



## Audit Committee

**Wednesday, 15 June 2011 at 7.30 pm**

Committee Room 4, Brent Town Hall, Forty Lane,  
Wembley, HA9 9HD

### Membership:

#### Members

Councillors:

Woods (Chair)  
Al-Ebadi  
Ashraf  
Van Kalwala

#### first alternates

Councillors:

S Choudhary  
Green  
Harrison

#### Second alternates

Councillors:

Beckman  
Cummins  
Hector

**For further information contact:** Joe Kwateng, Democratic Services Officer  
joe.kwateng@brent.gov.uk, (020) 8937 1354

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**The press and public are welcome to attend this meeting**

# Agenda

Introductions, if appropriate.

Apologies for absence and clarification of alternate members

Item	Page
<b>1 Introduction of Independent Chair</b>	
<b>2 Declarations of personal and prejudicial interests</b>	
Members are invited to declare, at this stage of the meeting, any relevant financial or other interest in the items on this agenda.	
<b>3 Deputations</b>	
<b>4 Minutes of the previous meeting</b>	1 - 8
<b>5 Matters arising</b>	
<b>6 Audit Commission documents</b>	9 - 34
This report includes a number of documents produced by the Audit Commission in their role as the Council's external auditors.	
<b>Ward affected:</b>	<b>Contact Officer:</b> Clive Heaphy, Director of Finance and Corporate Services
All Wards;	Tel: 020 8937 1424 <a href="mailto:clive.heaphy@brent.gov.uk">clive.heaphy@brent.gov.uk</a>
<b>7 Treasury management activity</b>	35 - 38
This report updates members on recent treasury activity.	
<b>Ward affected:</b>	<b>Contact Officer:</b> Martin Spriggs, Exchequer and Investment
All Wards;	Tel: 020 8937 1472 <a href="mailto:martin.spriggs@brent.gov.uk">martin.spriggs@brent.gov.uk</a>

**8 Internal Audit Plan 2011/12** 39 - 102

This report sets out the Internal Audit Plan for the 2011/12 financial year.

As for the previous four financial years, the Plan will continue to be delivered through a partnership of the Council's in-house team and Deloitte & Touche Public Sector Internal Audit Ltd.

**Ward affected:** **Contact Officer:** Simon Lane, Audit and Investigations

All Wards; Tel: 020 8937 1260 simon.lane@brent.gov.uk

**9 Final Internal Audit Progress Report 2010/11** 103 -  
138

This report summarises the work of Internal Audit for 2010/11 and provides an update on progress since the previous report to this Committee on 22<sup>nd</sup> February 2011.

**Ward affected:** **Contact Officer:** Simon Lane, Audit and Investigations

All Wards; Tel: 020 8937 1260 simon.lane@brent.gov.uk

**10 Annual Governance Statement** 139 -  
174

This report sets out the proposed Annual Governance Statement for inclusion in the council's accounts for 2010/11 as required by the Accounts and Audit Regulations 2003 (as amended).

**Ward affected:** **Contact Officer:** Clive Heaphy, Director of Finance and Corporate Services

All Wards; Tel: 020 8937 1424 clive.heaphy@brent.gov.uk

**11 Annual Audit Report 2010/11** 175 -  
182

This report is the annual report from the Head of Internal Audit. The report includes an opinion on the overall adequacy and effectiveness of the Council's internal controls and presents a summary of the audit work undertaken during the year.

**Ward affected:** **Contact Officer:** Simon Lane, Audit and Investigations

All Wards; Tel: 020 8937 1260 simon.lane@brent.gov.uk

## 12 Any other urgent business

Notice of items to be raised under this heading must be given in writing to the Democratic Services Manager or his representative before the meeting in accordance with Standing Order 64.

## 13 Date of next meeting

The next meeting of the Audit Committee is scheduled to be held on Thursday 22 September 2011 at 7:30pm.



- Please remember to **SWITCH OFF** your mobile phone during the meeting.
- The meeting room is accessible by lift and seats will be provided for members of the public.
  - Toilets are available on the second floor.
  - Catering facilities can be found on the first floor near The Paul Daisley Hall.
  - A public telephone is located in the foyer on the ground floor, opposite the Porters' Lodge



## LONDON BOROUGH OF BRENT

### MINUTES OF THE AUDIT COMMITTEE Tuesday, 22 February 2011 at 7.30 pm

PRESENT: Councillor Al-Ebadi (Chair), and Councillors Ashraf and Van Kalwala

1. **Declarations of personal and prejudicial interests**

There were no declarations of interest.

2. **Deputations**

None.

3. **Minutes of the previous meeting**

RESOLVED:-

that the minutes of the previous meeting held on Thursday 16 December 2011 be approved as an accurate record of the meeting.

4. **Matters arising**

With reference to minute 5, the Chair noted that it had been indicated at the last meeting that in due course a report would be submitted to the Committee regarding the implications of the transfer of responsibility for public health, with associated funding. The Chair requested an update with regard to this and Clive Heaphy, Director of Finance and Corporate Services, advised that ongoing discussions were taking place with the PCT. It was currently undecided about what would be included within the transfer. It was felt that the PCT wanted to transfer the system as it currently stood, however, this was not suitable for the Authority's purpose as it was a very clinically led system. Further difficulties were envisaged as a result of the significant cut to the public health budget. Similar debates regarding the extent of the transfer were taking place nationally.

The Chair requested an update on the progress report regarding Copland School, referred to at minute 9. Simon Lane, Head of Audit and Investigations, advised that an update would be presented at a future meeting as part of the Internal Audit review.

In response to a query, Paul Viljoen (Audit Commission) advised that discussions were taking place with officers regarding the new International Financial Reporting Standards (IFRS) and that the Audit Commission Progress Report would highlight some of the key issues regarding the implementation of these.

## 5. **Audit Commission progress report**

Paul Viljoen (Audit Commission) introduced a report to the Committee outlining the work currently planned or being undertaken by the Audit Commission. It was noted that the Opinion Plan for the Council and its Pension Fund had been agreed with officers for 2010/11. An interim audit had commenced on 4 January 2011 and the key findings of the audit had been detailed in the report. Members were also advised that as part of the Commission's consultation on its work programme and scales of fees for 2011/12, it was proposed that the fees charged by the Audit Commission to the London borough of Brent be reduced by three and a half percent for the current year and by three percent for 2011/12. The consultation process would be finalised by the end of February.

With regard to the implementation of the new international Financial Reporting Standards (IFRS), the meeting was informed that Brent had been assessed under an Audit Commission survey which awarded ratings of green, amber or red. Brent had been assessed as 'red', indicating that the authority was not on track or that there were significant issues to address. It was emphasised that this rating had been allocated principally as some deliverables were not complete by the target dates and that there were concerns regarding constraints on staff capacity. A review was currently being conducted on the Council's progress against key areas for consideration against IFRS. It was felt that the Authority could successfully implement IFRS by taking the required action to prioritise the remaining workload. In response to a query, Paul Viljoen advised that the review of the Council's progress in implementing the IFRS was part of a national review conducted by the Audit Committee and due to the imminent date by which the IFRS was due to be implemented, there would not be another opportunity to review the Council's rating.

Members were reminded that the proposed abolition of the Audit Commission would be enacted from 2012/13 at the earliest. Ministers had indicated that the Commission's Audit Practice was to be transferred to the private sector and accordingly, several options were being explored by the Commission, including mutualisation as an employee owned partnership.

In responding to a query, Clive Heaphy, Director of Finance and Corporate Services, confirmed that the number of suppliers on the system currently (approximately 12,000) was a concern and work was being conducted to reduce this figure to circa 4000 initially, but still fewer as the work progressed. It was intended that there would be a single point of control in the procurement unit through which new suppliers would be approved.

RESOLVED:

That the Audit Commission's progress report be noted.

## 6. **Audit Commission, 2009/10 final accounts memo**

Gary McLeod (Audit Commission) reminded members that the Annual Governance report had been submitted to the Committee at its meeting in September, 2010, prior to the production of the Audit Commission's opinion on the Council's accounts. This report had contained the most significant findings from the 2009/10 financial statements audit. However, in conducting the audit, the Commission had identified

opportunities for the Council to improve its internal controls and financial reporting. These were set out at Appendix 2 to the current report as an action plan and related to areas including the reconciliation process, maintaining appropriate working papers and audit trails and working with external organisations where it had historically been difficult to obtain necessary information.

The Committee noted that actions to improve the working relationship between schools and the Council were actively being pursued. Members further noted the Director of Finance and Corporate Services' view that with the introduction of a new financial system, new ways of working were being established and that a cultural shift in related working practices would be sought. In response to a query, the Director informed the Committee that training for/on the new system would be rolled out to all managers and would focus on related finance, HR and procurement practices. It was intended that this training would then be cascaded throughout the organisation. The Committee was further advised that the majority of recommendations set out in the action plan would be achieved by June 2011. An update would be provided to the Committee at its next meeting regarding those recommendations for which further work would be required.

RESOLVED: -

That the report be noted.

#### **7. Audit Commission, 2009/10 certification of claims and returns - annual report**

The Audit Commission's report summarising the findings from the certification of 2009/10 claims was introduced to the Committee by Paul Viljoen (Audit Committee). The report was broadly positive and reflected considerable progress from the previous year, with 100% of claims submitted by the deadline, and significant reductions in the number of claims requiring amendment or qualification. In reflection of the council's performance the estimated grant fee for 2009/10 stood at £78k and was lower than that for 2008/09 which had been £85,956. The Council had a strong foundation to maintain continuous improvement in grant claim submissions; however, several areas requiring further improvement were identified. It was recommended that grant work be subject to a final review before being submitted to the audit team to ensure that minor errors could be corrected and that whilst working papers were satisfactory across most grants, those for the HRA Subsidy Base Data Return had historically been inadequate and required further attention.

The Committee noted that the Audit Commission met regularly with council officers to discuss grants protocol; however, performance in relation to complex claims was good and it was less complex claims where errors were more likely to arise.

RESOLVED:

That the Audit Commission, 2009/10 certification of claims and returns, annual report be noted.

#### **8. Audit Commission, 2010/11 Audit opinion plan**

The Committee received a report from Paul Viljoen (Audit Commission) setting out the proposed work to be undertaken for the audit of financial statements and value for money conclusion for 2010/11. Members' attention was drawn to several key areas of the report. The Committee noted that the fee for audit, which was currently set at £488k, was subject to a 3.5% rebate. The report detailed additional risks, appropriate to the current opinion, and these included the significant changes to the council's financial IT system and the staffing implications of the pressure to reduce costs following the Comprehensive Spending Review, on the council's ability to deliver its finance function. The audit response to these risks was also detailed and members noted that a testing strategy would be produced, which would consist of testing key controls and/or substantive tests of transaction streams and material account balances at year end.

RESOLVED:

That the Audit Commission 2010/11, Audit opinion Plan be noted

#### **9. Audit Commission, 2010/11 Pension Fund opinion plan**

Gary McLeod (Audit Commission) presented a report to the Committee detailing the proposed work to be undertaken for the audit of financial statements and the value for money conclusion 2010/11 with respect to the Brent Pension Fund. The indicative fee for the audit was £35k. Members' attention was drawn to the additional risks identified as appropriate to the current opinion. These risks included the council's move to a new financial IT System, Oracle, and missing or incomplete disclosures for 2009/10 draft pension fund accounts. Members noted that the Commission would review the council's approach to ensuring all disclosure requirements were identified and completed, and would check all working papers received at the start of the audit. Any concerns regarding missing information or the quality of information provided would be reported back to the Director of Finance and Corporate Services. It was highlighted that a testing strategy would be produced and where appropriate, the work of internal audit and other auditors and experts would be relied upon.

In response to a query regarding the impact of decreasing membership of the pension scheme, the Director of Finance and Corporate Services, advised the Committee that a valuation report would be submitted to the Brent Pension Fund Committee on 1 March 2011, indicating that employers' contribution rates would rise. The council was faced with having to reduce its workforce by approximately 800 posts and this could have a destabilising effect on the pension fund. It was further noted that it was expected that the Lord Hutton report which had yet to be submitted to parliament, would recommend an increase between 1 and 7 percent in employee contributions and it was probable that pensions would be based on a career average and not final salary. This could further deter employees from joining or continuing with the scheme, and similarly destabilise the fund. The findings from the Hutton report, if implemented, would likely commence in 2015 with phased increases.



The Committee noted that there were several other organisations who were members of the Brent Pension Fund, including Brent Housing Partnership, however, Brent Council accounted for 98% of the fund.

RESOLVED:

That the Audit Commission, 2010/11 Pension Fund opinion plan be noted.

10. **2011/12 Treasury Management Strategy and Annual Investment Strategy**

Clive Heaphy, The Director of Finance and Corporate Services, presented a report to the Committee detailing the Treasury Management Strategy and Annual Investment Strategy for 2011/12, which formed part of the budget proposal due to be presented to Council at its meeting on 28 February 2011. The key headlines of the strategy were outlined to the Committee and Members' attention was drawn to the lending criteria provided at Appendix 1 to the report and the key investment and borrowing principles outlined in the strategy. The Committee was informed that lending to institutions would be subject to far tighter controls in line with an approach focused on liquidity and the security of capital sums. Borrowing would be quite high for the forthcoming financial year at £67m; this was due in part to the capital programme for 2011/12 which included the development of the new Civic Centre. The Director further highlighted that the Council's early repayment of a £50m debt to the Public Works Loans Board was anticipated to result in a saving to the Council of approximately £700k per annum.

The meeting was informed that the treasury adviser, Arlingclose, had recently provided an update in relation to the Council's investments with the Icelandic banks. Members noted that it was expected that the Council would retrieve 80 percent of its original £10m investment, along with the interest earned on this sum at 5.8 percent over the set period. The Director informed the meeting that it would be a further three to four years before the matter would be fully resolved.

RESOLVED:-

that the 2011/12 Treasury Management Strategy and Annual Investment Strategy be noted

11. **Internal Audit - third progress report 2010/11**

Simon Lane, Head of Audit and Investigation, presented a report to the Committee which set out the work of Internal Audit for the period 1 April 2010 to 31 January 2011. Members were advised that of the 1201 days allocated to internal audit for this period, by the end of January 2011 only 64 percent had been delivered against a target of approximately 80 percent. However, it was emphasised that it was expected that the team would achieve 98 percent of the agreed plan by the end of March 2011. Members' attention was drawn to the executive summary set out at Appendix 1 to the report which identified assurance ratings and priority 1 recommendations of those audits for which the final reports had been issued since November 2010. A list of those audits which were currently in progress or where a draft report had been produced was also provided and Simon confirmed that these reports would be finalised by the year end. Members' noted that the list was useful but advised that it would be helpful to have the relevant timescales indicated and

also to specify where delays were caused by a lack of response. Simon confirmed that this information could be added but that it was important for the Internal Audit team to ensure that the time in which it took to produce and distribute a draft report was reduced. Clive Heaphy, Director of Finance and Corporate Services advised that an Audit Charter was currently being developed to clarify the relationship and expectations between the Audit team and the business in question. It was agreed that an update on the Audit Charter would be provided to the Committee at a future meeting.

RESOLVED: -

that the progress made in achieving the Internal Audit Plan for 2010/11 be noted.

## 12. **Audit needs assessment and Internal Audit plan 2011/12**

A report was presented to the Committee by Simon Lane, Head of Internal Audit, detailing the approach being applied in the undertaking of a formal Audit Needs Assessment (ANA) across the Council. The current approach to formulating the ANA relied upon Internal Audit's own knowledge of key risk areas and developments throughout the Council, with clarification with regard to these obtained via discussions with Directors and Assistant Directors. Members noted that in recognition of the heightened risks associated with the degree of change being experienced by the council, this approach was being formalised and strengthened. Specifically, in order to assure that all key risk areas would be identified, including new and emerging risks, the ANA for 2011/12 was being focused around several particular but interrelated internal and external risk factors. Members were advised that the output of the ANA would inform the production of the Annual Internal Audit Plan for 2011/12. The completed ANA and proposed Internal Audit Plan would be submitted for formal approval at the next scheduled meeting of the Committee and in line with this, the completed documents would be circulated to members for comment in March 2011.

Clive Heaphy, Director of Finance and Corporate Services, emphasised that the role of the Committee would be of even greater significance in the forthcoming year due to the scale of change faced by the Council.

RESOLVED: -

that the approach being taken to complete the Audit Needs Assessment and formulate the Annual Internal Audit Plan for the 2011/12 financial year be noted.

## 13. **Any other urgent business**

### *Recruitment of Chair*

The Committee sought an update on the progress achieved in recruiting a new Chair. Simon Lane, Head of Internal Audit and Investigations, advised that the recruitment process was being dealt with by the People Centre and the post had been advertised between 1 January 2011 and 28 January 2011. Interest had been expressed in the post by a number of individuals with significant experience. It was

queried whether this was a salaried post and the Chair noted that in some instances up to £5000 remuneration was provided for equivalent posts. The Committee was advised that the post was not paid as was the norm for this position within local government.


14. **Date of next meeting**

The meeting noted that the date of the next meeting of the Committee would be agreed at the Annual meeting of the Full Council in May.

The meeting closed at 8.51 pm

E AL-EBADI  
Chair

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 <p>The logo of Brent Council, featuring a central coat of arms with a shield, a crown, and a banner, surrounded by the words 'BRENT COUNCIL' in a circular arrangement.</p>	<p><b>Audit Committee</b> 15<sup>th</sup> June 2011</p> <p><b>Report from the Director of Finance and Corporate Services</b></p>
<p>For Information <span style="float: right;">Wards Affected: ALL</span></p>	
<p><b>Audit Commission Documents</b></p>	

## 1. Summary

- 1.1. This report includes a number of documents produced by the Audit Commission in their role as the Council's external auditors.

## 2. Recommendations

- 2.1. The Audit Committee is asked to consider the documents and instruct officers of any actions they require to be taken as a result.

## 3. Detail

- 3.1. The documents attached to the report are as follows:

- (i) Appendix 1 – Progress Report June 2011

The purpose of this report is to brief the Audit Committee on the work currently planned or being undertaken by the Audit Commission.

- (ii) Appendix 2 – Fee Letter

A copy of the Annual Audit Fee 2011/12

- (iii) Appendix 3 – Fee Letter (Pension Fund)

A copy of the Annual Audit Fee for the Brent Pension Fund 2011/12.

**4. Financial Implications**

- 4.1. The annual audit fee will be met from current budgets and the audit fee for the Pension Fund will be met from the Pension Fund.

**5. Legal Implications**

- 5.1. None

**6. Diversity Implications**

- 6.1. None

**7. Background Papers**

- 7.1. As listed above.

**8. Contact Officer Details**

Clive Heaphy, Director of Finance & Corporate Services, Brent Town Hall,  
Forty Lane, Wembley, Middlesex HA9 9HD, Telephone - 020 8937 1424

**Clive Heaphy**  
**Director of Finance and Corporate Services**

# Progress Report

## June 2011

Brent London Borough

**Audit 2010/11**

**Audit Committee 15 June 2011**

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## Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.



# Summary

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## Introduction

1 The purpose of this progress report is to brief the Audit Committee on work currently being planned or undertaken by the Audit Commission.

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## Audit Progress

- we have finalised our interim audit. We have agreed the report with officers. We are in process of finalising the action plan with officers. Our interim report includes our:
  - flowcharting and walkthroughs of material financial systems;
  - detailed review of the IT control environment;
  - controls testing on selected systems;
  - early substantive testing; and
  - review of early revised IFRS financial statements and working papers.

Our findings are detailed in Appendix 2 for the Audit Committee;

- we have issued our fee letters for 2011/12 for the Council and its Pension fund. This has been agreed with the Director of Finance and Chief Executive. This is included on the agenda for the Audit Committee.

2 Appendix 1 shows details of all outputs planned in respect of 2010/11.

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### Recent Audit Commission announcements and publications

3 The Audit Commission produces a regular Councillors' Update. This e-mailed newsletter aims to keep councillors up to date with the Commission's current work, such as national reports and studies. News stories containing details of specific tools and case studies will direct councillors to information that they can use in their work. If you have not automatically received your copy of Councillors' Update, please subscribe via the following link: [Councillor Update newsletter - Audit Commission](#)

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### Going the distance - Achieving better value for money in road maintenance

4 'Going the distance - Achieving better value for money in road maintenance' looks at the challenges faced by the country's 152 council highways authorities.

5 England's 236,000 miles of local roads - used by 30 million drivers every day - are under attack from increasing traffic, severe winters, higher repair costs, and dwindling highways funding.

6 The report highlights how councils can get more for their money, including cost-saving collaborations with neighbours, asset management to show when road maintenance will be most effective, new ways of keeping residents informed, and weighing short-term repairs against long-term resilience.

7 It includes a series of case studies which demonstrate how some councils have developed strategies that balance growing service demands with reducing resources.

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### Services for Young People: Value for Money Self-Assessment Pack

This [free self-assessment pack](#) is a collaboration between the Audit Commission and the Confederation of Heads of Young People's Services (CHYPS). It aims to help make sure money spent on services for young people is well used and has the right impact.

8 Already piloted in six areas, it was credited with:

- helping statutory and voluntary providers to begin longer-term reviews of provision, staffing and costs;
- increasing self-awareness among managers and staff about council youth services;
- stimulating discussion between partner organisations on improvement and how to achieve better value for money;
- identifying some 'quick wins'- for example, doing more to celebrate young people's achievements; and
- generally raising the profile of youth services.

9 The pack is organised into five modules which take users through a structured assessment of their services, drawing on their own and comparative data about spending and outcomes. It then helps them prepare an action plan to provide the best value for money services for young people, specifically tailored to their area and its resources.

## Summary

**10 Services for Young People: Value for Money Self-Assessment Pack** is a voluntary, online, self-assessment tool aimed at elected members and senior staff with an interest in services for young people. It is relevant to all councils, fire and rescue authorities, the police, voluntary and private sectors - indeed anyone who is involved in commissioning or delivering services locally for young people.

**11** In 2009 the Audit Commission report [Tired of Hanging Around](#) showed how sport and leisure activities could prevent young people being drawn into anti-social behaviour. It found that a young person caught up in the criminal justice system costs the taxpayer £200,000 by the age of 16, but one needing support to stay out of it costs less than £50,000. The report identified a need for councils and their partners to improve resources for young people. This new resource is designed to complement it.

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### Checking the scale of fraud and corruption nationwide

**12** Over 450 public bodies - including councils, police authorities and probation boards - are being asked to take part in the latest Audit Commission national fraud and corruption survey.

**13** Covering the 2010/11 financial year, the annual survey issued on 8 April 2011 will collect important information about a wide range of fraud and corruption issues, including housing tenancy and procurement fraud.

**14** The survey is the only one of its kind in the public sector. Last year over 94 per cent of organisations responded to the 2009/10 survey. The last survey showed that local government have been successful in detecting over 119,000 cases of fraud and corruption committed against it, the majority relating to housing and council tax benefit fraud, equating to more than £135 million lost to public services.

**15** The high response rate ensures the survey is the most authoritative and comprehensive basis for analysis and comparison. By helping to build a picture of the levels of identified fraud and corruption in local government across England, the survey can be used to inform the national debate, and develop national and local strategies, on combating fraud and corruption. The survey results will be published in our national report entitled 'Protecting the Public Purse 2011' later this year.

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### Statement from the Chairman of the Audit Commission welcoming consultation on the future of local audit

**16 Michael O'Higgins**, the Commission's chairman, said:

**17** 'The Audit Commission welcomes the publication of the Department of Communities and Local Government's consultation paper on the future of local public audit. Consultees and Parliamentarians will want to debate these issues fully. There are likely to be three key issues in the debate - safeguarding audit independence, accountability to government and Parliament, and the impact on audit competition and costs.

**18** 'External audit is an essential element in the process of accountability for public money. So it is right that councils and other stakeholders should now have the opportunity

to consider and comment on the government's proposals for the new system of local audit, and the significant practical and financial implications for them.

**19** 'We accept that we are to be abolished. Our only aim therefore is to ensure that the future arrangements for local public audit are robust and sustainable in professional, technical and economic terms. To that end, we have worked closely with DCLG and other stakeholders, including the National Audit Office, the Financial Reporting Council and the professional institutes to help develop the proposals. Unsurprisingly, we agree with some, but not all, aspects of the proposals and we will submit a response to the consultation paper.

**20** 'Some councils have gone to extraordinary lengths to prevent an auditor issuing a public interest report, including lobbying to have the auditor removed. That is why we set such store by the principle of independent appointment, as we set out in [our evidence to the current CLG Select Committee inquiry \(external link\)](#). The government's proposals for audit committees with a majority of independent members will go some way to safeguarding auditors' independence, but it is too early to judge if the safeguards will be sufficient.

**21** 'The independent appointment of auditors has a long history. In our view, and the view of Parliament when this was last debated, it remains an essential safeguard and should not be discarded lightly.

**22** 'Government departments, and Parliament, to which they are accountable, need assurance that the billions of pounds of public money given to local public bodies have been safeguarded, accounted for properly and spent for the purposes intended. They get this currently from the Commission's arrangements to coordinate, and assure the quality of, appointed auditors' work. How will they get this assurance under the proposed fragmented, regulatory framework?

**23** 'It is likely there will be real market competition for the bigger, more commercially attractive authorities, which may drive down prices for them. But, there is a risk that the new arrangements will reduce rather than increase competition. That is why we are keen to preserve the specialist knowledge and expertise of the Commission's in-house audit practice, through the establishment of a new, employee-owned audit firm (or 'mutual'), to provide all local public bodies a wider choice.

**24** 'Once the Commission is abolished, local public bodies will not have to pay the element of the audit fee that is levied to fund the Commission's core statutory functions such as audit regulation and national studies. In 2011/12 this amounts to around £11 million or 7 per cent of audit fees. But we are concerned that the proposals will introduce extra costs, which could lead to increases in audit fees for many bodies.'

**25** These extra costs, which could be significant, arise from:

- Removing the safeguards that currently mitigate the professional risks the audit firms face. These are inherent in the wider statutory responsibilities of local public auditors. In future these risks will be priced into fees.
- The loss of the current economies of scale from bulk purchasing, which are currently passed back to local bodies.

## Summary

- Price premiums for some bodies considered unattractive on commercial grounds because they are too risky or are geographically remote.
- New compliance costs for audit firms, to fund the new regulatory framework. Firms will also incur additional costs of preparing and submitting multiple bids.
- Additional costs for councils themselves, from establishing the proposed new independent audit committees. County and unitary councils will also have the cost of appointing independent examiners to, and regulating, parish councils within their areas.
- Potential changes to the structure of the market which may reduce competition and therefore impact on audit fees.

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### 2011/12 Work programme and scale of fees

**26** The Audit Commission is again cutting audit fee scales for health and local government and community safety organisations next year. Scale audit fees for bodies will be between 5 and 20 per cent lower in 2011/12 than in 2010/11.

**27** On 13 August 2010, the government announced its plan to abolish the Commission. So the scale fees for 2011/12 could be last the Commission sets.

**28** The Commission has agreed, subject to affordability, to make additional rebates in 2011/12. This means all audited bodies will see a significant net reduction in fees compared to 2010/11. We will notify audited bodies of the amount due to them in the summer.

