Cavalier

- This case relates to a number of thefts that occurred at the Council offices in Building 4 of the North London Business Park (NLBP) N11 1NP.

- The initial part of the investigation revealed that between 15th July 2007 and 16th October 2007 a number of items, including mobile phones, laptop computers, projection machines and cameras had been reported stolen and that a number of cabinets in the building had been broken into and damaged.

- Scrutiny of the swipe entry card records identified a suspect, showing that he had entered NLBP Building 4 on a number of occasions when there was no business related reasons for him being in the building. Further to this, CCTV footage showed the suspect entering and leaving NLBP during the early hours of the morning on dates when items had been reported lost.

- On 21st October 2007, the suspect was arrested at his home address and taken to Colindale Police Station where he was interviewed under caution by two CAFT Investigators. During this interview he admitted to stealing the items in question and to damaging a number of cabinets in the building. As a result of these admissions he was formally charged on 7th November 2007 with 5 counts of Theft by employee contrary to Sections 1 and 7 of the Theft Act 1968 and 3 counts of burglary contrary to Section 9 of the Theft Act 1968.

- On 1st February 2008, the suspect appeared at Hendon Magistrates Court and after pleading guilty to all the offences, was sentenced to 182 days imprisonment, suspended for nine months on condition that he attends a drug rehabilitation program. A nine month supervision order was also put in place.

Effective Joint Working

Department of Work and Pensions (DWP) Joint Working

It is essential for CAFT to have a good joint working relationship with the DWP, with whom we have a Fraud Partnership Agreement, in order to maximise the prosecution of Benefit offenders. Below are two prime examples of cases resulting in successful joint prosecutions between us and the DWP.

Miss Delphine Ighile

- This relates to an investigation into a Housing and Council Tax Benefit claimant who was in receipt of benefit on the basis of receiving Income Support as a single parent.

- A referral was received from the Benefits Section querying the tenancy agreement supplied with the claim. Further investigations showed that claimant was also being investigated by the DWP and Brent Council. It was agreed that all parties would jointly investigate the case which led to the gathering of information that showed Miss Ighile owned five properties.

- As a result of our investigations the claim was reassessed, resulting in an overpayment of £30,489.79 Housing Benefit and £3,186.45 Council Tax Benefit. The total Income Support overpayment was £41,119.38.

- Miss Ighile was found guilty of dishonestly failing to notify the Local Authority of a relevant change in her circumstances and received a 24 month Community Rehabilitation Order.

- The DWP Financial Investigation Unit was present at the hearing. A confiscation hearing has been set for 8th August 2008 at which they will be seeking to confiscate all five properties and capital from Miss Ighile.

Miss Shannon Kelly

- This relates to an investigation into a Housing and Council Tax Benefit claimant who was in benefit on the basis of being a single person in receipt of Income Support.

- A referral was received from the ex-partner of the claimant saying that he had been living in the property since 2002. We invited the DWP into the interview under caution as the claimant was in receipt of Income Support. At the interview under caution Miss Kelly admitted the allegation.

- As a result of our investigations the claim was reassessed, resulting in an overpayment of £22,716.24 Housing Benefit and £1,966.05 Council Tax Benefit.

- Miss Kelly pleaded guilty to failing to notify the Local Authority of a relevant change in her circumstances and received an 8 month custodial sentence, suspended for 2 years.

Effective Joint Working

<u>Housing Benefit Data Matching Service (HBMS)</u>

The HBMS matches data from the Council's benefit system (Pericles) against data held by other Local Authorities and Government Organisations. All the data is cross checked and any discrepancies identified and highlighted. These are then sent to CAFT.

The Verification Team and the Benefit Investigators work closely with the HBMS referral team to ensure that the data-matches are investigated and resolved. This is a very effective process in the detection of fraud and error and a successful method of effective joint working. Below are two cases that have resulted in successful prosecutions as a result of the Housing Benefit Matching Service:-

Mr Vince Maleya

- This relates to an investigation into a benefit claimant who was in receipt of Housing Benefit on the basis of receiving Jobseekers Allowance.

- A referral was received from the Housing Benefit Matching Service that stated Mr Maleya's Jobseekers Allowance had ceased.

- As a result of our investigations the claim was reassessed resulting in an overpayment of £4,246.00 Housing Benefit

- Mr Maleya pleaded guilty to failing to notify the Local Authority of a relevant change in his circumstances and received a £250.00 fine and a compensation order of £4,246.00 was awarded against him at the rate of £200.00 per month.

Mr Arben Gashi

- This relates to an investigation into a benefit claimant who was in receipt of Housing Benefit on the basis of receiving Jobseekers Allowance.

- A referral was received from the Housing Benefit Matching Service that stated Mr Gashi's Jobseekers Allowance had ceased.

- As a result of our investigations the claim was reassessed that resulted in an overpayment of £4,173.39 housing benefit

- Mr Gashi pleaded guilty to failing to notify the local authority of a relevant change in his circumstances and received 200 hours Community Service Order. In addition, a compensation order of £4173.39 was awarded and costs of £1,874.50 granted against him.

Analysis

CAFT's Crime Intelligence Analyst has analysed all our fraud investigations that resulted with a successful sanction during 2007/08. *A sanction is classified as a "successful prosecution, an administrative penalty or a formal caution"*

The following results are his findings and depict the profiles of the fraudulent claimants, establishing, age, marital status, housing tenure and the fraud types committed.

In addition to the offender's profile, a comparison has been provided on the fraud types committed in 2006/07 and a geographic analysis of the residence of the fraudulent claimants in the last 12 months.

Comparison Chart:
Fraud Types Resulting In Prosecution & Sanctions 2007/08 against 2006/2007
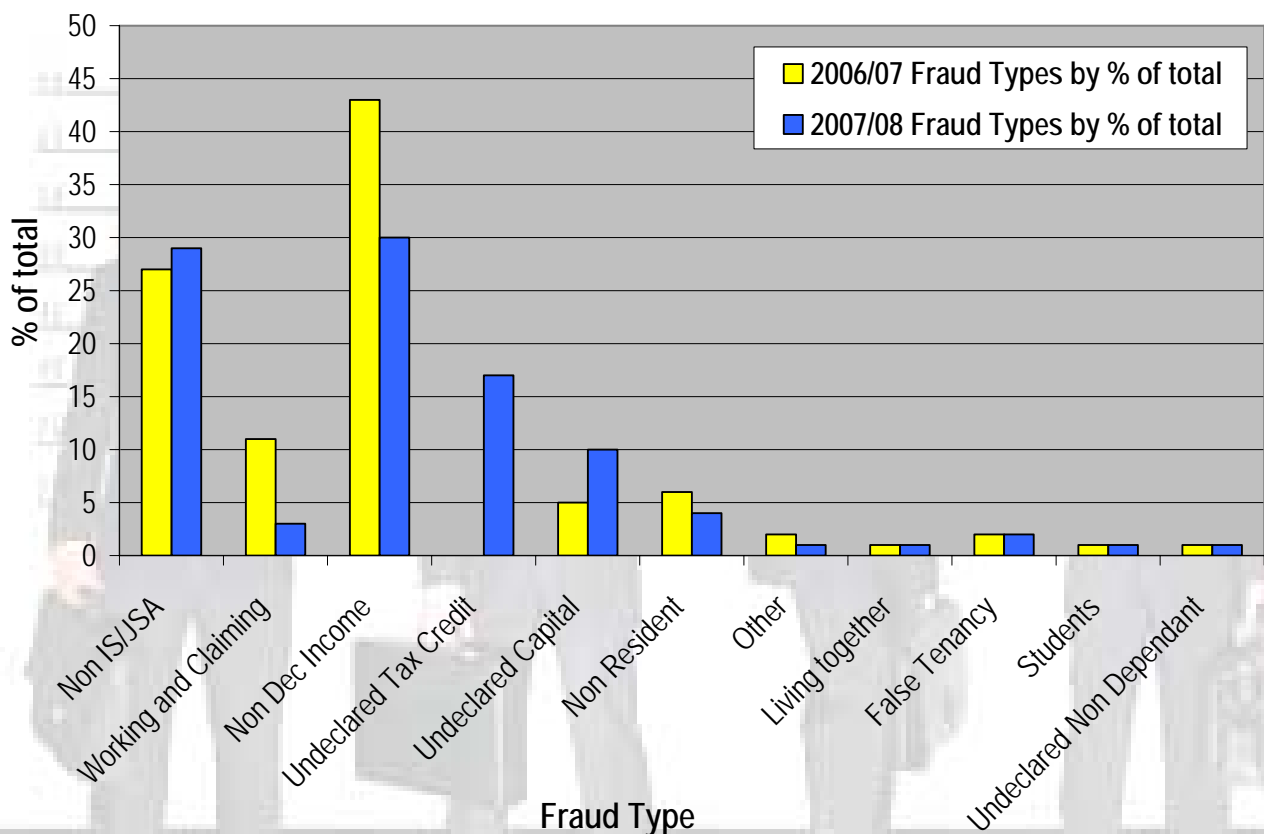
In 2006/07 43% of the sanctions involved the fraud type "Non Declared Income", this dropped to 30% in 2007/08. In 2007/08 29% of the sanctions involved the fraud type "Non IS/JSA" this compares to 27% in the previous year. "Working and Claiming" fraud types made up 11% of the total in 2006/07 but fell to 3% in 2007/08 yet "Undeclared Tax Credit" fraud types were at 17% in 2007/08 but nil the previous year.

