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|                |   |
|----------------|---|
| Meeting        | Audit Committee   |
| Date           | 16 December 2009  |
| <b>Subject</b> | <b>Internal Audit Interim Annual Report 2009-10</b>   |
| Report of      | Interim Head of Internal Audit  |
| Summary        | The Committee is asked to note the 2009-10 Interim Internal Audit Annual Report and appendices. |

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|--|--|
| Officer Contributors   | Richard King - Interim Head of Internal Audit  |
| Status (public or exempt)                                    | Public   |
| Wards affected   | Not applicable   |
| Enclosures   | Appendix A: 2009/10 Internal Audit Interim Annual Report<br>Appendix B: 2009/10 Internal Audit Annual Audit Plan Update<br>Appendix C: 2009/10 Internal Audit Performance Indicators<br>Appendix D: 2009/10 Internal Audit Risk Analysis Summary |
| For decision by  | Audit Committee  |
| Function of  | Council  |
| Reason for urgency / exemption from call-in (if appropriate) | Not applicable   |

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Contact for further information: Richard King, Interim Head of Internal Audit 020 8359 3167

## **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 10<sup>th</sup> March 2009 included in the work programme for 2009/10, the Internal Audit Interim Annual Report for 2009/10.
- 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 Our corporate services, including finance, human resources and corporate governance, play a significant part in helping us achieve our vision for:

“We will deliver value for money for our residents.”

- 3.2 We will continue to build on the solid foundations of the last few years, developing the core assets of people, finance, technology and information, to ensure that we are a modern, customer-focused organisation. (Corporate Plan 2009/10)

## **4 RISK MANAGEMENT ISSUES**

- 4.1 The purpose of the Internal Audit Interim Annual Report 2009/10 is to highlight to the Audit Committee, relevant Cabinet Members, Chief Executive, relevant Council Directors and External Audit, the findings of Internal Audit work conducted in 2009/10 (for work that has not previously been reported in the 2008/9 Annual Report).
- 4.2 The report identifies those areas which are of significant risk in the work undertaken by Internal Audit during this period.

## **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. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**

- 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 in the context of this report.

## **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/or finalised with Directorates/Services as at 12<sup>th</sup> November 2009. The report also identifies and gives more detail on those areas which are considered to be of significant risk. This is a planned report within the 2009/10 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 area of weakness was:
- Objectives / goals not being achieved (**38** instances out of a total of **104** reported risks).

For the above area of weaknesses occurrence reported in the Annual Audit Annual Report for 2008-9 was 45 out of 126.

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 29% 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 71% 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 interim annual report provides summaries of the findings at follow-up audits. Follow-ups indicate how the level of audit assurance has changed as a result of management implementation of agreed actions. Summary of the assurance revisions on the 25 follow-ups conducted in the report period are detailed below. It is encouraging to note that there are no areas with 'no' assurance and 19 of the areas reviewed are now at 'satisfactory' or 'full' level of assurance. However, 6 areas remain at 'limited' assurance indicating that further management action is required to fully implement agreed actions or mitigate identified risks.

| <b>Analysis of Assurance Levels on Follow-up</b>        | <b>No.</b> |
|---|------------|
| Full assurance from satisfactory, limited or no         | <b>4</b>   |
| Satisfactory assurance from satisfactory, limited or no | <b>15</b>  |
| Limited assurance from limited                          | <b>5</b>   |
| Limited assurance from no                               | <b>1</b>   |
| <b>Total</b>  | <b>25</b>  |

Customer Evaluation Questionnaires

- 9.7 The Audit Committee at the meeting on 20 March 2006 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:

2007/08

25 questionnaires sent; 15 questionnaires returned (60%). An average score of **2.1** was achieved where 1 = excellent; 2 = highly effective; 3 = perfectly satisfactory; 4 = not quite good enough and 5 = unacceptable.

2008/09 (ongoing)

37 questionnaires sent to date; 17 questionnaires returned to date (46%). An average score of **2.5** was achieved.

2009/10 (ongoing)

8 questionnaires sent to date; 3 questionnaires returned to date (38%). An average score of **2.3** was achieved.

Internal Audit performance Management

- 9.8 Appendix B describes the changes to the original audit plan. The report shows reviews that are deferred cancelled or newly commissioned with relevant reasons for the changes. 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 None.

Legal: MAM  
Finance: JW

**Internal Audit  
Interim Annual Report  
2009-10**

## INDEX

### INTERNAL AUDIT ACTIVITY - Since 29th May 2009 SUMMARIES BY SERVICES

- 1 Finance
- 2 Corporate Services
- 3 Children's Service
- 4 Adult Social Services
- 5 Environment and Operations
- 6 Planning, Housing and Regeneration
- 7 Commercial
- 8 Chief Executive
- 9 Corporate Governance

### AUDIT REPORT SUMMARIES FOR HIGH RISK AREAS (No Assurance)

- Finance
- A1 Treasury Management
  
- Adult Social Services
- A2 Blue Badge
- A3 Appointeeship
- A4 Deputyship
  
- Planning, Housing and Regeneration
- A5 Section 106 Payments

## Internal Audit Activity Summary: Finance

### Audit Work

| System                            | Priority 1 | Priority 2 | Current Assurance | Date of last Audit | Assurance at last Audit |
|-----------------------------------|------------|------------|-------------------|--------------------|-------------------------|
| Treasury Management               | 3          | 6          | No Assurance      | 31/10/2006         | Full                    |
| Supporting People Programme Grant | 0          | 2          | Satisfactory      | None               | N/A                     |
| Stroke Services Grant             | 0          | 1          | Satisfactory      | None               | N/A                     |

### Follow-up Work

| System                     | Priority 1 |   |   | Priority 2 |   |   | Assurance at Follow-up | Assurance at original Audit |
|----------------------------|------------|---|---|------------|---|---|------------------------|-----------------------------|
|                            | Y          | P | N | Y          | P | N |                        |                             |
| Treasury Management        | 2          | 0 | 0 | 3          | 0 | 0 | Full                   | No Assurance                |
| Local Area Agreement Grant | 0          | 0 | 0 | 1          | 0 | 0 | Satisfactory           | Satisfactory                |

### Other Work

| System        | Type of work | Assurance |
|---------------|--------------|-----------|
| Milly Apthorp | Grant Work   | Limited   |

### Key

|                         |
|-------------------------|
| Y - Mitigated           |
| P - Partially Mitigated |
| N - Not Mitigated       |



## Internal Audit Activity Summary: Corporate Services

### Audit Work

| System                | Priority 1 | Priority 2 | Current Assurance | Date of last Audit | Assurance at last Audit |
|-----------------------|------------|------------|-------------------|--------------------|-------------------------|
| Working with Partners | 0          | 4          | Limited           | None               | N/A                     |
| Self Service          | 0          | 2          | Satisfactory      | None               | N/A                     |

### Follow-up Work

| System                | Priority 1 |   |   | Priority 2 |   |   | Assurance at Follow-up | Assurance at original Audit |
|-----------------------|------------|---|---|------------|---|---|------------------------|-----------------------------|
|                       | Y          | P | N | Y          | P | N |                        |                             |
| Housing Benefit       | 0          | 0 | 0 | 2          | 0 | 0 | Full                   | Satisfactory                |
| Qsmart SAP Calibrator | 0          | 1 | 0 | 2          | 2 | 0 | Limited                | Limited                     |