**29** Subject to the timetable for our abolition, we are also committed to delivering further significant fee reductions of up to 15 per cent in 2012/13.

**30** The Audit Commission has consulted on its work programme and scales of fees for 2011/12. The documents are available below including a report summarising the feedback received to our consultation and our response to the key issues raised by respondents.

#### **31 Local government, housing and community safety**

**32** The [final work programme and scales of fees for local government, housing and community safety \(PDF, 237kb\)](#) document confirms significant reductions in audit fees, reflecting both the new approach to local value for money (VFM) audit work and a reduction in the ongoing audit costs arising from the introduction of International Financial Reporting Standards. The [scale fee for each audited local government, housing and community safety body](#) are also available.

**33** We expect revised and consolidated Accounts and Audit Regulations (the Regulations) to apply to the audit of accounts for 2011/12. The proposed changes include increasing the threshold for smaller relevant bodies to £6.5 million. Some 100 more bodies would, therefore, be eligible for limited assurance audit. We will consult on extended scales of fees for limited assurance audit after the Regulations come into force.

#### **34 Scale fees**

**35** The scale fees for 2011/12 have been based on the information available from auditors as at 31 December 2010, adjusted for the reductions set out in the final work programmes

and scales of fees documents. These fees may differ from those published at the start of the consultation, which were based on information as at 30 September 2010.

**36** The Commission can approve variations to the scale fee. This will allow us to reflect changes in circumstances. Variations to fees can be agreed before or at the end of the 2011/12 audit.

**37** As the 2011/12 scale fees are based on the fee for 2010/11, they already reflect the auditor's assessment of audit risk and complexity. Therefore, we expect variations from the scale fee to occur only where these factors are significantly different from those identified and reflected in the 2010/11 fee.

### **38 Auditors' local value for money work**

**39** Details of how the new, more focused approach to local value for money audit work will apply to different bodies with the Commission's regime are available.

---

### **Better value for money in schools**

**40** These four briefings are designed to help schools make the best use of their workforce - whether teachers, teaching assistants, or administration and finance staff - at a time when they have to find savings.

**41** England's maintained schools spent £35 billion in 2009/10. School staff account for over three-quarters of this total and form one of the country's largest public sector workforces.

**42** These briefings, under the heading **Better Value for Money in Schools**, examine patterns in spending in maintained schools in England. They aim to help school heads, governing bodies and councils control costs without compromising educational attainment.

**43** They look at four areas where schools have scope to improve efficiency:

- the deployment of classroom staff, including class sizes and allocation of teachers and teaching assistants;
- the breadth and focus of schools' curriculum offer;
- approaches to covering for staff absence, including supply teachers; and
- the size, cost and composition of the wider (non-teaching) school workforce.

**44** In addition we published a summary paper, **An overview of school workforce spending**, which is targeted at chairs of governing bodies and lead members on children's services.

**45** For more information about the briefings you can email [schoolsworkforce@audit-commission.gov.uk](mailto:schoolsworkforce@audit-commission.gov.uk).

---

### **The final countdown: IFRS in local government**

**46** The Commission has published the final briefing paper in its countdown to IFRS series, reporting on findings from a January 2011 auditor survey on implementation of IFRS in local government.

## Summary

**47** The briefing paper covers IFRS implementation in councils, police authorities and fire and rescue authorities.

**48** In this paper we:

- make comparisons with an overall assessment taken in November 2009 and July 2010;
- look at how far authorities have progressed with key steps such as the restatement of 2009/10 accounts;
- highlight the technical aspects of financial reporting that have raised issues for authorities; and
- set out key actions for authorities at this stage.

**49** Our overall message is that even those authorities with issues to resolve still have time to implement IFRS successfully, if they take appropriate action. However, they need to act now, as problems that arise later in the final accounts period may lead to added costs for the authority or material errors in draft accounts.

**50** We suggest the following actions for authorities at this stage:

**51** Authorities should:

- complete any key outstanding IFRS implementation tasks, such as restatement work, without further delay;
- integrate any remaining tasks into their accounts closedown timetable;
- leave enough time to prepare the increased number of IFRS disclosures and to resolve any remaining financial reporting issues;
- ensure their accounts closedown timetable is realistic, building in enough time and staff resource to deal with issues that will inevitably arise during the closedown period;
- keep their auditors informed on their progress in resolving IFRS financial reporting issues and seek to agree time in advance to review work as they enter the closedown period;
- continue to discuss progress of IFRS implementation with their audit committees; and
- take steps now to ensure that IFRS knowledge and skills are captured and embedded, to enable good financial reporting in future years.

# Appendix 1 – Key deliverables 2010/11

**Table 1 Progress on Key Deliverables for 2010/11**

<b>Product</b>	<b>Timing</b>	<b>Current position</b>
<b>Planning</b>		
Audit Plan	January 2010- March 2010	Plan presented to Audit Committee in June 2010
<b>Opinion</b>		
Work on financial systems	December 2010 – June 2011	Work completed. Findings reported to Audit Committee in June 2011, including financial systems work, early substantive testing and IFRS
Financial statements; <ul style="list-style-type: none"> <li>• opinion;</li> <li>• Annual Governance Report; and</li> <li>• opinion memorandum</li> </ul>	July - September 2011	
<b>Value for Money</b>		
Project management review		
Value for money conclusion	June 2011 to September 2011	
<b>Reporting</b>		
Annual Audit and Inspection Letter	December 2011	



---

# Appendix 2 Interim report

## Key findings from our interim audit

**52** I planned my interim audit to cover:

- documenting and walking through your material information systems;
- testing the key controls within these systems, including where possible, relying on the work of internal audit;
- evaluating your control environment including assessing general information technology (IT) controls; and
- carrying out testing on additional areas, as agreed with officers, including:
  - review of IFRS restatement and;
  - testing transactions covering the first nine months of the year.

---

## Material Information Systems

**53** The material systems identified for the 2010/11 financial statements are:

- general ledger
- accounts payable
- accounts receivable
- payroll
- treasury management
- cash and bank
- fixed assets
- housing rents
- housing benefits
- council tax
- national non-domestic rates (NNDR)

**54** The Council moved its main accounting system to a new Council wide Oracle system in September 2010. This change affected the general ledger, accounts payable, accounts receivable and parts of the cash and bank systems.

**55** I planned to test the key controls on the general ledger, accounts receivable, and accounts payable systems to determine if they had been operating effectively throughout the financial year. I also planned to rely on the assurance over payroll system controls from the work I performed in 2009/10.

56 The results of my testing are set out in Appendix 1.

57 I concluded the systems operate as documented and that there are no major weaknesses in the design of the systems that would lead to a material error in the financial statements, except in the following areas:

- controls over journals did not operate as documented throughout the year;
- evidence to support authorisation of payment runs or BACS payments were not always retained or approved in accordance with the Council's written procedures;
- the introduction of the new Oracle system during the year resulted in a period where the Council needed to operate transitional procedures before properly establishing formal controls and procedures for the accounts payable and accounts receivable systems; and
- reconciliations between the council tax and NNDR systems, bank accounts and cash receipting systems were in progress throughout the year due to the transition to the new Oracle system. These reconciliations were finalised at the year end.

58 I will need to perform additional substantive testing where I was not able to gain the planned controls assurance. This includes the general ledger (journals), accounts payable and accounts receivable systems. Normally, this would lead to an additional fee. At present, I believe this additional cost will be offset against audit efficiencies gained due to the more centralised nature of the new general ledger, accounts payable and accounts receivable systems. But I will need to keep this under review at the final audit visit.

## Recommendation

**R1** Establish procedures and reviews to ensure that journals are:

- properly filed;
- supported by appropriate documentary evidence; and
- approved by an appropriate officer.

**R2** Ensure payment runs and BACS payments are:

- appropriately authorised in line with the Council's procedures;
- approval is evidenced.

**R3** Ensure that procedures relating to the accounts payable and accounts receivable system operate throughout the year, in particular:

- regular and timely reconciliation of control accounts; and
- full use of the purchase order function.

**R4** Ensure a three-way reconciliation between the bank account, cash receipting and the main financial systems are formally completed and reviewed as part of the Council's monthly accounting close down arrangements.

---

## Information Technology (IT) Controls

59 As part of my audit I evaluate and test your general IT controls, such as access controls within your material information systems.

60 My review is split into two categories;

- obtaining an understanding of the risk management procedures in relation to IT; and
- testing to ensure that controls relevant to the material financial systems are sufficient and operating effectively.

61 I have not identified any significant weaknesses in the Council's risk management or IT controls. I can therefore rely on the Council's automated IT controls for the purposes of my audit.

62 However, I did identify the following potential risk:

---

**Table 2 IT risks**

IT risk	Audit response
<p>The Council is currently developing the end user financial reporting structure within the Oracle system to produce the year end financial statements. If the Council is unable to rely on this system within Oracle it is likely that the Council will rely on spreadsheets to produce the year end financial statements.</p> <p>Both the use of a newly developed financial reporting structure within Oracle and/or the significant use of spreadsheets to produce the financial statements will result in a potential risk of issues arising over the accuracy or reliability of the financial information.</p>	<p>I will carry out detailed testing to ensure that the transactions and balances reported in the financial statements reflect the entries within the Council's general ledger.</p>

---

- formalise current IT problem and incident management processes into a documented policy;
- there is no formal IT disaster recovery/business continuity plan in place;
- no IT back-up restoration testing has been undertaken during the last twelve months for Oracle Financials and Interact.

### Recommendation

**R5** The Council should:

- formalise current IT problem and incident management processes into a documented policy;
  - establish a formal IT disaster recovery and business continuity plan; and
  - establish a regular programme of testing the restoring of IT back-ups for Oracle Financials and Interact.
- 

### IFRS restatement review

**63** The Council is required to produce financial statements that are fully compliant with International Financial Reporting Standards in 2010/11. This requires the Council to restate its:

- balance Sheet as at 01 April 2009;
- balance Sheet as at 31 March 2010; and
- comprehensive Income and Expenditure Statement for 2009/10;

**64** The Council is also required to;

- produce relevant notes to the accounts for 2010/11 and 2009/10 comparators; and
- agree accounting policies to support the methodologies used to produce the restated financial statements.

**65** I have reviewed the above and found that the Council has largely implemented these IFRS requirements effectively. I noted a number of errors within the restatements which I have brought to the attention of management. None of these reported errors are significant.

**66** The Council has yet to complete its IFRS restatement work or provide supporting documentation in respect of:

- School leases
- its asset valuation; and
- group undertakings, including the consolidation of Brent Housing Partnership.

**67** Consequently, I have been unable to review these areas as part of my early testing, as previously planned and agreed with the Council. I will now review these areas as part of final audit visit.

---

### Detailed testing of transactions

**68** As part of my audit procedures, I planned to carry out substantive testing of income and expenditure in the Council's new Oracle general ledger. For income, I selected a sample from transactions up to and including month 9. For expenditure I selected a sample up to month 10.

**69** I started income testing, but found that most of my sample relates to grant income from government departments. It is more efficient to test this when the Council has been notified of final grant allocations. Therefore, I now plan to complete this testing as part of my final audit visit.

**70** I have received evidence for approximately 80% of my sample on expenditure. From the testing completed to date, I have no significant issues to report. I will complete this work as part of my final audit visit.

DRAFT

# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

---

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For further information on the work of the Commission please contact:

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Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

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13 April 2011

Mr Clive Heaphy  
Director of Finance and Corporate Services  
London Borough of Brent  
Town Hall  
Forty Lane  
Wembley  
HA9 9HD

**Direct line** 0844 798 5784  
a-white@audit-  
commission.gov.uk

— Dear Clive

## **Annual audit fee 2011/12**

I am writing to confirm the audit work that we propose to undertake for the 2011/12 financial year at London Borough of Brent Council. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and work mandated by the Commission for 2011/12. The audit fee covers the:

- The audit of financial statements
- Value for money conclusion
- Whole of Government accounts.

As I have not yet completed my audit for 2010/11 the audit planning process for 2011/12, including the risk assessment, will continue as the year progresses.

### **Audit fee**

The Audit Commission proposes to set the scale fee for each audited body for 2011/12, rather than providing a scale fee with fixed and variable elements. The scale fee reflects proposed decreases in the total audit fee, as follows:

- no inflationary increase in 2011/12 for audit and inspection scales of fees and the hourly rates for certifying claims and returns;
- a cut in scale fees resulting from our new approach to local VFM audit work; and
- a cut in scale audit fees of 3 per cent for local authorities, police and fire and rescue authorities, reflecting lower continuing audit costs after implementing IFRS.

Audit Commission, 1st Floor, Millbank Tower, Millbank, London, SW1P 4HQ  
T 0844 798 1212 F 0844 798 6187 [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

The scale fee for London Borough of Brent Council is £439,200. The scale fee is based on the planned 2010/11 fee, adjusted for the proposals summarised above, shown in the table below. Variations from the scale fee will only occur where my assessments of audit risk and complexity are significantly different from those identified and reflected in the 2010/11 fee.

<b>Audit area</b>	<b>Scale fee 2011/12</b>	<b>Planned fee 2010/11</b>
<b>Audit fee</b>	<b>£439,200</b>	<b>£488,000</b>
<b>Certification of claims and returns</b>	<b>£84,336</b>	<b>£84,336</b>

I will issue a separate audit plan in December 2011. This will detail the risks identified to both the financial statements audit and the vfm conclusion. The audit plan will set out the audit procedures I plan to undertake and any changes in fee. If I need to make any significant amendments to the audit fee, I will first discuss this with the Director of Finance and Corporate Services. I will then prepare a report outlining the reasons the fee needs to change for discussion with the audit committee.

I will issue several reports over the course of the audit. I have listed these at Appendix 1.

The fee excludes work the Commission may agree to undertake using its advice and assistance powers. We will negotiate each piece of work separately and agree a detailed project specification.

### **Audit team**

Your audit team must meet high specifications and must:

- understand you, your priorities and provide you with fresh, innovative and useful support;
- be readily accessible and responsive to your needs, but independent and challenging to deliver a rigorous audit;
- understand national developments and have a good knowledge of local circumstances; and
- communicate relevant information to you in a prompt, clear and concise manner.

The key members of the audit team for 2011/12 are:


<b>Name</b>	<b>Contact details</b>	<b>Responsibilities</b>
Andrea White Engagement Lead	<a href="mailto:a-white@audit-commission.gov.uk">a-white@audit-commission.gov.uk</a> 0844 798 5784	Andrea is responsible for the overall delivery of the audit including the quality of outputs, liaison with the Chief



		Executive and Chair of Audit Committee and issuing the auditor's report.
P Viljoen Engagement Manager	<a href="mailto:p-viljoen@audit-commission.gov.uk">p-viljoen@audit-commission.gov.uk</a> 0844 798 2688	Paul manages and coordinates the different elements of the audit work. Key point of contact for the Director of Finance.
G McLeod Engagement Manager	<a href="mailto:g-mcleod@audit-commission.gov.uk">g-mcleod@audit-commission.gov.uk</a> 0844 798 5773	Gary assists in managing and coordinating the different elements of the audit. Key point of contact for the Deputy Director of Finance.
J Ware Team Leader	<a href="mailto:j-ware@audit-commission.gov.uk">j-ware@audit-commission.gov.uk</a> 0844 798 2689	Jon has experience of auditing large London Boroughs, and will lead the on-site team in delivering the audit.

I am committed to providing you with a high-quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me. Alternatively you may wish to contact Chris Westwood, Director of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ ([c-westwood@audit-commission.gov.uk](mailto:c-westwood@audit-commission.gov.uk))

Yours sincerely



Andrea White  
District Auditor

cc Gareth Daniels, Chief Executive  
Stephen Wood, Chair of the Audit Committee

## Appendix 1- Planned outputs

We will discuss and agree our reports with officers before issuing them to the audit committee.

---

**Table 1**

<b>Planned output</b>	<b>Indicative date</b>
Audit plan	December 2011
Annual governance report	September 2012
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2012
Final accounts memorandum (to the Director of Finance and Corporate Services)	October 2012
Annual audit letter	November 2012
Annual claims and returns report	February 2013

13 April 2011

Mr Clive Heaphy  
 Director of Finance and Corporate Services  
 London Borough of Brent  
 Brent Town Hall  
 Forty Lane  
 Wembley, Middlesex  
 HA9 9HD

**Direct line** 0844 798 5784  
**Email** a-white@audit-commission.gov.uk

Dear Clive

### **London Borough of Brent Pension Fund Annual Audit Fee 2011/12**

I am writing to confirm the audit work that we propose to undertake for the 2011/12 financial year at the London Borough of Brent. The audit fee:

- is based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2010/11; and
- covers the audit of the financial statements.

As I have not yet completed my audit for 2010/11 the audit planning process for 2011/12, including the risk assessment, will continue as the year progresses.

#### **Audit fee**

The Audit Commission has set the scale fee for each audited body for 2011/12. The scale fee for London Borough of Brent Pension Fund is £35,000. Variations from the scale fee will only occur where my assessments of audit risk and complexity are significantly different from those identified and reflected in the 2010/11 fee.

<b>Audit area</b>	<b>Scale fee 2011/12</b>	<b>Planned fee 2010/11</b>
<b>Audit fee</b>	<b>£35,000</b>	<b>£35,000</b>

I will issue a separate audit plan in December 2011. This will detail the risks identified to the financial statements audit. The audit plan will set out the audit procedures I plan to undertake and any changes in fee. If I need to make any significant amendments to the audit fee, I will first discuss this with the Director of Finance and Corporate Services. I will then prepare a report outlining the reasons the fee needs to change for discussion with the Audit Committee.

I will issue several reports over the course of the audit. I have listed these at Appendix 1.

The fee excludes work the Commission may agree to undertake using its advice and assistance powers. We will negotiate each piece of work separately and agree a detailed project specification.

## Audit team

Your audit team must meet high specifications and must:

- understand you, your priorities and provide you with fresh, innovative and useful support;
- be readily accessible and responsive to your needs, but independent and challenging to deliver a rigorous audit;
- understand national developments and have a good knowledge of local circumstances; and
- communicate relevant information to you in a prompt, clear and concise manner.

The key members of the audit team for 2011/12 are:

Name	Contact details	Responsibilities
Andrea White Engagement Lead	<a href="mailto:a-white@audit-commission.gov.uk">a-white@audit-commission.gov.uk</a> 0844 798 5784	Andrea is responsible for the overall delivery of the audit including the quality of outputs, liaison with the Chief Executive and Chair of Audit Committee and issuing the auditor's report.
Paul Viljoen Audit Manager	<a href="mailto:p-viljoen@audit-commission.gov.uk">p-viljoen@audit-commission.gov.uk</a> 0844 798 2688	Responsible for reviewing the quality of audit work and any specialist technical areas. Key point of contact for the Director of Finance and Corporate Services.
Gary McLeod Audit Manager	<a href="mailto:g-mcleod@audit-commission.gov.uk">g-mcleod@audit-commission.gov.uk</a> 0844 798 5773	Manages and coordinates the different elements of the audit work. Key point of contact for the Deputy Director of Finance.

Jon Ware Team Leader	<a href="mailto:g-mcleod@audit-commission.gov.uk">g-mcleod@audit-commission.gov.uk</a> 0844 798 5773	Jon leads the on-site team in delivering the audit.
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I am committed to providing you with a high-quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me. Alternatively you may wish to contact Chris Westwood, Director of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ ([c-westwood@audit-commission.gov.uk](mailto:c-westwood@audit-commission.gov.uk))

Yours sincerely



Andrea White  
District Auditor

**cc** Gareth Daniels, Chief Executive  
Stephen Wood, Chair of the Audit Committee


## Appendix 1- Planned outputs

We will discuss and agree our reports with officers before issuing them to the audit committee.

---

**Table 1**

<b>Planned output</b>	<b>Indicative date</b>
Audit plan	December 2011
Annual governance report	September 2012
Auditor's report giving the opinion on the financial statements	September 2012
Auditor's report giving the opinion on the pension fund annual report	September 2012
Final accounts memorandum (to the Director of Finance and Corporate Services)	October 2012

	<p style="text-align: center;"><b>Audit Committee</b> 15th June 2011</p> <p style="text-align: center;"><b>Report from the Director of Finance and Corporate Services</b></p>
For Action	Wards Affected: ALL
<b>Report Title: Treasury Management Activity</b>	

## 1. SUMMARY

1.1 This report updates members on recent treasury activity.

## 2. RECOMMENDATIONS

2.1 Members are asked to note recent treasury activity.

## 3 DETAIL

3.1 Appendix 1 sets out loans outstanding as at 31<sup>st</sup> March 2011. Members will note that:-

- a) The Icelandic District Court has ruled that the local authority deposits with Glitnir bank are to be treated as preferred creditors, and should be repaid in full. This decision is being appealed to the Icelandic Supreme Court in September, but if Bevan Britton is successful, the £5m outstanding may be repaid in full during this financial year.
- b) The administrators for Heritable Bank continue to make regular (quarterly) payments as they recover amounts owed to Heritable. Brent has received a further payment, reducing the amount owed to £4.365m. It is anticipated that a further payment will be received in July, and that around 85% of the original £10m deposit will be recovered, perhaps more.
- c) The long-term deposits at higher rates that have supported the treasury budget are almost repaid.

3.2 At present, bank rate continues at 0.5%. It is anticipated that the current fiscal squeeze, and slow economic growth, will make the Bank of England reluctant to raise base rate, despite Consumer Price Inflation at 4.5%, more than double the 2% target. Markets anticipate that rates will rise towards 1% by the end of 2011, and increase to 2% by the end of 2013. Our adviser, Capital Economics, believes that inflation will start to fall back in 2012 and that rates should remain at very low levels. It should be noted that the government lending agency, the Public Works Loans Board, currently charges 3.5% for 10 year loans, and 5.15% for fifty year loans, considerably above the 0.4% charged for short term loans on the market. These rates compare with 2.62%

(10 year) 4.36% (50 year) and 0.3% (short term loans) at the same point last year (before PWLB changed their terms).

- 3.3 On this basis, the current treasury strategy remains to borrow and lend for short periods as cash flow allows. During 2011/12 it is intended to reduce cash balances as the capital programme – in particular, payments for the Civic Centre and loans to Brent Housing Partnership – develops. This may involve terminating the mandate managed by Aberdeen Asset Management to avoid the costs involved in long term borrowing. As short term borrowing builds up, it is intended to borrow longer term (eight to ten years) from the PWLB to ensure that the council does not become too vulnerable to movements in short term interest rates.
- 3.4 It had been hoped that the Lending List might be expanded to include overseas banks, but the continuing concerns about European banks has made this imprudent at this time. The treasury officer continues to investigate the options for investing in alternative money market funds (AAA rated) that pay higher yields but with acceptable exposure levels.

#### **4. FINANCIAL IMPLICATIONS**

These are covered in the report.

#### **5 DIVERSITY IMPLICATIONS**

The proposals in this report have been subject to screening and officers believe that there are no diversity implications arising from it.

#### **6 STAFFING IMPLICATIONS**

None

#### **7 LEGAL IMPLICATIONS**

There are no legal implications arising from the report.

#### **8 BACKGROUND**

Previous reports to the Audit Committee on Treasury Management

Persons wishing to discuss the above should contact the Exchequer and Investment Section, Finance and Corporate Resources, on 020 8937 1472/74 at Brent Town Hall.

**CLIVE HEAPHY**  
Director of Finance and  
Corporate Services

**MARTIN SPRIGGS**  
Head of Exchequer and Investment



## APPENDIX 1

### Brent treasury lending list

1 The current loans outstanding as at 31st March 2011 are:

Name	Amount £m	Yield %	Lending Date	Maturity Date
Global Treas. Fund (RBS)	9.3	Var.	Call	
Gartmore cash reserve	4.5	Var.	Call	
Northern Trust global fund	0.1	Var.	Call	
Heritable bank	5.0	5.85	15.08.08	14/11/08
Glitnir	5.0	5.85	15.09.08	12/12/08
Skipton BS	5.0	6.48	01.07.08	01/07/11
RBS	<u>5.0</u>	Var.	22.09.08	22/09/11
<b>Total</b>	<b><u>33.9</u></b>			

Brent has also invested £23.55m with an external manager, Aberdeen Asset Manager, which has placed the fund in a mixture of certificates of deposit (CDs) and cash. The list of investments held by Aberdeen is as follows:-

Name	Amount £m	Yield %	Maturity Date
Abbey National CD	3.15	1.44	18.10.11
Abbey National CD	1.2	0.00	24.11.11
Barclays Bank CD	2.7	1.45	01.08.11
Barclays Bank CD	1.5	1.42	14.10.11
Clydesdale Bank CD	3.5	0.00	24.05.11
Lloyds TSB CD	1.5	0.00	03.08.11
Lloyds TSB CD	3.0	1.48	05.12.11
Nationwide BS CD	2.25	1.5	22.02.12
RBOS CD	2.3	0.00	03.08.11
RBOS CD	2.35	1.51	06.02.12
Accrued interest	<u>0.1</u>		
<b>Total</b>	<b><u>23.55</u></b>		

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**Internal Audit  
2011/12 Internal Audit Plan  
London Borough of Brent  
April 2011**



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## Executive Summary

<b>Introduction</b>	<p>This report sets out the Internal Audit Plan for the 2011/12 financial year.</p> <p>As per the previous four financial years, the Plan will continue to be delivered through a partnership of the Council's in-house team and Deloitte &amp; Touche Public Sector Internal Audit Ltd.</p>								
<b>Total Plan Days</b>	<p>The Plan is based on a total of 1,200 days, the breakdown of this being shown in the table on the following page.</p> <table border="1"><thead><tr><th>Source</th><th>2011/12 Number of Days</th></tr></thead><tbody><tr><td>In-House Team</td><td>295</td></tr><tr><td>Deloitte</td><td>905</td></tr><tr><td><b>Total</b></td><td><b>1,200</b></td></tr></tbody></table>	Source	2011/12 Number of Days	In-House Team	295	Deloitte	905	<b>Total</b>	<b>1,200</b>
Source	2011/12 Number of Days								
In-House Team	295								
Deloitte	905								
<b>Total</b>	<b>1,200</b>								
<b>Formulating the Plan</b>	<p>The work to be undertaken is determined on an annual basis through the formulation and agreement of the Plan. This sets out the total number of days of internal audit work to be delivered during the year, and the breakdown of these to individual audits across the Council.</p> <p>Any area of the Council's operations are potentially subject to internal audit coverage. However, given resource constraints, not all areas can be audited on an annual basis, and this would not be expected in any organisation. The selection of audit areas is therefore determined on the basis of risk.</p> <p>Risk is the key driver of all internal audit work, not simply in determining which areas to include in the Plan, but also then the specific elements to be covered within each individual audit. This aligns with Internal Audit's core role of providing an independent and objective assurance opinion on the adequacy and effectiveness of the systems of control operated by management in order to manage risk to the organisation.</p> <p>'Risk' is broadly defined as being something which threatens the achievement of an objective. When considering risks in relation to the achievement of objectives across the Council, it is therefore important to recognise that the range of potential risks is significant and diverse. Risks don't relate solely to financial systems, and hence the work of Internal Audit isn't focused solely on these areas.</p>								

In recent years, the Plan has been formulated on the basis of the following:

- Internal Audit's own knowledge and understanding of key risk areas across the organisation. This is informed through our general understanding of the concept of risk; our knowledge of the Council's operations, as built up over many years; and their awareness and experience of risks being faced within other Local Authorities, as well as across the wider public sector;
- Internal Audit's own knowledge and understanding of key developments taking place across the Council, and hence emerging risk areas; and
- Discussions with Directors and Assistant Directors across the Council, so as to clarify and add to the above.