Analysis

Profile of Fraudulent Claimants

Tenure Of Claimants 2007/08

Council tenant
Owner Occupied
Private tenant

24%
12%
64%
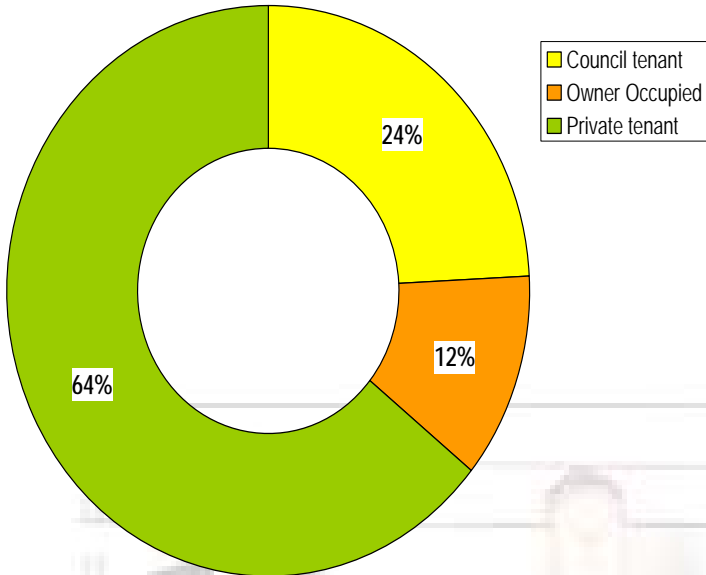
Age Range Of Claimants 2007/08

16 - 25 years
26 - 40 years
41 - 60 years
61 + years
No Trace

2%
6%
13%
35%
44%
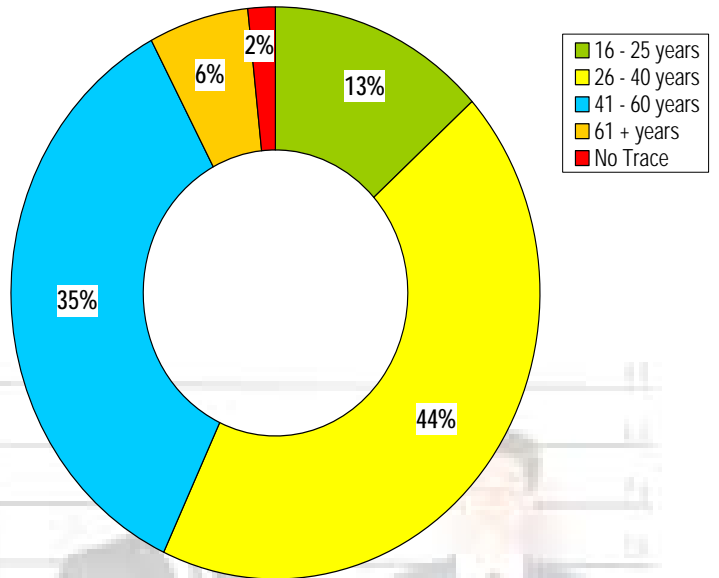
Marital Status Of Claimants 2007/08

Married
Single
With Partner
No trace

1%
6%
38%
55%

40
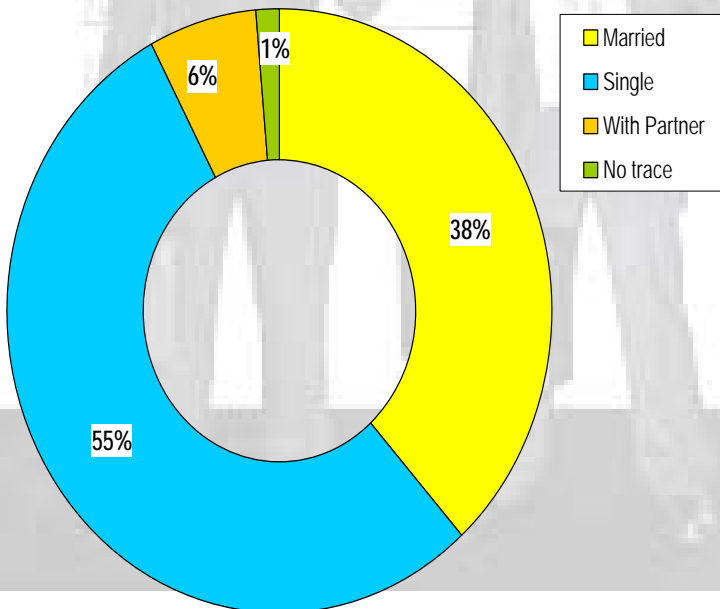
Analysis

Map 1 indicates the residential addresses of the fraudulent claimants in 2007/08.

Map 2 is the latest Index of Deprivation Map for Barnet, indicating areas of the borough whose deprivation score is highest.

The clusters of addresses where fraud has been committed corresponds to the areas of the borough with high deprivation. Burnt Oak, Colindale and South Hale all have high deprivation. Childs Hill and Tally Ho Corner in Woodhouse ward also have high deprivation scores than most other parts of the borough. Unemployment by ward is also an interesting comparison and again a link can be seen between the wards which are home to the larger clusters of CAFT's fraudulent cases in 2007/08 and those with the highest populations not at work. In order of the highest unemployment Burnt Oak, Colindale, West Hendon, Golders Green, Childs Hill are the top 5 wards in the borough. Woodhouse is 7th highest in the borough.

Looking at the 5 hotspots identified from the home addresses of the 2007/08 fraudulent claimants in **Map 1**;

1. The first is the _Tally Ho Corner_ in West Finchley ward. The profile of the fraudulent claimants in this hotspot are an even split between married and single claimants, two thirds lived as private tenants, 50% were aged 41 to 60 years old and the most common fraud types were Undeclared Income and No IS or JSA in payment.

2. The second is in _Childs Hill_ to the south of Barnet and is made up of 11 fraudulent claimants. Of those 64% of were single, 73% were aged 26 to 40 years, 82% were private tenants and 73% were for fraud type No IS or JSA in payment.

3. The third hotspot is for residents on and just off the _Burnt Oak Broadway_ and is made up of 15 fraudulent claimants. Of those 60% were aged 26 to 40 years, 50% were single, 73% were private tenants and 67% were fraud types Undeclared Income or No IS or JSA in payment.

4. The fourth hotspot is on the _Grahame Park Estate_ in Colindale and is made up of 12 fraudulent claimants. 60% live in council accommodation, 60% are aged 26 to 40 years, 64% are single, and 50% of types of fraud were No IS or JSA in payment.

5. The fifth hotspot is spread over _Hale_ ward. Undeclared Tax Credit and No IS or JSA make up 65% of the fraud types, 90% of those investigated were aged 30 years to 60 years, 64% were private tenants and an even split of married and single persons.

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Analysis

Map 1: Geographical Analysis Of The Residence of The Fraudulent Claimants In 2007/08

Locations Key	
1	Tally Ho Corner
2	Childs Hil
3	Burnt Oak Broadway
4	Grahame Park Estate
5	Hale