### Other Work

| System                                       | Type of work | Assurance at Follow-up | Assurance at original Audit |
|--|--------------|------------------------|-----------------------------|
| Electronic Document Record Management System | Project      | Satisfactory           | Limited                     |
| Customer Services - West of Borough          | Project      | Satisfactory           | Satisfactory                |

### Key

|                         |
|-------------------------|
| Y - Mitigated           |
| P - Partially Mitigated |
| N - Not Mitigated       |

**Internal Audit Activity Summary: Children's Service****Audit Work**

| <b>System</b>      | <b>Priority 1</b> | <b>Priority 2</b> | <b>Current Assurance</b> | <b>Date of last Audit</b> | <b>Assurance at last Audit</b> |
|--------------------|-------------------|-------------------|--------------------------|---------------------------|--------------------------------|
| Contact Point      | 1                 | 0                 | Limited                  | None                      | N/A                            |
| Individual Budgets | 0                 | 4                 | Limited                  | None                      | N/A                            |

**Follow-up Work**

| <b>System</b>     | <b>Priority 1</b> |          |          | <b>Priority 2</b> |          |          | <b>Assurance at Follow-up</b> | <b>Assurance at original Audit</b> |
|-------------------|-------------------|----------|----------|-------------------|----------|----------|-------------------------------|------------------------------------|
|                   | <b>Y</b>          | <b>P</b> | <b>N</b> | <b>Y</b>          | <b>P</b> | <b>N</b> |                               |                                    |
| Child Protection  | 0                 | 0        | 0        | 1                 | 0        | 0        | Full                          | Satisfactory                       |
| Barnet Connexions | 0                 | 0        | 0        | 1                 | 2        | 0        | Satisfactory                  | Satisfactory                       |
| Cleaning Contract | 0                 | 1        | 0        | 1                 | 1        | 0        | Limited                       | Limited                            |

**Key**

|  |
|--|
| <b>Y</b> - Mitigated<br><b>P</b> - Partially Mitigated<br><b>N</b> - Not Mitigated |
|--|

**Internal Audit Activity Summary: Adult Social Services****Audit Work**

| System                                 | Priority 1 | Priority 2 | Current Assurance | Date of last Audit | Assurance at last Audit |
|--|------------|------------|-------------------|--------------------|-------------------------|
| Blue Badge                             | 5          | 2          | No Assurance      | 27/07/2002         | Satisfactory            |
| Appointeeship                          | 8          | 4          | No Assurance      | None               | N/A                     |
| Deputyship                             | 6          | 9          | No Assurance      | 15/01/2004         | Satisfactory            |
| Integrated Community Equipment Service | 0          | 6          | Limited           | 04/04/2008         | Satisfactory            |

**Follow-up Work**

| System              | Priority 1 |   |   | Priority 2 |   |   | Assurance at Follow-up | Assurance at original Audit |
|---------------------|------------|---|---|------------|---|---|------------------------|-----------------------------|
|                     | Y          | P | N | Y          | P | N |                        |                             |
| Meals Service       | 0          | 4 | 0 | 1          | 2 | 1 | Limited                | No Assurance                |
| Business Continuity | 0          | 0 | 0 | 1          | 0 | 0 | Satisfactory           | Limited                     |
| Data Quality        | 0          | 0 | 0 | 2          | 1 | 0 | Satisfactory           | Satisfactory                |

**Other Work**

| System                                       | Type of work | Assurance at Follow-up | Assurance at original Audit |
|--|--------------|------------------------|-----------------------------|
| Choice & Independence - Programme Governance | Project      | Full                   | Satisfactory                |

**Key**

|                         |
|-------------------------|
| Y - Mitigated           |
| P - Partially Mitigated |
| N - Not Mitigated       |

## Internal Audit Activity Summary: Environment and Operations

### Audit Work

| System                                       | Priority 1 | Priority 2 | Current Assurance | Date of last Audit | Assurance at last Audit |
|--|------------|------------|-------------------|--------------------|-------------------------|
| Public Transportation and Traffic Management | 0          | 3          | Limited           | 15/03/2005         | Satisfactory            |

### Follow-up Work

| System                           | Priority 1 |   |   | Priority 2 |   |   | Assurance at Follow-up | Assurance at original Audit |
|----------------------------------|------------|---|---|------------|---|---|------------------------|-----------------------------|
|                                  | Y          | P | N | Y          | P | N |                        |                             |
| Administration of Term Contracts | 0          | 0 | 0 | 0          | 1 | 0 | Satisfactory           | Satisfactory                |
| Parking Control                  | 0          | 0 | 0 | 2          | 3 | 0 | Satisfactory           | Satisfactory                |
| Final Accounts                   | 0          | 0 | 0 | 1          | 4 | 1 | Limited                | Limited                     |
| Trading Standards & Licensing    | 0          | 0 | 0 | 0          | 1 | 0 | Satisfactory           | Satisfactory                |

### Other Work

| System    | Type of work | Assurance at Follow-up | Assurance at original Audit |
|-----------|--------------|------------------------|-----------------------------|
| Transport | Project      | Satisfactory           | Satisfactory                |

### Key

|                         |
|-------------------------|
| Y - Mitigated           |
| P - Partially Mitigated |
| N - Not Mitigated       |

## Internal Audit Activity Summary: Planning, Housing and Regeneration

### Audit Work

| System                  | Priority 1 | Priority 2 | Current Assurance | Date of last Audit | Assurance at last Audit |
|-------------------------|------------|------------|-------------------|--------------------|-------------------------|
| Section 106 Payments    | 5          | 9          | No Assurance      | None               | N/A                     |
| Temporary Accommodation | 0          | 8          | Limited           | 07/03/2006         | Satisfactory            |

### Follow-up Work

| System                  | Priority 1 |   |   | Priority 2 |   |   | Assurance at Follow-up | Assurance at original Audit |
|-------------------------|------------|---|---|------------|---|---|------------------------|-----------------------------|
|                         | Y          | P | N | Y          | P | N |                        |                             |
| Barnet Homes Monitoring | 1          | 0 | 0 | 2          | 1 | 0 | Satisfactory           | Limited                     |
| Homelessness            | 0          | 1 | 0 | 0          | 1 | 3 | Limited                | Limited                     |
| Grants                  | 1          | 0 | 0 | 0          | 2 | 0 | Satisfactory           | Limited                     |

### Other Work

| System             | Type of work | Assurance at Follow-up | Assurance at original Audit |
|--------------------|--------------|------------------------|-----------------------------|
| Strategic Planning | Project      | Satisfactory           | Satisfactory                |

### Key

|                         |
|-------------------------|
| Y - Mitigated           |
| P - Partially Mitigated |
| N - Not Mitigated       |

## Internal Audit Activity Summary: Commercial

### Audit Work

| System                                     | Priority 1 | Priority 2 | Assurance of Original Audit | Assurance on Follow-up | Assurance at last Audit |
|--|------------|------------|-----------------------------|------------------------|-------------------------|
| Accommodation Strategy                     | 0          | 2          | Satisfactory                | None                   | N/A                     |
| Income from Property and Industrial Assets | 1          | 6          | Limited                     | None                   | N/A                     |

### Other Work

| System                | Type of work | Assurance at Follow-up | Assurance at original Audit |
|-----------------------|--------------|------------------------|-----------------------------|
| Mill Depot Relocation | Project      | Satisfactory           | Satisfactory                |

### Key

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|--|
| <p>Y - Mitigated<br/>                     P - Partially Mitigated<br/>                     N - Not Mitigated</p> |
|--|