The Committee should therefore take confidence in the work of Internal Audit already being clearly focused on key risk areas, be these in relation to established systems and areas of operation, or connected to new areas of development and transformation. This second aspect is significant. The concept and delivery of change can be a key driver of risk, and this has been of growing significance with changes in the external environment prompting the need for increased change internally.

For 2011/12, whilst the above steps have been followed, given the increased levels of change that have been taking place and which will continue post March 2011, the approach to formulating the Plan has been further strengthened through a formal Audit Needs Assessment (ANA).

In order to help ensure that all key risk areas are identified, including new and emerging risks, the ANA for 2011/12 has been focused around the following set of internal and external risk factors:

Internal

- Achievement of Objectives;
- Compliance with Legislation;
- Income/Expenditure;
- Changes to the Organisation; and
- Key Organisational Projects.

External

- Economic;
- Regulatory; and
- Fraud Risk.

The ANA has been completed in conjunction with senior officers across the Council, via attendance at

DMTs. The output from the process has been documented in nine tables, one at corporate level and one for each of the Departments. The tables are attached at Appendix B. The Plan itself has then been formulated on the basis of the ANA, with links to it highlighted as appropriate.

The breakdown of the total days across the Departments is shown in the table below. The full Plan is attached at Appendix A.

Department	2011/12 Days
Cross Council / Corporate Audits	80
Finance & Corporate Services	128
Information Technology	132
Children & Families	98
School Audits	150
Environment & Neighbourhood	75
Customer & Community Engagement	28
Housing & Community Care	60
Legal & Procurement	23
Regeneration & Major Projects	70
Strategy, Partnership & Improvement	30
Brent Housing Partnership	135
Follow-Up	55
Deloitte Contract Management	55
Contingency	81
<b>Total</b>	<b>1,200</b>

<p><b>Types of Work</b></p>	<p>Internal Audit comprises a range of specialist skills, the three key areas of coverage being the following:</p> <ul style="list-style-type: none"> <li>• General risk based systems audit / compliance based audit;</li> <li>• IT audit; and</li> <li>• Contract audit.</li> </ul> <p>A significant proportion of the Plan is allocated to risk based systems audits and also to compliance based audits in the form of school audits. Days are also allocated to IT audits and a number of contract audits have also been included.</p> <p>IT audit work can take a variety of forms, although key areas include audits of specific IT applications; audits of key elements of the IT infrastructure; and audits relating to the implementation of new applications, either at the pre or post implementation stages.</p> <p>Contract audit work also varies in form, although generally focuses either on the controls in place around the management and administration of construction based projects; the tendering of projects / contracts; or on the controls in place around the management of a contractual relationship.</p> <p>There is also a key role for Internal Audit in assisting management to assess the risks involved in new developments / new projects / new ways of working, helping management to determine an adequate system of controls at the design and implementation stage, as opposed to highlighting deficiencies at a later stage when it may be more difficult / costly to address weaknesses. Similarly, it may be appropriate for Internal Audit to provide assurances on the adequacy and effectiveness of controls in place around the management of a specific project, thereby assisting management to deliver these on time and to budget, as well as to achieve the desired outcome.</p> <p>There are a number of examples of such ‘non-standard’ work having been undertaken as part of the 2009/10 and 2010/11 Plans, particularly in relation to the Once Council Programme, and there will be an ongoing role for such an approach as this continues.</p>
<p><b>Ensuring the ongoing relevance of the Plan</b></p>	<p>As highlighted above, the concept of ‘change’ is currently of high significance, both internally and within the external environment. The Plan takes account of this, with audits included around various new developments and areas of transformation. However, given the scale and nature of the changes taking place, it is difficult to fully address these through the determination of audits at this stage. It is therefore crucial that the Plan is reviewed on a regular basis during the course of the year, so as to ensure that it remains relevant in terms of the key risk areas and all aspects of the various transformation programmes.</p> <p>We will continue to liaise with Directors, Assistant Directors and the Audit Commission during the course of</p>



the year, so as to determine whether any amendments are required, and will update Members at scheduled Committee meetings where any significant revisions occur.

## Appendix A – Detailed Plan

The Internal Audit Plan for 2011/12 is set out below in Table 1 and the IT Plan in Table 2. Where possible, we have included the proposed number of days against each audit, together with a high level indication of the proposed coverage, the initial key contact, and an indication of the proposed timing where this is known at this stage.

The BHP Plan is being presented separately to their Audit & Finance Sub-Committee for approval. The approved Plan will be presented to the Committee for information purposes at the next scheduled meeting.

**Table 1 – Overall Plan**

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
<b>CROSS COUNCIL / CORPORATE AUDIT (80 Days)</b>					
Business Continuity Planning	Civil Contingencies Act. London Resilience Partnership. General concern raised in DMTs that officers aren't clear on the arrangements in place.	10	This work will initially follow up the previous BCP audits and determine whether there have been any changes, given that this has been an area of ongoing development. This will be followed by discussions with key officers from each of the eight Departments to determine the extent of understanding amongst the key officers.	Martyn Horne – Head of Emergency Planning & Business Continuity	Qtr 1
Prepaid Cards (Service Users)	Whilst prepaid cards are already in use within Children & Families for asylum and other cash payments, a new scheme for direct payments is now being piloted.  This has been included as a Cross Council / Corporate Audit given that the cards may also then be rolled out to out service users outside of Children &	15	This work will consists of two parts, pre and post implementation. Pre-implementation will assess the adequacy of planned controls and post implementation will assess the adequacy and effectiveness of the actual implemented controls, and any recommendations raised in the pre-implementation work.	Sarah Cardno – Exchequer Manager	Qtr 1 and 3

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
	Families.				
Prepaid Cards (Staff)	Use of prepaid cards by staff members has recently been launched. The arrangements will differ to those issued to service users, hence the separate work.	10	This work will consists of two parts pre and post implementation. Pre-implementation will assess the adequacy of planned controls and post implementation will assess the adequacy and effectiveness of the actual implemented controls, and any recommendations raised in the pre-implementation work.	Sarah Cardno – Exchequer Manager	Qtr 1 and 3
Financial Planning	Achievement of the expected savings will be key in the Council's continuing operation and it is critical that the controls relating to the calculation and consolidation of savings are robust, both in terms of the initial identification of required savings and the subsequent monitoring and reporting of achievement against these.  Highlighted as an area of concern across the DMTs, specifically in terms of the risk of savings being double counted and impacted upon by other changes which may not have been considered.	15	This work will focus on the budget setting process and the process relating the monitoring and reporting of achievement against the savings targets.	Mark Peart – Head of Financial Management	Qtr 1
Change Management / Consultation and Communication	Given the number and extent of the changes taking place, it will be key that a consistent message is communicated to both staff and the public, and	10	This work will focus on controls around the following: <ul style="list-style-type: none"> <li>Communicating to the public regarding specific changes and</li> </ul>	Toni Mcconville – Director of Customer and Community	Qtr 2/3

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
	<p>interaction with external bodies is managed effectively.</p> <p>Highlighted as an area of concern across the DMTs, particularly in relation to the closure of services/buildings and also in relation to engagement with the voluntary sector.</p>		<p>key decisions to ensure that consistent messages are delivered by Departments;</p> <ul style="list-style-type: none"> <li>• Communication of corporate wide messages to the public and staff; and</li> <li>• 'Big Society'/community agenda, including consultation and liaison with external bodies such as voluntary sector (community trusts).</li> </ul> <p>It should be noted that the management of partnership working with external bodies is to be covered in a separate audit.</p>	Engagement	
Absence Management	<p>The management of sickness absence has been audited previously. Key weaknesses were identified and largely concerned the lack of a consistent approach across the Service Areas. However, changes have been made to the arrangements regarding this since that time.</p> <p>In addition, concerns were raised in the DMTs regarding the accuracy of information, both in relation to sickness and annual leave.</p>	10	This work will focus on the controls around absence management, both sickness and annual leave, including monitoring compliance with the Policy, and required procedures and reporting.	Tracey Connage – Assistant Director Human Resources	Qtr 2

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
Conflicts of Interests (All Officers)	As in previous years, this has been highlighted by certain DMTs as being a key risk area. During an economic downturn, it is generally accepted that the risk of fraud increases. Although currently delayed, the Bribery Act 2010 will place greater significance on the need to manage potential conflicts of interest.	10	This work will focus on the controls in place across the Council for ensuring that officers declare any interests and that any officers declaring interests are operating in an appropriate manner.	Tracey Connage – Assistant Director Human Resources	Qtr 2
<b>FINANCE &amp; CORPORATE SERVICES (260 Days)</b>					
Council Tax	Key Financial Audit – annual coverage. With the new contract with the existing provider (Capita) commencing in 2011/12, it will be key that the collection and recovery rate is maintained whilst savings are achieved from the reduced contract fee and changes to the staffing arrangements.	15	Annual systems audit focussing on key controls and any systems changes.	Paula Buckley – Head of Client Team, Revenue & Benefits	Qtr 3
National Non Domestic Rates (NNDR)	Key Financial Audit – annual coverage. With the new contract with the existing provider (Capita) commencing in 2011/12, it will be key that the collection and recovery rate is maintained whilst savings are achieved from the reduced contract fee and	15	Annual systems audit focussing on key controls and any systems changes.	Paula Buckley – Head of Client Team, Revenue & Benefits	Qtr 3

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
	changes to the staffing arrangements.				
Housing & Council Tax Benefits	Key Financial Audit – annual coverage. Changes are being made to Housing Allowance from April 2011 and changes are also occurring around the Welfare Reform Bill 2011	20	Annual systems audit focussing on key controls and any systems changes.	Margaret Read – Head of Revenue & Benefits	Qtr 3
Treasury Management	Key Financial Audit – cyclical coverage. With cuts in the settlement, it will be key that the Council's financial resources are maximised whilst ensuring that risks are kept within the acceptable level.	10	Annual systems audit focussing on key controls and any systems changes.	Martin Spriggs – Head of Exchequer & Investment	Qtr 3
Payroll	Key Financial Audit – annual coverage.	15	Annual systems audit focussing on key controls and any systems changes.	John Lee – Operations Manager	Qtr 3
Accounts Payable	Key Financial Audit – annual coverage. Function is now centralised within the Finance Service Centre (FSC), following the Finance Modernisation Project. Initial audit work has been undertaken during 2010/11 as part of the implementation.	15	Annual systems audit focussing on key controls and any systems changes. Given the changes that have taken place with the introduction of the FSC and the single accounting system (Oracle), further to our 2010/11 work, there will be a focus on the extent to which the newly implemented controls are being fully complied with.	Petrina Peters – FSC Payments Team Leader	Qtr 3/4

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
Accounts Receivable	Key Financial Audit – annual coverage. Function is now centralised within the Finance Service Centre (FSC), following the Finance Modernisation Project. Initial audit work has been undertaken during 2010/11 as part of the implementation.	15	Annual systems audit focussing on key controls and any systems changes. Given the changes that have taken place with the introduction of the FSC and the single accounting system (Oracle), further to our 2010/11 work, there will be a focus on the extent to which the newly implemented controls are being fully complied with.	Sade Adedoyin – FSC Income Control, Invoices and Cash Team Leader	Qtr 3/4
General Ledger	Key Financial Audit – annual coverage. Function is now centralised within the Finance Service Centre (FSC), following the Finance Modernisation Project. Initial audit work has been undertaken during 2010/11 as part of the implementation.	15	Annual systems audit focussing on key controls and any systems changes. Given the changes that have taken place with the introduction of the FSC and the single accounting system (Oracle), further to our 2010/11 work, there will be a focus on the extent to which the newly implemented controls are being fully complied with.	Celia Henry – FSC Accounting to Reporting Team Leader	Qtr 3/4
Pension Fund Investment	Key Financial Audit – cyclical coverage. With the economic downturn, the risks surrounding investments will increase.	8	Annual systems audit focussing on key controls and any systems changes.	Martin Spriggs – Head of Exchequer & Investment	Qtr 3
Information Technology	See separate IT Plan at Table 2	132	See Separate IT Plan at Table 2	N/A	N/A

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
<b>CHILDREN &amp; FAMILIES (248 Days)</b>					
School Audits – Primary/Junior Schools	Schools are audited on a cyclical basis. The audit programme has been subject to review and update during 2010/11 to take account of emerging risk areas and areas of weakness identified across the schools. This will be subject to further review prior to the start of the 2011/12 audits, and on an ongoing basis.	150	Completion of audits for 15 primary schools. Estimation at this stage is for an allocation of 10 days per school, although this will be subject to ongoing review in connection with the review of the audit programme and in light of any specific issues arising in any school which may required increased coverage.	Mustafa Salih – Assistant Director, Finance & Performance	Across the year
Pupil Referral Units (PRU)	Similar to the schools, these are audited on a cyclical basis.	40	All four PRUs to be visited. The schools audit programme will be followed as far as is appropriate.	Paul Roper – Head of Alternative Education Service	Qtr 1
Schools Thematic Reporting	Given that the schools are visited on cyclical basis, any common and emerging issues will need to be communicated to Children & Families so that actions can be taken centrally to help ensure that any key and common issues are addressed across all schools. This is currently done through regular ongoing liaison, which will continue. Thematic work has been undertaken previously in addition to the school audits.	8	In addition to regular ongoing liaison with key officers, we will issue a summary report to Children & Families on a termly basis, indicating any common issues arising from the school audits, together with recommendations for helping to ensure that these are addressed across all schools. In addition, we will meet with the relevant officers to discuss the findings and required actions on a periodic basis.	Mustafa Salih – Assistant Director, Finance & Performance	Across the year



Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
	For 2011/12, this is not considered appropriate given the number of schools already being visited and the level of detail being covered at each one.				
Children Leaving Care	Whilst financial resources are becoming increasingly scarce, the Council still has a statutory obligation in this area.	15	This work will focus on controls in place to ensure that the Council is meeting its obligation in respect of children leaving care.	Trajinder Nijjar – Locality Manager	To be determined
Out of School Support Services	Whilst financial resources are becoming increasingly scarce, the Council still has a statutory obligation in this area.	10	Specific scope and approach still to be discussed with management.	Rik Boxer – Assistant Director – Achievement & Inclusion	To be determined
Brent Transport Services	Part of the One Council transformation programme	10	Specific scope and approach still to be discussed with management, but to include coverage of internal financial controls.	Mustafa Salih – Assistant Director, Finance & Performance	Qtr 1
Personalisation / Children's Social Care	One Council Gold Project	15	Specific scope and approach still to be discussed with management.	Krutika Pau – Director – Children & Families	To be determined
<b>ENVIRONMENT &amp; NIEGHBOURHOOD (75 Days)</b>					
CRC Energy Efficiency Scheme	Audit work has been undertaken in 2009/10 and 2010/11, assisting management to determine the steps needing to be taken to ensure compliance with the Scheme.	15	This work will include testing of a sample of data and review / testing of certain processes so as to further assist management with ensuring that controls are in place to ensure compliance with the Scheme.	Judith Young – Head of Policy & Performance	Qtr 1/2

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
	The rules of the Scheme changed in 2010/11 following the Government's Comprehensive Spending Review.				
Libraries	One Council Gold Project on Libraries Transformation.	15	Specific scope and approach still to be discussed with management.	Sue McKenzie – Head of Libraries, Arts and Heritage	Qtr 3
Transformation (Policy & Regulation)	Restructuring and transformation work is being undertaken within this area of the Department. The Assistant Director has suggested that input into this from a risk and controls perspective would be of value.	20	Specific scope and approach still to be discussed with management.	Michael Read – Assistant Director Policy & Regulation	Qtr 1
Waste Management	The cost of the waste management contract is significant and failure to deliver an efficient and effective waste service will have adverse financial and reputational impacts for the Council. In addition, meeting the recycling target is one of the key priorities in the Borough Plan. The contract is also being reviewed.	15	This work will focus on the controls in place around the management of the waste contract and the achievement of the recycling target.	Michael Read – Assistant Director Policy & Regulation	Qtr 2/3

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
Land Charges	Whilst the number of searches is declining due to the economic downturn, the potential adverse impact from not providing correct, complete and up to date information is high.	10	Specific scope and approach still to be discussed with management.	Michael Read – Assistant Director Policy & Regulation	Qtr 2
<b>CUSTOMER AND COMMUNITY ENGAGEMENT(28 Days)</b>					
Members' Expenses and Allowance	Mismanagement of members' expenses and allowances may have an adverse financial impact, but primarily poses a risk to the Council's reputation.	8	This work will focus on the controls in place around the management and administration of Members' expenses and allowances.	Elly Cook – Mayor's Office & Member Development Manager	Qtr 1
Ward Working Grants	Mismanagement of ward working grants may have an adverse financial impact, but primarily poses a risk to the Council's reputation.	15	This work will focus on the controls in place around the management and administration of ward working grants, including the assessment and approval of applications.	Christine Collins – Neighbourhood Working Manager	Qtr 1
Equality Impact Assessment	Equality Act 2010/2011	5	Specific scope and approach still to be discussed with management, but is expected to focus on the controls in place centrally for ensuring that the Act is complied with across the Council in all aspects of the Council's front line and support services.  In addition, there will be a consideration of how this aligns with the transformation agenda and the impact assessments for major change projects and policies.	Jennifer Crook – Head of Diversity	To be confirmed

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
<b>HOUSING &amp; COMMUNITY CARE (60 Days)</b>					
Financial Assessments of service users and recovering contribution	With the economic downturn, the risk of fraud is generally accepted to increase and the recovery of contribution may also become more difficult.	15	This work will focus on the controls in place around the management and administration of financial assessments and the recovery of monies for calculated contributions from service users.	Eamonn McCarroll – Assistant Director Strategic Finance	Qtr 2
Safeguarding	<p>Whilst financial resources are becoming increasingly scarce, the Council still has a statutory obligation in this area.</p> <p>Previous audit work has been undertaken to assess the extent to which management have implemented controls to address the recommendations raised from Care Quality Commission (CQC) inspections.</p> <p>The CQC have now given the Council permission to monitor their performance in this area internally.</p>	15	Specific scope and approach still to be discussed with management, but is expected to focus on the extent to which our previous recommendations have been implemented, plus the actions taken by management in respect of any further recommendations raised by the CQC since that time. The work should include an assessment of the adequacy of the controls now in place to monitor performance going forwards.	Lance Douglas – Assistant Director, Quality & Support	Qtr 1/2
Relationship Management with External Housing Bodies	The Assistant Director has highlighted the need to focus on relationship management with external housing bodies in order to ensure that housing needs can be met and the new build programme doesn't suffer.	10	Specific scope and approach still to be discussed with management, but is expected to focus on the controls in place around the identification of potential organisations to engage with, and the subsequent engagement and management of relationships.	Perry Singh – Assistant Director, Housing Needs / Private Sector	Qtr 2

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
Partnership working with NHS	With the transfer of the responsibility to the Council to deliver health focused services, approximately £4m will be jointly management by the Council.	10	Specific scope and approach still to be discussed with management.	Martin Cheeseman – Director of Housing & Community Care	To be determined
Framework-i Financial Module	The integrity of financial information relating to social care is key to effective decision making processes. This has been identified as an area of concern by the Assistant Director.	10	Specific scope and approach still to be discussed with management.	Eamonn McCarroll – Assistant Director Strategic Finance	Qtr 1
<b>LEGAL &amp; PROCUREMENT (23 DAYS)</b>					
Procurement (Compliance with the Blue Book)	One Council Gold Project. Audit work was previously planned for 2010/11, but was postponed given that work around the project was still at a stage where our input was not considered to be appropriate.	15	This work will focus on the controls in place around ensuring and monitoring compliance with the Blue Book for high value spends.	Derry O'Neill – Head of Procurement	Qtr 1
Conflicts of Interests (Members)	During the economic downturn, it is generally accepted that the risk of fraud increases. Although currently delayed, the Bribery Act 2010 will place greater significance on the need to manage potential conflicts of interest.	8	This work will focus on the controls in place for ensuring that members declare any interests and that any members declaring interests are operating in an appropriate manner.	Fiona Ledden – Director of Legal & Procurement	Qtr 2

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
<b>REGENERATION &amp; MAJOR PROJECT (70 DAYS)</b>					
Project Management Framework (contract audit)	<p>A new Project Management Framework has been developed and this is to be rolled out for application across all projects managed by the department, as well as the wider Council going forwards.</p> <p>Current barriers which could impact on management's ability to embed this have been highlighted as being the lack of project management skills amongst existing staff and the need to change the culture with regards to the management of projects.</p>	5	<p>We will liaise with management to undertake an initial assessment of the adequacy of the controls making up the new project management framework. The focus will be on assisting management to determine any revisions potentially needed at this stage, as opposed to waiting until the framework has been fully implemented.</p> <p>We will feed in examples of good practice with which we are familiar in other organisations, as appropriate.</p>	Ian Hamilton – Head of Regeneration Performance Management	Qtr 1
Corporate Health & Safety	Corporate Manslaughter and Corporate Homicide Act 2007.	10	This work will focus on the controls in place around the management of corporate health & safety and the arrangements for ensuring compliance with the Corporate Manslaughter and Corporate Homicide Act 2007.	Richard Barrett – Head of Property & Asset Management	Q2
School Health & Safety	<p>As with corporate health and safety, there are legislative requirements in this area.</p> <p>Management have highlighted this as a particular risk area since the transfer of responsibility as part of the restructure.</p>	10	This work will focus on the controls in place around the management of health & safety for schools in Brent, including the identification and assessment of risk areas, and the maintenance of information around this.	Richard Barrett – Head of Property & Asset Management	Q2

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
Capital Projects (contract audits)	As above, a new Project Management Framework has been developed and this is to be rolled out for application across all projects managed by the department, as well as the wider Council going forwards.	30	Specific projects will be agreed with management for undertaken contract audits to assess the application of the newly developed Project Management Framework.	Richard Barrett – Head of Property & Asset Management	Qtr 3/4
Civic Centre Project (contract audit)	One Council Gold Project. Audit work has been undertaken in 2009/10 and 2010/11 around the inception and development of project. It is agreed that, given the scale of the project, further contract audit work should be undertaken at various stages through the life time of the project.	15	Ongoing contract audit work focusing on the controls in place around the management of the project. The specific scope varies depending on the stage of the works.	Aktar Choudhury – Assistant Director Civic Centre Programme	To be determined
<b>STRATEGY, PARTNERSHIP AND IMPROVEMENT (30 DAYS)</b>					
Domestic Violence	Supporting domestic violence victims and their families to escape from violent situations is one of the key priorities in the Borough Plan.	10	Specific scope and approach still to be discussed with management.	Genny Renard – Head of Community Safety Team	Qtr 1
Brent Blue Print	New joint working arrangement with the Police, on which the Council serves as the lead. Management have highlighted a risk around the Council's agenda being overtaken by that of the Police.	10	This work will focus on the controls in place to manage the joint working Arrangement.	Genny Renard – Head of Community Safety Team	Qtr 3

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
Data Quality	<p>Data quality is key in providing robust management information to facilitate effective decision making processes.</p> <p>Previous audit work has identified weaknesses around the management of performance information, although the most recent work during 2010/11 found that improvements have been made. Given that it remains a key risk area, management have suggested further coverage in 2011/12.</p>	10	This work will focus on the controls in place to manage performance related data across the Council, including the controls in place around confirming that data is complete, accurate, valid and timely, including where the source of this is external to the Council, i.e. through a partner organisation.	Cathy Tyson – Assistant Director, Policy	Qtr 3
<b>OTHER</b>					
<b>Brent Housing Partnership (BHP)</b>	See separate BHP Plan	135	<p>Draft Annual Plan has been formulated and is being presented to BHP's Audit &amp; Finance Sub-Committee for approval.</p> <p>The total number of days has increased slightly to take account of BHP's expanded role since the purchase of Granville New Homes.</p>	N/A	N/A
<b>Consultation, Communication and Reporting</b>	N/A	55	<p>To cover:</p> <ul style="list-style-type: none"> <li>Attendance by Deloitte management at meetings across</li> </ul>	N/A	Throughout the year



Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
<b>(Deloitte)</b>			<p>the Council, for example Strategic Finance Group, Schools Causing Financial Concern, and Audit &amp; Investigations Management meetings;</p> <ul style="list-style-type: none"> <li>• Deloitte management attendance at Audit Committee meetings and the production of progress reports for these;</li> <li>• Deloitte managements' non-audit specific liaison and communication with officers across the Council on a day-to-day basis and with the Council's external auditors, the Audit Commission. For example, ongoing liaison with Directors and Assistant Directors regarding any necessary revisions to the Plan and communication of key issues arising from completed internal audit work, and liaison with the Audit Commission regarding their review of completed internal audit work;</li> <li>• Day-to-day liaison with the in-house Audit Manager; and</li> <li>• General administration around the Deloitte element of the Plan, including the scheduling of work and monitoring of performance against the KPIs.</li> </ul>		

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
<b>Follow-Up</b>	If recommendations raised are not implemented by management, then the value derived from the work of Internal Audit is reduced and the Council's risk exposure is not reduced.	55	Completion of follow-up work in order to determine the extent to which previously raised recommendations have been implemented. This will be done as part of the rolling follow-up programme, into which all recommendations raised are added.	N/A – dependent upon each internal audit to be followed-up	Across the year
<b>Contingency</b>	To allow for any new or emerging risks which may be identified during the course of the year, particularly given the scale of changes taking place.	81	To be allocated to any new developments or new / emerging risk areas during the course of the year. In the event that additional work is required for which insufficient contingency days are available, a decision will be made on whether other lower risk audits can be deferred until 2011/12.	N/A – dependent upon work required	N/A – dependent upon work required
<b>Total</b>		<b>1,200</b>			

**Table 2 – IT Plan**

AUDIT	DAYS	PROPOSED COVERAGE	INITIAL KEY CONTACT	PROPOSED TIMING
<b>IT</b>				
Programme and Project Management Effectiveness	15	The overall audit objective is to assess the system and controls over how new business developments that involve engagement with IT are managed and the extent to which the system and controls provide management with a satisfactory level of internal control so that new developments provide value for money.	Tom Lloyd.  Dave Sifleet, Robert Hurcum	
Resilience of Exchange/Outlook and E-mail archiving	10	To assess the adequacy of the configuration settings and management for the business critical Exchange email system in terms of confidentiality, availability and mailbox archiving.	Tom Lloyd	
Resilience of Active Directory (AD) and Follow Up from AD Risk Assessment	12	This audit will follow up from our previous risk assessment of Active Directory (AD) and in addition conduct further testing to verify the resilience over AD within the Council.	Tom Lloyd	
VDI Project – Audit presence	15	This audit assurance approach will provide a fully embedded independent assessment of internal controls for this high profile and business critical project. The audit work, which is carried out on a regular basis throughout the project lifecycle, will cover: Regular attendance at project board meetings; Vouching project governance arrangement effectiveness; Confirming management standard compliance levels; and Monthly audit transition activity checks, and risk management issue exception updates at the project boards.  Formal audit assurance outputs will include a phase one interim report during the project lifecycle; and a phase two reports directly before the project go live or closure.	Tom Lloyd	
IT Governance	10	The Information and Communication Technology (ICT) Corporate Governance framework directs monitors and controls the current and future use of ICT to support core Council	New Head of IT	

AUDIT	DAYS	PROPOSED COVERAGE	INITIAL KEY CONTACT	PROPOSED TIMING
		business demands. This audit will assess the controls in place to mitigate the identified risks in relation to the <a href="#">ISO:38500</a> IT governance framework by examination of the following areas: Responsibility; Strategy; Acquisition; (and implementations PRINCE2) Performance; (ITIL) Conformance; and Human behaviour.		
Oracle Financials – Post Implementation	10	The aim of this audit is to independently assess the adequacy of the post implementation control framework and procedures established and applied by management to evaluate the “Return on Investment” achievements and shortfalls of project implementation activities over the Oracle Financials system. The post implementation activity should report on the extent to which the project achieved the goals and objectives set out in the project initiation document and this audit will assess the controls being applied in the following areas: <ul style="list-style-type: none"> <li>• Risk management of any ongoing residual project risks;</li> <li>• Post implementation methodology to assess and quantify business achievements and delivery of strategic goals; and</li> <li>• Post implementation knowledge management learning initiatives for ongoing continuous improvements.</li> </ul>	Mark Peart	
Frameworki - Application	10	This audit will cover the application controls for the Frameworki system. The areas covered in this audit include access controls, data entry, data processing, data output, interfaces, support and maintenance; and backup and recovery.	tbc	
Bankline Payments	10	This audit will cover the application controls for the Bankline Payments system. The areas covered in this audit include access controls, data entry, data processing, data output, interfaces, support and maintenance; and backup and recovery.	Sarah Cardno	
AXIS Cash Receipting	10	This audit will cover the application controls for the AXIS Cash Receipting system. The areas covered in this audit include	tbc	

AUDIT	DAYS	PROPOSED COVERAGE	INITIAL KEY CONTACT	PROPOSED TIMING
		access controls, data entry, data processing, data output, interfaces, support and maintenance; and backup and recovery.		
IDEAR – Pupil Management	10	This audit will cover the application controls for the IDEAR – Pupil Management system. The areas covered in this audit include access controls, data entry, data processing, data output, interfaces, support and maintenance; and backup and recovery.	tbc	
NonStopGov (iCaseWork) – e-forms run on this.	10	This audit will cover the application controls for the NonStopGov (iCaseWork) system. The areas covered in this audit include access controls, data entry, data processing, data output, interfaces, support and maintenance; and backup and recovery.	tbc	
Software Licensing	10	This audit will assess the software licensing inventory and management system in terms of: <ul style="list-style-type: none"> <li>• Procurement arrangements (policies, roles and responsibilities);</li> <li>• Inventory records (ITIL configuration management data base);</li> <li>• Security of definitive software library materials;</li> <li>• Disposal arrangements; and</li> <li>• Management information returns.</li> </ul>	Tom Lloyd	
TOTAL	132			

## Appendix B – Audit Needs Assessment

The output from the ANA process is documented in nine tables over the following pages, one at corporate level and one for each of the Departments.