42
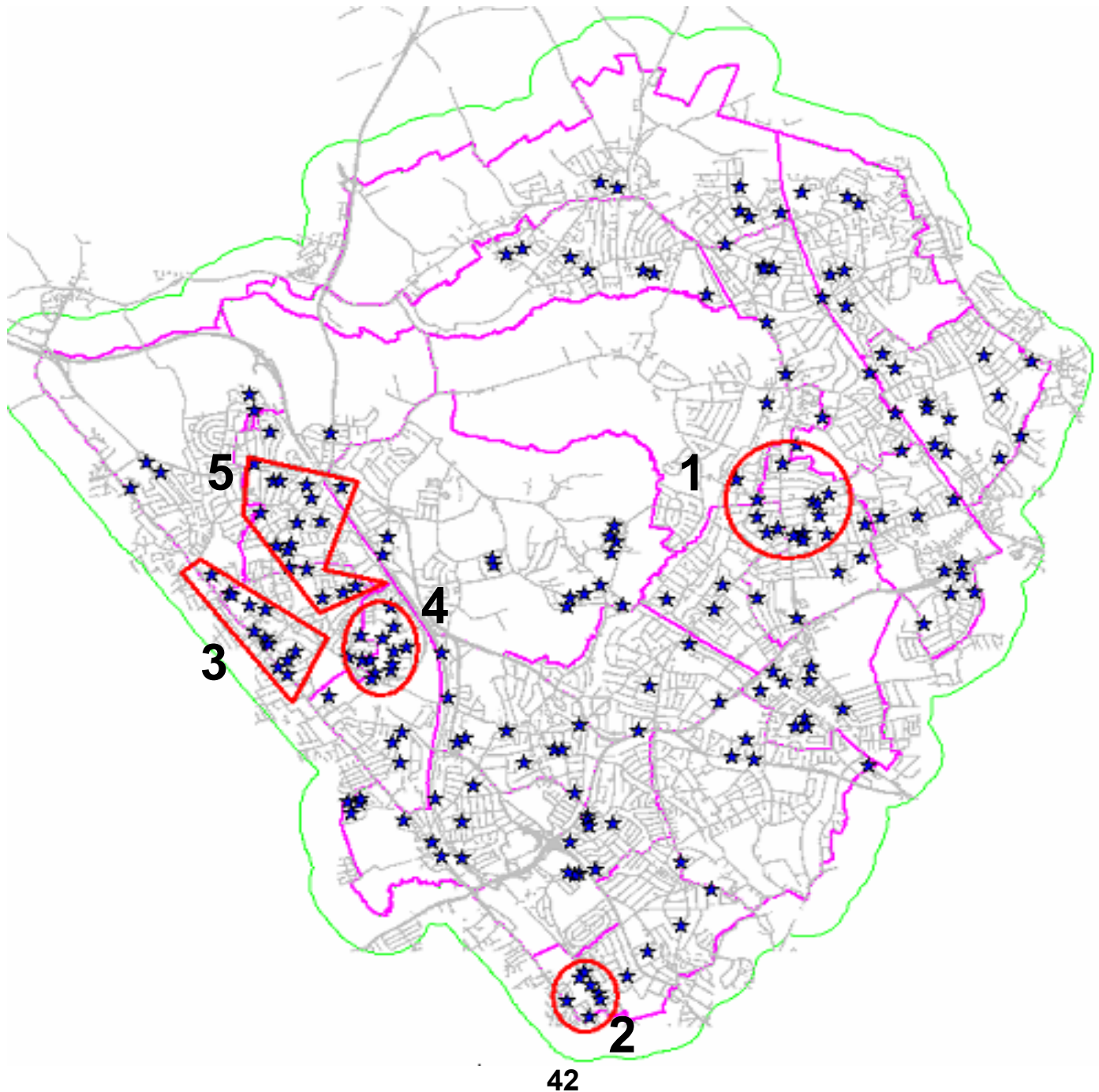
Analysis

Map 2: Economic Profile Of Barnet:

Below Barnet borough is split into Super Output Areas (SOAs). This is the geography used to split up boroughs into many smaller areas for easy comparison due to a consistency in population and geographical size. The map below indicates the super output areas in Barnet with highest level of deprivation that are located down the western edge of the borough, although there is a significant concentration in the east, and pockets of deprivation in the north.

Relative Overall	
Index Of Multiple Deprivation scores for super output areas 0 is lowest 50 highest.	
7 to 14	
14 to 16	
16 to 21	
21 to 27	
27 to 49	

43
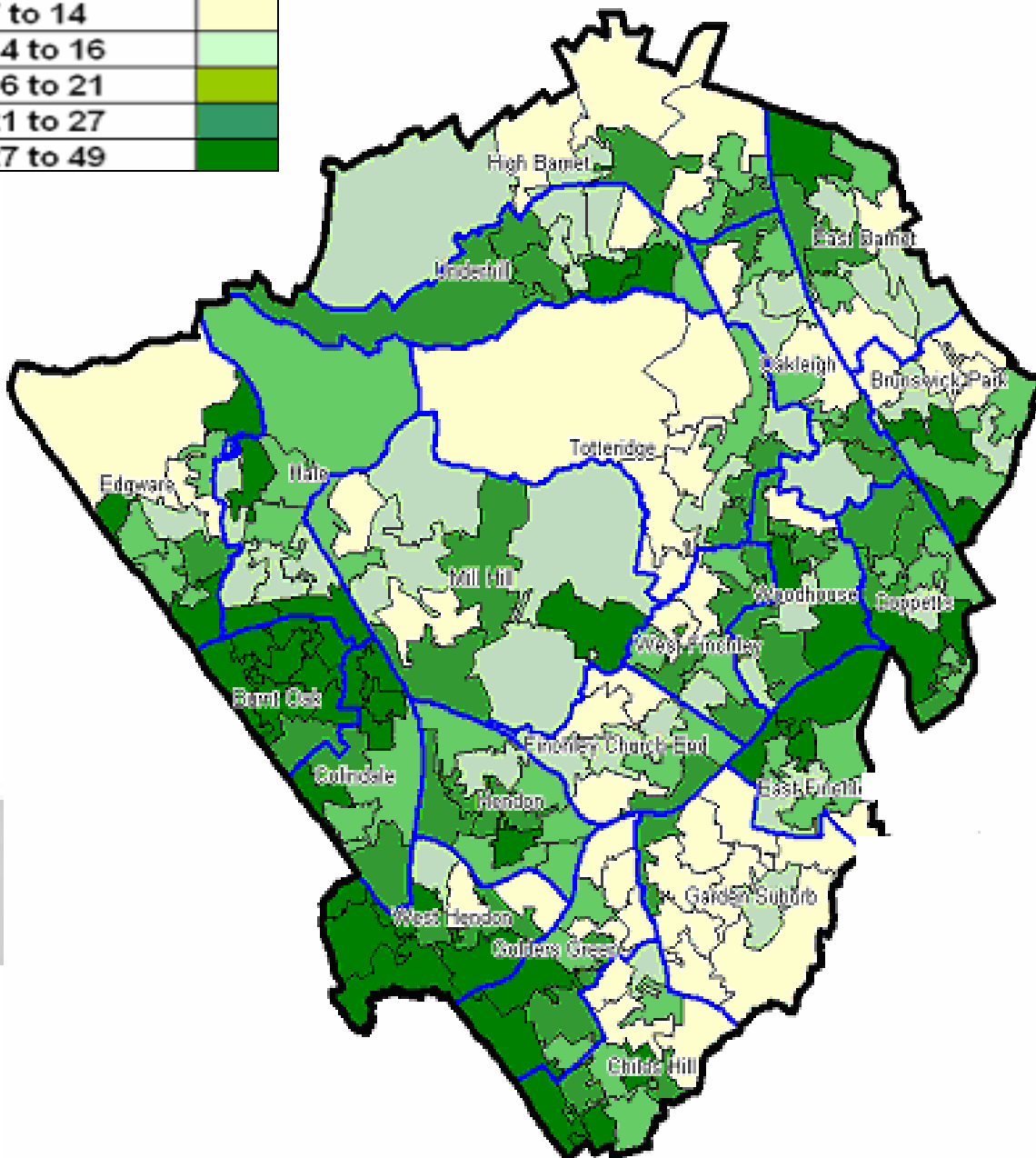
AGENDA ITEM: 8 Page nos.

Meeting	Audit Committee
Date	18 June 2008
Subject	**Internal Audit Annual Report 2007-8**
Report of	Acting Head of Internal Audit and Ethical Governance
Summary	The Committee is asked to note the 2007-8 Internal Audit Annual Report and appendices.

Officer Contributors	Acting Head of Internal Audit and Ethical Governance
Status (public or exempt)	Public
Wards affected	N/A
Enclosures	**Appendix A:** 2007/8 Internal Audit Annual Report
	Appendix B: 2007/8 Internal Audit Annual Audit Plan Update
	Appendix C: 2007/8 Internal Audit Performance Indicators
	Appendix D: 2007/8 Internal Audit Detailed Risk Analysis Summary
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: Hem Savla, Acting Head of Internal Audit and Ethical Governance 020 8359 7154

www.barnet.gov.uk

Beacon Council
2002-2003
Improving Urban Green Spaces
Libraries as a Community Resource
2002-2004
Community Cohesion

1 RECOMMENDATIONS

1.1 That the Committee note the contents of the report and the actions being carried out to address deficiencies.

1.2 That the Committee consider whether there are any areas on which they require additional action.

2 RELEVANT PREVIOUS DECISIONS

2.1 The Audit Committee on 19th March 2008 included in the work programme for 2008/9, the Internal Audit Annual Report for 2007/8.

2.2 The Audit Committee on 15th February 2006, having noted the Internal Audit 2004/5 Annual Report Update, instructed the Chief Internal Auditor (as was), in future, to provide progress reports to the Committee on any areas where, in his professional opinion, no significant progress has been made by management in addressing audit findings, and that, in such circumstances, the Chief Internal Auditor be required to bring forward recommendations to the Committee (which it might accept or reject) on possible courses of action to achieve the required progress, which could include in exceptional circumstances calling the relevant Head of Service and, or Cabinet Member to attend and explain the situation to the Committee.

3 CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 Continuous improvement is necessary for us to deliver our priorities. We must improve how we work and the infrastructure we work with. Our corporate services, including finance, human resources and corporate governance, play a significant part in helping us achieve our vision for:

> "A smaller entity with a smaller but more efficient corporate support function and a greater concentration of resources on outcomes."

3.2 The information contained in this report relates to the Council's Corporate Plan 2008/09 – 20011/12 priority 'More Choice, Better Value' and supports objectives within the priority including, 'Support and challenge for better use of resources across the organisation' and 'Enhance and further develop corporate governance'.

4 RISK MANAGEMENT ISSUES

4.1 The purpose of the Internal Audit Annual Report 2007/8 is to highlight to the Chief Executive, Audit Committee, Lead Member, Council Directors Group and External Auditor, the findings of Internal Audit work conducted in 2007/8 (for work that has not previously been reported in the 2007/8 Interim Annual Report).