## Internal Audit Activity Summary: Chief Executive

### Follow-up Work

| System                              | Priority 1 |   |   | Priority 2 |   |   | Assurance at Follow-up | Assurance at original Audit |
|-------------------------------------|------------|---|---|------------|---|---|------------------------|-----------------------------|
|                                     | Y          | P | N | Y          | P | N |                        |                             |
| Data Quality - Key Lines of Enquiry | 0          | 0 | 0 | 1          | 1 | 0 | Satisfactory           | Satisfactory                |

### Key

|  |
|--|
| <p>Y - Mitigated<br/> P - Partially Mitigated<br/> N - Not Mitigated</p> |
|--|

## Internal Audit Activity Summary: Corporate Governance

### Audit Work

| System                   | Priority 1 | Priority 2 | Current Assurance | Date of last Audit | Assurance at last Audit |
|--------------------------|------------|------------|-------------------|--------------------|-------------------------|
| Anti Crime Agenda        | 1          | 3          | Limited           | None               | N/A                     |
| Registration of Electors | 0          | 3          | Limited           | 22/09/2004         | Satisfactory            |

### Follow-up Work

| System                     | Priority 1 |   |   | Priority 2 |   |   | Assurance at Follow-up | Assurance of original Audit |
|----------------------------|------------|---|---|------------|---|---|------------------------|-----------------------------|
|                            | Y          | P | N | Y          | P | N |                        |                             |
| Internal Control Checklist | 0          | 0 | 0 | 1          | 3 | 0 | Limited                | Limited                     |

### Key

|  |
|--|
| <p>Y - Mitigated<br/>                 P - Partially Mitigated<br/>                 N - Not Mitigated</p> |
|--|



## Appendix A - Internal Audit Interim Annual Report 2009-10

| Service Area | Issue Date | Assurance of Original Audit | Planned Follow-up Date |
|--------------|------------|-----------------------------|------------------------|
|--------------|------------|-----------------------------|------------------------|

|         |
|---------|
| Finance |
|---------|

|            |
|------------|
| 16/10/2009 |
|------------|

|    |
|----|
| No |
|----|

|              |
|--------------|
| Q3 2009-2010 |
|--------------|

### Report Title

|                     |
|---------------------|
| Treasury Management |
|---------------------|

### 1 Objective of System

1.1 The objective of the Treasury Management function is to effectively manage the Authority's cash flows, its borrowing and its deposits, and the management of the associated risks whilst pursuing optimum performance and rates of return consistent with these risks as reflected by the Council's Treasury Management Strategy. The objective of the system itself is to ensure that transactions are authorised, compliant with the Treasury Management Strategy and correctly treated and recorded on the Council's accounting statements.

### 2 Scope of Audit

- 2.1
- Legislation, Strategy, Policy and Procedures,
  - Security of Assets,
  - Selection of Counter Parties,
  - Cash Flow Forecasting,
  - Recording of Investments Made,
  - Recording of Loans Secured,
  - Systems Reconciliation,
  - Management Reporting and Performance Review.

### 3 Executive Summary

3.1 We can give No Assurance that the system objectives will be achieved. There are weaknesses in the system of controls that may put some of the system objectives at risk. This is a key financial systems audit of Treasury Management on the effectiveness of arrangements for investing and borrowing, in the light of any lessons learned following the failure of Icelandic banks which affected Councils nationally. The sample period selected for testing was April 2008 to April 2009 to meet external audit sampling requirements of covering the full financial year. The Icelandic Bank Scrutiny Working Group issued a final report in April 2009 which highlighted findings in relation to the treasury management strategy that was in place at the time money was being deposited with Icelandic Banks during 2008/09. Further, an independent review was commissioned to look at specific transactions relating to the £27.4m loss with the said institutions. No Icelandic Bank transactions have been selected as part of this audit as agreed at the planning meeting to agree the scope of this work.

#### 4 Risks

|                                | Priority 1: | Priority 2: |
|--------------------------------|-------------|-------------|
| 4.1 Number of risks identified | 3           | 6           |
| 4.2 Number of actions agreed   | 3           | 3           |

**All reported risks were accepted by management, but the management agreed to take action to mitigate 6 risks and accepted to tolerate the remaining 3.**

#### 4.3 Priority 1 risks

- **Risk: Counter Party Credit Ratings**

There is a risk of significant financial loss resulting from Council investments with a counterparty which no longer has an acceptable financial rating

**Management Action:**

*The report issued each Friday shows the credit rating of the outstanding deposits.*

*Weekly reports giving the same information from the Independent Investment Advisors are also kept on file.*

- **Risk: Recording of Investments Made**

There is a risk of inappropriate investment if transactions which do not comply with the Treasury Management Strategy are not identified as a result of ineffective segregation of duties and management review of the investments made.

**Management Action:**

*The “yellow” cards referred to in the main body of the report have been replaced with the dealing ticket system. These not only give the name of the officer who did the deal but are also countersigned by the Treasury Manager for compliance with the strategy.*

- **Risk: Management Reporting Systems - Compliance**

There is a risk of financial loss through the failure to identify non compliance to the Treasury Management Strategy, transactional inefficiencies and process failures in a timely manner.

**Management Action:**

*Compliance is dealt with in the weekly / monthly quarterly reporting as detailed in the management action for risk 2. Risk 2 management action - Since April 09 a weekly compliance report is issued each Friday giving details of all deposits, name of the counter party & status. It also details non compliant deposits i.e. the Icelandic bank deposits. The report is issued to the Director of Finance, the Assistant Director of Finance and the Head of Finance – Capital & Treasury.*

*In addition Treasury activities are reported quarterly to the Cabinet Resources Committee (officers & members) the first report was for the year to 31 March 09 and again for the quarter to 30 June 09. Minutes are kept of these meetings.*

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

5.1 Follow-up undertaken in quarter 3. The assurance has now moved to Full.

## Appendix A - Internal Audit Interim Annual Report 2009-10

|                     |                   |                                    |                               |
|---------------------|-------------------|------------------------------------|-------------------------------|
| <b>Service Area</b> | <b>Issue Date</b> | <b>Assurance of Original Audit</b> | <b>Planned Follow-up Date</b> |
|---------------------|-------------------|------------------------------------|-------------------------------|

Adult Social Services

08/09/2009

No

Q1 June - 2010-2011

### Report Title

Blue Badge

### 1 Objective of System

1.1 The objective of the Blue Badge Scheme is to maximise peoples' independence that improves equality of opportunity and access for the most severely disabled in a manner that respects the needs of others. The Blue Badge Scheme currently enables severely disabled people to park without charge or time limit in the on-street parking environment, and for up to three hours on yellow lines, unless a loading ban is in place.

### 2 Scope of Audit

- 2.1
- Policy and compliance
  - Roles and responsibilities
  - Procedures – assessment, review of decision, approval, issue of blue badge, collection of fees, stock control, reconciliation, renewals, cancellations, reissues.
  - Monitoring

### 3 Executive Summary

3.1 Audit can provide No assurance based on our review that the objective of the Blue Badge service will be achieved effectively and efficiently.

### 4 Risks

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

#### 4.3 Priority 1 risks

- **Risk: Service Delivery**

Without timely and comprehensive service reviews and establishing formal service delivery arrangements, there is a risk that service objectives may not be delivered effectively and efficiently and improvements may not be identified and incorporated on time.