### Corporate

#### Internal Risk Factors

##### **Achievement of Objectives - What are the Council's key objectives?**

**One Borough** – *Creating a sustainable built environment that drives economic regeneration and reduces poverty, inequality and exclusion. This will be achieved through:*

- *Driving economic opportunity and regeneration;*
- *Protecting environment;*
- *Greater access to affordable housing; and*
- *Increasing sports, leisure and culture facilities.*

**One Community** – *Providing excellent public services which enable people to achieve their full potential, promote community cohesion, and improve our quality of life. This will be achieved through:*

- *Reducing unemployment and low incomes;*
- *Supporting children and families;*
- *Enabling young people to thrive;*
- *Greater personal choice and independence in adult social care;*
- *Reducing crime and the fear of crime; and*
- *Address health inequalities and the gap in life expectancy.*

**One Council** – *Improving services for residents by working with our partners to deliver local priorities more effectively and achieve greater value for money from public resources. This will be achieved through:*

- *Consistent engagement with local communities; and*
- *Achieving organisational efficiency and service improvement.*

*In addition to the three key slogans above, the Council is also responsible for ensuring that robust and effective emergency and*

*business continuity plans are in place.*

**Compliance with legislation - *What are the key pieces of legislation and internal regulations from a corporate perspective?***

- *Local Government Act 2000*
- *Data Protection Act 1998*
- *Freedom of Information Act 2000*
- *Health & Safety at Work Act 1974*
- *Brent Council's Standing Orders*
- *Council's Financial Regulation*

**Income/ Expenditure - *What are the key areas of income and expenditure (not duplicating those covered for each Department)?***

- *Current Budget Requirement approx £265m, forecast £272m, resulting in £7m overspend. (See hotspot for the explanation for the forecasted overspend) (Source: SFG Budget Monitoring August 2010 forecast)*
- *Civic Centre Project approximately £100m in total but in the long term centralising council services is expected to decrease the running costs of the council by approximately £2.5m per year.*

**Changes to the organisation – *What are the key changes taking place from a corporate perspective? (e.g. significant change in staffing, change of IT systems, changes in ways of working)***

- *Staffing Review and Restructure;*
- *Customer Contact;*
- *Civic Centre (June 2013);*
- *Finance Modernisation Project (Single Accounting System).*

**Key Organisational Projects – *What are the key projects taking place at a corporate level?***

*Once Council – To make departmental and professional boundaries less important and to make internal and external partnership working the natural and expected way of doing business. To reduce waste, duplication, and inefficiency and optimise performance across the Council.*

*There are currently 13 One Council projects reporting to Programme Board including:*

- *Staffing & Structure Wave 1*

- *Staffing & Structure Wave 2*
- *Finance Modernisation*
- *Adult Social Care – Customer Journey*
- *Adult Social Care – Direct Services*
- *Waste & Street cleansing*
- *Children’s Social Care*
- *Strategic Procurement*
- *Review of Employee Benefits*
- *Income Generation*
- *Civic Centre*
- *Move to Civic Centre*
- *Customer Contact*

*Travel Plan – to promote environmentally friendly modes of transport such as walking, cycling, car-sharing and public transport, and to reduce CO2 emissions.*

#### **External Risk Factors**

**Economic – What areas are particularly being impacted by the general economic downturn, from a corporate perspective?**

- *Local Government Settlement cuts;*
- *Reduction in overall grants income;*
- *Debt recovery may be adversely affected as a result of economic decline impacting residents/trade customers;*
- *Increase in unemployment may increase residents claiming benefits;*
- *Current economic climate may create opportunity for chargeable services.*

**Regulatory - Are there any new pieces of legislation or regulatory requirements being introduced which impact the Council as a whole?**

**Equality Act 2010 – General Duty to:**

- *Eliminate unlawful discrimination, harassment and victimisation;*



- *Advance equality of opportunity between different groups; and*
- *Foster good relations between different groups.*

*As part of the above, there are there key tasks as follows:*

- *Transparency and Publication of Information;*
- *Action planning and Setting and Monitoring objectives; and*
- *Assessment of Impact.*

***Climate Change Bill including CRC (Carbon Reduction Commitment)***

***Capital Finance Regulations (Amended 2010)***

***International Financial Reporting Standards (IFRS)***

***Fraud Risk – Are there any specific factors to consider with regard to fraud risk from a corporate perspective?***

*It is generally accepted that, in hard economic times, the risk of fraud goes up. In addition, the element of change can be a key driver of fraud. There are a number of factors to consider:*

- *Increased financial pressures can increase the need for people to commit fraud, both staff and residents/suppliers;*
- *Changes to working practices / new systems creating opportunities to commit, either due to actual weaknesses in controls, or a perception that they are not yet embedded and hence they won't be found out; and*
- *Restructuring / job losses resulting in lower levels of morale amongst staff, and a reduced commitment to the organisation.*

## Children and Families

### Achievement and Inclusion/ Children's Social Care/ Policy and Performance

#### Internal Risk Factors

#### **Responsibility/Types of Services Provided**

*The Children and Families department has overall responsibility for improving outcomes for all Brent's Children, particularly the most vulnerable. The department works directly with children, parents and carers, schools, children's centres and a wide range of partners to improve the life chances and choices of young people and adults.*

*Current initiatives include the provision of sufficient high quality school places, embedding locality based integrated working, narrowing the gap in attainment and supporting our most vulnerable children to overcome the barriers which prevent them from achieving their full potential.*

#### **Achievement of Objectives/Reference to the Borough Plan - What are your key objectives?**

*As set out in the Borough Plan, the key objectives for the department are as follows:*

- *Support children who find it most difficult to succeed educationally;*
- *Work with looked after children, and those with special educational needs or disabilities, to help them achieve their potential;*
- *Aim to build at least one new high school and one primary school, while expanding existing capacity;*
- *Lobby central government for the resources to build new expand and re-build schools;*
- *Have a range of extended services and achieve accreditation as Healthy Schools at all schools; and*
- *Invest in early years services and increase access to childcare.*

*In addition to the above, the department also aim to enable young people to thrive through the following:*

- *Develop neighbourhood projects that tackle a lack of activities for young people through our Ward Working initiative;*
- *Review the Council's service provision to ensure all areas of the borough have relevant and engaging activities; and*
- *Continue to work with young people to improve the dedicated young people's website, Bmyvoice.*

#### **Compliance with legislation - What legislation is relevant to you in your Department?**

- *Children's Act 1989, and 2004*
- *Education Act 1996 and 2005*
- *Childcare Act 2006*
- *The Special Educational Needs and Disability Act 2001*

- *Department of Education Statutory Reporting requirements*
- *Data protection Act 1998*
- *The Academies Act 2010*

**Income/ Expenditure - What are your key areas of income and expenditure?**

- *(Source: SFG Budget Monitoring August 2010 forecast)*
- *Current Budget approx £58m, forecast £61m, resulting in £3m overspend. (See hotspot for the explanation for the forecasted overspend)*
- *(Source: Brent Analysis of Specific Grants)*
- *Schools grant– approx £200-230m*
- *Area Based Grant for Children & Families – approx £7m*
- *(Source: SFG HLM)*
- *SEN Transport Expenditure – approx £3-4m*
- *Children’s External Placement Costs approx £14-£15m*

**Changes to the organisation - Are there any changes taking place in your Department? (e.g. significant change in staffing, change of IT systems, changes in ways of working)**

*In addition to the Council wide changes such as staffing review and restructure projects, there are further changes including the introduction of Common Assessment Framework, and the launch of Locality Services.*

**Key Organisational Projects - We are aware of the various One Council projects taking place, but is there any specific aspect of these which is particularly relevant to your Department, more so than others?**

- **Children’s Services Transformation- Children’s Social Care** (Tranche 2);
- **SEN Review** (Tranche 3)– looks to expand local specialist educational provision for children and young people with high-level, special educational needs as a more cost-effective response to rising demand and budgetary pressures; and
- **Services to Young People** (Tranche 3).

**External Risk Factors**

**Economic - Are there any areas of your operations which are particularly being impacted by the general economic downturn?**

- *Private nursery providers may go out of business if income is impacted either as a result of decline in the income from*

*commercial customers or a reduction in grants. This will then reduce the number of places available within Brent, impacting the sufficiency of places in relation to demand.*

- *Funding cut has seen the withdrawal of Building School for Future and schools may be left with buildings/facilities that do not meet the minimum standards expected.*
- *Economic downturn may result in an increased demand on the state funded education thereby pressuring the number of places available within Brent. In addition, this may also increase the risk of fraudulent applications for high performing schools.*
- *If funding cut results in fewer frontline service staff including social workers, there will be an increased risk of errors in judgement, staff being de-motivated, cutting corners to deal with the volume of caseload, and these may impact on the protection of children or effectiveness of early signal detection.*
- *Funding cuts may undermine Brent's capability to develop in borough SEN provision.*
- *With funding cuts also affecting school budgets/grants, schools may increasingly seek alternative income streams such as letting, chargeable out of school hours activities, and any other profit making activities. Regulating such activities in an efficient, effective and practical ways will become key in ensuring that schools will remain focused on its key objectives and that they manage risks associated with such activities.*

**Regulatory - Are there any new pieces of legislation or regulatory requirements being introduced which impact on your Department?**

- **The Code of Practice for Local Authorities on Delivery of Free Early Years Provision for 3 & 4 year olds (Early Years Single Funding Formula)**
- **The School Admissions Code** (revised in 2009) – *Prior to this, local authorities have only been responsible for administering out of year admissions in the past. However the Council is now responsible for the whole process, from receipt of applications, to offers and waiting lists for Schools and the Council will be required to liaise with Schools and other authorities.*
- **Young People's Learning Agency (YPLA) funding** - *Local authorities are now responsible for considering the risks to funding and the need for assurance in respect of their own direct provision, including local authority maintained schools with sixth forms. The chief financial officers within local authorities are now responsible for determining whether and how any work should be undertaken to enable them to make their grant returns to the YPLA.*
- **The Academies Act 2010**

**Fraud Risk - Are there any areas of potential fraud risk which you have identified within your Department, or which you are aware of as being a possible problem area on the basis of your awareness of issues that may have occurred in other**

**boroughs?**

- Foster Care Payments
- Schools (Procurement, Personnel Related, Theft)
- School Admissions
- Childcare benefits (free places)
- False grant claims submitted by private service providers/schools
- Misuse of ring-fenced funding such as SEN funding

**Links to the Hotspots**

Significant potential overspends are identified and reviewed in the monthly Strategic Finance Group (SFG) meetings.

<i>Budget Area</i>	<i>Potential Overspend £'000</i>	<i>Nature</i>	<i>Proposed Resolution</i>
Social Care	2,019	Overspend on social care placements possible if the number in care does not reduce, or there is no shift from Individual Foster care Agency (IFAs) to Brent Carers.	Work ongoing as part of the Social Care, as stated in the key projects above.
Children with Disabilities	166	Pressure on CWD placements.	SEN Review to take place as part of Tranche 3 Projects.

(Source: SFG October Hotspot)

## Customer and Community Engagement

Communications/ Consultation/ Diversity and Community Cohesion/ Festivals/ Mayor's Office/ One Stop Service/ Registration and Nationality/ Ward Working

### Internal Risk Factors

#### Responsibility/Types of Services Provided

**Communications-** The Communication Team provide PR and strategic communications support for all non-political areas of the council including online, digital, social and traditional media. Most information that the Council publishes will go by the team and they are also responsible for the output of all council news as well as being the point of contact for media enquiries and responsible for online content.

**Consultation** – To ensure that all borough residents and service users are properly informed about the Council, its role, its policies and its performance so that they can take part in shaping and developing future services and setting proprieties.

**Diversity and Community Cohesion** – To ensure that services provided meet the varied individual needs and expectations of local people and that everyone has equal access to services, regardless of their race, heritage, gender, religious or non-religious belief, nationality, family background, age, disability or sexuality. To ensure that the Council's workforce represents the people they serve and to recruit, develop and retain the most talented people by valuing the varied skills and experiences they bring to Brent Council by investing in their training and development, by treating staff fairly and equitably, by combating harassment and discrimination at work, and by encouraging an honest and open culture which values the differences.

**One Stop Service (OSS)** – To provide residents and visitors to Brent with access to and information on a wide range of council services. OSS is the first point of contact for public council enquiries.

**Registration and Nationality** – To undertake the instructions by the General Registrar Office in respect of registration of births, marriages, and deaths. To provide nationality checking services for British citizenship and conduct British citizenship ceremonies.

**Ward Working** – To find out what concerns residents have about their area and how they would like it to be improved. Ward Working take a partnership approach to problem solving and work with local councillors in their role as community leaders to priorities issues and address residents' top concerns. Each of the 21 wards in Brent has an annual budget of £20k. The money is for one-off projects that will tackle issues in new and innovative ways, not to substitute for things that should be done anyway.

In addition to the above, the department also includes Festivals Team and Mayor's Office.

#### Achievement of Objectives/Reference to the Borough Plan - What are your key objectives?

As set out in the Borough Plan, one of the key priorities is to embed consistent engagement with local communities within Brent and empower local people by providing more opportunities to get involved. The new Brent wide Engagement Strategy sets out the ambition of the Council and partners to inform, consult, engage and involve the communicates in all aspects through the following:

- *Continue to distribute The Brent Magazine to households regularly;*
- *Use the Council's Residents' Attitude Survey and Citizen's Panel to measure residents' satisfaction, and respond to concerns raised;*
- *Focus on Councillors working in their communalities through Ward Working;*
- *Put more transactional services onto the Council's website so users get the response they need at a time convenient to them;*
- *Encourage residents to participate in overview and Scrutiny Panels; and*
- *Become a beacon of best practice for ensuring equality of opportunity.*

*In addition to the above, the Council also aims to achieve organisational efficiency and service improvement through the following:*

- *Redesign customer contact arrangements so that more enquiries and requests will be resolved on first contact;*
- *Continue working with public and voluntary sector partners to identify how the Council can collectively make best use of public spending;*
- *Set a target for 90 per cent of residents to be satisfied with their area as a place to live and 85 per cent to be happy with how the Council runs the borough; and*
- *Become a smaller but more effective organisation, focused on responding to residents' needs.*

**Compliance with legislation - *What legislation is relevant to you in your Department?***

- *Brent Council Corporate Communication Guidelines*
- *Brent Council Inclusive Communications Guidelines*
- *Data Protection Act 1998*
- *Freedom of Information Act 2000*
- *Equality Act 2010*
- *The Disability Discrimination Act*
- *The Births and Deaths Registration Act*
- *The Legitimacy Act*
- *The Marriage Act*
- *The Registration Act*
- *The General Registrar Office Instructions*

- *The Environmental Information Regulations*
- *The Re-use of Public Sector Information Regulations 2005*

**Income/ Expenditure - *What are your key areas of income and expenditure?***

- *Registration and Nationality Service generates approximately £670k from registration fees and holding ceremonies.*
- *Ward Working budget of approximately £400k per annum distributed across 21 wards for one off projects.*

**Changes to the organisation - *Are there any changes taking place in your Department? (e.g. significant change in staffing, change of IT systems, changes in ways of working)***

- *In addition to the Council wide changes such as staffing review and restructure projects, there are further changes including the development of web portal for self service facilities, and the introduction of IP Telephony.*
- *The restructure has seen Registration and Nationality Service moving into this department from Legal.*
- *The department have a number of services which generated internal income from the other Departments. With the Council moving away from Internal Charges, the department's income will be affected and meeting the financial target for income will become a challenge.*

**Key Organisational Projects - *We are aware of the various One Council projects taking place, but is there any specific aspect of these which is particularly relevant to your Department, more so than others?***

- *Move to Civic Centre*
- *Development of Willesden Green Library Centre and further three contact points for customers*
- *Reshaping Customer Contact Project*

**External Risk Factors**

**Economic - *Are there any areas of your operations which are particularly being impacted by the general economic downturn?***

- *With Economic downturn, the number of residents requiring the Council's support may increase including application for benefits. It will therefore become key that the level of avoidable contacts is kept to minimum and any queries are handled in an efficient manner.*
- *With the budget cuts and reduced amounts of money being available, consultation with residents will also become key in determining the priorities of how the money is to be used.*
- *The budget cuts have and will continue to introduce a number of changes to the way the Council operates and informing residents of the changes will become increasingly important to a successful delivery of the new process.*



- *With the budget cuts, service performance may decline and this will have immediate impact on customers. Balancing quality and productivity will be key.*
- *With Economic downturn and the pressure to save cost on training, there will be some conflicting priorities as training is key in areas such as Registration & Nationality.*

**Regulatory - Are there any new pieces of legislation or regulatory requirements being introduced which impact on your Department?**

- *Equality Act 2010 – A new process will be in place by 31 July 2011.*

**Fraud Risk - Are there any areas of potential fraud risk which you have identified within your Department, or which you are aware of as being a possible problem area on the basis of your awareness of issues that may have occurred in other boroughs?**

- *Misappropriation/misuse/loss of blank certificates*
- *As part of Reshaping Customer Contact Project we understand that Customer Services may take the role of undertaking financial or eligibility assessment using a pool of specialist staff. With the economic downturn, there will be an increased risk of fraudulent applications to receive benefits or free/subsidised care services so it will be key that adequate process is put in place to facilitate robust assessment.*

**Links to the Hotspots**

*Significant potential overspends have not been reported in the monthly Hotspot.*

## Environment and Neighbourhood

### Environment and Protection/ Neighbourhood Services/ Projects and Policy

#### Internal Risk Factors

#### **Responsibility/Types of Services Provided**

*Environment and Neighbourhood department provide a wide range of front-line services focused on ensuring Brent is a clean and well-maintained borough and a healthy, safe and enjoyable place to live. The department take a corporate lead on:*

- The 'Green Agenda' developing borough-wide plans to reduce Carbon emissions, increase sustainable transport options and reduce waste and increase recycling; and*
- Work to ensure that a lasting legacy is created for the borough as a result of the London 2012 Olympic and Paralympics Games.*

*The department is also responsible for developing a neighbourhood approach to service delivery alongside Councillors and other key service providers ensuring local people have the opportunity to influence services in their local area.*

*The environment and Protection division works to protect the environment and improve the quality of life for local residents by working with contractors to provide services such as street cleaning, waste collection, street lighting and parking. The division is also responsible for regulating activities to protect local people through Trading Standards, Health, Safety and Licensing, Emergency Planning and Environmental Health Teams.*

*The Neighbourhood Services division leads on developing and delivering the Council's cultural offer for the borough through the provision of parks and open spaces, libraries, the Brent museum and by providing a range of sporting and arts activities. The division also work with partners to improve highways, reduce traffic congestion and improve the quality of public transport and cycling and walking networks.*

*The Environmental Projects and Policy division supports and encourages the Council and other organisations and residents in the borough to become as sustainable as possible in its policies, services and practices. The majority of the division's work focuses on environmental sustainability although maintenance of Geographic Information Systems and administration of Local Land Charges are also dealt with by the unit.*

#### **Achievement of Objectives/ Reference to the Borough Plan - What are your key objectives?**

*As set out in the Borough Plan, one of the key priorities for the Council is to protect the environment through the following:*

- Reducing the Council's CO2 emissions by 25 per cent by 2014, by improving energy efficiency in council buildings, encouraging public transport use, reducing business travel, promoting car clubs and cycling facilities, and using alternative sources of energy;*

- *Making sustainable choices when purchasing goods and services, and promote the work to f the Brent Fairtrade Network;*
- *Increasing recycling and composting to 60 per cent by 2014;*
- *Collect bulky waste free of charge and where possible reuse or recycle items;*
- *Supporting people who choose cars with lower emission levels;*
- *Prosecuting those who spoil streets within Brent;*
- *Improving the wardens service and develop new sports and physical activities, particularly for older people, children and young people;*
- *Improving roads, increasing safety, particularly where it affects children; and*
- *Lobbying the Mayor of London on transport issues including high-speed but services connecting outer London town centres.*

*In addition to the above, the Council also aims to increase sports, leisure and culture facilities through the following:*

- *Promoting Brent's joint Sports and Physical Activity Strategy to increase the numbers taking regular exercise;*
- *Reviewing Brent's library service to create a network of modern libraries;*
- *Working to provide a new third swimming pool serving the north of the borough and to improve the centre at Bridge Park; and*
- *Through the Borough's Cultural Strategy, aim to provide better venues and attract more funding for cultural activities.*

#### **Compliance with legislation - *What legislation is relevant to you in your Department?***

- *Public Health Act 1936*
- *Health & Safety at Work Act 1974*
- *Road Traffic Act 1960*
- *Road Traffic Acts 1988 and 1991*
- *Road Traffic Regulations Act 1967*
- *Road Traffic Regulations Act 1980*
- *Highways Act 1980*
- *Traffic Management Act 2004*
- *Climate Change Act*
- *Environmental Protection Act 1990*
- *Clean Neighbourhoods and Environment Act 2005*

- *Code of Practice on Litter and Refuse 2006*
- *Household Waste Recycling Act 2003*
- *Refuse Disposal Amenity Act 1978*
- *Environmental Protection (Duty of Care) Regulations*
- *Controlled Waste Regulations*
- *Animal By-products Regulations*
- *End of Life Vehicles Regulations 2003*
- *The Landfill Allowance and Trading Scheme Regulations 2004*
- *Hazardous Waste Regulations 2005*
- *The Waste (Household Waste Duty of Care) Regulations 2005*
- *Waste Electrical and Electronic Equipment (WEEE) Regulations 2006*
- *The Waste Management (England and Wales) Regulations 2006*
- *Environmental Protection (Waste Recycling Payments) Regulations 2006*
- *Site Waste Management Plan Regulations 2008*
- *Waste Strategy for England 2007*
- *Traffic Management Act 2004*
- *Code for Sustainable Homes*
- *Eco Schools*
- *Sustainable Schools Strategy 2006*
- *Brent Climate Change Strategy*
- *ISO14001*
- *ISO9001*
- *Environmental Information Regulations 2004*
- *The London Plan*
- *The Mayor of London's Waste Strategy*
- *West London Waste Authority Municipal Waste Management Strategy*

- *Brent Municipal Waste Management Strategy*
- *Corporate Environmental Policy*
- *Brent Climate Change Strategy*

**Income/ Expenditure - What are your key areas of income and expenditure?**

- *External income for planning – approximately £1.4m in 2009/10 and the same budgeted for 2010/11.*
- *Land Charge Searches Income – approximately £400k in 2009/10 and approximately £600k budgeted for 2010/11.*
- *Veolia Contract (refuse collection, recycling and street-cleaning) – approximately £17m in 2009/10.*
- *Section 52 (9) charges – approximately £300k per year.*
- *PCN income – approximately £4m per year.*
- *On street meter income – approximately £3m per year.*
- *Highways expenditure on potholes and patching – approximately £1m per year.*

**Changes to the organisation - Are there any changes taking place in your Department? (e.g. significant change in staffing, change of IT systems, changes in ways of working)**

- *In addition to the Council wide changes such as staffing review and restructure projects, Streetcare will undergo a service structure review restructure in June 2011. The restructure will entail both people change and change in systems. The restructure that has already taken place and also the new phase will see a loss of knowledge and skills and it will be important to ensure that any critical knowledge and skills remain within the service. This will require a system to identify key knowledge/skills and put contingency and/or hand over plans in place.*
- *The launch of London Operational Permit Scheme in January 2010.*
- *The department is looking into the option of shared services with Ealing and Harrow in some areas such as highways, trading standards and other regulatory services.*
- *Brent Transport Service is also looking at opportunities for providing services externally through subcontracting.*

**Key Organisational Projects - We are aware of the various One Council projects taking place, but is there any specific aspect of these which is particularly relevant to your Department, more so than others?**

- *Waste Strategy Review (Waste & Street Cleansing)*
- *Veolia Contract Review*
- *Carbon Management Programme*