4.2   The report identifies those areas which are of significant risk in the work undertaken by Internal Audit during this period.

4.3   The internal audit work contributes toward increasing awareness and understanding of risk and controls amongst managers and improving management processes for securing effective risk management.

5.   **EQUALITIES AND DIVERSITY ISSUES**

5.1   It is an overriding principle that services provided to the whole community represent value for money in terms of quality, efficiency and effectiveness. This supports the Council's obligations in meeting its public duties under Equalities legislation.

6   **FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**

6.1   None directly as a result of this report but it is for management to determine whether addressing any of the risks identified by internal audit reports will require additional resources.

7   **LEGAL ISSUES**

7.1   None

8.   **CONSTITUTIONAL POWERS**

8.1   Constitution Part 3 Paragraph 2 details the functions of the Audit Committee including "To consider the Head of Internal Audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements".

9.   **BACKGROUND INFORMATION**

        Introduction

9.1   The report provides summary details in Appendix A of all Internal Audit reports which have been agreed and finalised with clients as at 20th May 2008. The report also identifies and gives more detail on those areas which are of significant risk. This is a planned report within the 2007/8 work programme for this Committee.

        Executive Summary

9.2   Although it is impractical to give an overall opinion on the control environment, generic control weaknesses are identified in the analysis document at Appendix D. As can be seen, the most recurring areas of weakness are:

- Objectives/goals not achieved (**31** instances out of a total **80** reported risks).

  Findings here reflect risks that may impact on the likelihood of objectives being meet efficiently, effectively and economically.

- The integrity of information/data is unreliable (**19** instances out of a total **80** reported risks).

  Finding in this area reflect risk that impact on the quality of informed decisions and actions.

- Non compliance with policies and procedures (**15** instances out of a total **80** reported risks).

  Findings in this area do not necessarily mean that policies and/or procedures do not exist but that improvements or additions to existing policies and/or procedures may be required. The generic risks that result from these omissions include potentially: lack of consistency; standards not being set, understood or complied with; loss of knowledge due to staff changes; increased training time for new staff.

For the above areas of weaknesses occurrences reported in the Internal Audit Annual Report for 2006-7 were:

- 27 out of 162 for objectives/goals not achieved.

- 25 out of 162 for the integrity of information/data is unreliable.

- 38 out of 162 for non compliance with policies and procedures.

It is important to recognise that as different systems and processes are audited each year the mix of recurring weaknesses will undoubtedly vary from one year to the next.

9.3 We have agreed management action to address weaknesses recorded in the respective reports, which, if implemented, will improve the overall control environment.

9.4 26% of risks were assessed by internal audit as 'Priority 1', signifying that there was a 'significant risk that either objectives will not be met efficiently and effectively or that fraud or irregularity is unlikely to be prevented or detected'.

9.5 74% of risks were 'Priority 2', signifying 'only limited assurance that objectives will be met efficiently and effectively or that fraud or irregularity will be prevented or detected'.

Follow-ups

9.6 All Internal Audit work is followed up as a matter of course. The annual report provides summaries of the assurances at follow-up audits. Follow-ups

indicate how the level of audit assurance has changed as a result of management implementation of agreed actions. Details of the assurance revisions on the 35 follow-ups conducted in the report period are detailed below. Whilst it is encouraging that 26 of the areas are now at a 'full' or 'satisfactory' level of assurance, it needs to be noted that 2 remain at 'no' and 7 at 'limited' indicating that further management action is required to fully implement agreed actions or mitigate identified risks.

Analysis of Assurance Levels on Follow-up	No.
No assurance still no assurance	2
No or limited assurance to limited assurance	6
No or limited assurance to satisfactory	9
Satisfactory assurance still satisfactory assurance	16
Full or Satisfactory assurance to full assurance	2
Total	**35**

Corporate Governance and Risk Management

Corporate Governance

9.7   We completed a full review of corporate governance arrangements and provided a 'satisfactory' level of assurance. The audit compared the Council's corporate governance arrangements against the revised CIPFA Solace framework, Delivering Good Governance in Local Government: Framework that was issued in July 2007. The follow-up audit is planned in 2008-9 (quarter three).

Risk Management

9.8   An audit of the risk management function provided a 'satisfactory' level of assurance that the development of corporate risk management is progressing adequately. As there was some non-compliance and poor practice in services, we intend to undertake audit of the Internal Control Checklist process, which is designed to enable managers to assess and improve the risk and control environment within their areas of control, in services across the Council.

In 2007-8, we completed a review of the ICC process within the Resources Directorate. We provided a 'no' level of assurance on this review and improved the assurance to satisfactory level on the follow-up audit just completed.

During 2008-9, the ICC process within Corporate Governance Directorate will be reviewed (in quarter three).

Customer Evaluation Questionnaires

9.9 The Audit Committee at the meeting on 20 March 2007 asked that Internal Audit reinstate the performance indicator on Customer Evaluation Questionnaires to comply with the CIPFA Code of Best Practice for Internal Audit. Performance for the past three years is summarised below:

2005/06

42 questionnaires sent; 26 questionnaires returned. An average score of 2.6 was achieved where 2 is 'highly effective' and 3 is 'perfectly satisfactory'.

2006/07

47 questionnaires sent to date; 38 questionnaires returned to date. An average score of 2.5 was achieved.

2007/08 (ongoing)

13 questionnaires sent to date; 6 questionnaires returned to date. An average score of 2.2 was achieved.

When last monitored by the Committee, our target was 3 or better (i.e. lower).

Internal Audit performance Management

9.10 Appendix B describes the changes the original audit plan. The report shows reviews that are deferred, cancelled or newly commissioned with relevant reasons for the changes.

9.11 Appendix C gives the position against the Internal Audit unit's performance indicators (PIs). The PI regarding percentage of audit plan completed refers to the achievable plan i.e. after any reviews have been deferred or cancelled and taking newly commissioned reviews into account.

10. LIST OF BACKGROUND PAPERS

10.1 Any person wishing to view any of the background papers should telephone 020 8359 7154.

Legal: JL
CFO: JB

Internal Audit Annual Report 2007-08

INDEX

Internal Audit Activity Summary: Resources

Audit Reports: Risks Identified

Service	System	Priority 1	Priority 2	Assurance
ST SERV	Capital Expenditure 06/07	1	2	Limited
ST SERV	Review of Resources Internal Control Checklist for 2006-07	5	1	No Assurance
SH SERV	LG Pensions Service 06/07 (KS/KC)	0	2	Limited
SH SERV	Infrastructure	2	2	Limited
SH SERV	Cashiers Systems	1	6	Limited
SH SERV	Shared Services Centre	0	5	Satisfactory
OD & CSER	Modernising Ways of Working (P) 07/08	0	3	Limited
OD & CSER	Customer Services (P) 07/08	0	1	Satisfactory

Follow-up Reports: Risks Mitigated

Service	System	Priority 1 Y	P	N	Priority 2 Y	P	N	Assurance of Original Audit	Assurance on Follow-up
ST SERV	Electronic Document Management System 07/08 fw-up	0	1	0	1	1	1	Limited	Limited
ST SERV	Attendance Management 06/07 fw-up	0	0	0	1	2	0	Satisfactory	Satisfactory
ST SERV	Budgetary Control 06/07 fw-up	0	0	1	0	0	5	Limited	Limited
SH SERV	School Balances 06/07 fw-up	1	0	0	0	0	0	Satisfactory	Satisfactory
SH SERV	Council Tax 06/07 fw-up	0	0	0	0	1	1	Satisfactory	Satisfactory
SH SERV	NNDR / Business Rate 06/07 fw-up	0	0	0	2	1	0	Satisfactory	Satisfactory
SH SERV	Cashbook Reconciliation fw-up	1	1	0	2	1	1	No Assurance	Satisfactory
SH SERV	Creditors - Balance Sheet 06/07 fw-up	1	1	0	0	0	2	Satisfactory	Satisfactory
SH SERV	Debtors - Balance Sheet 06/07 fw-up	0	0	0	2	1	1	Satisfactory	Satisfactory
SH SERV	Accounts Payable - Payments (KS/KC) fw-up	0	0	0	1	0	0	Satisfactory	Satisfactory
SH SERV	Physical & Environmental Security 05/06 fw-up	0	0	0	0	1	3	Limited	Limited
SH SERV	Computer Misuse & Law 07/08 fw-up	0	0	0	0	3	1	Limited	Limited
SH SERV	Pericles Project 07/08 fw-up	3	1	0	5	0	0	Limited	Satisfactory
SH SERV	Service & Patch Management 06/07 fw-up	0	0	0	0	1	1	Satisfactory	Satisfactory

Other Audit Work:

Service	System	Type of Work	Assurance
SH SERV	Safer Stronger Communities Fund Grant	Grant Work	Limited
SH SERV	IS Review of fw-ups - pre 06/07 Audits	Follow-ups	Limited

Service Area Description
ST SERV - Strategic Services
SH SERV - Shared Services
OD & CSER - Organisational Development & Customer Services