**Management Action:**

***We will conduct a service review which will consider relevant best practice guidance and recommendations of the Department for Transport (DfT) in order to implement effective service delivery arrangements. An action plan of changes will be identified as part of the review. Discussions will take place with Environment service to determine where the service is best located which will impact on changes.***

- **Risk: Data Recording**

Without identifying necessary management information and statutory data requirements effectively and in the absence of robust systems for capturing information, including accurate data processing, there is a risk that necessary information may not be available to monitor service delivery effectively and that fraud or error may not be prevented or detected.

**Management Action:**

***Management information requirement on statutory areas and other operational areas will be identified in order to establish an effective framework of management information and reporting.***

***Data requirements will be specified to ensure effective capturing of management information on the database system. The data base will be amended to ensure the effective capturing of data and report generation.***

***Routine data quality checks will be implemented to ensure the accuracy and completeness of records on the database system.***

- **Risk: Processing Applications**

Without implementation of robust procedures for verification and administration of applications, there is a risk that blue badges may be issued to those not entitled to.

**Management Action:**

***The current processes for verification and administration of applications will be reviewed in line with the service review and revised where necessary to ensure that blue badges are issued only to those entitled; necessary quality reviews will be implemented.***

***The current application forms will be reviewed and revised in line with the best practice guidance. In addition, the revised form will seek proof of identity, address and National Insurance Number for individuals.***

***Written procedures will be produced to capture the revised processes and made available to staff; relevant staff will be trained to implement the processes effectively.***

- **Risk: Data Protection Declaration**

Without updating the declaration section on the application forms in line with the best practice guidance issued by the DfT there may be non-compliance with the Data Protection Act if data is shared for any control purpose e.g. detection and prevention of fraud.

**Management Action:**

***The current application forms will be reviewed and updated in line with the best practice guidance in respect of Data Protection.***

- **Risk: Fraud prevention and detection**

There is a risk the service may not be able to prevent and/or detect misuse of the Blue Badge scheme in the absence of robust fraud prevention and detection processes and protocols.

**Management Action:**

***ASSD will liaise jointly with Parking service and CAFT to develop a formal protocol for fraud prevention and detection.***

***The existing corporate approach will be identified to inform the development of a formal Fraud Prevention Strategy, and current processes and protocols will be reviewed and updated to ensure consistency with the strategy.***

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

5.1 Initial discussions were held with Environment. A discussion paper has been prepared for Corporate Directors to confirm the best location and some best practice issues relevant to the delivery of the service. Once these are determined then a review will be initiated to take into account the recommendations.

## Appendix A - Internal Audit Interim Annual Report 2009-10

| Service Area          | Issue Date | Assurance of Original Audit | Planned Follow-up Date |
|-----------------------|------------|-----------------------------|------------------------|
| Adult Social Services | 11/11/2009 | <b>No</b>                   | Q4 2010-2011           |

### Report Title

Appointeeship

### 1 Objective of System

1.1 The objective of the appointeeship function is to ensure that client funds and financial affairs are managed in an effective and efficient manner. The Council has to apply to the Department for Works and Pensions (DWP) to receive the legal power to act on behalf of the clients. Clients are often those that are mentally incapable of managing their money and who might be at risk of abuse. The Council discharges this function under the provisions of Section 49 of the National Assistance Act 1944 and the Mental Health Act 1983.

### 2 Scope of Audit

- 2.1
- Policy and Procedures
  - Roles and Responsibilities
  - Operational Arrangements
  - Arrangements to prevent fraud or loss of client assets
  - Performance Management and Reporting Arrangements

### 3 Executive Summary

3.1 We can provide No Assurance that management have implemented an adequate framework of internal controls and that these controls operate effectively against all significant risks. Control is generally weak, and there is significant non compliance with basic controls which leaves the system open to error or abuse. It is acknowledged that management has already taken steps to address some of the main issues reported and a project plan has been drafted to review the service's working practices.

### 4 Risks

|                                | Priority 1: | Priority 2: |
|--------------------------------|-------------|-------------|
| 4.1 Number of risks identified | 8           | 4           |
| 4.2 Number of actions agreed   | 8           | 4           |

#### 4.3 Priority 1 risks

- **Risk: Policies & Procedures**

There is a risk of inefficient, ineffective or non compliant working practices. This may lead to failure to achieve desired outcomes, poor value for money and non compliance with legislation.

**Management Action:**

*The service will develop policies and procedures which will cover areas of processes, roles and responsibilities in consultation with other appropriate teams/officers. (Supply Management/Care Management).*

- **Risk: Assessment of Clients**

There is a risk that clients may be assessed incorrectly and that the Council may be subject to legal challenge.

**Management Action:**

*Customer Financial Manager will liaise with Care Management to confirm how clients are assessed to determine whether they are unable to manage their finances, including the documentation to be retained to evidence this assessment, the timescales/triggers within which to undertake the assessment and the independent management review of the social worker's assessment to verify the accuracy and validity.*

- **Risk: Referrals**

Where referrals are incomplete, inaccurate or not actioned in a timely manner, there is a risk that clients' safety is compromised (e.g. financial abuse cases) and of the Council failing to demonstrate its duty of care and due diligence.

**Management Action:**

*Service will develop documented referral criteria, which includes who are eligible for appointeeship. Standard referral form has been drafted and will be used by Service for referrals to ensure that only clients who have been assessed as requiring assistance in managing their finances as well as meeting the appointeeship service referral criteria are accepted.*

*The possibility of highlighting residential care service users who become appointeeship clients on SWIFT (or software used by Deputyship Administration Team) will be explored and the use of the spreadsheet maintained by the Appointeeship Administrator will be reviewed as part of this exercise. This will also assist in ensuring that referrals are not missed or not processed in a timely manner. We will reconcile existing clients with those on SAP.*

- **Risk: Accounting Arrangements**

There is a risk of misstatement of income and expenditure figures and wastage of resources if the management accounting arrangements are not appropriate to the needs of the business.

**Management Action:**

*A process will be put in place to reconcile client balances (debtor and creditor accounts) as shown on SAP with bank account balances.*

*The management accounting coding structure (including the need to raise multiple debits for each type of benefit income) will be reviewed to ensure that the correct cost centres and general ledger codes are used such that income and expenditure are not overstated. Any errors will also be picked up by the relevant budget managers.*



- **Risk: Client Income**

There is a risk of inappropriate debt collection and misstatement of income figures if contracts are not raised accurately and in a timely manner. This may ultimately lead to undue hardship on clients and legal challenge.

**Management Action:**

*Customer Financial Manager will liaise with the Business Improvement Team to explore the possibility of reconciling SWIFT and SAP to ensure that residential care service users who are appointeeship clients have a corresponding debit representing the client contribution amount raised on SAP. This will also highlight whether the debit representing the amount repayable to the clients (personal allowance, specific benefits etc) have also been raised.*

*Where the debit has not been raised or has not been raised in an accurate or timely manner, this will also be flagged by the relevant budget manager and communicated to the Appointeeship team.*

*The need to have a more systematic process to check whether clients are receiving their maximum benefit entitlements will be explored and implemented if necessary. The Customer Financial Manager will liaise with the SAP Improvement and Control team to explore the possibility of automating the annual uprating of contracts (debts representing income receivable from DWP) and Purchase Orders for the payment of personal allowance and other benefits repayable to the clients.*

- **Risk: Client Expenditure**

There is a risk of undue hardship on clients if monies due (e.g. personal allowance and DLA etc) to the clients are not paid or not paid in a timely manner.