- *Libraries Transformation Project (closure of libraries)*
- *There is a target to generate an additional £3M income. This is expected to come from a number of areas including the key projects shown above.*

#### External Risk Factors

##### **Economic - Are there any areas of your operations which are particularly being impacted by the general economic downturn?**

- *In economic downturn, parking income may be affected from both PCN and parking fees. In addition, planning income from major application may also reduce if residents generally have less money and licence income such as skip & Hoarding licences may also reduce if less works are completed. On the other hand it may create an opportunity for the Council's chargeable services if they can provide better Value For Money than the private services such as leisure centres (gym facilities).*
- *Large part of street care services and parking are operated by contractors (Veolia and APCOA, for example). In economic downturn, contractors will also be affected and the quality (due to a lack of training and supervision)/motivation (pressure arising from needing to deliver more) of their staff may cause issues. In addition, going concerns of the contractors will also have impact on the Council's ability to deliver the required services.*
- *The department receives various grants and these may be cut/reduced. For example, Planning Delivery Grant of £390k was expected for 2010/11 but this has now been withdrawn.*

##### **Regulatory - Are there any new pieces of legislation or regulatory requirements being introduced which impact on your Department?**

- *Equality Act 2010*

##### **Fraud Risk - Are there any areas of potential fraud risk which you have identified within your Department, or which you are aware of as being a possible problem area on the basis of your awareness of issues that may have occurred in other boroughs?**

- *Misappropriation of street meter income.*
- *Fraudulent charges made by contractors.*
- *Misappropriation of planning/land charge search income.*
- *Fraudulent waiver/cancellation of PCNs.*
- *Misappropriation of membership fees for leisure/sports centres.*

<b>Links to the Hotspots</b>			
<i>Significant potential overspends are identified and reviewed in the monthly Strategic Finance Group (SFG) meetings.</i>			
<i>Budget Area</i>	<i>Potential Overspend £'000</i>	<i>Nature</i>	<i>Proposed Resolution</i>
<i>Planning Delivery Grant</i>	390	<i>Notification has been received that Planning Delivery Grant will be £0k instead of £390 that has been included in the budget.</i>	<i>Unavoidable overspend.</i>
<i>Bulky Waste – repeal of £25 charge</i>	195	<i>The Administration has committed to repealing the £25 charge for bulky waste. In a full year this is estimated to cost £390k in collection and disposal costs, based on tendered rates prior to the introduction of the charge and based on an assumed additional 1,000 tonnes of waste being handled. The hotspot assumes that the charge will be repealed mid-year. It is not yet clear whether waste tonnages generally will enable some of this to be offset by lower disposal costs generally or higher than expected organic waste credits.</i>	<i>Unavoidable overspend.</i>
<i>Shortfall in planning application fee income</i>	200	<i>Whilst application numbers are rising there has been a decline in major application numbers where the fees are greater.</i>	<i>Unavoidable overspend.</i>
<i>Land Charges income</i>	100	<i>Income received between April and September shows a £28k shortfall against a profile of £133k, which may lead to an income deficit of £100k for the full year. Instruction from the Information Commissioners states that all request to view Land Charges information (Personal Searches only) are to be considered under the Environmental Information Regulations 2004 and therefore should be provided free of charge. This will lead to a further loss of income this year of around £30k.  <i>In addition Local Authorities have to refund to agents fees paid for Personal Searches from 2004. This could be around £80k</i></i>	<i>There is very little scope to reduce expenditure within the Land Charges team to meet this budget gap. The only option would be to reduce services within E&amp;C.</i>

		<i>depending on the approach agreed. Therefore the current projection is an estimated income shortfall of £110k for land charges unless substantial and early recovery in the housing market takes place.</i>	
<i>StreetCare (Green Zones)</i>	<i>53</i>	<i>These costs have been incurred before Central Government withdrew retrospectively the Performance Reward Grant of £90k.</i>	<i>Unavoidable overspend.</i>
<i>StreetCare (Skip &amp; Hoarding Licences)</i>	<i>55</i>	<i>Loss of income. The reduction in the number of skip and hoarding licences last year and linked to the recession has continued into the current year.</i>	<i>Unavoidable overspend.</i>

*(Source: SFG October Hotspot)*



## Finance and Corporate Services

Audit and Investigation/ Exchequer and Investment/ Financial Management/ Financial Services Centre/ Human Resources/ Information Technology/ Revenues and Benefits

### Internal Risk Factors

#### Responsibility/Types of Services Provided

*Finance and Corporate Services consists of seven divisions including Audit and Investigation, Exchequer and Investment, Finance Service Centre, Financial Management, Human Resources, Information Technology, and Revenues and Benefits.*

*Finance and Corporate Services is deeply involved in ensuring that the One Council Programme delivers a sustainable financial position in the longer term.*

#### Achievement of Objectives/ Reference to the Borough Plan - *What are your key objectives?*

*As set out in the Borough Plan, one of the key priorities is to achieve organisational efficiency and service improvement. One Council Programme has been designed to reduce the operating costs of the Council through centralising operations that can be shared so that the Council can deliver efficiency savings while minimising the impact on front line services.*

#### Compliance with legislation - *What legislation is relevant to you in your Department?*

- *Data Protection Act*
- *Freedom of Information Act*
- *The Disability Discrimination Act*
- *Sex Discrimination Act*
- *Equality Act 2010*
- *International Financial Reporting Standards(IFRS)*
- *Council Tax Act 2006*
- *Value Added Tax Act*

#### Income/ Expenditure - *What are your key areas of income and expenditure?*

- *Council Tax – approximately £100m per year.*
- *NNDR – also approximately £100m per year.*
- *Income recovered from successful prosecution.*
- *Treasury Management*

- *Total Payroll costs (excluding all Schools costs) – approximately £125m in 2009/10.*

**Changes to the organisation - Are there any changes taking place in your Department? (e.g. significant change in staffing, change of IT systems, changes in ways of working)**

- *Launch of Financial Services Centre.*
- *Single Accounting System (Oracle) went on live since September 2010.*
- *IT and Human Resources have joined the department from Business Transformation. There is a dependency on key staff with specialist skills and knowledge including high agency staff on technology.*
- *With the re-organisation taking place, maintaining employment relations will become key for HR. In addition, the introduction of the new system in April 2010 is expected to see improved information relating to sickness and annual leave.*
- *With the risk of fraud increasing with the current environment, robust controls will be required in respect of conflicts of interests.*
- *There is a plan to move from Interact (Payroll/HR system) to Oracle.*
- *Although Capita has been re-appointed to provide services in relation to council tax and NNDR, some Brent staff will transfer to Capita from 2011/12. Also the contract fee is due to be reduced and it will be key that the collection and income level are maintained whilst the savings are made through the reduced fee.*
- *Increasing need for IT security including laptop encryption.*

**Key Organisational Projects**

**We are aware of the various One Council projects taking place, but is there any specific aspect of these which is particularly relevant to your Department, more so than others?**

- *Finance Modernisation Project*
- *Income Generation*
- *Review of Employee Benefits*
- *Launch of IP Telephony*

**External Risk Factors**

**Economic - Are there any areas of your operations which are particularly being impacted by the general economic downturn?**

- *Economic downturn will increase the level of benefits application and may reduce the recoverable revenue. In addition, if staff members responsible for processing financial transactions including invoices as well as benefit applications, are*

*pressured due to resource restriction, it may increase the risk of error.*

- *With the current economic downturn affecting the most of suppliers/businesses the Council deal with, late payments may have more significant impact on their going concern/business continuity.*
- *Treasury Management is also affected due to low return of investments.*
- *On the other hand, with the current environment, there may be an increased opportunity to recruit further specialists if needed.*

**Regulatory - Are there any new pieces of legislation or regulatory requirements being introduced which impact on your Department?**

- *Value Added Tax (Amendment) Regulations 2011)*
- *Equality Act 2010*
- *The Council Tax (Demand Notices) (England) Regulations 2010*
- *The Local Authorities (Alteration of Requisite Calculations) (England) Regulations 2010*
- *There will be some changes to CRB*
- *Welfare Reform Bill 2011*
- *White Paper 'Universal Credit: welfare that works'*

**Fraud Risk - Are there any areas of potential fraud risk which you have identified within your Department, or which you are aware of as being a possible problem area on the basis of your awareness of issues that may have occurred in other boroughs?**

*It is generally accepted that in hard economic times fraud risk goes up. In particular, Finance and Corporate Services may experience increased number of fraudulent benefit claims, increased referrals for investigation, increased risk of fraudulent payment, or misappropriation of income.*

**Links to the Hotspots**

Significant potential overspends are identified and reviewed in the monthly Strategic Finance Group (SFG) meetings.

<i>Budget Area</i>	<i>Potential Overspend £'000</i>	<i>Nature</i>	<i>Proposed Resolution</i>
<i>Housing Benefit Budget</i>	<i>300 to 600</i>	<i>Benefit payments have increased massively, due to an increase of 20% in caseload, and an increase in rent levels. Estimated total Housing/Council Tax Benefit payments for 10/11 are £327m, compared to £232m in 08/09. Although most of these costs are recovered via Government subsidy, there are subsidy penalties relating to claimant error overpayments. As a result of the increase in expenditure, the loss of subsidy will increase. An additional £760k has been put into the 10/11 budget but there is still likely to be an overspend.</i>	<i>Net costs would reduce if overpayment recovery rates increased, but they are already high. 09/10 overspend was mitigated by adjusting bad debt provision, but cannot be repeated in 10/11.</i>
<i>Council Tax / NNDR summons costs income</i>	<i>300 to 400</i>	<i>There is likely to be a shortfall in summons costs income due to lower recovery levels. Under recovery was £197k in 09/10 and collection overall is nearly 20% down at the end of September compared to the same time last year.</i>	<i>Greater enforcement of charges could impact on Council Tax recovery, where payment arrangements are agreed with late payers.</i>

(Source: SFG October Hotspot)

## Housing and Community Care

### Housing/Community Care/ Policy and Performance

#### Internal Risk Factors

#### Responsibility/Types of Services Provided

*Housing which oversee the quality of many private sector homes, give housing advice and support and provide for those who are in housing need.*

*Community Care work in partnership with the local health service and the independent and voluntary sector aim to help vulnerable people lead lives which are as independent and full as possible.*

#### Achievement of Objectives/ Reference to the Borough Plan - *What are your key objectives?*

*As set out in the Borough Plan, the Council aims to :*

- Provide 4,500 new homes by 201, with affordable housing accounting for 50 per cent of this figure;*
- Ensure that 25 per cent of all new build properties are suitable for families;*
- Reduce the numbers in temporary Accommodation; and*
- Work with private landlords to improve rented accommodation and bring unused property back into use.*

*The Council also aims to provide greater personal choice and independence in adult social care through the following:*

- Encourage more of our social care clients to use direct payments;*
- Work with the health care sector to reduce the number of people whose transfers from hospitals are delayed;*
- Improve the buildings and facilities for the day care centres and residential homes;*
- Streamline the assessment process;*
- Review the charging policy to ensure it is fair;*
- Work with other west London authorities to maximise the Council's budgets through joint procurement and shared services.*

*In addition to the above, the Council also aims to address health inequalities and the gap in life expectancy through the following:*

- Focus the Council's Health and Wellbeing Strategy on improving the wider issues that impact on health while supporting people to adopt a healthier life style;*
- Plan and design policies will make it easier to include exercise in daily life, with more cycle routes and safe foot paths;*
- Aim to reduce smoking through practical help and advice;*
- Encourage residents to take up free routine screening for cancers and immunisation opportunities;*

- *Work with Brent GPs to ensure the new process for commissioning local health services reflects the diverse needs of local people.*

**Compliance with legislation - *What legislation is relevant to you in your Department?***

- *The Mental Capacity Act 2005*
- *The Health and Social Care Act 2008*
- *The Community Care, Services for Carers and Children's Services (Direct Payments) (England) Regulations 2009*
- *The National Health Service and Community Care Act 1990*
- *The Fair Access to Care Criteria (FACS)*
- *The National Framework for NHS Continuing Health Care and NHS Funded Nursing Care.*
- *The Housing Grants Act 1996*
- *Greater London Authority Act 2007*
- *Housing Act 2004*
- *Housing and Social Care (Community Health and Standards) Act 2003*
- *Disability Discrimination Act 2005*
- *Homelessness Act 2002*
- *Information/Guidance provided by Care Quality Commission*

**Income/ Expenditure - *What are your key areas of income and expenditure?***

- *Rent Income*
- *Adult Social Care Cost (Physical, Mental and learning disabilities, and older people)*
- *Temporary Accommodation Cost*

**Changes to the organisation - *Are there any changes taking place in your Department? (e.g. significant change in staffing, change of IT systems, changes in ways of working)***

- *Introduction of Self Directed Support, Personal Budgets, and Reablement.*
- *Whilst the eligibility and accessibility to the service will remain the same, ASC will be required to operate tougher filtering process particularly around people with moderate needs are likely to be affected.*
- *Closure of Day Centres*
- *Management of housing stock and the arrangement with BHP are currently under review.*

**Key Organisational Projects - We are aware of the various One Council projects taking place, but is there any specific aspect of these which is particularly relevant to your Department, more so than others?**

- *Adult Social Care – Customer Journey*
- *Adult Social Care Transformation – Reablement and Self Directed Support*
- *Adult Social Care – Direct Services (Learning Disabilities)*

**External Risk Factors**

**Economic - Are there any areas of your operations which are particularly being impacted by the general economic downturn?**

- *With economic downturn, the number of people requiring housing and social care assistance may increase if they are no longer able to afford the costs themselves and this will increase the volume of assessments that the department has to deal with.*
- *With economic downturn, homelessness may increase and subsequently cost of temporary accommodation will increase.*
- *Home care provision is delivered by external service providers and if they cannot sustain the quality and capacity, or go out of business, the provision of home care services may be disrupted. In addition, the contract is due to be reviewed.*
- *Current economic climate combined with ongoing overspend on social care budget have resulted in the introduction of new business model for community equipments aborted. To minimise the cost, the Council has opted to limit its service to sign posting only, as opposed to providing the equipments to residents through the use of retailers.*
- *Partnership working with National Health Service (PCTs) will create an opportunity but also poses a challenge due to conflicting priorities between the Council and PCTs.*
- *In some areas, ASC will have to rely on voluntary sector to deliver the required services.*

**Regulatory - Are there any new pieces of legislation or regulatory requirements being introduced which impact on your Department?**

- *Changes made to Local Housing Allowance from April 2011*
- *The North West London Hospitals National Health Service Trust (Transfer of Trust Property) Order 2011*
- *Equality Act 2010*
- *Care Quality Commission has moved to self assurance approach from undertaking inspections.*

**Fraud Risk - Are there any areas of potential fraud risk which you have identified within your Department, or which you are aware of as being a possible problem area on the basis of your awareness of issues that may have occurred in other**

**boroughs?**

- *Empty Property Grants (£3,000 plus 60% of the eligible expense)*
- *Disabled Facilities Grant (Mandatory grant up to £30,000)*
- *Small Works Grants (up to £5,000)*
- *Freedom Passes*
- *Blue Badges*
- *Fraudulent application for council housing/benefits*
- *Fraudulent claims from voluntary/private organisations.*

**Links to the Hotspots**

*Significant potential overspends are identified and reviewed in the monthly Strategic Finance Group (SFG) meetings.*

<i>Budget Area</i>	<i>Potential Overspend £'000</i>	<i>Nature</i>	<i>Proposed Resolution</i>
<i>Community Care</i>	<i>3,500</i>	<i>Continuing Pressures from 2009/10</i>	

*(Source: SFG October Hotspot)*



## Legal and Procurement

### Internal Risk Factors

#### **Responsibility/Types of Services Provided**

*The Legal and Procurement Directorate consists of three divisions; Democratic Services; Legal; and Procurement, and have overall responsibility for the procurement strategy and policy across the Council. The directorate ensures that the Council achieves the best possible service at the best possible cost from the suppliers that it works with across all services within the Council.*

#### **Achievement of Objectives/ Reference to the Borough Plan - What are your key objectives?**

*The key priority of the department is to provide expert and skilled specialist legal advice and support across all of the Council services ensuring that the Council operates to its powers and duties and ensuring clear governance and accountability.*

*In addition, the department also aims to provide an excellent committee service and support for its members ensuring that democracy is real across the organisation. The election team also ensures that elections are managed and run efficiently and effectively across the Borough.*

#### **Compliance with legislation - What legislation is relevant to you in your Department?**

*Given the nature of service provided, any legislations that apply to the other departments will also be relevant to this department. In addition, there are further legislations that are specifically relevant to this department including:*

- *European Procurement Directives*
- *Public Contracts Regulations 2006*
- *The Public Contracts and Utilities Contracts Regulations 2008*
- *Council's Financial Regulation*

#### **Income/ Expenditure - What are your key areas of income and expenditure?**

- *Income from the other council departments. (Internal Charges)*
- *Income from external customers for legal advice*
- *Cost of specialist knowledge (qualified staff)*
- *Council Elections – approximately £400k*

#### **Changes to the organisation - Are there any changes taking place in your Department? (e.g. significant change in staffing, change of IT systems, changes in ways of working)**

- *New Borough Solicitor was appointed in 2010.*

**Key Organisational Projects - We are aware of the various One Council projects taking place, but is there any specific aspect of these which is particularly relevant to your Department, more so than others?**

- *Strategic Procurement Review*

#### External Risk Factors

**Economic - Are there any areas of your operations which are particularly being impacted by the general economic downturn?**

- *With economic downturn, the number of housing litigation, prosecutions, commercial litigation may will increase. In addition, as the service users are also affected and defaulting payments, the need for debt recovery advice may also increase.*
- *In addition to the above, the level of information request under the Freedom of Information Act may increase.*

**Regulatory - Are there any new pieces of legislation or regulatory requirements being introduced which impact on your Department?**

- *Equality Act 2010*
- *Academies Act 2010*
- *Bribery Act 2010*

**Fraud Risk - Are there any areas of potential fraud risk which you have identified within your Department, or which you are aware of as being a possible problem area on the basis of your awareness of issues that may have occurred in other boroughs?**

- *Intentional non compliance with the procurement requirements to gain personal benefit.*

#### Links to the Hotspots

*Significant potential overspends have not been reported in the monthly Hotspot.*

## Regeneration and Major Projects

Civic Centre/ Major Projects/ Planning and Development/ Policy and Delivery/ Property and Assets

### Internal Risk Factors

#### Responsibility/Types of Services Provided

*The Regeneration and Major Projects department has been established to drive forward Brent's ambitious regeneration and capital programme in a coherent and co-ordinated way. It consists of five divisions including: Civic Centre; Major Projects; Planning & Development; Policy & Delivery; and Property & Assets. It should be noted that cross cutting corporate property and asset management was launched in April 2010.*

*The department will develop a long term regeneration strategy identifying how to deliver transformational changes across Brent.*

*The department has a diverse remit that encompasses planning, building new schools, affordable housing, property, transport strategy and employment.*

*Current major projects include Wembley, South Kilburn, Barham Park, North Circular Road, Crest Academy and delivering both the Civic Centre and a new Willesden Green Centre.*

*The department will professionally manage the Council's major projects, ensuring they are delivered to programme and budget. The department aims to develop a reputation for quality across the breadth of its work, helping to attract and retain the very best staff, and positioning Brent as leaders within the regeneration field. I*

#### Achievement of Objectives/ Reference to the Borough Plan - What are your key objectives?

*As set out in the Borough Plan, the department aims to drive economic opportunity and regeneration through the following:*

- Developing the new Civic Centre, a world class, environmentally sustainable, unique public building;*
- Improving Willesden Green Library Centre, providing more community facilities;*
- Creating three further multi-use contact points across the borough;*
- Working with the voluntary sector to develop a resource centre;*
- Working with the private sector to create opportunities for more business, retail, housing and environmental improvements in South Kilburn and Harlesden;*
- In consultation with residents redesign local housing and make better use of open spaces along the North Circular Road;*
- Enhance the tourism and employment opportunities the 2012 Olympic Games offer*
- Work with Camden Council to improve Kilburn High Road.*

*In addition to the above, another key priority is to reduce unemployment/low incomes and reduce the numbers claiming out of work*

*benefits to meet the London average while raising income levels, by 2014.*

*As set out in the Borough Plan, the focus will be on those who have been out of work for longest and provide them with the right skills and experience to gain employment and provide specialist support to those with a disability.*

**Compliance with legislation - *What legislation is relevant to you in your Department?***

- *Public Contracts Regulations 2006*
- *Health and Safety Act 1974*
- *European Procurement Directives*
- *Planning Act 2008*
- *Housing & Regeneration Act 2008*
- *London Olympic Games & Paralympics Games Act 2006*
- *London Democracy, Economic Development & Construction Act 2009*
- *Flood and Water Management Act 2010*

**Income/ Expenditure - *What are your key areas of income and expenditure?***

- *Major Projects including Civic Centre – approximately £100m in total for the whole project.*
- *Cost of Corporate Asset Management*

**Changes to the organisation - *Are there any changes taking place in your Department? (e.g. significant change in staffing, change of IT systems, changes in ways of working)***

- *The department now consist services from six different departments and are currently in a process of consolidating budgets.*
- *A number of inherited works exist following the restructure and these will be reviewed and priorities as these include large proportion of non statutory works.*
- *The introduction of Corporate Property Service Model.*

**Key Organisational Projects - *We are aware of the various One Council projects taking place, but is there any specific aspect of these which is particularly relevant to your Department, more so than others?***

- *Civic Centre*
- *Willesden Green Library Centre*
- *Development of three further multi-use contact points.*
- *School Capital Programme*

### External Risk Factors

**Economic - Are there any areas of your operations which are particularly being impacted by the general economic downturn?**

- *With reduced grants available for capital or regeneration works, the department will have less money to achieve its priorities. This will then mean that the stakeholder consultations will become increasingly important to help ensure that scarce resource is used in the areas of priorities.*
- *With the Central Government's decision on grants, the rents will no longer be affordable for tenants and there will be a gap.*
- *The Council's job cuts will impact on the employment agenda.*
- *Due to staff shortage, consultants may be relied upon in the procurement process.*

**Regulatory - Are there any new pieces of legislation or regulatory requirements being introduced which impact on your Department?**

- *Equality Act 2010*

**Fraud Risk - Are there any areas of potential fraud risk which you have identified within your Department, or which you are aware of as being a possible problem area on the basis of your awareness of issues that may have occurred in other boroughs?**

- *Given that the department will be working with the voluntary/private sector, there is an increased risk of fraudulent claims if the arrangements involve sharing money with these sectors. In addition fraudulent claims may also be made by local businesses if grants are provided.*
- *With construction works, there is an increased risk that works may intentionally not be completed to the required specification/standards to reduce costs.*
- *Intentional non compliance with the procurement requirements to gain personal benefit.*

### Links to the Hotspots

*Significant potential overspends have not been reported in the monthly Hotspot.*

## Strategy, Partnership and Improvement

Community Safety/ Complaints/ One Council/ Overview and Scrutiny/ Policy, Performance and Partnerships

### Internal Risk Factors

#### **Responsibility/Types of Services Provided**

*The Strategy, Partnerships and Improvement have overall responsibility for the strategic planning and policy development of the Council. The department lead the One Council Programme and have responsibility for the scrutiny and overview functions of the Council and for council wide complaints.*

*The department also take direct leadership of Community Safety which develops and helps implement the borough's crime reduction and community safety strategy in partnership with the police and other agencies.*

#### **Achievement of Objectives/ Reference to the Borough Plan - What are your key objectives?**

*As set out in the Borough Plan, one of the key priorities is to protect the public from crime through the following:*

- Engaging with affected communities to reduce gun crime through intelligence led approaches;*
- Working with the police, focus on preventative programmes in schools;*
- Supporting domestic violence victims and their families to escape from violent situations;*
- With the Safer Neighbourhood Teams, aim to reduce residential burglary by focusing on known burglary locations and repeat offenders;*
- Focusing preventative work on young people most at risk of offending;*
- Lobbying local newspapers to stop the advertising of sex services and promote charities that help women leave prostitution; and*
- Improving the support available to people completing treatment for drug and alcohol addiction.*

*In addition to the above, the department's objective is also to ensure that policies developed across all departments are strategically aligned and mutually reinforcing.*

#### **Compliance with legislation - What legislation is relevant to you in your Department?**

- Crime and Disorder Act 1998*
- Data Protection Act 1998*
- Corporate Complaints Policy*
- Freedom of Information Act 2000*

**Income/ Expenditure - What are your key areas of income and expenditure?**

- *Neighbourhood Safety Costs*

**Changes to the organisation - Are there any changes taking place in your Department? (e.g. significant change in staffing, change of IT systems, changes in ways of working)**

- *Performance Management Frame work is in the process of being reviewed and redesigned.*
- *Complaints process has been revised with defined reporting lines.*

**Key Organisational Projects - We are aware of the various One Council projects taking place, but is there any specific aspect of these which is particularly relevant to your Department, more so than others?**

- *Rewarding Performance (Tranche 2)*
- *Public Protection Review (Tranche 3)*

**External Risk Factors****Economic - Are there any areas of your operations which are particularly being impacted by the general economic downturn?**

- *With funding cuts, partners working within Brent Community Safety Partnership are also likely to be affected and if their priority change, the existing arrangement may no longer work.*
- *In economic downturn, residents may experience increased level of crime due to reduced preventative activities or due to more people offending.*
- *Economic downturn may impact on resident's morale and as a result may increase a level of vexatious complaints.*

**Regulatory - Are there any new pieces of legislation or regulatory requirements being introduced which impact on your Department?**

- *Comprehensive Area Assessment has been abolished in May 2010.*

**Fraud Risk - Are there any areas of potential fraud risk which you have identified within your Department, or which you are aware of as being a possible problem area on the basis of your awareness of issues that may have occurred in other boroughs?**




- *None noted*



**Links to the Hotspots**

*Significant potential overspends have not been reported in the monthly Hotspot.*




## Appendix C – Audit Team and Contact Details

London Borough of Brent	Contact Details
Simon Lane – Head of Audit & Investigations	 <a href="mailto:simon.lane@brent.gov.uk">simon.lane@brent.gov.uk</a>
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	 <a href="mailto:aina.uduehi@brent.gov.uk">aina.uduehi@brent.gov.uk</a>
	 020 8937 1495

Deloitte & Touche Public Sector Internal Audit Limited	Contact Details
Mark Towler – General Manager	 <a href="mailto:phil.lawson@brent.gov.uk">phil.lawson@brent.gov.uk</a>
Phil Lawson – Sector Manager	 020 8937 1493
Shahab Hussein – Computer Audit Sector Manager	
Miyako Fujii – Senior Audit Manager	

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 <p>The logo of Brent Council, featuring a central coat of arms with a shield, a crown, and two lions, surrounded by the words 'BRENT' at the top and 'COUNCIL' at the bottom in a circular arrangement.</p>	<p><b>Audit Committee</b> 15<sup>th</sup> June 2011</p> <p><b>Report from the Director of Finance and Corporate Services</b></p>
<p>For Information <span style="float: right;">Wards Affected: ALL</span></p>	
<p><b>Final Internal Audit Progress Report 2010/11</b></p>	

## 1. Summary

- 1.1. This report summarises the work of Internal Audit for 2010/11 and provides an update on progress since the previous report to this Committee on 22<sup>nd</sup> February 2011.