Key

Y	Mitigated
P	Partially Mitigated
N	Not Mitigated

Internal Audit Activity Summary: Communities

Audit Reports: Risks Identified

Service	System	Priority 1	Priority 2	Assurance
CS	Children Act Complaints	2	8	Limited
ASSD	Laundry Service	4	3	No Assurance
PPG	Partnership Arrangement (P) 07/08	1	5	Limited

Follow-up Reports: Risks Mitigated

Service	System	Priority 1			Priority 2			Assurance of Original Audit	Assurance on Follow-up
		Y	P	N	Y	P	N		
CS	Nursery Education Funding fw-up	1	0	0	0	0	0	No Assurance given previously	Satisfactory
CS	Library Stock Management 06/07	0	0	0	2	0	0	Satisfactory	Full
CS	School Asset Management Plan 06/07 fw-up	0	0	0	0	1	1	Satisfactory	Satisfactory
CS	Catering Services 06/07 fw-up	0	0	0	2	1	0	Satisfactory	Satisfactory
ASSD	Information Management SWIFT 05/06 fw-up	1	1	0	1	2	0	Limited	Limited
ASSD	Direct Payment 05/06 fw-up	11	2	1	7	1	1	No Assurance	Satisfactory
ASSD	Community Care Grants Systems (Received) 07/08 fw-up	0	0	0	2	0	0	Satisfactory	Satisfactory
ASSD	Income from Barnet PCT 06/07 fw-up	2	0	0	4	0	0	Limited	Satisfactory
ASSD	Strategic Planning and Health Partnership 07/08 fw-up	1	1	1	2	3	2	No Assurance	Limited
ASSD	Integrated Community Equipment 06/07	11	0	0	8	0	0	No Assurance given previously	Satisfactory
PPG	Community Strategy 06/07 fw-up	0	0	0	1	1	3	Satisfactory	Satisfactory

Other Audit Work:

Service	System	Type of Work	Assurance
ASSD	Supporting People	Review of Audit Commission Recommendations	Satisfactory

Service Area Description
CS - Children Services
ASSD - Adult Social Services
PPG - Policy and Partnership Group

Key

Y	Mitigated
P	Partially Mitigated
N	Not Mitigated

Internal Audit Activity Summary: Environment and Regeneration

Audit Reports: Risks Identified

Service	System	Priority 1	Priority 2	Assurance
P&EP	Local Land Charges	2	10	No Assurance
HGS	Housing Strategy & Performance	0	2	Satisfactory
SD	Principal Development Agreement 06/07	1	3	Limited

Follow-up Reports: Risks Mitigated

Service	System	Priority 1			Priority 2			Assurance of Original Audit	Assurance on Follow-up
		Y	P	N	Y	P	N		
E&T	Income for Works & Services fw-up	0	0	0	3	6	1	Limited	Satisfactory
E&T	Commercial Waste Service 06/07 fw-up	0	0	0	1	0	0	Satisfactory	Satisfactory
HGS	Private Sector Leasing 06/07 fw-up	0	1	4	0	5	2	No Assurance	No Assurance
HGS	Decent Homes Investment Programme 06/07 fw-up	0	0	0	6	1	0	Limited	Satisfactory
HGS	Housing Benefits	0	1	0	3	0	0	Limited	Satisfactory
HGS	Home Ownership 06/07 fw-up	1	0	0	2	0	0	Limited	Satisfactory
P&EP	Works in Default 06/07 fw-up	0	0	0	6	2	0	Satisfactory	Satisfactory
P&EP	Building Control 06/07 fw-up	0	0	0	6	0	0	Satisfactory	Satisfactory
P&EP	Hendon Cemetery & Crematorium 07/08 fw-up	0	0	0	2	0	0	Satisfactory	Satisfactory

Service Area Description

E&T - Environment & Transport
HGS - Housing Services
P&EP - Planning & Environmental Protection
SD - Strategic Development

Key

Y	Mitigated
P	Partially Mitigated
N	Not Mitigated

Internal Audit Activity Summary: Communications and Consultation

Note: Follow-up audit of Consultation deferred from quarter 4 2007/08 to quarter 4 in 2008/09 at client request due to Service re-organisation as at the end of 2007/08.
No other audit work planned in this service area.

Internal Audit Activity Summary: Corporate Governance

Audit Reports: Risks Identified

Service	System	Priority 1	Priority 2	Assurance
DS	Delegated Powers Report	0	4	Limited

Follow-up Reports: Risks Mitigated

Service	System	Priority 1			Priority 2			Assurance of Original Audit	Assurance on Follow-up
		Y	P	N	Y	P	N		
CPG	Street Enforcement Service 06/07 fw-up	0	2	2	0	0	2	No Assurance	No Assurance
CPG	Money Laundering 06/07 fw-up	0	3	1	0	0	1	No Assurance	Limited
CPG	Municipal Elections 06/07 fw-up	0	0	0	0	1	0	Full	Full

Service Area Description
CPG - Community Protection Group
DS - Democratic Services

Key

Y	Mitigated
P	Partially Mitigated
N	Not Mitigated

Service Area		Issue Date	Assurance of Original Audit	Assurance on Follow-up
Shared Services		01/03/2008	**No Assurance**	Q1 2008-2009

Report Title

Review of Resources Internal Control Checklist for 2006-07

1   Objective of System

1.1   The objective of the Mini-SIC process within the Directorate of Resources is to provide a continuous process of review on the effectiveness of the Directorate's internal control and risk management systems, so as to give assurance on their effectiveness and to ensure management action is taken to address identified weaknesses.

2   Scope of Audit

2.1   The review consisted of:
• interviews with the following Heads of Service:
- Shared Service Centre;
- Strategic HR, and
- Customer Services
• assessing the risks discussed and agreed with the Executive Director of Resources and the Head of Insurance at the planning meeting;
• examining the arrangements for the 2006/07 internal control checklist (ICC) process;
• ensuring that the ICCs have been completed in full, responses are supported by documentary evidence, actions have been established to address areas of control weaknesses and that any actions state responsibilities together with timescales for completion, and
• identifying areas for improvements.

3   Executive Summary

3.1 • Internal Audit can give no assurance, at the time of this management letter, that the service objectives will achieved. There are areas where processes need further improvement or yet to be established, and
• There is some doubt as to how robust and accurate the 2006/07 control environment is within the service areas reviewed.

To ensure that there is an effective and transparent ICC process at service level for 2007/08, management action is required to address the following emerging findings:

• There are no documented procedure notes to cover the ICC process. These would help to avoid inconsistencies in ICC completion and confusion over ownership of the ICC process at service level.
• There is no clear documented framework of the roles and responsibilities for the management of the ICC process.
• Variable completion of actions plans to capture any significant absence of, or weakness in, the control and record process update.
• Internal Control Checklist are not always completed in full by designated officers - in particular the "details" i.e. 'describe the control in place', where the assessment is scored as either 'red' or 'amber', detailing the proposed action, date and officer responsible.
• The ICC questions, were not always clear as to what was required and were open to misinterpretation.

4   Risks

	Priority 1:	Priority 2:
4.1 Number of risks identified	5	1
4.2 Number of actions agreed	5	1

4.3 **Priority 1 risks**

• **Risk: Internal Control Checklist Procedure / Guidance Notes**
In the absence of departmental procedure notes, there is a risk that staff / services may not be aware of the department's expectations for completing and monitoring the ICCs. Poor working practices may develop in the absence of protocols and procedures.

Management Action: *Corporate procedures on the completion of the ICC have been written in advance of the current 07/08 process and have been made available to staff in advance of workshops. These will be formally recorded in a protocol document.*

• **Risk: Roles and Responsibilities**
By not assigning the task for controlling and monitoring the ICC process at key stages, there is a risk that management's assurance on the control environment is inadequate.

Management Action: *Roles and responsibilities will be included in the protocol document.*
RMT to identify a performance lead for Resources with documented terms of reference.

- **Risk: Recording of Internal Control Issues**
  Weaknesses identified in the system of internal controls are not actioned (e.g. there are no action plans in place to address any significant internal control issues). There is a risk that significant internal control issues will not be addressed and that the SIC will not give a balanced reflection of the actual control environment.

  Management Action: *Resource Performance Lead will work with managers to ensure the completeness of the ICC and that follow up actions are undertaken.*

  Risk: ICC completion and review framework
  An inadequate/ inaccurate assessment of the control environment could impact on the:
  • effectiveness of the system of internal control, and
  • governance and risk management arrangements, and therefore the likelihood of achieving objectives efficiently and economically.

  Management Action: *Resource Performance Lead will work with managers to ensure the completeness of the ICC and that follow up actions are undertaken.*

- **Risk: ICC completion and review framework**
  Misunderstanding of the questions could lead to inaccurate completion of the ICC and assessment of current standards of internal control.