There is a risk of financial loss to the Council if payments made are not accurate or appropriate.

**Management Action:**

*The Customer Financial Manager (or delegated officer) will verify the accuracy and validity of the framework orders raised by Appointeeship Administrator (ideally via SAP authorisation process) to ensure that duplicate, inaccurate or untimely payment is not made.*

*Any errors will also be picked up by the relevant budget managers and flagged up to the Appointeeship team.*

- **Risk: Arrangements to prevent fraud or loss of client assets**

There is a risk that clients are subject to financial abuse and that the Council may not be able to demonstrate that clients' monies are being spent in their best interests and that the income is being kept safe in the interim.

**Management Action:**

*Appropriate processes will be put in place to ensure that the Council receives assurance that any monies passed on to third parties or back to the clients are used to meet the clients' needs. Care Management and Supply Management teams (contract Monitoring) will be consulted during the design of these processes.*

- **Risk: Performance Management**

There is a risk that management are not aware whether service objectives are being achieved (due to mismanagement of client funds) and whether value for money is being obtained (due to inappropriate or inadequate resource allocation) where specific performance management information is not requested or received and reviewed regularly.

## Appendix A - Internal Audit Interim Annual Report 2009-10

**Management Action:**

***Appropriate PIs will be established, monitored and reported on an appropriate frequency basis to the relevant parties.***

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

5.1 The service requested the audit of this area to help inform the planned restructure and review of this work area along with the Deputyship function, steps have been taken to address the issues raised in the report through an improvement project linked to the restructuring of the service.

## Appendix A - Internal Audit Interim Annual Report 2009-10

| Service Area          | Issue Date | Assurance of Original Audit | Planned Follow-up Date |
|-----------------------|------------|-----------------------------|------------------------|
| Adult Social Services | 11/11/2009 | <b>No</b>                   | Q4 2010-2011           |

### Report Title

|            |  |
|------------|--|
| Deputyship |  |
|------------|--|

### 1 Objective of System

1.1 The objective of the Deputyship function is to ensure that client funds and financial affairs are managed in an effective and efficient manner. Deputyship is a service which commits the council to greater control and responsibility over the client finances, where there is no relative willing or able to undertake the duties. It will include managing all finances.

The Council has to apply to the Court of Protection to receive the legal power to act on behalf of the clients. Clients are often those who are mentally incapable of managing their money and who might be at risk of abuse. The Council discharges this statutory function on behalf of the Public Guardianship Office under the provisions of Section 49 of the National Assistance Act 1944 and the Mental Health Act 1983.

### 2 Scope of Audit

- 2.1
- Policy and Procedures
  - Roles and Responsibilities
  - Operational Arrangements
  - Arrangements to prevent fraud or loss of client assets
  - Performance Management and Reporting Arrangements

### 3 Executive Summary

3.1 We can provide No Assurance that management have implemented an adequate framework of internal controls and that these controls operate effectively against all significant risks. Control is generally weak, leaving the system open to significant potential error or abuse.

### 4 Risks

|                                | Priority 1: | Priority 2: |
|--------------------------------|-------------|-------------|
| 4.1 Number of risks identified | 6           | 9           |
| 4.2 Number of actions agreed   | 6           | 9           |

#### 4.3 Priority 1 risks

- **Risk: Policies & Procedures**

There is a risk of inefficient, ineffective or non compliant working practices. This may lead to failure to achieve desired outcomes, poor value for money and non compliance with legislation

**Management Action:**

*The service will develop policies and procedures which will cover areas of processes roles and responsibilities.*

- **Risk: Assessment of Client Needs**

There is a risk that clients may be assessed incorrectly and that the Council may be subject to legal challenge.

There is a risk that the Council may not be able to demonstrate appropriate management of clients' finances.

**Management Action:**

*We will also review existing cases, develop referral criteria. Planned service restructure will also address resource issues. Will benchmark against other local authorities (Performance Indicators and workload).*

- **Risk: Bank Reconciliation**

*There is a risk of error going undetected where bank accounts are not regularly reconciled to the income and expenditure ledger.*

**Management Action:**

*Bank reconciliation process will be reviewed to ensure it is being done correctly. Un-presented cheques will be cancelled in a timely manner and clearance of the suspense account will be reviewed by management. Any adjustments made (e.g. recording of standing orders, direct debits, direct transfers etc) in Quicken during the bank reconciliation process will be dated correctly. Will develop policy of peer supervision and file audit validation checks to prime documents and Quicken.*

- **Risk: Client Expenditure**

There is a risk that the Council may not be able to demonstrate that decisions have been made in the best interests of the clients.

There is a risk of financial loss if payments made are not accurate, timely or appropriate.

**Management Action:**

*Will review process to ensure that decisions are made in best interests of client. Subject to restructure proposals, will develop policy of peer supervision and file audit validation checks to prime documents. Invoices will be recorded on the date of receipt and stamped to ensure payment is made within payment terms and conditions. Other expenditure will be recorded on the date of the decision/request from client. The possibility of developing budget plans for each client (in consultation with all relevant stakeholders such as client, social workers, family etc) to estimate and forecast income and spend will be considered. Cost effective methods of payments will be utilised to minimise wastage of resources on invoice processing, cheque runs etc.*

## Appendix A - Internal Audit Interim Annual Report 2009-10

- **Risk: Arrangements to prevent fraud or loss of client assets**

Where monies are passed on to third parties and the Council does not obtain assurances that the monies are being spent to meet the clients' needs, there is a risk of error and fraud. There is a risk that clients are subject to financial abuse and that the Council may not be able to demonstrate that it is spending the clients' monies in their best interests and keeping the income safe in the interim.

**Management Action:**

***Appropriate processes will be put in place to ensure that the Council receives assurance that any monies passed on to third parties or back to the clients are used to meet the clients' needs. Care Management and Supply Management teams (contract Monitoring) will be consulted during the design of these processes.***

- **Risk: Performance Management**

This is a risk that management are not aware whether service objectives are being achieved (due to mismanagement of client funds) and whether value for money is being obtained (due to inappropriate or inadequate resource allocation) where specific performance management information is not requested or received and reviewed regularly.

**Management Action:**

**Appropriate PIs will be established, monitored and reported on an appropriate frequency basis to the relevant parties.**

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

5.1 The service requested the audit of this area to help inform the planned restructure and review of this work area along with the Appointeeship function, steps have been taken to address the issues raised in the report through an improvement project linked to the restructuring of the service.

# Appendix A - Internal Audit Interim Annual Report 2009-10

| Service Area | Issue Date | Assurance of Original Audit | Planned Follow-up Date |
|--------------|------------|-----------------------------|------------------------|
| Planning     | 16/11/2009 | No                          | Q3 2010-2011           |

## Report Title

Section 106 Payments

### 1 Objective of System

1.1 The objective of Section 106 of the Town and Country Planning Act 1990 is to seek contributions to mitigate the impact of developments when granting planning permission for development; and to secure contributions to ensure delivery of sustainable development and maximise community benefit.

### 2 Scope of Audit

- 2.1
1. Statutory Requirements / Council Policies / Local Procedures
  2. Roles and Responsibilities
  3. Processing and Monitoring S106 Contribution / Refunds/ non collection of agreed contributions
  4. Accounting of S106 Agreements on SAP (when should the income due be recognised on SAP).
  5. Monitoring Delivery of expected Benefits
  6. Management Information

### 3 Executive Summary

3.1 We can give no assurance that the objective will be achieved. There are areas where processes need further improvement or are yet to be established.