## 2. Recommendations

- 2.1. That the Audit Committee notes the progress made in achieving the 2010/11 Internal Audit Plan.

## 3. Detail

- 3.1. The Internal Audit Plan for 2010/11 comprised 1201 days, of which 941 were allocated to Deloitte Touche Public Sector Internal Audit Limited, and 260 to the in-house team.
- 3.2. A total of 1178 days have been delivered against the overall Plan, made up of 928 Deloitte PSIA days and 250 in-house days. This represents 98% of the Plan. This is an improvement on the 2009/10 Internal Audit Plan for which 95% of the plan was delivered.
- 3.3. Of the 41 Final Reports issued during 2010/11, for which an Assurance Report was due, there were 29 (71%) 'Substantial' assurance opinions and 12 (29%) 'Limited' assurance opinions. No 'Full' assurance or 'Nil' assurance opinions have been awarded for those audit reports finalised to date. This does not include the Brent Housing Partnership (BHP) final reports as these are reported separately to the BHP Audit & Finance Sub-Committee.

- 3.4. In total, 50 (44 Council & 6 BHP) Final Reports have been issued as part of the 2010/11 Internal Audit Plan. A summary report setting out completed audit work is attached as Appendix 1.
- 3.5. With regard to the follow-up of recommendations raised and agreed by management, a more structured programme was introduced in 2008/09, as reported to Committee. Under the revised approach, management are responsible for completing a self assessment of the status of implementation of each of the recommendations originally raised, following the passing of agreed deadlines for implementation. Where management indicate that recommendations have been implemented, a meeting is arranged to verify this, following which a report is issued. If the recommendations have not been fully implemented, either through verification or as indicated by management in their self assessment, then, as was previously the case, further actions are identified as necessary and revised deadlines for completion will be agreed with management. In all cases, where recommendations have not been fully implemented, the further actions will continue to be followed-up until the point at which full implementation is confirmed.

#### **4. Financial Implications**

- 4.1. None

#### **5. Legal Implications**

- 5.1. None

#### **6. Diversity Implications**

- 6.1. None

#### **7. Background Papers**

1. REPORT FROM THE DIRECTOR OF FINANCE – INTERNAL AUDIT PLAN FOR 2010/11, *Audit Committee 3<sup>rd</sup> March 2010.*

#### **8. Contact Officer Details**

Simon Lane, Head of Audit & Investigations, Room 1, Town Hall Annexe.  
Telephone – 020 8937 1260

**Clive Heaphy**  
**Director of Finance and Corporate Services**



**Internal Audit  
Final Progress Report 2010/11  
London Borough of Brent  
June 2011**

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## Executive Summary

<b>Introduction</b>	<p>This report sets out a summary of the work completed against the 2010/11 Internal Audit Plan.</p> <p>In the report we provide a summary of the main findings from each audit together with the assurance ratings for each one. Please note that this summary and assurance rating is only reported on once the individual audit reports have been finalised. We have also indicated where draft reports have been issued and are in the process of being agreed with management.</p>
<b>Summary of progress against the Plan</b>	<p>The overall Internal Audit Plan for 2010/11 comprised 1,201 days, of which 941 were allocated to Deloitte &amp; Touche Public Sector Internal Audit Limited (Deloitte PSIA), and 260 to the in-house team. Of the total, 59 days were carried forward from 2009/10. The reasons behind this were set out within the Plan itself, as presented to the 3<sup>rd</sup> March 2010 meeting.</p> <p>A total of 1178 days were delivered against the overall Plan, made up of 928 Deloitte PSIA days and 250 in-house days. This represents 98% of the Plan and a shortfall of 2% (23 days) in delivery. The short fall was due to planned work on one of the projects in the One Council Project being unable to go ahead due to delays in the implementation of the project and one other project being unable to go progress before the year-end due to staff and organisational changes in the relevant department.</p>
<b>Summary of Work Undertaken</b>	<p>Much of our work comprised audits of key systems across the Council, both financial and non-financial. In addition, as part of our focus on key developments, we undertook work in relation to the One Council Programme, including around the Corporate Property Review, and with regards to Self Directed Support and Reablement which form a key part of the Adult Social Care Transformation Programme. We also undertook full audits of the new key financial systems, following on from our earlier adequacy based work around the Finance Modernisation Project, as completed at the end of 2009/10.</p> <p>A range of computer audits were also undertaken across the Council, including in relation to the migration to the single accounting system, both pre and post migration.</p> <p>The final key area of work was in relation to the schools, which forms a significant part of our annual coverage. Work in the first half of the year was focused around the secondary schools, and included both the Financial Management Standard in Schools (FMSiS) assessment and more detailed internal audit work in key risk areas. On 15 November 2011, the Government announced the decision to end the FMSiS accreditation with immediate effect. Those schools that had yet to receive a full Pass under the scheme were issued with Draft Reports giving an internal audit assurance opinion and raising recommendations relating to all areas of control weakness identified across both the FMSiS assessment and the wider audit.</p>





At the time of writing, not all of these reports have been finalised as responses to the recommendations raised have not been provided by all schools. This is covered in more detail within the Annual Audit Report 2010/11.

Further internal audit work was undertaken across a number of primary and junior schools during the second half of the year. This followed the same detailed audit programme as for the secondary schools.




Key areas of weakness identified across several of the secondary schools, and also a number of the primary and junior schools related to compliance with the Financial Regulations for Schools around high value procurement and leasing arrangements. In addition, issues have been identified in respect of the salary levels of Headteachers and other members of the Leadership Teams in the context of non-compliance with the national School Teachers Pay and Conditions Document 2010 (STPCD). Again, further details in this respect are set out within the Annual Audit Report 2010/11.

**Summary of Assurance Opinions and Direction of Travel**

**Assurance Opinions**

	Full 	Substantial 	Limited 	None 
<b>2008/09</b>	-	78% (21)	22% (6)	-
<b>2009/10</b>	-	61% (25)	39% (16)	-
<b>2010/11</b>	-	71%% (29)	29% (12)	-

**Direction of Travel**

	Improved 	Unchanged 	Deteriorated 
<b>2008/09</b>	8	1	-
<b>2009/10</b>	6	9	-
<b>2010/11</b>	5	4	-

Overall, for the work finalised for 2010/11 to date, there has been a positive movement in the spread of assurance opinions. Where applicable, the Direction of Travel assessment has also been positive. However, it should be noted that there are some reports that are in draft stage and the percentage of the limited assurance will increase and there will be a negative movement in the direction of travel once they

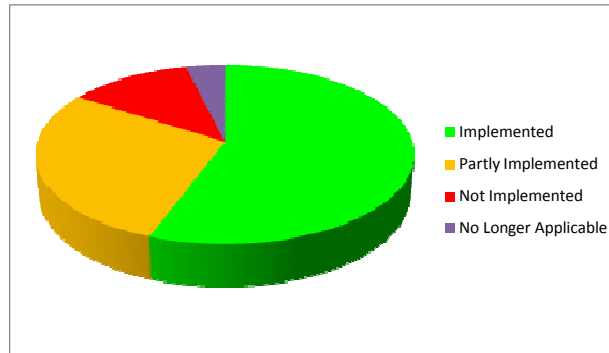


are finalised. Works that are in draft stage are set out later in this report.

It should be noted that the above figures do not include Brent Housing Partnership (BHP) reports, which are reported on separately to the BHP Audit & Finance Sub-Committee.

## Follow-Up of Previously Raised Recommendations

### Implementation of Recommendations



As part of our rolling programme, all recommendations are being followed-up with management, as and when the deadlines for implementation pass. This work is of high importance given that the Council's risk exposure remains unchanged if management fail to implement the recommendations raised in respect of areas of control weakness. A key element of the Audit Committee's role is to monitor the extent to which recommendations are implemented as agreed and within a reasonable timescale, with particular focus applied to any priority 1 recommendations.

The current level of implementation is as per the chart above. Overall, this is considered positive given that, of the recommendations followed-up, 88% had either been fully or partly implemented, or are no longer applicable due to changes in the scope of operations. Of the priority 1 recommendations, 94% had either been fully or partly implemented.

Going forwards into 2011/12, we will monitor the extent to which management inform us that any recommendations haven't yet been implemented due to issues with resource levels. We recognise that this may be a limiting factor in certain areas. However, it is important that both management and the Committee have an awareness of any such recommendations, and, specifically, the risks surrounding the weaknesses to which they relate. In certain instances, if the risk exposure is high, a decision may need to be made as to how this can be addressed given the resources available.

**Customer Satisfaction**

Satisfaction Ratings 1=Poor, 5= Excellent

Year	Average Overall Rating
2008/09	4.4
2009/10	4.1
2010/11	4.7

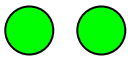



10 completed satisfaction questionnaires were received during the year in relation to the work undertaken by Deloitte PSIA. This, together with the in-house monitoring of progress and the review of work completed, is a key way in which the performance of Deloitte PSIA is monitored.

## Detailed summary of work undertaken

We set out in this section, a summary of the internal audits completed during the 2010/11 financial year.

### Assurance Opinions




We have four categories by which we classify internal audit assurance over the processes we examine, and these are defined as follows:

	<b>Full</b>	There is a sound system of internal control designed to achieve the client's objectives. The control processes tested are being consistently applied.
	<b>Substantial</b>	While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
	<b>Limited</b>	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client's objectives at risk.
	<b>None</b>	Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

The assurance gradings provided above are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full Assurance' does not imply that there are no risks to the stated objectives.

### Direction of Travel

The Direction of Travel assessment provides a comparison between the current assurance opinion and that of any previous internal audit for which the scope and objectives of the work were the same.

	Improved since the last audit visit. Position of the arrow indicates previous status.
	Deteriorated since the last audit visit. Position of the arrow indicates previous status.
	Unchanged since the last audit report.
No arrow	Not previously visited by Internal Audit.

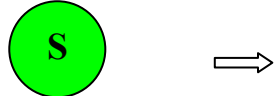

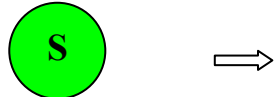



**Recommendation Priorities**












In order to assist management in using our internal audit reports, we categorise our recommendations according to their level of priority as follows:






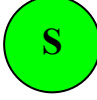


<b>Priority 1</b>	Major issues for the attention of senior management and the audit committee.
<b>Priority 2</b>	Important issues to be addressed by management in their areas of responsibility.
<b>Priority 3</b>	Minor issues resolved on site with local management.

## SUBSTANTIAL ASSURANCE REPORTS

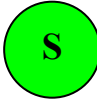




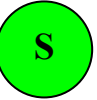



Only the assurance opinion and direction of travel is being reported on for those audits for which Substantial Assurance was given. The Committee's focus is directed to those for audits which received a Limited Assurance opinion.



Audit	Status as at June 2011	Assurance Opinion and Direction of Travel
Council Tax	Final Report	
Payroll	Final Report	
NNDR	Final Report	
Treasury Management	Final Report	
Service Planning and Performance Management	Final Report (Reported in February 2011)	
Sports and Leisure Centre	Final Report (Reported in December 2010)	

Audit	Status as at June 2011	Assurance Opinion and Direction of Travel
Business Continuity Planning	Final Report (Reported in December 2010)	 
Local Area Agreement Data Management	Final Report (Reported in December 2010)	
School Admissions	Final Report (Reported in September 2010)	
Housing Provision for 16-17 year olds	Final Report (Reported in September 2010)	
Traffic Management	Final Report (Reported in September 2010)	 
<b>COMPUTER AUDITS</b>		
PC and Laptop Checks	Final Report	
Data Protection and Freedom of Information	Final Report	
Northgate Revenue & Benefit Application	Final Report	 

Audit	Status as at June 2011	Assurance Opinion and Direction of Travel
Interact Payroll Application	Final Report	
IP Telephony	Final Report	
Mobile Device Security	Final Report (Reported in February 2011)	
Oracle Database Security	Final Report (Reported in December 2010)	
Experian Payments Gateway (IT)	Final Report (Reported in September 2010)	
<b>SCHOOLS</b>		
Christ Church RC Primary School	Final Report	
Mount Stewart Infants School	Final Report	
Northview Primary School	Final Report	




Audit	Status as at June 2011	Assurance Opinion and Direction of Travel
Anson Primary School	Final Report	
Barham Primary School	Final Report	
Fryent Primary School	Final Report	
Preston Park Primary School	Final Report	
St Andrew and St Francis C of E Primary School	Final Report	
Donnington Primary School	Final Report	
St Margaret Clitherow Catholic Primary School	Final Report	
<b>BHP</b>		
Housing Repairs and Maintenance (BHP)	Final Report (Reported in February 2011) Reported separately to the BHP Audit & Finance Sub-Committee.	 

Audit	Status as at June 2011	Assurance Opinion and Direction of Travel
Housing Rents (BHP)	Final Report Reported separately to the BHP Audit & Finance Sub-Committee.	
Internal Financial Controls (BHP)	Final Report Reported separately to the BHP Audit & Finance Sub-Committee.	

## LIMITED ASSURANCE REPORTS – General Audits

For all Limited Assurance reports, we have included a brief rationale, together with details of any priority 1 recommendations raised, including the agreed actions to be taken and deadlines for implementation. These are the key audits and recommendations which the Committee should be focusing on from a risk perspective. The only exception is for any BHP reports, for which the details have been reported separately to the BHP Audit & Finance Sub-Committee.

<p><b>Debt Management</b> (Reported in February 2011)</p>	<p>An exercise was initially undertaken in 2009/10 to summarise what we considered to be the key risks and controls for use by management as part of their development of the controls and processes in operation. This full audit was then undertaken, focusing on the controls actually implemented. Although weaknesses were identified, it is noted that management were already in the process of addressing a number of the gaps in controls and we were provided with evidence in support of the actions being taken. This position should also be set in the context of the significant changes that are being made to the overall process in respect of the management of debt.</p>	
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Recommendation	Management Response / Deadline for Implementation
<p>Management should liaise with the Oracle Development Team to ensure that the default payment period within Oracle is defined in accordance with the Council's policy of 30 days. Where necessary, alternative payment periods should be defined using the customer set up/update pro-forma.</p>	<p>Agreed. Default has now been set to 30 days. <b>Implemented</b></p>
<p>SDRT management should liaise with Service Areas who do not currently use Oracle, to help ensure that interfaces with RMS/Oracle are developed and implemented following the completion of the Finance Modernisation Project.</p> <p>Until the interfaces are implemented, Service Areas should be monitored to ensure that they correctly communicate information relating to debtors on a monthly basis to the SDRT.</p> <p>For the outstanding debts that have not been recorded on Oracle from Libraries and Park Services, management should ensure that the process for collecting debts is formally agreed, including</p>	<p>Agreed.</p> <p>Discussions are being held with ASC to see what can be done to interface directly between framework-I or abacus and the debt management system. A member of staff now attends MGH house once a week to send out reminders, deal with payments and any general correspondence relating to ASC Debts. We are now able to identify the invoiced debt, amounts collected and amount written off from abacus, so these figures can now be included in the total council's debts. The SDRT attend regular meeting with Social Care to keep up to date on the status of their debt. There is no timescale for the interface</p>

Recommendation	Management Response / Deadline for Implementation
<p>responsible officers and the method of recovery. These outstanding debts should be monitored to ensure that they are recovered in a timely manner.</p>	<p>to Oracle from framework-i. All units have been instructed that all invoices must be raised on Oracle and a standard interface has been designed so units can use it. Enforcement is not the remit of the FSC but the Service Area Business Partners. Year end will identify any units that are still not raising invoices on Oracle.</p> <p><b>Ongoing</b></p>
<p>Following the completion of the Finance Modernisation Project, approved write-off forms should be scanned onto the RMS.</p> <p>In addition, an authorised signatory list should be maintained by the SDRT and used to cross check the approval signatures. The signatory list should be updated on a periodic basis.</p>	<p>Agreed.</p> <p>As no write offs have been actioned on the system since the implementation of the FSC, the process now will be to scan all authorised write offs on the system. There will be one dedicated member of the debt recovery team who will monitor all write offs, from either receiving the request, actioning the request, updating a spreadsheet and scanning the documents.</p> <p><b>End February 2011</b></p>
<p>The RMS should be updated so that all debts that have been written off are workflowed through to a 'written off stage'.</p> <p>Management should test the functionality of the RMS to determine recovery costs and consider the usefulness of this facility when progressing cases to legal action.</p> <p>Management should also request that an automated system control be developed within RMS to highlight write-off requests that have been authorised but not processed/written off. In addition, clarification should be sought in consultation with Service Areas over the value at which debts not collected through the RMS are considered uneconomical to recover.</p>	<p>Agreed.</p> <p>Once the coding structure has been defined from financial management, RMS will interface these codes and will automatically change the status on RMS to written off. As there will be one designated person assigned to writes off, they will be able to monitor the write offs. If a write off request is received from a unit, the designated officer will make check on the account to make sure that the request is accurate. The officer will look through the history to see what else may be required to either action further recovery on the account, or whether the request is correct and will process.</p> <p><b>End February 2011</b></p>

**Self Directed Support (SDS)**  
(Reported in December 2010)

A total of five priority 1 recommendations were raised which related to key areas of weakness. Overall though, we indicated an improvement in the Direction of Travel compared to our previous audits of SDS and Direct Payments. As such, we didn't provide an assurance opinion when we last audited SDS, but a Limited Assurance was given in respect of Direct Payments. Although the previously raised recommendations had not yet been fully implemented in all cases, there had been overall progression with regards to the development and implementation of SDS, and it was acknowledged that the overall ASC Transformation Programme had been subject to revision since our 2008/09 work.



Recommendation	Management Response / Deadline for Implementation
<p>It is recommended that the SDS Questionnaire and financial assessment form should be amended to include the following:</p> <p><i>I understand that I am responsible for the accuracy of the information contained in this form. I confirm that the details I have stated in relation to my circumstances are true and correct and that if this situation changes in any way I will notify Brent Council immediately. I understand that the payments I receive are assessed on the basis of the information given on this form.</i></p> <p><i>I realise that I may be committing a criminal offence by giving false or misleading details, or withholding information in order to receive payments from Brent Council and that if I provide information which I know to be false, I may be liable to prosecution.</i></p> <p>In addition, the following should also be added to each remittance advice for direct payments:</p> <p><i>The recipient is reminded that they are responsible for immediately informing the Council of any changes to their existing circumstances. Your understanding and acceptance of this was formally declared on completion of the SDS Questionnaire. You may be liable to prosecution if you fail to inform the council of a change in your circumstances which affects your entitlement.</i></p>	<p>Agreed.</p> <p>This will be addressed in the development of the Customer Journey process and associated tools.</p> <p><b>March 2011</b></p>


Recommendation	Management Response / Deadline for Implementation
<p>It is recommended that the following points should be considered in the development of the RAS, including at the implementation and post implementation stages. It should be noted that this may not be an exhaustive list:</p> <ul style="list-style-type: none"> <li>• The sample used, ensuring that it matches the profile of clients in Brent;</li> <li>• The level of testing required and the test methodology used to gain assurance that the RAS is effective. This may include using completed SDS Questionnaires and comparing allocations to the actual cost of care provided;</li> <li>• An exception process for cases where the RAS allocation is not sufficient or is excessive. This process could include Quality Assurance Panel approval; and</li> <li>• The timeframe by which allocations should be reviewed by the Quality Assurance Panel and whether all allocations should be reviewed initially or whether a sample basis is acceptable.</li> </ul>	<p>Agreed. Development and implementation of the RAS is included in the Customer Journey project. <b>Mach 2011</b></p>
<p>It is recommended that the following points should be considered in the development of the brokerage scheme. It should be noted that this may not be an exhaustive list:</p> <ul style="list-style-type: none"> <li>• The need to involve current brokers in the development of a central team;</li> <li>• The need for specialist officers in the brokerage team for specific types of clients, e.g. Learning Disability and Physical Disability specialists;</li> <li>• How cases that require brokerage are to be determined by Team Managers and how consistency will be ensured;</li> <li>• The location of the brokerage team in relation to Team and Care Managers. If they are not in the same location, management need to determine whether this will impact on the effectiveness of the service;</li> </ul>	<p>Agreed. A target brokerage model is being developed within the Customer Journey project. <b>March 2011</b></p>

Recommendation	Management Response / Deadline for Implementation
<ul style="list-style-type: none"> <li>• The need to formalise the monitoring of cases passed to the brokerage team, in terms of quality and timeliness; and</li> <li>• The need to complete a lessons learnt review from the experiences in Learning Disabilities.</li> </ul>	
<p>It is recommended that the required documentation for DP is clarified and communicated to staff.</p> <p>Management should determine whether it would be appropriate to combine the current documents that are in place, including:</p> <ul style="list-style-type: none"> <li>• Direct Payment Agreement;</li> <li>• Direct Payment Approval Form; and</li> <li>• Direct Payment Finance Authorisation.</li> </ul> <p>Further, it is recommended that staff are reminded of the need to complete the Direct Payment Agreement form and that these should be uploaded onto the Frameworki system.</p> <p>In addition, management should review the position with regards to the review of returns and ensure that reports of outstanding returns are run and followed up on a monthly basis. Actions should be agreed in order to clear the current backlog of returns and arrangements should be confirmed in respect of ensuring that returns are reviewed in a complete and timely manner going forwards. If these arrangements involve reviewing returns on the basis of a risk rating for each case, this should be discussed with the Head of Audit &amp; Investigations so as to help ensure that fraud risks are adequately addressed.</p>	<p>Agreed.</p> <ul style="list-style-type: none"> <li>• The Direct Payments Policy &amp; Practice Guidance and related appendices have been revised to reflect current practice. All documents are available on the intranet. The approval and authorisation process are now streamlined.</li> <li>• A dedicated Finance officer supports DP users who are deemed at high risk of non-compliance. The Support Service staff assists those who do provide regular returns.</li> <li>• Other elements of the Direct Payments authorisation and monitoring processes and associated tools are being developed within the Customer Journey.</li> </ul> <p><b>March 2011 and ongoing</b></p>
<p>It is recommended that the performance management process for individual staff and teams in respect of care reviews should be formalised. This should include the use of defined targets and monitoring against these. Actions should be agreed to address any instances where targets are not being met.</p> <p>In addition, it is also recommended that timeframes should be defined</p>	<p>Agreed.</p> <p>This will be addressed in the Customer Journey project.</p> <p><b>March 2011</b></p>


Recommendation	Management Response / Deadline for Implementation
<p>and monitored against for various stages of the SDS process, including detective checks of outstanding items. These may include, but are not necessarily limited to, the following:</p> <ul style="list-style-type: none"> <li>• Outstanding Contact Assessments following referrals;</li> <li>• Outstanding six week reviews/SDS Questionnaires;</li> <li>• Outstanding Support Plans and Personal Budgets;</li> <li>• Cases where the provision of support is yet to be provided (where necessary); and</li> <li>• Outstanding scheduled/unscheduled reviews.</li> </ul>	



## LIMITED ASSURANCE REPORTS – Computer Audits


<p><b>Oracle Data Migration</b></p>	<p>Our work in respect of the migration to the Single Accounting System (SAS) was split into two stages, i.e. pre and post migration. Stage 1 examined the Migration Strategy/Plan document and assess the adequacy of the planned approach from a risk and control perspective. Stage 2 assessed the extent to which the planned controls were implemented and the extent to which they were operated and adhered to.</p> <p>Our assessment is that, while plans of the controls to be implemented were satisfactory, the implementation was not. The key weaknesses identified were in respect of obtaining sign-offs of data cleansing and migration from the business; the preparation of user acceptance test scripts; performance of user acceptance testing by service units; the maintenance of migration risks and issues logs; and sign-offs from the business on the accuracy and completeness of the AP and AR trial balances.</p> <p>The one priority 1 recommendation detailed below was raised as part of Stage 1, i.e. pre migration. As set out in the management response, although management did send the data to Service Area Heads of Finance following the raising of the recommendation, we determined as part of Stage 2 of the work that this sign-off wasn't completed.</p>	
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Recommendation	Management Response / Deadline for Implementation
<p>It is recommended that the following sign offs from the business are obtained and included within the SAS Data Migration Plan:</p> <ul style="list-style-type: none"> <li>• Confirmation of the accuracy, validity and completeness of the cleansed, consolidated supplier and customer data before it is loaded to Oracle; and</li> <li>• Confirmation that the static data has been accurately transferred and mapped to the correct screens and fields.</li> </ul>	<p>The data to be migrated was sent to the Service Area Heads of Finance for sign-off, prior to loading into Oracle. Although sign-off by Service Areas did not occur, reconciliation was completed and the Head of Financial Management is due to sign off the completion of the data migration as the owner of the new system.</p> <p><b>March 2011</b></p>

<b>Manhattan Property Management System</b>	Control weaknesses were identified in the following areas: generic user accounts, user access profiles, weak password features, lack of procedures for adding, amending and removing user access, input validation checks, timeliness of input, output reconciliation, uncontrolled amendments to master/standing data, weak audit logs, lack of back up arrangements for the system, undocumented and untested disaster recovery and business continuity arrangements for the system, lack of service level agreement, lack of change control procedure for applying upgrades and patches, data conversion procedures and user acceptance testing	
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Recommendation	Management Response / Deadline for Implementation
<p>It is recommended that the back-up arrangements for the Manhattan system should be reviewed and implemented as a priority. Management should hold discussions with ICT to determine the most appropriate data back-up frequency for their system (i.e. daily, incremental or full system) and a full system back up should be done at least weekly.</p> <p>Back-up copies should be retained in a secure fireproof safe on site and one copy should be retained in a suitable off site location. Recovery/restore procedures should also be retained at the off site location.</p>	<p>Agreed, this will be completed by September 2011. <b>September 2011</b></p>
<p>It is recommended that a formal Disaster Recovery (DR) Plan should be documented and implemented for the system. The Plan should include, though not be limited to the following:</p> <ul style="list-style-type: none"> <li>• Invocation and escalation procedures;</li> <li>• Alternative business continuity arrangements;</li> <li>• The anticipated time to recover the application (Recovery Time Objectives); and</li> <li>• Details of back-up tapes and their location.</li> </ul> <p>Furthermore, the Business Continuity Plan (BCP) should be</p>	<p>Agreed. We now operate in a new department (Regeneration and Major Projects) the departmental BCP is therefore to be dated. We are reviewing the practicality of doing a reinstall in the event that the Manhattan system becomes fatally damaged and may decide to not reinstall data on this system but move to an install on FMX. Where we would operate from in the event of a loss of physical accommodation will be investigated. <b>September 2011</b></p>





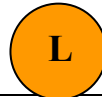
Recommendation	Management Response / Deadline for Implementation
<p>updated to amend the Manhattan system back-up and procedures location and detail alternative location arrangements in the event of a disaster. Once implemented, both the Plans should be subject to annual review and testing.</p>	
<p>It is recommended that management should ensure that an appropriate Contract is in place with the supplier to provide support for the Manhattan system.</p> <p>A Service Level Agreement (SLA) should be defined and agreed with the suppliers as well as ICT for support and recovery of the system.</p> <p>The SLAs should clearly define the following:</p> <ul style="list-style-type: none"> <li>• Scope of support to be provided;</li> <li>• Response and Resolution Levels per priority of call raised;</li> <li>• Procedures for escalation; and</li> <li>• Arrangements for the monitoring of performance against the SLA.</li> </ul>	<p>We do not intend to set up a SLA with Manhattan given the very short remaining life of this system. ICT will be responsible in future for ensuring data is backed up and reinstalled on the FMX system.</p> <p><b>September 2011</b></p>

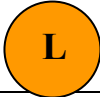
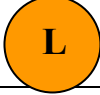
<p><b>Contender System</b> (Reported in February 2011)</p>	<p>Control weaknesses were identified in the following areas: generic and excessive admin user accounts; lack of review of user accounts, weak password features; procedures for adding, amending and removing user access; input validation checks; secure retention of source documents; timeliness reporting; interface reconciliation; uncontrolled amendments to master/standing data; lack of audit logs; undocumented and untested disaster recovery and business continuity arrangements for the system; lack of service level agreement and lack of change control procedures for applying upgrades and patches.</p>	
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Recommendation	Management Response / Deadline for Implementation
<p>Formal Disaster Recovery and Business Continuity Plans should be documented and implemented for the Contender system. The Plans should include, though not be limited to the following:</p> <ul style="list-style-type: none"> <li>• Invocation and escalation procedures;</li> <li>• Alternative business continuity arrangements;</li> <li>• The anticipated time to recover the application (Recovery Time Objectives); and</li> <li>• Details of back-up tapes and their location.</li> </ul> <p>Once implemented, the Plans should be subjected to annual review and testing.</p>	<p>Agreed. Disaster Recovery and Business Continuity Plans will be documented and implemented for the system, and annual review and testing will take place.</p> <p><b>April 2011</b></p>

## LIMITED ASSURANCE REPORTS – School Audits



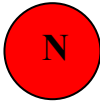
As detailed in the Executive Summary, a number of our school reports have not yet been finalised due to schools not having provided responses to the recommendations raised. Further details regarding this are set out within the Annual Audit Report 2010/11. As such, a common set of key weaknesses have been identified across the schools, as also outlined in the Executive Summary. We have therefore not listed all agreed priority 1 recommendations in this section.