  Management Action: *Questions are revised after each process is complete in consultation with performance and management leads. Continued completion of the ICC in a workshop environment encourages discussion and clarity.*

5   Response to the Audit from Director and/or Head of Service

5.1 The follow-up audit of the ICC process in Resources has been completed in quarter 1 of 2008-09 and the assurance level has moved from 'no' previously to 'satisfactory'

Appendix A - Internal Audit Annual Report 2007-08

Service Area	**Issue Date**	**Assurance**	**Planned Follow-up Date**

Adult Social Services   01/03/2008   **No Assurance**   Q3 2008-2009

Report Title

Laundry Service

1   Objective of System

1.1 The objective is to provide laundry service to those clients who otherwise will be at risk of not remaining in the community and therefore likely to come into Council's care by ensuring that clients using the laundry service are eligible and that assessment of eligibility complies with Council's procedures.

2   Scope of Audit

2.1 Service Objectives, Policy and Procedure
2.2 Eligibility Criteria and Assessment
2.3 Periodic Review of Eligibility
2.4 Management Information

3   Executive Summary

3.1 We can provide no assurance that the existing system objectives will be achieved. Control is generally weak leaving the system open to significant error or abuse.

3.2 **Service Objectives Policies and Procedures**

No formal policy and procedure exists specific to the administration of the   laundry service. There is a risk that if officers are unaware of policies and procedures for the laundry service they cannot be expected to comply with them.
There is a risk that officers may introduce unofficial and unauthorised working practices to administer the laundry service.
There is no service level agreement between Older Adult Services and Environmental Services Transport setting out the terms and conditions by which the laundry service will be delivered to the clients of Older Adult Services.
There is a risk that roles, responsibilities and accountabilities may become obscured in the arrangement between the two departments.
There is a risk that Older Adult Services have no accurate assessment or calculation to give assurance that the cost of the laundry service, recharged from Environmental Services at £72.5K per year, accurately reflects the true cost of the service or is value for money.

3.3 **Eligibility Criteria and Assessment**

There is no effective process in place to terminate laundry service to clients who are no longer eligible. Two way communication between Older Adults and Environmental Services Transport Division is weak with no formal feedback mechanisms in place. The Older Adults Service relies on Environmental Services Transport to inform them of clients who are no longer receiving or want the service.

There is a risk that ineligible persons may be receiving the laundry service.

There is a risk that Older Adult Services could be charged for laundry services which clients may no longer be receiving.

3.4 **Management Information**

Testing of client lists provided by both Older Adult Services and Environmental Services Transport revealed anomalies between the two. When both these lists were reconciled against the most current pick up and drop off lists for client's laundry used by drivers a number of inconsistencies were observed. Audit's conclusion is that no reliance can be placed on the information currently being provided to management on clients receiving laundry services.
There is a risk that use of this information may result in in wrong or incorrect assumptions being made which could impair the decision making process.

4   **Risks**

	Priority 1:	Priority 2:
4.1 Number of risks identified	4	3
4.2 Number of actions agreed	4	3

4.3 **Priority 1 risks**

- **Risk:** Policy and Procedures
  There is a risk that if officers are unaware of policies and procedures for the laundry service they cannot be expected to comply with them.

  There is a risk that officers may introduce unofficial and unauthorised working practices to administer the laundry service.

  Management Response: *Agreed.*
  Clear policies and procedures will be formulated for the laundry service including assessment, recording and review.

- **Risk:** Service Level Agreement
  There is a risk that roles, responsibilities and accountabilities may become obscured in the arrangement between the two departments.

  There is a risk that Older Adult Services may have no accurate assessment or calculation to give assurance that the cost of the laundry service, recharged from Environmental Services at £72.5K per year, accurately reflects the true cost of the service or is value for money.

  Management Response: *Agreed.*
  Alternative options for securing laundry procurement will be investigated and the current arrangements will be reviewed in terms of the possibility of early termination if appropriate, and an SLA will be agreed.

- **Risk:** Eligibility Feedback
  There is a risk that ineligible persons may be receiving the laundry service.
  There is a risk that the laundry service could be delivered to people who are deceased or no longer require it.
  There is a risk that Older Adult Services could be charged for laundry services which clients may no longer be receiving.

  Management Response: *Agreed.*
  Effective communication will be instigated immediately to identify service users no longer existing. Letters will be sent to the address to notify of termination of service.

- **Risk:** Complete, Accurate and Timely Management Information
  There is a risk that Older Adult Services management
  can place no reliance on the information on the laundry service presently being provided, use of this information may result in wrong or incorrect assumptions and impair the decision making process.

  Management Response: *Agreed.*
  Management information requirements will be identified.

5   Response to the Audit from Director and/or Head of Service

5.1 Agreed management actions are being taken forward. Progress is monitored regularly at Assistant Director level. All management actions will be completed before the follow up audit in quarter 3 of 2008-09.

Service Area	Issue Date	Assurance	Planned Follow-up Date
Planning & Environmental Protection	February 2008	**No Assurance**	Q2 2008-2009

Report Title

Local Land Charges

1 Objective of System

1.1 A local land charge is a restriction or prohibition on land, or a financial charge which is binding on successive owners or occupiers of land. A local land charge search is carried out when a property or piece of land is being sold, purchased, leased or valued. This service is provided by Local Authorities and private firms. The objective of the Local Land Charges (LLC) system is to provide a timely, effective and efficient service of local land charge searches to applicants.

1.2 Effective land charging contributes to achieving of the corporate priorities of 'A Successful Suburb' and 'More Choice, Better Value'. The reputation of a successful suburb rests on the Council's 'Three Strands' approach of 'Protect, Enhance and Grow'. The Council want to protect and enhance the best of the borough while growing through successful regeneration and sustainable development. This includes absolute protection of the Green Belt and enhancing our town centres.

2 Scope of Audit

2.1 Policies and procedures
2.2 Management training and roles and responsibilities
2.3 Applications Assessment
2.4 Land Charge Searches
2.5 LLC Register
2.6 Fees and Income
2.7 Access Controls
2.8 Online Service
2.9 Performance Management
2.10 Use of IT Systems

3 Executive Summary

3.1 Internal Audit can provide no assurance that the existing system objectives will be achieved.

3.2 **Online Information**

 The current website does not provide adequate customer friendly and customer focused information:

 - Land charges legislation and updates specifying the key legislation and   updates for customers;
 - Links to key sites, for example HM Land Registry and NLIS;
 - Explanation of types of searches available i.e. standard, online, personal;
 - Forms required for search applications, and
 - Land Charges FAQs.

Use of IT Systems: Plantech

Effective use is not being made of the Plantech system. Plantech is capable of holding an electronic register of charges. However, this facility is currently not in use. The service maintains a paper based LLC register.

Crystal reporting is linked to Plantech, enabling performance reports to be generated. However, the service does not use this functionality at present.

4   Risks

	Priority 1:	Priority 2:
4.1 Number of risks identified	2	10
4.2 Number of actions agreed	2	10

4.3   **Priority 1 risks**

• **Risk:** Information on web page
  Without adequate information provision to enable customers to make informed decisions there is a risk that the Council may fail to provide good quality customer service and fail to utilise its time effectively.

  Management Action: *Agreed.*
  Responsibility has been assigned for maintained and reviewing web pages.

• **Risk:** Efficiency
  Without the full functional use being made of the system there is a risk that the Service is not making efficient use of available resources in order to operate optimally.

  Management Action: *Agreed.*
  This will be used more effectively.

5   Response to the Audit from Director and/or Head of Service

5.1   The situation has improved considerably in the last 12 months since Land Charges was reformed and taken over by PEPs.
      The Planning, Housing and Regeneration Directorate has just been formed and is taking forward the implementation and integration of a new Plantech IT system which incorporates Local Land Charges and other regulatory planning and environmental areas. The integration of the Plantech system will considerably improve controls, customer service and access for land charge users. The final go live on Plantech will be in the Autumn 2008.

Service Area	Issue Date	Assurance of Original Audit	Assurance on Follow-up
Housing	01/01/2008	**No**	**No**

Report Title

Private Sector Leasing - Follow-up

1 Objective of System

1.1 The objective of the area is to ensure that sufficient and suitable quality accommodation (particularly in line with safety requirements and client needs) is secured/acquired, economically, under the Private Sector Leasing (PSL) arrangements to meet the Council's housing needs effectively.

2 Scope of Audit

2.1 Follow-up of review completed in 2006-07.

3 Executive Summary

3.1 Audit reviewed this area in 2006-07 and concluded that no assurance could be provided that the service would achieve its objectives.

3.2 The follow-up audit review in 2007-08 concluded that the control environmental had not improved and therefore the assurance level remains still at **'No'**.

4 **Risks**

	Priority 1:	**Priority 2:**
4.1 Number of risks identified	5	7
4.2 Number of actions agreed	5	7

4.3 **Priority 1 risks**

- **Risk: Business Continuity - Not Mitigated**
  Business continuity: Where the long-term stability of staffing for the PSL section is not ensured, there is a risk that the future successful operation of the scheme may be compromised in the event of temporary staff leaving at short notice. There is also a risk that key knowledge for the operation of the PSL scheme may be lost to the Council if all temporary staff leave.

  Management Action:
  The proposal for the Temporary Accommodation Section restructure, including proposal for allocation of permanent staff for PSL will be undertaken.
  A contingency plan will be put in place for the interim period for the PSL team whilst permanent staffs are being recruited.

- **Risk: Lack of division of duties for setting up and authorisation of purchase orders and invoices: - Not Mitigated**
  In the absence of appropriate segregation of duties and authorisation controls there is a risk of unauthorised and incorrect payments being processed.