Management action has been agreed for all the reported risks. The Planning Obligations Officer has taken a co-ordinated approach to develop processes for an important function that was previously administered in a fragmented manner. There is a need to prioritise the management of S106 function.

### 4 Risks

|                                | Priority 1: | Priority 2: |
|--------------------------------|-------------|-------------|
| 4.1 Number of risks identified | 5           | 9           |
| 4.2 Number of actions agreed   | 5           | 9           |

#### 4.3 Priority 1 risks

- **Risk: Adoption of Supplementary Planning Documents**

There is a risk of not optimising S106 income and therefore benefit to the community resulting from uncertainty and confusion for both developers and the Council over the range of obligations and the levels of contributions that would be sought in the absence of adopted SPDs.

**Management Action:**

*The local development scheme is currently being revised and the new scheme for delivery of the LDF will be taken to members in January 2010 to set out:*

- *Titles of the Supplementary Planning Documents (SPDs) that will be undertaken and*
- *The timeframe for delivering them.*

*We will know by 1st April 2010 (when CIL regulations are published, but hopefully sometime beforehand) which community needs are to be included under the CIL charging schedule and which under SPDs.*

*In the interim, a guidance note will be produced for planning officers on when negotiating for certain contributions is appropriate. This will be supplemented by Service Level Agreements with departments to ensure effective planning consultations*

- **Risk: Policy on Condition Applications**

There is a risk of legal challenge from the use of Conditions on the grounds that it may be unlawful on the part of the Council to require Conditions to be met, particularly where an applicant only submits details of the requirement without a payment and the application refused subsequently.

**Management Action:**

*Advice will be sought from Legal to review and confirm that the process is robust and that a policy position is formally established.*

- **Risk: Verification Activated of S106 agreements**

There is a risk of not maximising income and cash flow to the Council, particularly in the current economic downturn, in the absence of an effective process for verifying activated S106 agreements.

**Management Action:**

*A full appraisal of all development sites listed as currently 'untriggered' or 'requiring a visit' will be completed in December 2009.*

*A review of the roles and responsibilities will undertaken, which will establish and enable more active monitoring at regular intervals.*

- **Risk: Income Collection Procedures**

There is a risk that the Service may not be able to effectively avoid the costs associated with collecting income through unapproved collection methods i.e. invoicing cost, staff costs, arrears management, risk of bad debts, etc in the absence of an agreed policy for collecting s106 contributions.

Where efficient income collection processes are not utilised, i.e. through use of SAP, there is a risk that income may not be collected on a timely basis or at all, thus resulting in additional and unnecessary tasks being carried out by Officers.

There is a risk of errors, financial loss and possible fraud or misappropriation of income, in the absence of clear separation of duties for the collection, recording and preparing banking of income received by the service.

**Management Action:**

***A full review of s106 income collection procedures will be undertaken and therefore these issues will need to be discussed with the Chief Finance Officer in liaison with legal services to ensure appropriate procedures are established that minimise this risk.***

- **Risk: Debt Monitoring**

In the absence of an effective process for managing (including debt write-offs), analysing and reporting debt there is a risk loss of income and poor cashflow resulting from debts not being paid or not paid on time.

**Management Action:**

***Process and Indicators for monitoring debt will be established as part of the meeting with the Chief Finance Officer.***

***Debt monitoring information will be produced by the Planning Obligations Officer and overview provided by line management.***

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

5.1 None received.



**2009/10 Interim Internal Audit - Audit Plan Update By Services**  
**Since 29th May 2009**

## **2009/10 Interim Internal Audit - Audit Plan Update by Services** **Since 29th May 2009**

### **Finance**

- Page 1** Stroke Service Grant 2009/10 (New)  
**Page 2** Supporting People Grant 2009/10 (New)  
**Page 3** Postal Remittances 2009/10 (New)  
**Page 4** Treasury Management 2009/10 follow-up (New)

### **Corporate Services**

- Page 5** Electronic Document Record Management System (Phase 2) 2009/10 (Deferral within 2009/10)

### **Children's Service**

- Page 6** Procurement and Contracts 2009/10 (Deferral within 2009/10)  
**Page 7** Integrated Children's System 2009/10 (Deferral within 2009/10)  
**Page 8** Children's Centre Service 2009/10 (Deferral within 2009/10)  
**Page 9** Contact Point 2009/10 follow-up (New)

### **Adult Social Services**

- Page 10** Deputyship 2009/10 (New)  
**Page 11** Mental Health Partnership with MIND (Deferral within 2009/10)

### **Environment and Operations**

- Page 12** Cashless Parking Project 2009/10 (Deferral within 2009/10)

### **Planning, Housing and Regeneration**

- Page 13** Housing Systems Review 2009/10 (Deferral within 2009/10)

### **Audit Committee**

- Page 14** Various

### **Various**

- Page 15** Follow-ups (Deferred)

**New audit in 2009/10****SERVICE AREA:** Finance**TITLE OF ORIGINAL AUDIT:** Stroke Services Grant**DATE AUDIT REQUESTED:** 2009/10 Quarter 1**REQUESTED BY:** Director of Resources**Reason(s) for the new work**

Statutory requirement for Internal Audit to provide assurance on the grant usage.

**Risk to the Corporate Plan**

None

**Client Comment**

None

**Audit Comment**

Audit was conducted in Q1. We provided a 'Satisfactory' assurance.

**New audit in 2009/10****SERVICE AREA:** Finance**TITLE OF ORIGINAL AUDIT:** Supporting People Grant**DATE AUDIT REQUESTED:** 2009/10 Quarter 1**REQUESTED BY:** Director of Resources**Reason(s) for the new work**

Statutory requirement for Internal Audit to provide assurance on the grant usage.

**Risk to the Corporate Plan**

None

**Client Comment**

None

**Audit Comment**

Audit was conducted in Q1. We provided a 'Satisfactory' assurance.

**New audit in 2009/10**

SERVICE AREA: Finance

TITLE OF ORIGINAL AUDIT: Postal Remittances

DATE AUDIT REQUESTED: 2009/10 Quarter 4

REQUESTED BY: Acting Director of Resources

**Reason(s) for the new work**

To provide assurance on the management controls and arrangements for the receipt of postal remittances.

**Risk to the Corporate Plan**

None

**Client Comment**

None

**Audit Comment**

None

**New audit in 2009/10**

SERVICE AREA: Finance

TITLE OF ORIGINAL AUDIT: Treasury Management follow-up

DATE AUDIT REQUESTED: 2009/10 Quarter 3

REQUESTED BY: Interim Director of Finance

**Reason(s) for the new work**

Management wanted confirmation of implementation of actions agreed.

**Risk to the Corporate Plan**

None

**Client Comment**

None

**Audit Comment**

Audit is in progress.

**Deferral within 2009/10**

SERVICE AREA: Corporate Services

TITLE OF ORIGINAL AUDIT: Electronic Document Record Management System (Phase 2)

ORIGINAL PLANNED DATE FOR AUDIT: 2009/10 Quarter 2

REVISED PLANNED DATE FOR AUDIT: 2009/10 Quarter 4

CHANGE REQUESTED BY: EDRM Programme Manager

**Reason(s) for the change**

The start of the project has been delayed pending finalisation of the Information Management Paper to strategically govern EDRM direction.