<b>Copland Community School</b> (Reported in December 2010)	Five priority 1 and six priority 2 recommendations were raised as a result of this audit. All priority one recommendations were agreed by the school.	
<b>Kingbury Green Primary School</b>	Five priority 1 and six priority 2 recommendations were raised as a result of this audit. All priority one recommendations were agreed by the school	
<b>Harlesden Primary School</b>	Six priority 1 and eight priority 2 recommendations were raised as a result of this audit. All priority one recommendations were agreed by the school	
<b>Newman Cathilic College</b> (Reported in February 2011)	Eleven priority 1 and seventeen priority 2 recommendations were raised as a result of this audit. All priority one recommendations were agreed by the school.	
<b>Braincroft Primary</b>	Eight priority 1 and 15 priority 2 recommendations were raised as a result of this audit. All priority 1 recommendations were agreed by the School.	

<b>Queens Park Community College</b>	Eleven priority 1 and 20 priority 2 recommendations were raised as a result of this audit. All priority 1 recommendations were agreed by the School.	
<b>Malorees Infants</b>	Fourteen priority 1 and 18 priority 2 recommendations were raised as a result of this audit. All of priority 1 recommendations were agreed by the School.	

## LIMITED / NIL ASSURANCE REPORTS – BHP

As above, Final Reports for BHP are reported on separately to the BHP Audit & Finance Sub-Committee and hence the detail is not included below.

<b>Budget Monitoring &amp; Control</b> (Reported in February 2011)	Final Report Reported separately to the BHP Audit & Finance Sub-Committee.	
<b>HR &amp; Recruitment</b> (Reported in February 2011)	Final Report Reported separately to the BHP Audit & Finance Sub-Committee.	
<b>Resident Associations – Community Facilities</b> (Reported in December 2010)	Final Report Reported separately to the BHP Audit & Finance Sub-Committee.	

## NON ASSURANCE WORK

This section summarises other work undertaken during the year for which an assurance opinion was not applicable.

<p><b>Establishments - Thematic Work (Stage 1)</b></p>	<p>Following the completion of a number of establishment audits in previous years, including both day centres and residential care homes, a summary report was produced in early 2010/11 setting out the key areas of weakness and the recommended course of action to address them.</p> <p>A key aim of the report was to raise awareness and understanding of the reasons why we were highlighting the specific control weaknesses and of the importance of the controls / actions being recommended. Additional guidance was therefore included in this respect. An additional objective of this approach was to seek to help management address these weaknesses in a consistent manner across all establishments.</p> <p>Key areas for improvement included:</p> <ul style="list-style-type: none"> <li>• Adopting a formal Scheme of Delegation and detailed procedure notes;</li> <li>• Monitoring cash levels held and segregation of duties with regards to petty cash;</li> <li>• Implementing limits on petty cash floats and ensuring reconciliation are carried out;</li> <li>• Adopting formal policies in relation to income from service users and hirers;</li> <li>• Ensuring invoices are raised and debt is recorded and monitored with regards to income from service users and hirers;</li> <li>• Issues around authorisation of income forms and frequency of banking had also been identified;</li> <li>• The use of official purchase orders when making purchases and further segregation of duties around procurement;</li> <li>• Maintaining stock records; and</li> <li>• Maintaining an up to date inventory listing.</li> </ul> <p>In addition to the summary report, we facilitated a workshop with management and key officers from across the establishments, so as to provide further guidance in respect of the recommendations raised.</p> <p>A second piece of work (Stage 2) was also undertaken in the final quarter to assess the status of implementation of the recommendations raised. As such, limited progress</p>	<p>Thematic Work</p>
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	was found to have been made. At the time of writing this has yet to be finalised as responses are needed from management in respect of the further actions still needing to be made.	
Libraries	Investigation into allegations regarding the manipulation of usage numbers (visitors and book issues) at some of the Council's libraries. The result of the investigations was that no evidence was found to substantiate the allegations. However a number of areas in which controls could be strengthened were identified for action by management.	N/A
Foster Care Payments	Review of arrangements to address previous audit recommendations and assessment of adequacy of new arrangements for payments since the last review by Internal Audit.	N/A

## AUDITS AT DRAFT REPORT STAGE

Each of the following audits have been completed and Draft Reports issued. At the time of writing, these have not been finalised as responses have not been received from management with regards to the recommendations raised.

Audit	Status as at June 2011
Reablement	Draft Report
Corporate Property Service Model	Draft Report
Children's Centres Financial Management	Draft Report
Use of SEN in Children's Centres	Draft Report
CRC Energy Efficiency Scheme	Draft Report
Early Year Single Funding Formula	Draft Report
Oakington Manor Primary School	Draft Report
Michael Sobell Sinai Primary School	Draft Report
Kingsbury High School	Draft Report
Jewish Free School	Draft Report
Alperton Community School	Draft Report
Claremont High School	Draft Report
Wembley High Technology College	Draft Report
Convent of Jesus & Mary Language College	Draft Report
Rent Arrears Management (BHP)	Draft Report
Establishments - Thematic work (Stage 2)	Draft Report
Accounts Payable (Creditors)	Draft Report
Accounts Receivable (Debtors)	Draft Report
General Ledger	Draft Report

Audit	Status as at June 2011
Anti Virus Controls (IT)	Draft Report
Network Infrastructure (IT)	Draft Report
Civic Centre	Draft Report
Licensing	Draft Report
Capital Budgeting	Draft Report
Cash & Bank	Draft Report
Direct Payments – Children Social Care	Draft Report
Housing Benefits	Draft Report
Pensions Scheme Administration	Draft Report
Our Lady of Lourdes	Draft Report
Temporary Accommodation	Draft Report

## Follow-Up of Previously Raised Recommendations

The table below provides a summary of the findings from the follow-up work completed during the year to date, excluding any BHP recommendations.

Our approach is explained within the Executive Summary. Recommendations are classified as either Implemented (I); Partly Implemented (PI); Not Implemented (NI); or in some cases no longer applicable (N/A), for example if there has been a change in the systems used.

For any recommendations found to have only been partly implemented or not implemented at all, further actions have been raised with management. As such, we have included all recommendations followed-up to date, including Draft Follow-Up Reports, as well as those that have been finalised. Where the reports have been finalised, the further actions have been agreed with management, including revised deadlines and responsible officers. For those at Draft stage, we are awaiting responses from management. All agreed further actions will be added to our rolling follow-up programme as explained in the Executive Summary to this report.

The table includes a column to highlight any priority 1 recommendations which were found not to have been fully implemented. Please note that we have not replicated the full recommendation, only the general issue to which they relate.


Audit Title	Priority 1			Priority 2			Priority 3			Total				Priority 1 Recommendations not implemented
	I	PI	NI	I	PI	NI	I	PI	NI	I	PI	NI	N/A	
Waste Management	3	-	-	1	-	-	-	-	-	4	-	-	-	N/A
Blue Badges	1	1	-	1	1	-	-	-	-	2	2	-	-	N/A
Freedom Passes	3	-	-	3	1	-	1	1	-	7	2	-	-	N/A
Joint Commissioning	2	-	-	1	-	-	-	-	-	3	-	-	-	N/A
Section 106	1	2	-	-	2	1	-	-	-	1	4	1	-	N/A
Traffic Management	1	1	-	3	3	-	1	-	-	5	4	-	1	N/A
Curzon Crescent Children's Centre / Nursery	3	4	-	3	2	3	1	-	-	7	6	3	2	N/A
Complaints	1	3	-	2	4	-	-	-	-	3	7	-	-	N/A
Bulky Waste	2									2			1	N/A
Recruitment (DRAFT)	2	1	-	3	1	1	-	-	-	5	2	1	-	N/A
Appointeeships & Deputyships	1	-	-	2	2	-	-	-	-	3	2	-	-	N/A
Facilities Management (DRAFT)	-	1	-	1	3	1	-	-	-	1	4	1	-	N/A
Corporate Health & Safety (DRAFT)	2	1	-	-	-	-	-	-	-	2	1	-	-	N/A

Audit Title	Priority 1			Priority 2			Priority 3			Total				Priority 1 Recommendations not implemented		
	I	PI	NI	I	PI	NI	I	PI	NI	I	PI	NI	N/A			
Private Sector Procurement Team	2	1	-	3	2	-	-	-	-	5	3	-	-	N/A		
BCP (DRAFT)	-	1	-	-	-	2	-	-	-	-	1	2	-	N/A		
Transportation	1	-	-	2	-	-	1	-	-	4	-	-	-	N/A		
Registration and Nationality	1	2	-	4	-	-	-	-	-	5	2	-	-	N/A		
Bankline Application (IT Audit)	-	-	-	-	-	-	1	-	-	1	-	-	-	N/A		
Home Improvement Grants	1	-	-	8	-	-	2	-	-	12	-	-	1	N/A		
Remote Working (IT)	-	-	-	5	-	1	-	-	1	5	-	2	-	N/A		
Houses in Multiple Occupation				3	2									N/A		
Section 106	2			1	1	1				3	1	1		N/A		
Grants to Voluntary Organisation		1	1	2		1	2	1		4	2	2	1	Draft: Pending mgt response		
Insurance			2	4	2	4				4	2	6		P1 rec not implemented - to be implemented as part of new contract		
<b>Total May 2011</b>	<b>29</b>	<b>19</b>	<b>3</b>	<b>0</b>	<b>52</b>	<b>26</b>	<b>15</b>	<b>0</b>	<b>9</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>88</b>	<b>45</b>	<b>19</b>	<b>6</b>

## Appendix A – Audit Team and Contact Details

London Borough of Brent	Contact Details
Simon Lane – Head of Audit & Investigations	✉ <a href="mailto:simon.lane@brent.gov.uk">simon.lane@brent.gov.uk</a>
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	✉ <a href="mailto:aina.uduehi@brent.gov.uk">aina.uduehi@brent.gov.uk</a>
	☎ 020 8937 1495

Deloitte & Touche Public Sector Internal Audit Limited	Contact Details
Mark Towler – General Manager	✉ <a href="mailto:phil.lawson@brent.gov.uk">phil.lawson@brent.gov.uk</a>
Phil Lawson – Sector Manager	☎ 020 8937 1493
Miyako Fujii – Senior Audit Manager	
Shahab Hussein – Computer Audit Sector Manager	

 <p>The logo of Brent Council, featuring a central coat of arms with a shield, a crown, and two lions, surrounded by the words 'BRENT COUNCIL' in a circular arrangement.</p>	<p><b>Audit Committee</b> 15 June 2011</p> <p><b>Report from the Director of Finance and Corporate Services</b></p>
For Action	Wards affected: ALL
<b>Annual Governance Statement</b>	

## 1 Summary

- 1.1 This report sets out the proposed Annual Governance Statement for inclusion in the council's accounts for 2010/11 as required by the Accounts and Audit Regulations 2003 (as amended).

## 2 Recommendations

- 2.1 The Audit Committee approve the content of the Annual Governance Statement as set out in appendix 1.

## 3 Detail

- 3.1 The requirement for an annual review of governance is set out in the CIPFA/SOLACE framework<sup>1</sup> and the Audit Committee has a key role to play in assessing the adequacy of governance across the council and the validity of the Annual Governance Statement (AGS)
- 3.2 The Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is contained in part 7 of the council's Constitution<sup>5</sup>. The AGS explains how the council has complied with this code.
- 3.3 The AGS has been informed by a corporate governance review which relied upon already existing documentation and information from various sources across the council. These sources include performance information, risk management, Borough Solicitor, Service Directors, Director of Finance and Corporate Resources, Internal Audit, External Audit, Inspectorates and partners.

3.4 The AGS contains the council's corporate governance action plan. This plan was first developed in October 2003 and has been refreshed annually.

#### **4 Financial Implications**

4.1 None

#### **5 Legal Implications**

5.1 Regulation 4(2) of the Accounts and Audit Regulations 2003<sup>2</sup> (as amended 2006<sup>3</sup>) requires the Council to review its system of internal control and Regulation 4(3) requires the preparation of a statement on that review in accordance with "proper practice".

5.2 On 18<sup>th</sup> August 2006 the Department for Communities and Local Government issued further guidance to clarify what they deemed as "proper practice". Section 7 of circular 03/2006<sup>4</sup> stated that "proper practice" in relation to internal control relates to guidance contained in the following documentation:

- Statement on Internal Control in Local Government: meeting the requirements of the Accounts and Audit Regulations 2003, published by CIPFA in 2004
- Corporate Governance in Local Government: A Keystone for Community Governance (Framework and Guidance Note), produced by CIPFA/SOLACE in 2001 (recently updated)

5.3 Circular 03/2006 cleared the way for the annual governance statement (originally intended as part of the 2001 framework) to be assigned proper practice status and, therefore, have statutory backing.

5.4 CIPFA also confirmed that such status was assigned to the annual governance statement from 1<sup>st</sup> April 2007. This means that it formally replaced its proper practice association with the Statement on Internal Control with effect from the 2007/8 reporting year.

#### **6 Diversity Implications**

6.1 None

#### **7 Background Papers**

1. Report from the Director of Finance and Corporate Resources to the Audit Committee 18<sup>th</sup> December 2007. *New CIPFA / SOLACE Corporate Governance Arrangements*
2. Accounts and Audit Regulations 2003
3. Accounts and Audit (Amendment) (England) Regulations 2006
4. Department of Communities and Local Government (2006). *Guidance on the Accounts and Audit regulations 2003*



5. London Borough of Brent (2010). *Constitution*.  
<http://www.brent.gov.uk/constitution.nsf/>

## **8 Contact Officer Details**

Simon Lane, Head of Audit & Investigations, Room 1, Town Hall Annexe.  
Telephone – 020 8937 1260

CLIVE HEAPHY  
Director of Finance and Corporate Services

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**BRENT COUNCIL  
ANNUAL GOVERNANCE STATEMENT  
2010/11**

**1 Scope of responsibility**

- 1.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is contained in the council's Constitution and can be found on our website at [www.brent.gov.uk/constitution.nsf](http://www.brent.gov.uk/constitution.nsf).
- 1.4 This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

**2 The purpose of the governance framework**

- 2.1 The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level of assurance. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3 The governance framework has been in place at the Council for the year ended 31 March 2011 and up to the date of approval of the statement of accounts.

### **3 The governance framework**

3.1 The key elements of the systems and processes that comprise the Council's governance arrangements are set out over the following pages against the six core principles upon which the CIPFA/SOLACE Framework is based. The six core principles being as follows:

1. Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area;
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles;
3. Promoting values of the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
5. Developing the capacity and capability of members and officers to be effective; and
6. Engaging with local people and other stakeholders to ensure robust public accountability.

3.2 Each of these core principles are broken down into a number of supporting principles and these are used by the Council on an annual basis to review and summarise the key elements of the overall governance framework, as well as to identify specific actions needed to address any weaknesses and/or to achieve further improvement in the year ahead. The arrangements for reviewing the effectiveness of the governance framework are detailed in section 4 of this statement.

3.3 The tables set out over the following pages provide an overview of the key elements of the governance arrangements against the six core principles, together with any actions to be focussed upon during the 2010/11 financial year.

CORE PRINCIPLE 1 - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area		
The local code should reflect the requirements for local authorities to:	Position at March 2011	Actions Needed to Address Weaknesses and responsible officer
1. Develop and promote thity's purpose and vision	<p>During the year, the Council agreed its new Borough Plan , 'Brent – Our Future', for the four year period of 2010-2014. This document includes both the corporate objectives of the Council and our shared partnerships priorities.</p> <p>The Borough Plan sets out the Council's vision that <i>'Brent will be a thriving, vibrant place, where our diverse community lives in an environment that is safe, sustainable and well maintained. All our services will enable local people to fulfil their potential and improve their quality of life. Public resources will be used creatively and wisely to produce lasting benefits for our residents and the borough. Our commitment to reducing poverty, redressing inequality and preventing exclusion will be at the heart of all our actions'</i>.</p> <p>The Plan is focused around three core objectives as follows:</p> <ul style="list-style-type: none"> <li>• One Borough – Creating a sustainable built environment that drives economic regeneration and reduces poverty, inequality and exclusion;</li> <li>• One Community – providing excellent public services which enable people to achieve their full potential, promote community cohesion, and improve their quality of life; and</li> <li>• One Council – improving services for residents by working with partners to deliver local priorities more effectively and achieve greater value for money from public resources.</li> </ul> <p>The Plan references other key relevant documents, including the following:</p> <ul style="list-style-type: none"> <li>• Local Development Framework;</li> <li>• Climate Change Strategy;</li> <li>• Housing Strategy;</li> <li>• Sports and Physical Activity Strategy (as linked to the 2012 Olympic and Paralympic Games);</li> <li>• Cultural Strategy;</li> <li>• Health and Wellbeing Strategy;</li> <li>• Engagement Strategy; and</li> <li>• One Council Programme.</li> </ul> <p>The priorities of the Borough Plan are regularly promoted via The Brent Magazine, the website, press releases and targeted campaigns.</p> <p>At service area level, service priorities are extensively consulted on with users and other relevant stakeholders. Service Plans are presented annually to Lead Members prior to finalisation.</p>	

<b>CORE PRINCIPLE 1 - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area</b>		
<b>The local code should reflect the requirements for local authorities to:</b>	<b>Position at March 2011</b>	<b>Actions Needed to Address Weaknesses and responsible officer</b>
2. Review on a regular basis the authority's vision for the local area and its impact on the authority's governance arrangements	<p>Implementation of the Borough Plan is monitored by the Executive.</p> <p>Implementation of Service Plans is monitored throughout the year by Corporate Management Team (CMT) and Departmental Management Teams (DMTs) using a range of embedded systems and processes. Progress against the administration's priorities is also reported to the Executive and Overview and Scrutiny Committees.</p>	
3. Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties.	<p>The Council's Partnerships team is responsible for supporting local partnership arrangement, known as Partners for Brent. The team co-ordinates a broad range of collaborative activities, which stem from the Council's engagement with local public, private and voluntary sector organisations.</p> <p>Local partners collaborate within Brent through our Local Strategic Partnership (LSP) to deliver the vision set out in the Borough Plan 'Brent – Our Future 2010-2014'.</p> <p>The LSP includes partners from all sectors and consists of an LSP Strategic Forum, LSP Executive and Thematic Partnerships.</p> <p>The LSP's focus is to understand how to ensure the best outcomes for residents by aligning the work undertaken by different organisations in the borough and engaging people effectively in change.</p> <p>At service area level, objectives of partnerships are documented in the Service Plans and within contract documentation.</p>	
4. Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance.	<p>The Council reports its performance and budgets every three months against a range of indicators.</p> <p>The Performance and Finance review report includes details on spending and activity as well as performance.</p> <p>A joint review of performance and summary of accounts is produced annually and summarised in the Brent Magazine.</p>	
5. Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available.	<p>The Council has a Performance Management Framework, as overseen by the Corporate Performance Team.</p> <p>The purpose of the Team is to strategically align all the Council's performance monitoring and reporting activity. They offer technical support and training on the Council's performance monitoring system Performance Plus, and also quality-check performance data and use this as a basis to compile key performance reports.</p> <p>Significant improvements have been made with regards to the quality of data used for performance monitoring, with the launch of a new Data Quality Strategy in February 2010.</p> <p>Below the Borough Plan the service planning framework serves as the cornerstone of the Council's approach to performance management. Each DMT is responsible for monitoring performance against</p>	

<b>CORE PRINCIPLE 1 - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area</b>		
<b>The local code should reflect the requirements for local authorities to:</b>	<b>Position at March 2011</b>	<b>Actions Needed to Address Weaknesses and responsible officer</b>
	<p>their Service Plan and for reporting this upwards as appropriate.</p> <p>Key groups within the overall framework include:</p> <ul style="list-style-type: none"> <li>• Executive – agree proposals and challenge and question lead members and directors;</li> <li>• Performance and Finance Select Committee – examine specific performance issues in detail and make recommendations to the Executive for improvement;</li> <li>• Overview and Scrutiny Committee – examine specific performance issues in detail and make recommendations to the Executive for improvement;</li> <li>• CMT – challenge the performance of the Council as a whole and has overall responsibility for achieving corporate objectives;</li> <li>• LSP – challenges delivery around key partnerships;</li> <li>• High Level Monitoring Group – chaired by the Chief Executive and examines specific performance issues, providing ongoing challenge, support and direction and tracking of improvements;</li> <li>• Strategic Finance Group – examines budget and activity information to assess value for money; and</li> <li>• One Council Programme Board – oversees the progress and achievements against the Once Council Programme.</li> </ul> <p>The bi-annual Residents Attitude Survey is a further source of information regarding service users' satisfaction with the services being provided. The last survey was carried out in 2009/10.</p>	
6. Put in place effective arrangements to identify and deal with failure in service delivery.	<p>As per section 5 above, potential service failure is identified through the various levels of performance monitoring, and then dealt with at the appropriate levels in terms of identifying and monitoring the implementation of corrective actions.</p> <p>Performance issues in relation to specific partner organisations / contractors are dealt with at service area level in accordance with agreed contract management procedures. Issues are escalated as appropriate.</p>	
7. Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies,	<p>The One Council Programme Board measures progress against the Improvement and Efficiency Action Plan which underpins the Improvement and Efficiency Strategy. The One Council Programme Management Office has established a robust project and programme methodology to ensure the delivery of change projects and realisation of benefits. This framework includes the preparation of sound business cases for all transformation projects within the programme and identification of future efficiencies. The regularly fortnightly monitoring of project plans enables effective management of delivery, identification of risk and tracking of both financial and non-financial benefits. A monthly pup-</p>	

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plans and decisions.	<p>date on progress in reported to the Corporate Management Team.</p> <p>In addition the council now brings together finance, activity and performance monitoring in a single performance and finance review report which enables officers and members to have a more holistic view of progress across the council on Value for Money. In addition, development of a value for money tool-kit for managers is one of a range of measures to support managers delivering better value for money. Unit costs are also used to measure progress in key areas e.g. on the children's transformation agenda.</p> <p>The work undertaken by PwC in benchmarking the council's staffing structure informed the Staffing and Structure Review to ensure that our resources are aligned to service priorities.</p>	



<b>CORE PRINCIPLE 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles</b>		
<b>The local code should reflect the requirements for local authorities to:</b>	<b>Position at March 2011</b>	<b>Actions Needed to Address Weaknesses and responsible officer</b>
1. Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach towards putting this into practice.	Article 2 of the Constitution describes the role of Members of the Council, the Executive, Mayor, Full Council and overview and Scrutiny.	
	Up to date job descriptions are in place for Senior Officers. Monitoring Officer Advice Notes give advice to Members on decision making and standards of conduct. Further details with regards to London Councils' positive assessment of these are set out against Core Principle 5. Local Democracy and Standards WebPages are updated regularly.	
	All Executive decisions and key decisions by officers are recorded	
2. Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers.	Roles and responsibilities are covered in the Constitution In addition Members' Role Descriptions, which were agreed by the member Development Steering Group, have been sent to members and have been put on the member development intranet page.	
	Up to date job descriptions are in place for Senior Officers.	
3. Determine a scheme of delegation and reserve powers within the Constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority taking account of relevant legislation and ensure that it is monitored and updated when required.	Clearly set out in the Constitution.	
	The Borough Solicitor maintains a register of officer authorisations. The Constitution is renewed and reported to full Council every May.	
4. Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management.	Covered in the Constitution and job descriptions.	

<b>CORE PRINCIPLE 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles</b>		
<b>The local code should reflect the requirements for local authorities to:</b>	<b>Position at March 2011</b>	<b>Actions Needed to Address Weaknesses and responsible officer</b>
5. Develop protocols to ensure that the leader and chief executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.	Regular meetings are held between the Chief Executive and Leader, with a shared understanding of respective roles.	
6. Make a senior officer (usually the section 151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.	Covered in the Constitution and job description.	
	Covered by statute and Financial Regulations.	
	All Executive reports have to be cleared by the Director of Finance & Corporate Services. Director attends all Leader's briefings and meetings of the Executive and full Council.	
	Independent assurance on the adequacy and effectiveness of the overall systems of internal control, including internal financial control, is provided by the Council's external auditors, internal auditors and a number of other external bodies / inspectorate. Both the internal and external auditors report to the Audit Committee on a quarterly basis.	
7. Make a senior officer (other than the Responsible Financial Officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations are complied with.	Covered in the Constitution and job descriptions.	
	Covered by statute and Financial Regulations.	
	All reports have to be cleared by the Borough Solicitor who attends all Leader's briefings and meetings of the Executive and full Council. A lawyer also attends all other committee meetings and is responsible for issuing the legislation tracker, monitoring officer advice notes and legal bulletins.	
8. Develop protocols to ensure effective communication between members and officers in their respective roles.	These are Covered in Part 7 of the Constitution and in the Access to Information protocol.	
9. Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process including an effective remuneration panel (if	The scheme of Member allowances has been reviewed by the Constitutional Working Group (CWG) and a report recommending changes to the allowances scheme went to Full Council in September 2010 whereby the changes were approved.  The scheme is published annually in accordance with the relevant 2003 regulations.	