  Management Action:
  Agreed.

- **Risk: Lack of reliable financial recording and budget monitoring - Partly Mitigated**
  There is a risk that Management are unable to ensure the accuracy and reliability of financial records or confirm the scheme is self financing.

  Management Action:
  Agreed.

- **Risk: Netting of commitments on SAP - Not Mitigated**
  There is a risk of incorrect commitment data being posted on SAP as a result of incorrect accounting for recoveries.

  Management Action:
  Agreed.

- **Risk: Agreed protocol with Barnet Homes - Not Mitigated**
  Incorrect, inappropriate, incomplete accounting adjustments for recovery of repair costs and incomes.

Management Action:
We will formulate a plan for implementing formal protocols with Barnet Homes for administration of repair charges and recovery with a view to ensure that accounts on SAP are up-to-date and are reconciled with records received from the sub-system and from Barnet Homes routinely each month.

Response to the Audit from Director and/or Head of Service

5.1   The Interim Head of Housing recognises the need accept ownership of the issues and to deliver the required solutions. Rigorous project management of the audit recommendations has been put in place to ensure that agreed actions are implemented. The Interim Head of Housing receives regular project updates, and discusses progress with the Head of Internal Audit when required. When the actions have been completed a follow-up audit will be requested .

Appendix A - Internal Audit Annual Report 2007-08

Service Area	**Issue Date**	**Assurance of Original Audit**	**Assurance on Follow-up**
Corporate Governance	January 2008	**No**	**No**

Report Title

Street Enforcement - Follow-up

1 Objective of System

1.1 The objective of the Street Enforcement Service is to manage enviro-crime effectively e.g. abandoned vehciles, fly-tipping, fly-posting and thereby contribute to the achievement of the Counicl's key priorities of tackling crime, and creating a cleaner, greener Barnet.

2 Scope of Audit

2.1 Follow-up of review completed in 2006-07.

3 Executive Summary

3.1 From March 2007, the Street Enforcement service as it was no longer and previous functions have been either deleted or split between Envirnoment & Transport (E&T) and Corporate Governance. The focus for the Priority Intervention Team since the move to Corporate Governance – has been on the crime agenda. As a result of the split in services, the PIT is now responsible for the strategic direction of enforcement and commissioning the operational aspects of cleaning up graffiti and fly tip etc. The complete responsibility for nuisance vehicles lies with the PIT. E&T undertake mainly a contractor role for cleaning graffiti and fly tip, and all other enforcement relating highways legislation including e.g. weed clearing, waste, and littering.

3.2 The follow-up audit review in 2007-08 concluded that the control environmental had not improved and therefore the assurance level remains still at **'No'**.

4 Risks

	Priority 1:	**Priority 2:**
4.1 Number of risks identified	4	2
4.2 Number of actions agreed	4	2

4.3 **Priority 1 risks**

- **Risk: Strategy, Policy and Procedures - Partly Mitigated**
  In the absence of a documented strategy for the Street Enforcement Service, there is a risk that the management have not planned for the future direction of the service and this could impact performance in the long term. Also, resources may be wasted pursuing goals that are not of high priority to the Service.

  Management Action:
  The Service delivery plan will be finalised, and a programme of activities will stem from this.

- **Risk: Strategy, Policy and Procedures - Not Mitigated**
  In the absence of comprehensive, management approved procedure notes, there is a risk that the staff may not be aware of their responsibilities. Also staff may follow inappropriate procedures resulting in the poor delivery of service and failure to achieve the Council's objective to be cleaner and greener.

  Management Action:
  Procedures will be finalised, and the appraisal process will identify the whether these are applied correctly.

- **Risk: Service Objectives - Partly Mitigated**
  In the absence of management approved service objectives that have been clearly communicated to staff, there is risk that staff resources may be wasted pursuing objectives that are not in line with management's future plans for the Service. Also, the performance of the service cannot be monitored effectively without comparing performance against documented service objectives.

  Management Action:
  Clear objectives will be formalised.

- **Risk: Enforcement - Not Mitigated**
  In the absence of adequate arrangements to ensure that resources are efficiently and effectively utilised, there is a risk that the Council's objective to be cleaner and greener may not be achieved which may negatively impact the Council's reputation and increase the number of complaints by residents.

  Management Action:
  A process of organising and reviewing staff utilisation will follow on from the formulation of new service objectives.

5   Response to the Audit from Director and/or Head of Service

5.1 Since the cessation of the Street Enforcement function and the split from E&T, a new structure has been put in place and there has been a 12 month stabilisation period. Subject to agreement of the scope some of the new business processes will be reviewed during the forthcoming Anti Crime Agenda Audit planned in quarter 3 of 2008/09.

2007/08 Internal Audit - Audit Plan Update Since 31st October 2007

2007/08 Internal Audit - Audit Plan Update

Since 31st October 2007

Resources
Page 1   Accommodation Strategy (Deferred)
Page 2   Shared Info & Business Intelligence (Deferred)
Page 3   IT Asset Management & Disposal 06/07 follow-up (Deferred)
Page 4   Banking follow-up (Deferred)
Page 5   SAP Compliance Calibration 07/08 (New)

Communities
Page 6   Free School Meals (New)
Page 7   Consultation 06/07 follow-up (Deferred)
Page 8   Respite Care 07/08 (Deferred)

Environment and Regeneration
Page 9   Hendon Cemetery & Crematorium 07/08 follow-up (New)
Page 10 Non HRA Subsidy (New)
Page 11 Traffic Management Act 2004 06/07 follow-up (Deferred)
Page 12 Public Transportation & Traffic Management (Deferred)
Page 13 Green Spaces and Ground Maintenance 2nd follow-up (Deferred)

Page 14 Various Follow-ups (Deferred)

Note: The deferrals noted above are those that are not included in the 2008-2009 Internal Audit Annual Plan

Deferred from 2007/08 to 2008/09 Resources

SERVICE AREA: Strategic Services - Property and Valuations Service

TITLE OF ORIGINAL AUDIT: Accommodation Strategy

ORIGINAL PLANNED DATE FOR AUDIT: 2007/08 Quarter 1

REVISED PLANNED DATE FOR AUDIT: 2008/09 Quarter 3

CHANGE REQUESTED BY: Interim Head of Property Services

Reason(s) for the change

Further review of the Accommodation Strategy taking place and there is no added value in the audit taking place until the strategy has been agreed.

Risk to the Corporate Plan

None

Client Comment

None

Audit Comment

None

Deferred from 2007/08 to 2008/09 Resources

SERVICE AREA: Organisational Development and Customer Services

TITLE OF ORIGINAL AUDIT: Shared Information and Business Intelligence

ORIGINAL PLANNED DATE FOR AUDIT: 2007/08 Quarter 3

REVISED PLANNED DATE FOR AUDIT: 2008/09 Quarter 3

CHANGE REQUESTED BY: Business Improvement Manager

Reason(s) for the change

Deferred to Q3 08/09 due to Service re-structure.

Risk to the Corporate Plan

None

Client Comment

None

Audit Comment

None

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Deferred from 2007/08 to 2008/09 Resources

SERVICE AREA: Shared Services - Infrastructure and IS Operations

TITLE OF ORIGINAL AUDIT: IT Assets Management and Disposals - Follow-up

ORIGINAL PLANNED DATE FOR AUDIT: 2007/08 Quarter 3

REVISED PLANNED DATE FOR AUDIT: 2008/09 Quarter 1

CHANGE REQUESTED BY: Head of Information Systems

Reason(s) for the change

The audit will give better value following recent restructuring within the service and current upgrade to LANDesk.

Risk to the Corporate Plan

None

Client Comment

None

Audit Comment

None

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Deferred from 2007/08 to 2008/09 Resources

SERVICE AREA: Shared Services - Finance Support

TITLE OF ORIGINAL AUDIT: Banking - Follow-up

ORIGINAL PLANNED DATE FOR AUDIT: 2007/08 Quarter 4

REVISED PLANNED DATE FOR AUDIT: 2008/09 Quarter 2

CHANGE REQUESTED BY: Deputy Director of Resources and Chief Finance Officer

Reason(s) for the change

The banking contract is being retendered and a restructure for managing this contract, the audit will add value once the roles and responsibilities are determined.

Risk to the Corporate Plan

None

Client Comment

None

Audit Comment

None

New 2007/08 Resources

SERVICE AREA: Strategic Services - Finance

TITLE OF ORIGINAL AUDIT: SAP Compliance Calibration

DATE AUDIT REQUESTED FOR: Quarter 4

REQUESTED BY: Deputy Director of Resources and Chief Finance Officer

Reason(s) for the new work

To provide assurance over the control and management of SAP Compliance Calibration.

Risk to the Corporate Plan

None

Client Comment

None

Audit Comment

None

SERVICE AREA: Strategic Services - Finance

New 2007/08 Communities

SERVICE AREA: Children's Service

TITLE OF ORIGINAL AUDIT: Free School Meals

DATE AUDIT REQUESTED FOR: Quarter 4

REQUESTED BY: Director of Children's Service

Reason(s) for the new work

To provide assurance over the control and management of the free meals framework.