**Risk to the Corporate Plan**

None

**Client Comment**

None

**Audit Comment**

None

**Deferral within 2009/10**

**SERVICE AREA:** Children's Service

**TITLE OF ORIGINAL AUDIT:** Procurement and Contract

**ORIGINAL PLANNED DATE FOR AUDIT:** 2009/10 Quarter 1

**REVISED PLANNED DATE FOR AUDIT:** 2009/10 Quarter 2

**CHANGE REQUESTED BY:** Acting Deputy Director Safeguarding and Social Care

|   |
|---|
| <b>Reason(s) for the change</b>   |
| Staff dealing with end of year issues and implementation of the new Children's Integrated System. |

|                                   |
|-----------------------------------|
| <b>Risk to the Corporate Plan</b> |
| None                              |

|                       |
|-----------------------|
| <b>Client Comment</b> |
| None                  |

|                       |
|-----------------------|
| <b>Audit Comment</b>  |
| Audit is in progress. |



**Deferral within 2009/10****SERVICE AREA:** Children's Service**TITLE OF ORIGINAL AUDIT:** Children's Centre Service**ORIGINAL PLANNED DATE FOR AUDIT:** 2009/10 Quarter 2**REVISED PLANNED DATE FOR AUDIT:** 2009/10 Quarter 3**CHANGE REQUESTED BY:** Acting Deputy Director Safeguarding and Social Care**Reason(s) for the change**

There are a number of work streams currently in progress that would best be completed prior to the audit. These include a fundamental review of funding arrangements and the development of the Sure Start Phase 3 programme.

**Risk to the Corporate Plan**

None

**Client Comment**

None

**Audit Comment**

Audit is in progress.

|                                |
|--------------------------------|
| <b>Deferral within 2009/10</b> |
|--------------------------------|

**SERVICE AREA:** Children's Services

**TITLE OF ORIGINAL AUDIT:** Integrated Children's System

**ORIGINAL PLANNED DATE FOR AUDIT:** 2009/10 Quarter 2

**REVISED PLANNED DATE FOR AUDIT:** 2009/10 Quarter 4

**CHANGE REQUESTED BY:** Acting Deputy Director Safeguarding and Social Care

|                                 |
|---------------------------------|
| <b>Reason(s) for the change</b> |
|---------------------------------|

At the planning stage of the audit the ICS team had no manager. Also, the service had commissioned an external review of the use of ICS and this was underway. It was also thought that we would be midway with the implementation of ICS Phase 3 and also the rest of the Social Care Division going 'live' with ICS. It was felt that an objective and helpful overview could not be achieved within the state of flux.

|                                   |
|-----------------------------------|
| <b>Risk to the Corporate Plan</b> |
|-----------------------------------|

None

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|-----------------------|
| <b>Client Comment</b> |
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None

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|----------------------|
| <b>Audit Comment</b> |
|----------------------|

None

**New 2009/10**

SERVICE AREA: Children's Services

TITLE OF ORIGINAL AUDIT: Contact Point follow-up

DATE AUDIT REQUESTED FOR: 2009/10 Quarter 3

REQUESTED BY: Service Development Manager, Children's Service

**Reason(s) for the new work**

Management wanted confirmation of implementation of actions agreed.

**Risk to the Corporate Plan**

None

**Client Comment**

None

**Audit Comment**

Audit is in progress.

**New 2009/10**

SERVICE AREA: Adult Social Services

TITLE OF ORIGINAL AUDIT: Deputyship

DATE AUDIT REQUESTED FOR: 2009/10 Quarter 1

REQUESTED BY: Assistant Director, Performance &amp; Supply Management

**Reason(s) for the new work**

To provide assurance on the arrangements for the Deputyship Service and to monitor risks to the clients.

**Risk to the Corporate Plan**

None

**Client Comment**

None

**Audit Comment**

The audit was conducted in Q1. We provided a 'No' Assurance.

|                                |
|--------------------------------|
| <b>Deferral within 2009/10</b> |
|--------------------------------|

**SERVICE AREA: Adult Social Services**

**TITLE OF ORIGINAL AUDIT: Mental Health Partnership with MIND**

**ORIGINAL PLANNED DATE FOR AUDIT: 2009/10 Quarter 3**

**REVISED PLANNED DATE FOR AUDIT: 2009/10 Quarter 4**

**CHANGE REQUESTED BY: Head of Strategic Commissioning**

|                                 |
|---------------------------------|
| <b>Reason(s) for the change</b> |
|---------------------------------|

The timing for the audit was identified in January prior to the establishment of the joint commissioner for mental health and the setting up of a project for the review of all voluntary sector agreements which is now in progress overseen by the newly established Strategic Commissioning Team.

It was agreed with NHS Barnet that as the MIND contract is funded separately by both LBB and NHS Barnet it would be vital to conduct a joint review for which there is now a plan to complete by the end of quarter 3.

Audit will therefore bring most value to the processes by testing this approach through the application of audit principles as it is intended that we will roll out this approach more widely to providers where there are similar funding arrangements. The intention is to work up an effective joined up approach, working with partners and the market to maximise efficiency by adopting a whole systems approach.

|                                   |
|-----------------------------------|
| <b>Risk to the Corporate Plan</b> |
|-----------------------------------|

None

|                       |
|-----------------------|
| <b>Client Comment</b> |
|-----------------------|

The joint review already in progress using a detailed and comprehensive template will be audited and therefore gain maximum value for the audit process.

|                      |
|----------------------|
| <b>Audit Comment</b> |
|----------------------|

None

|                                |
|--------------------------------|
| <b>Deferral within 2009/10</b> |
|--------------------------------|

**SERVICE AREA:** Environment and Operations

**TITLE OF ORIGINAL AUDIT:** Cashless Parking Project

**ORIGINAL PLANNED DATE FOR AUDIT:** 2009/10 Quarter 1

**REVISED PLANNED DATE FOR AUDIT:** 2009/10 Quarter 4

**CHANGE REQUESTED BY:** Assistant Director Environment & Operations

|                                 |
|---------------------------------|
| <b>Reason(s) for the change</b> |
|---------------------------------|

The current Parking Service review meant that the team operating the service and those carrying out the review would have been in a position to comprehensively engage with an audit of the Cashless Parking issues.  
At the time the Parking Services Manager had just left and we needed to consider the position and the future plans for every part of the service.

|                                   |
|-----------------------------------|
| <b>Risk to the Corporate Plan</b> |
|-----------------------------------|

None

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|-----------------------|
| <b>Client Comment</b> |
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None

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|----------------------|
| <b>Audit Comment</b> |
|----------------------|

None

**Deferral within 2009/10****SERVICE AREA:** Planning, Housing and Regeneration**TITLE OF ORIGINAL AUDIT:** Housing Systems Review**ORIGINAL PLANNED DATE FOR AUDIT:** 2009/10 Quarter 1**REVISED PLANNED DATE FOR AUDIT:** 2009/10 Quarter 3**CHANGE REQUESTED BY:** Head of Housing & Environmental Health**Reason(s) for the change**

The appointment of the Consultants to lead on the Housing Systems Review delayed due to the procurement process. Start date to commence the review known from 1st September. As a result there was a delay in agreeing the audit scope and it was considered that there was no added value for the audit commence in quarter 1.