Risk to the Corporate Plan

None

Client Comment

None

Audit Comment

None

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Deferred from 2007/08 to 2008/09 Communities

SERVICE AREA: Communications

TITLE OF ORIGINAL AUDIT: Consultation - Follow-up

ORIGINAL PLANNED DATE FOR AUDIT: 2007/08 Quarter 4

REVISED PLANNED DATE FOR AUDIT: 2008/09 Quarter 4

CHANGE REQUESTED BY: Corporate Consultation Officer

Reason(s) for the change

Deferred to Q4 08/09 due to Service re-organisation at the end of 2007/08.

Risk to the Corporate Plan

None

Client Comment

None

Audit Comment

None

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Deferred from 2007/08 to 2008/09 Communities

SERVICE AREA: Adult Social Services

TITLE OF ORIGINAL AUDIT: Respite Care

ORIGINAL PLANNED DATE FOR AUDIT: 2007/08 Quarter 3

REVISED PLANNED DATE FOR AUDIT: 2008/09 Quarter 1

CHANGE REQUESTED BY: Head of Internal Audit and Ethical Governance

Reason(s) for the change

Secondment of Auditor and therefore unable to commence audit as scheduled in quarter 3 07/08.

Risk to the Corporate Plan

None

Client Comment

None

Audit Comment

None

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New 2007/08 Environment & Regeneration

SERVICE AREA: Planning & Environmental Protection

TITLE OF ORIGINAL AUDIT: Hendon Cemetery and Crematorium 07/08 Follow-up

DATE AUDIT REQUESTED FOR: Quarter 4

REQUESTED BY: Head of Planning and Environment Protection

Reason(s) for the new work

The follow-up audit could be undertaken promptly.

Risk to the Corporate Plan

None

Client Comment

None

Audit Comment

None

New 2007/08 Environment & Regeneration

SERVICE AREA: Planning & Environmental Protection

TITLE OF ORIGINAL AUDIT: Hendon Cemetery and Crematorium 07/08 Follow-up

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New 2007/08 Environment & Regeneration

SERVICE AREA: Housing

TITLE OF ORIGINAL AUDIT: Non HRA Subsidy

DATE AUDIT REQUESTED FOR: Quarter 4

REQUESTED BY: Head of Housing

Reason(s) for the new work

To provide assurance that claim for licensed accommodation complies with subsidy regulations.

Risk to the Corporate Plan

None

Client Comment

None

Audit Comment

None

New 2007/08 Environment & Regeneration

SERVICE AREA: Housing

TITLE OF ORIGINAL AUDIT: Non HRA Subsidy

DATE AUDIT REQUESTED FOR: Quarter 4

REQUESTED BY: Head of Housing

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Deferred from 2007/08 to 2008/09 Environment & Regeneration

SERVICE AREA: Environment and Transport

TITLE OF ORIGINAL AUDIT: Traffic Management Act 2004 - Follow-up

ORIGINAL PLANNED DATE FOR AUDIT: 2007/08 Quarter 4

REVISED PLANNED DATE FOR AUDIT: 2008/09 Quarter 2

CHANGE REQUESTED BY: Chief Engineer - Street Lighting

Reason(s) for the new work

Due to significant changes in the TMA which are being introduced from April 2008 with a transitional period of 3 months, the introduction of FPN's from June 2008 and the changes required to enable the introduction of Permitting from early 2009, there will be major changes and review at present and therefore conducting the follow-up at this time will not be beneficial.

Risk to the Corporate Plan

None

Client Comment

None

Audit Comment

None

Deferred from 2007/08 to 2008/09 Environment & Regeneration

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Deferred from 2007/08 to 2008/09 Environment & Regeneration

SERVICE AREA: Environment and Transport

TITLE OF ORIGINAL AUDIT: Public Transportation and Traffic Management

ORIGINAL PLANNED DATE FOR AUDIT: 2007/08 Quarter 3

REVISED PLANNED DATE FOR AUDIT: 2008/09 Quarter 1

CHANGE REQUESTED BY: Director of Environment and Transport

Reason(s) for the change

Client request to defer to quarter 1 08/09 as the Local Implementation Plan has not been approved by TFL and therefore no added value for the audit to commence.

Risk to the Corporate Plan

None

Client Comment

None

Audit Comment

None

Deferred from 2007/08 to 2008/09 Environment & Regeneration

SERVICE AREA: Environment and Transport

TITLE OF ORIGINAL AUDIT: Green Spaces and Ground Maintenance - 2nd Follow-up

ORIGINAL PLANNED DATE FOR AUDIT: 2007/08 Quarter 3

REVISED PLANNED DATE FOR AUDIT: 2008/09 Quarter 1

CHANGE REQUESTED BY: Environmental Services Manager

Reason(s) for the change

The Service was completing a process review following the appointment of the Service Manager.

Risk to the Corporate Plan

None

Client Comment

None

Audit Comment

None

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Deferred Follow-ups from 2007/08 to 2008/09

SERVICE AREA: Various

TITLE OF ORIGINAL AUDIT:
LG Pensions 06/07 - Follow-up
Capital Expenditure 06/07 - Follow-up
Principal Development Agreement 06/07 - Follow-up

ORIGINAL PLANNED DATE FOR AUDIT: 2007/08 Various Quarters

REVISED PLANNED DATE FOR AUDIT: 2008/09
LG Pensions 06/07 - Follow-up (quarter 1)
Capital Expenditure 06/07 - Follow-up (quarter 3)
Principal Development Agreement 06/07 - Follow-up (quarter 1)

CHANGE REQUESTED BY: Head of Internal Audit and Ethical Governance

Reason(s) for the change

Completion of audit reports issued as final in quarter 4 2007/08.
Follow-ups deferred to take account of implementation dates of agreed actions.

Risk to the Corporate Plan

None

Client Comment

None

Audit Comment

None

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Internal Audit Performance Indicators 2007- 08 @ 06.06.2008

PI Ref	PERFORMANCE INDICATOR	TARGET 2007/08 (annual & cumulative)	2007/2008 Position at end of:			
			Q1	Q2	Q3	Q4
1	Percentage of 2007/08 audit plan completed compared to what was planned.	87.5% This is the combined figure for systems, follow-ups and projects.	11% complete or at draft report 25% at various stages of work in progress	21% complete or at draft report plus 40% at various stages of work in progress	36% complete or at draft report plus 39% at various stages of work in progress	90% complete or at draft report plus 10% at various stages of work in progress
2	Percentage of Audit reports followed up within 12 months of issue of final report	100%	13% complete or at draft report 11% at various stages of work in progress	25% complete or at draft report plus 24% at various stages of work in progress	43% complete or at draft report plus 26% at various stages of work in progress	100% complete or at draft report

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Appendix D

Risk Analysis Annual Report 2007-08	IIA Category								
		1	**2**	**3**	**4**	**5**	**6**			
Client Service	**Audit Project**	The integrity of information/ data is unreliable	Assets are not adequately safe guarded	Resources not used economically or effectively	Non Compliance with Laws and Regulations **Any Non-compliance needs to be reported to the Monitoring Officer.**	Non Compliance with Policies and Procedures	Objectives/ goals not achieved	**Total**	**Priority 1**	**Priority 2**
Communities - Policy and Partnership Group	Partnership Arrangements	0	0	0	0	2	4	**6**	**1**	**5**
Corporate Governance Directorate (audit requested by Executive Director for Resources)	Publishing Delegated Power Reports	0	0	0	0	3	1	**4**	**0**	**4**
Strategic Development Unit	Principal Development Agreement 06/07	1	1	0	0	0	2	**4**	**1**	**3**
Resources - Shared Services	LG Pensions	1	0	0	0	0	1	**2**	**0**	**2**
Resources - Shared Services	Cashiers	2	2	0	0	1	2	**7**	**1**	**6**
Environment and Development	Local Land Charges	4	0	2	0	2	4	**12**	**2**	**10**
Resources - Shared Services	Safer Stronger Communities Fund Grant	2	0	0	0	1	1	**4**	**2**	**2**
Communities - Adult Social Services	Laundry Services	1	0	2	0	1	3	**7**	**4**	**3**
Resources - Shared Services	Review of Resources ICC for 2006-07	4	0	1	0	1	0	**6**	**5**	**1**
Children's services	Children Act complaints	1	1	0	2	0	6	**10**	**2**	**8**
Resources - Shared Services	Infrastructure	1	0	0	0	2	1	**4**	**2**	**2**
Resources - Organisational Development, Customer Services and Change	Customer Services	0	0	0	0	0	1	**1**	**0**	**1**
Resources - Strategic Services	Modernising Ways of Working	1	0	0	0	0	2	**3**	**0**	**3**
Resources - Shared Services	Shared Service Centre	0	2	1	0	2	0	**5**	**0**	**5**
Resources - Strategic Services	Capital Expenditure 06/07	1	0	1	0	0	1	**3**	**1**	**2**
Environment and Development	Housing Strategy & Performance	0	0	0	0	0	2	**2**	**0**	**2**
TOTALS		**19**	**6**	**7**	**2**	**15**	**31**	**80**	**21**	**59**
							% of total		**26%**	**74%**

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