**Risk to the Corporate Plan**

None

**Client Comment**

None

**Audit Comment**

Audit is in progress.

|                                      |
|--------------------------------------|
| <b>New audits in 2009/10 Various</b> |
|--------------------------------------|

**SERVICE AREA: Various**

**TITLE OF ORIGINAL AUDITS: 13 (2nd) Follow-ups of Follow-ups**

**Cash Collection, Banking & Treasury Management**

**Business Continuity**

**Capital Expenditure**

**Cashiers System**

**Registrar's**

**SEN Budget & Contract**

**Laundry Service**

**Customer Billing**

**Housing Revenue Account**

**Principle Development Agreement**

**Central Contract Monitoring**

**Partnership Arrangements**

**Consultation**

**REQUESTED BY: Audit Committee at Committee meeting 29th June 2009.**

|                                   |
|-----------------------------------|
| <b>Reason(s) for the new work</b> |
|-----------------------------------|

To provide the Audit Committee with confirmation that outstanding management actions identified at the first follow-up audits have been implemented.

|                                   |
|-----------------------------------|
| <b>Risk to the Corporate Plan</b> |
|-----------------------------------|

None

|                       |
|-----------------------|
| <b>Client Comment</b> |
|-----------------------|

None

|                      |
|----------------------|
| <b>Audit Comment</b> |
|----------------------|

Follow-ups have been scheduled for Q3 and Q4.



|  |
|--|
| <b>Deferred Follow-ups from 2009/10 to 2010/11</b> |
|--|

**SERVICE AREA:** Various

**TITLE OF ORIGINAL AUDITS:**

Temporary Accommodation 09/10 - Follow-up  
Income from Property and Industrial Estate 09/10 - Follow-up  
Integrated Community Equipment Service 09/10 - Follow-up

**ORIGINAL PLANNED DATES FOR FOLLOW-UPS:** 2009/10 Various Quarters

**REVISED PLANNED DATES FOR FOLLOW-UPS:** 2010/11

Temporary Accommodation 09/10 - Follow-up (quarter 3)  
Income from Property and Industrial Estate 09/10 - Follow-up (quarter 4)  
Integrated Community Equipment Service 09/10 - Follow-up (quarter 1)

**REQUESTED BY:** Acting Head of Internal Audit

|   |
|---|
| <b>Reason(s) for the new work</b>   |
| Audits completed in 2009/10.<br>Follow-ups deferred to 2010/11 to take account of implementation dates of agreed actions. |

|                                   |
|-----------------------------------|
| <b>Risk to the Corporate Plan</b> |
| None                              |

|                       |
|-----------------------|
| <b>Client Comment</b> |
| None                  |

|                      |
|----------------------|
| <b>Audit Comment</b> |
| None                 |

**Internal Audit Performance Indicators 2009-10 @23/11/2009**

| PI Ref   | PERFORMANCE INDICATOR   | TARGET 2009/10<br>(annual & cumulative)   | 2009-10 Position at end of:  |   |   |
|----------|---|---|--|---|---|
|          |   |   | Q1   | Q2  | Position as at:23/11/2009   |
| <b>1</b> | Percentage of 2009/10 audit plan completed compared to what was planned.          | <b>87.5%</b><br><br>This is the combined figure for systems, follow-ups and projects. | 4% complete or at draft report<br><br>plus 35% at various stages of work in progress | 16% complete or at draft report<br><br>plus 33% at various stages of work in progress | 37% complete or at draft report<br><br>plus 35% at various stages of work in progress |
| <b>2</b> | Percentage of Audit reports followed up within 12 months of issue of final report | <b>100%</b>   | 9% complete or at draft report<br><br>plus 37% at various stages of work in progress | 25% complete or at draft report<br><br>plus 30% at various stages of work in progress | 38% complete or at draft report<br><br>plus 33% at various stages of work in progress |

Appendix D

| Risk Analysis Interim Annual Report 2009-10 |  | IIA Category                                     |  |  |   |   |                                | Total             | Priority 1 | Priority 2 |
|---|--|--|--|--|---|---|--------------------------------|-------------------|------------|------------|
|   |  | 1  | 2                                      | 3  | 4   | 5   | 6                              |                   |            |            |
| <b>Client Service</b>                       | <b>Audit Project</b>                         | 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<br><b>Any Non-compliance needs to be reported to the Monitoring Officer.</b> | Non Compliance with Policies and Procedures | Objectives/ goals not achieved |                   |            |            |
| Finance                                     | Treasury Management                          | 1  | 3                                      | 2  | 0   | 1   | 2                              | 9                 | 3          | 6          |
| Finance                                     | Supporting People Programme Grant            | 0  | 0                                      | 1  | 0   | 1   | 0                              | 2                 | 0          | 2          |
| Finance                                     | Stroke Services Grant                        | 0  | 0                                      | 0  | 0   | 0   | 1                              | 1                 | 0          | 1          |
| Corporate Services                          | Working with Partners                        | 0  | 2                                      | 0  | 0   | 1   | 1                              | 4                 | 0          | 4          |
| Corporate Services                          | Self Service                                 | 0  | 0                                      | 1  | 0   | 0   | 1                              | 2                 | 0          | 2          |
| Children's Service                          | Contact Point                                | 0  | 0                                      | 0  | 0   | 0   | 1                              | 1                 | 1          | 0          |
| Children's Service                          | Individual Budgets                           | 0  | 0                                      | 0  | 0   | 0   | 4                              | 4                 | 0          | 4          |
| Adult Social Services                       | Blue Badge                                   | 1  | 1                                      | 1  | 0   | 3   | 1                              | 7                 | 5          | 2          |
| Adult Social Services                       | Appointeeship                                | 4  | 0                                      | 1  | 0   | 2   | 5                              | 12                | 8          | 4          |
| Adult Social Services                       | Deputyship                                   | 4  | 1                                      | 2  | 0   | 2   | 6                              | 15                | 6          | 9          |
| Adult Social Services                       | Integrated Community Equipment Service       | 2  | 2                                      | 1  | 0   | 0   | 1                              | 6                 | 0          | 6          |
| Environment and Operations                  | Public Transportation and Traffic Management | 0  | 0                                      | 1  | 0   | 0   | 2                              | 3                 | 0          | 3          |
| Planning, Housing and Regeneration          | Section 106 Payments                         | 5  | 0                                      | 4  | 0   | 4   | 1                              | 14                | 5          | 9          |
| Planning, Housing and Regeneration          | Temporary Accommodation                      | 1  | 1                                      | 1  | 0   | 1   | 4                              | 8                 | 0          | 8          |
| Commercial                                  | Accommodation Strategy                       | 0  | 0                                      | 0  | 0   | 0   | 2                              | 2                 | 0          | 2          |
| Commercial                                  | Income from Property and Industrial Assets   | 2  | 0                                      | 1  | 0   | 2   | 2                              | 7                 | 1          | 6          |
| Corporate Governance                        | Anti-Crime Agenda                            | 0  | 0                                      | 2  | 0   | 0   | 2                              | 4                 | 1          | 3          |
| Corporate Governance                        | Registration of Electors                     | 1  | 0                                      | 0  | 0   | 0   | 2                              | 3                 | 0          | 3          |
| <b>TOTALS</b>                               |  | <b>21</b>  | <b>10</b>                              | <b>18</b>                                      | <b>0</b>  | <b>17</b>                                   | <b>38</b>                      | <b>104</b>        | <b>30</b>  | <b>74</b>  |
|   |  |  |  |  |   |   |                                | <b>% of total</b> | <b>29%</b> | <b>71%</b> |