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applicable).		
10. Ensure that effective mechanisms exist to monitor service delivery.	<p>The PerformancePlus system is now fully operational across the Council and a standard service planning template and guidance was refreshed in 2010 with a focus upon delivering the Improvement and Efficiency objectives.</p> <p>Performance and service monitoring have been covered in detail under Core Principle 1.</p> <p>An integrated quarterly Performance and Finance monitoring report is now produced. This is reviewed by the Executive, CMT and the Performance &amp; Finance Select Committee.</p>	
11. Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.	<p>The new Borough Plan 2010-2014 sets out the aim to <i>'empower people by providing more opportunities for them to engage with local elected members on decisions affecting their area at ward forums'</i>. A new Brent wide Engagement Strategy has been formulated and agreed, setting out the <i>'ambition of the council and partners to inform, consult, engage and involve our communities in all aspects of service provision from design through to delivery'</i>.</p> <p>There are a range of ways in which the local community and other key stakeholders are consulted. Key ones include:</p> <ul style="list-style-type: none"> <li>• The Brent Magazine is regularly distributed to households, promoting Council policy and initiatives, and providing information on available services and consultation events.</li> <li>• The triennial Residents' Attitude Survey (RAS) is the principal measure of resident satisfaction with the area and with council services. The last survey was conducted in 2009 – a further survey would be scheduled for 2012. Findings from the RAS are fed into service planning and policy development programmes. The RAS is also used as an opportunity to recruit and refresh the Brent Citizens' Panel.</li> <li>• The Ward Working initiative focuses on members working in their communities to address local priorities and improve the way services are delivered on a neighbourhood level.</li> <li>• The Council's website is another key point of engagement, both with regards to publicising and communicating key information, as well as providing residents with the opportunity to access services via web technology.</li> <li>• There are five Area Consultative Forums (ACFs), each chaired by a councillor, with meetings open to all members of the public. At each meeting, there is also a 'Soapbox slot' for residents to express their views and concerns about issues that affects them directly or indirectly.</li> <li>• Outcomes of formal consultation are fed back through the Consultation Portal website.</li> <li>• A new website, 'Bmyvoice', was launched in March 2010, specifically for engaging and</li> </ul>	<p>Decision needs to be taken on whether or not the Council will have a Resident's Attitude Survey in 2012.</p> <p>Recruitment to the Citizens' Panel is continuous through the Council's website and at area forums. A RAS in 2012 would provide an opportunity to completely refresh the citizens' panel.</p> <p>(Head of Consultation)</p> <p>Social media protocols to be introduced and consideration to be given to the possible use of social media in</p>

CORE PRINCIPLE 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles		
The local code should reflect the requirements for local authorities to:	Position at March 2011	Actions Needed to Address Weaknesses and responsible officer
	<p>communicating with Brent’s younger residents.</p> <ul style="list-style-type: none"> <li>The Brent Local Involvement Network (LINK) is an independent network, of residents, local charities, community groups and people who work in the borough who have an interest in improving health and social care services in and around Brent. A transitional contact for 2011/12 has been entered into. This will prolong the life of the LINK for a further year until the establishment of Local HealthWatch.</li> <li>Staff are consulted via the annual Staff Survey, as well as on an ongoing basis as appropriate. Developments and initiatives are also communicated via the staff magazine, ‘Insight’, and the intranet. Additional workshops / meetings are also run as appropriate, for example, roadshows were held to communicate the new Corporate Strategy.</li> </ul> <p>The Borough Plan 2010-2014 stresses that <i>‘our engagement and consultation activities will take into account the need to reflect the diverse needs of our population and seek out the views of all sections of the community’</i>. We are working towards achieving ‘Excellence’ level of the national equalities framework by 2012.</p>	<p>consultation channels. (Head of Communications and Marketing)</p> <p>The replacement of local LINKs with local HealthWatch will be the subject of Dept of Health guidance to be issued in 2011. (Head of Consultation)</p>
12. When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority.	<p>The term ‘partnership’ is defined in the Constitution and a partnership map has been established..</p> <p>Protocols and guidelines for the operation of joint working have been agreed by the LSP and covers roles and responsibilities, protocols for financial administration and staff management.</p> <p>Further details regarding the performance management of partnerships is set out against Core Principle 1.</p>	
13. When working in partnership: ensure that there is clarity about the legal status of the partnership ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.	<p>Guidance on the legal status of partnerships is provided by the Borough Solicitor as appropriate.</p>	

<b>CORE PRINCIPLE 3 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</b>		
<b>The local code should reflect the requirements for local authorities to:</b>	<b>Position at March 2011</b>	<b>Actions Needed to Address Weaknesses and responsible officer</b>
1. Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect.	<p>Executive members have undertaken a range of training including media and presentation skills, and key members have had support from an external mentor. Further details regarding member training are set out against Core Principle 5, including details of the positive assessment made by London Councils in this area.</p> <p>The Member Code of Conduct includes the 10 general principles of conduct, including respect for others, leadership and stewardship. The Constitution contains the Planning Code of Practice, Licensing Code of Practice, Code of Practice on Publicity and the protocol for Member Officer Relations. Members and Chief Officers work collaboratively on the Policy Co-ordination Group, Leader's Briefing, Service Planning and Budget Awaydays.</p> <p>The Leader meets weekly with the Chief Executive and also addresses the Corporate Roadshows and the Senior Managers Conference.</p>	
2. Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols.	<p>A new Code of Conduct for Officers was agreed in 2005 and re-issued in 2010. Other codes, including the IT Usage Policy and Harassment Policy are all held on the intranet and are subject to regular review.</p> <p>Staff are made aware of their responsibilities through general communications, such as the Chief Executive Newsletter, Insight Magazine and via attachments to payslips, as well as at team briefings.</p>	
	The Brent Member Code of Conduct reflects the model code published by the government.	
3. Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.	<p>The Constitution contains various other codes including: Licensing, Planning, Member Officer relations. Advice notes are issued by the Borough Solicitor regarding conduct.</p>	
	The registers of Members' interests and Members' gifts and hospitality are now placed on the web site enabling easy public access.	
	<p>A new Conflict of Interest Policy for staff was issued in December 2009. This provides clear guidance regarding contractual and other potential conflicts.</p> <p>A new Gifts and Hospitality Policy for staff was also issued in January 2010.</p> <p>Both policies have been rolled out across the Council.</p> <p>In both cases they make reference to the Prevention of Corruption Acts 1889-1916, as well as the Local Government Act 1972. The new Bribery Act 2010 comes into force on 1 July 2011 and hence both policies now need to be further reviewed and updated in light of this, taking account of the</p>	<p>Both policies to be further reviewed and updated in light of the Bribery Act 2010. (Borough Solicitor)</p> <p>Ensure new Conflict</p>

<b>CORE PRINCIPLE 3 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</b>		
<b>The local code should reflect the requirements for local authorities to:</b>	<b>Position at March 2011</b>	<b>Actions Needed to Address Weaknesses and responsible officer</b>
	finalised guidance on 'Adequate Procedures' as issued by the Ministry of Justice in March 2011.	of Interest Policy and Gifts and Hospitality Policy are embedded (Service Area Directors)
4. Develop and maintain shared values including leadership values both for the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners.	The Member Code of Conduct includes reference to Leadership and Stewardship and other values. The Code of Conduct and competency framework which has been developed for managers and staff together with a management charter sets out the expected behaviours for officers, including Leadership and working with others.	
5. Put in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.	Standards of conduct for Members are set out in the Constitution.	
	Protocol for Member/officer relations is set out in Constitution.	
	Standards Committee has remit to monitor compliance.	
6. Develop and maintain an effective standards committee.	The terms of reference for the Standards Committee are set out in the Constitution. The Committee has an independent chair and vice chair., and two alternate independent members available The Committee has an annual work programme and is supported by the Borough Solicitor.	
7. Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority.	The organisation's shared values are reflected in various policies and procedures, such as the Planning Code of Practice and its Access to Information Rules, both which encourage transparent, informed and well reasoned decision making. These are reinforced by the guidance notes issued to members from time to time in the form of Monitoring Officer Advice Notes and in legal bulletins. The Corporate Strategy also includes clear corporate values for the Council. The One Council programme requires an explicit framework that recognises the importance of high standards in relation to personal behaviour, professional conduct and organisational governance.	
8. In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values	The members of the Partners for Brent Executive have agreed terms of reference and roles as part of their governance arrangements. These establish the expected values and behaviours for effective partnership working. These include a commitment to addressing inequality, focusing on preventative actions and achieving value for money through greater collaboration.	

<b>CORE PRINCIPLE 3 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</b>		
<b>The local code should reflect the requirements for local authorities to:</b>	<b>Position at March 2011</b>	<b>Actions Needed to Address Weaknesses and responsible officer</b>
must be demonstrated by partners' behaviour both individually and collectively.	The corporate policy team is working closely with representatives of the voluntary sector to develop a new compact setting out principles for collaboration with the voluntary and community sectors.	

CORE PRINCIPLE 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk		
The local code should reflect the requirements for local authorities to:	Position at March 2011	Actions Needed to Address Weaknesses and responsible officer
1. Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the organisation's performance overall and of any organisation for which it is responsible.	The Executive are responsible for the implementation of policy and ensuring the effectiveness of service delivery.	
	Scrutiny is responsible for monitoring the performance of the Executive. The Overview and Scrutiny Committee receive regular up-dates on the delivery of the One Council programme and performance monitoring. The programme of member led task groups enable non executive members to consider matter of concern to local communities and make recommendations for action to the Executive.	
	The Corporate Management Team (CMT) monitors delivery of the One Council programme through a Programme Board and a Programme Management Office.	
	The Chair of Overview and Scrutiny is given an opportunity to report back to every full Council meeting. Call in arrangements in the Constitution allows Overview and Scrutiny to review decisions made by the Executive. Mechanisms are in place to able to scrutiny of Executive decisions before they are made.	
	Further details regarding scrutiny in the context of performance management have been set out against Core Principle 1.	
2. Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.	Decision making arrangements are set out in the Constitution. The Council operates a Leader and Cabinet (Executive) model of decision making. Although some decisions are reserved for Full Council, most are made by the Executive or by committees, sub-committees or officers. There are currently no decision making powers delegated to individual Members.  In accordance with the Local government Act 2000, the Council has mechanisms in place to allow the effective, independent and rigorous examination of the proposals and decisions by the Executive. These mechanisms involve the Overview and Scrutiny process including call-in and question time. The conduct of the Council's business is governed by the Constitution, which includes Standing Orders and Financial Regulations.	
	Decision making meetings of the Executive are open to the public.	
	Copies of reports and decisions are available on the intranet and through the One Stop Shop and Libraries.	
	All meetings are clerked by well trained and experienced committee support officers and lawyers are present to provide advice on law and procedure.	



CORE PRINCIPLE 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk		
The local code should reflect the requirements for local authorities to:	Position at March 2011	Actions Needed to Address Weaknesses and responsible officer
3. Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.	The registers of Members' interests and gifts and hospitality are now placed on the web site enabling easy public access.	
	The Monitoring Officer prepares an annual report to the Standards Committee.	
4. Develop and maintain an effective audit committee (or equivalent) which is independent or make other appropriate arrangements for the discharge of the functions of such a committee.	The Audit Committee has met quarterly during the year. The terms of reference are set out in the Constitution.	
	The provision of the internal audit function within the Council is through the Audit & Investigations Team, working in partnership with Deloitte & Touche Public Sector Internal Audit Ltd. The Audit Committee approve the annual Internal Audit Plan and receive progress reports at each quarterly meeting.	
	External audit is provided by the Audit Commission. Their plans, interim reports and annual audit letter are all presented to the Audit Committee.	
5. Put in place effective transparent and accessible arrangements for dealing with complaints.	<p>The Council has a well regarded corporate complaints procedure that has been praised and endorsed by the Local Government Ombudsman (LGO) in previous years.</p> <p>The Corporate Complaints Policy was revised and reissued in January 2011, together with a new Corporate Complaints Manual. The complaints service is headed by our Corporate Complaints Manager, working with complaints managers and teams across the departments. This reporting line into the Corporate Complaints Manager was introduced in October 2010, and represents a positive move towards further promoting consistent, joined up complaints management across the Council.</p> <p>The 2009/10 Annual Report on complaints performance was presented to the Overview and Scrutiny Committee in December 2010. As such, this noted that the number of complaints had increased by 5% in comparison to the previous year. However, this is linked to the scale of changes taking place across the Council, and, on the basis of the further developments made to the way in which complaints are now being handled, the projection for 2010/11 was for a decrease in complaint numbers of 70%.</p> <p>In total, 77 complaints were investigated by the LGO during 2009/10. For the third year running, no formal reports were issued against the Council as a result of this. Only seven complaints resulted in local settlement, which represents one of the lowest settlement rates in London.</p>	

<b>CORE PRINCIPLE 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</b>		
<b>The local code should reflect the requirements for local authorities to:</b>	<b>Position at March 2011</b>	<b>Actions Needed to Address Weaknesses and responsible officer</b>
6. Ensure that those making decisions whether for the authority or partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications.	Members are required to make sound decisions based on written reports which are prepared in accordance with the report writing guide and have to be cleared by both Finance and Legal. The Executive receives a briefing (Leaders Briefing) two weeks prior to the Executive meeting when members can ask detailed technical questions of officers.	
7. Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately.	All reports must be cleared by Finance and Legal and contain financial and legal implications. Legal and Finance officers are available as needed to give clear robust advice	

CORE PRINCIPLE 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk		
The local code should reflect the requirements for local authorities to:	Position at March 2011	Actions Needed to Address Weaknesses and responsible officer
8. Ensure that risk management is embedded into the culture of the organisation; with members and managers at all levels recognising that risk management is part of their job.	<p>The Risk Management Strategy was previously revised and was presented to Audit Committee in December 2008. A revised Corporate Risk Guidance document was also subsequently produced and circulated across the Council. Risk management training for Members took place in March 2009.</p> <p>As part of the above:</p> <ul style="list-style-type: none"> <li>• The Executive / Council consider risks as part of their decision making role on corporate policies, including the annual budget setting processes, major policy decisions and major projects;</li> <li>• The Policy Co-ordination Group, combining the Executive and Corporate Management Team, review corporate risks through regular Corporate Hotspots monitoring reports. Corporate Hotspots include the highest category – likelihood and impact – of cross-council level and service area level risks, e.g. significant risks to the achievement of key strategic objectives, to the finances of the authority, to the health and well-being of residents and/or staff, or to the reputation of the authority.</li> <li>• The Strategic Finance Group review high level finance risks through regular Financial Hotspots monitoring reports. Financial Hotspots are identified and reviewed across each of the service areas on a monthly basis by the Strategic Finance Group. In each case the risk is assessed in terms of the minimum and maximum impact from a monetary perspective. In addition, an indication is provided as to whether the risk has been included in the year-end forecast for each Service Area, thereby providing a link between risk management and budget monitoring;</li> <li>• Risks within the One Council programme are fully documented within the reporting framework of the programme. These are reported fortnightly to the Programme Board and a risk log is maintained. These are project risks and are not separately identified within the Risk Register. Operational risk arising from the One Council change programme feed into departmental registers; and</li> <li>• Risks are identified within Service Plans and considered on an ongoing basis by DMTs during the course of the year.</li> </ul> <p>Further work is now being undertaken to further develop and embed the framework across the Council during 2011/12. This will be focused on ensuring that risks are assessed in a consistent manner across all service areas, and that a consistent language is used in the identification of risk.</p> <p>In addition, work will be undertaken to identify the sources of assurance in respect of the key controls in place to manage risks, including internal management assurances, and the arrangements for collecting and reporting on these will be formalised.</p>	<p>Further work to be undertaken as outlined opposite. (Head of Audit &amp; Investigations)</p>

<b>CORE PRINCIPLE 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</b>		
<b>The local code should reflect the requirements for local authorities to:</b>	<b>Position at March 2011</b>	<b>Actions Needed to Address Weaknesses and responsible officer</b>
9. Ensure that arrangements are in place for whistle blowing to which staff and all those contracting with the authority have access.	There is a Whistleblowing Policy in place. This has been publicised to staff and is on the intranet under 'Raising Concerns'. Whistleblowing allegations are dealt with, in the first instance, by the Audit & Investigations Team.	
10. Actively recognise the limits of lawful activity placed on them by, for example the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities.	See above section 6. In addition, regular Monitoring Officer Advice Notes are issued. Regular training is provided to ensure Members understand areas of risk. Further details with regards to London Councils' assessment of the quality of member training and the Monitoring Officer Advice Notes are set out against Core Principle 5 below.	
11. Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law.	See above section 6. In addition regular Monitoring Officer Advice Notes are issued. Advice is tailored and specific regarding the Authority's capability and capacity to take relevant action including liability of the organisation	
12. Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice into their procedures and decision making processes.	Legal comment and consultation on reports. Monitoring Officer Advice Notes issued and Legislation Trackers in place.	

<b>CORE PRINCIPLE 5 - Developing the capacity and capability of members and officers to be effective</b>		
<b>The local code should reflect the requirements for local authorities to:</b>	<b>Position at March 2011</b>	<b>Actions Needed to Address Weaknesses and responsible officer</b>
<p>1. Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.</p>	<p>The Council runs a Member development programme which is reported to the Standards Committee annually. The Borough Solicitor provides training to new and existing Members on decision making and standards of conduct.</p> <p>A comprehensive induction programme was delivered for members following the local elections in May 2010. This included both general induction and service specific sessions. Further member development events were subsequently held during the course of the year, and 34 councillors formulated and agreed individual Personal Development Plans (PDPs).</p> <p>As reported to the Standards Committee in the annual Review of the Member Development Programme May 2010-April 2011, the Council has been awarded the London Councils' charter for member development excellence. This lasts for three years, after which there will be a need for reassessment. The report from London Councils noted that <i>'Brent Council has worked very hard to introduce ways of providing support to its members and helping them to develop their skills and knowledge. This not only benefits the councillors themselves, but also ensures that their residents receive the best possible leadership and services from their local council.'</i></p> <p>In relation to standards, the assessors found that <i>'Brent's good practice on standards is widely recognised and there is now an annual working event with councils in the West London Alliance and more recently also included Barnet, Islington and Kensington &amp; Chelsea'</i>. The assessors were also very impressed with the Monitoring Officer Advice Notes for members.</p> <p>Going forwards, the member development programme will continue to be focused on specific needs identified through the PDPs. In addition, the Council is in the process of purchasing an e-learning package which will link into the Political Skills Framework tool purchased in conjunction with Harrow Council.</p>	

<b>CORE PRINCIPLE 5 - Developing the capacity and capability of members and officers to be effective</b>		
<b>The local code should reflect the requirements for local authorities to:</b>	<b>Position at March 2011</b>	<b>Actions Needed to Address Weaknesses and responsible officer</b>
	<p>For officers, it remains a key policy of the Council to provide all new staff with an informative induction that explains the structure and work of the Council and the relationships between different parts of the organisation. It is also an important way of ensuring new staff understand the values of the organisation and the part they will play in supporting the achievements of its goals.</p> <p>Last year we had a target to improve the induction process and take-up on the corporate course and to address this; we have introduced a policy framework to include individual, local and corporate induction. All new entrants are also expected to attend a course within their first three months of being in the Council. The induction process marks the beginning of the relationship between the Council and all new starters are set up with e-learning accounts to complete the mandatory e-learning modules and also to complete a personal and/or any local induction programmes. The programmes are fundamental in setting standards and influencing patterns of behaviour conducive to working well with partners, colleagues and delivering excellent customer services.</p> <p>The key objectives of the corporate induction programme are for delegates to:</p> <ul style="list-style-type: none"> <li>• Understand the organisations aims, values and the standards of behaviour and performance expected;</li> <li>• Have an opportunity to identify and resolve at an early stage any concerns, issues or queries they may have relating to their employment; and</li> <li>• Feel engaged and enthusiastic about working at Brent.</li> </ul>	<p>A concerted plan to ensure all new starters attend mandatory induction is required. CMT to monitor and ensure compliance within departments.</p> <p>(Head of Learning &amp; Development and Strategic HR Managers)</p>

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2. Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the organisation.	<p>During the induction process officers are introduced to key personnel and statutory roles. On an individual level, each officer has a job description and person specification, which clarifies their role and identifies the knowledge, skills and competence required to undertake that role successfully.</p> <p>Each year officers have an annual appraisal containing developmental objectives and plans linked to providing them with any required support to enable continuous professional development, to bridge any skills or knowledge gaps and also to support the achievement of statutory goals and to meet Service Plans.</p> <p>The Council's Corporate Learning and Development policy, plans and service offering are based on corporate, strategic and service needs and also individual needs identified in team plans and individual appraisals. Statutory officer are encourage to maintain their CPD's, participate in and attend external forums to maximise their learning and to development good practice networking and sharing learning to improve service delivery. Adult Social Care and Children Social Care Professional training teams have come together under one manager and have join the corporate team, this year, to form a more diverse team with a higher level of creativity and capacity to meet professional and corporate needs.</p> <p>A new People strategy 2010-14 was created during this financial year and it also includes workforce development gaps and plans for building capacity and capability in the Councils' Workforce. The workforce development plan highlight actions and success criteria around six people priorities and will address the needs of statutory officers as appropriate. The six priority areas are as follows:</p> <ul style="list-style-type: none"> <li>• Develop strong leadership via the new Brent management model;</li> <li>• Streamline and re-configure the organisation on One Council principles;</li> <li>• Support effective change management that delivers timely results;</li> <li>• Build an agile and efficient workforce that adapts easily to change;</li> <li>• Close skills and resources gaps by developing and reskilling staff; and</li> <li>• Attract, retain and develop highly motivated, diverse and talented people.</li> </ul>	<p>The People Strategy and Workforce Development plan will be monitored and evaluated to identify achievements against the success criteria and taking the Council's agenda forward.</p> <p>To ensure the learning and development programme is aligned to meeting the specific needs of statutory officers.</p> <p>(Head of Learning &amp; Development and Strategic HR Managers)</p>
3. Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively.	<p>As per Core Principle 5, section 1, with regards to assessing and developing members' skills.</p> <p>The Council has a new People Strategy which is accompanied by a comprehensive Workforce Development Plan. This has identified the key skills and key learning and development that will ensure that the skills of the managers and workforce are enhanced to improve performance and deliver the Councils agenda.</p> <p>The introduction of Performance and Talent Management system will enable managers to better assess key competencies; development plans and to check on progress against the objectives which have been set for staff. This technological solution enables management information to be more easily</p>	<p>Further embedding of the generic core management competencies and tasks will be achieved through</p>

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	extracted and monitoring of appraisals will be more dynamic and achievements monitored in real time. Staffing and Structure project began the process of the introduction of generic management job descriptions which will embed corporate expectations and a common understanding of the management role.	one of the work streams of the Review of Employee Benefits project. A corporate programme to support the Role of the Manager will begin in July 2011.
4. Develop skills on a continuing basis to improve performance including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.	The annual review of the Member development programme was reported to the Standards Committee in March 2011, as detailed above at section 1.	
	The Learning & Development Plan and service offering reflect the skills and knowledge required to deliver the Corporate Strategy and is reviewed on an annual basis to ensure continuing improvement and alignment to the goals of the Council. Individuals are encouraged to develop through their annual appraisal, six monthly reviews and regular one-to-ones which focus on improving performance and achievement of corporate/departmental objectives. A new appraisal system has been developed based on the competency framework which includes providing a customer focussed service, and leadership and influencing skills. The corporate training offering also offers courses on customer care and working with partners. As indicated above, the Council has an annual corporate Learning & Development programme based on strategic objectives including the Council's performance improvement priorities. A national performance management training programme has recently been piloted for staff in conjunction with the corporate Policy and Performance team. The annual review of the Member development programme was reported to the Standards Committee in March 2011, as detailed above at section 1.	Achieving higher levels of staff appraisal is a priority for the organisation to focus on improving performance. A review of the appraisal scheme to improve implementation and quality is required. (Head of Learning & Development)
5. Ensure that effective arrangements are in place for reviewing the performance of the authority as a whole and of individual members and agreeing an action plan which might for	Standards for performance are set out in the Corporate Strategy and individual Service Plans. Quarterly reports on service and financial performance are produced and considered by the CMT, Executive and Performance & Finance Select Committee. This includes performance on key partnership targets. A summary of the Council's performance is published each year in the Brent Magazine and delivered to	



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example aim to address any training or development needs.	<p>all households.</p> <p>All performance data is available on the Council's website.</p> <p>As above under section 4, individual officer performance is assessed through the formal appraisal system.</p>	
6. Ensure that effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority.	<p>As per Core Principle 2, section 11.</p> <p>In addition:</p> <ul style="list-style-type: none"> <li>• There are Service User Consultative Forums (SUCFs) which include: Pensioners forum; Black and Minority Ethnic forum; Voluntary Sector forum; Private Sector Housing forum; and Brent Disabled User forum; and</li> <li>• The Youth Parliament has been operating since March 2007 and provides an opportunity for children and young people to present their views to the Council. The Youth Parliament worked on the development of the 'Bmyvoice' website that was launched in March 2010.</li> </ul>	
7. Ensure that career structures are in place for members and officers to encourage participation and development.	<p>The Council has a new People Strategy which is accompanied by a comprehensive Workforce Development Plan. This has identified the key skills and key learning and development that will ensure that the skills of the managers and workforce are enhanced to improve performance and deliver the Councils agenda.</p> <p>The introduction of Performance and Talent Management system will enable managers to better assess key competencies; development plans and to check on progress against the objectives which have been set for staff. This technological solution enables management information to be more easily extracted and monitoring of appraisals will be more dynamic and achievements monitored in real time.</p> <p>Staffing and Structure project began the process of the introduction of generic management job descriptions which will embed corporate expectations and a common understanding of the management role.</p>	<p>Complete work in relation to career pathways, generic job roles and talent management.</p> <p>(Assistant Director, HR)</p>

<b>CORE PRINCIPLE 6 - Engaging with local people and other stakeholders to ensure robust public accountability</b>		
<b>The local code should reflect the requirements for local authorities to:</b>	<b>Position at March 2011</b>	<b>Actions Needed to Address Weaknesses and responsible officer</b>
1. Make clear to themselves, all staff and the community, to whom they are accountable and for what.	Council policy and services are promoted to residents via The Brent Magazine produced monthly, the Council website and wider media. Neighbourhood Bulletins are produced for each of the 21 wards twice a year to directly communicate and response to issues raised by local residents.	Continue using and further developing / improving all forms of communication.  (Head of Communications and Marketing))
	Use the staff magazine - Insight, the intranet, and internal briefing programme to communicate with staff.	
2. Consider those institutional stakeholders to whom they are accountable and assess the effectiveness of the relationships and any changes required.	As per Core Principle 2, section 11. The new Engagement Strategy 2010–2014 was developed in line with the new duty to inform, consult and involve, and the requirements of the Comprehensive Area Assessment (CAA) process. Although the CAA has now been abolished, the importance of consultation and the principles behind it remain. The Consultation Portal will be further developed to establish more effective ways of evaluating consultation activity.	Consultation Board to recommend a review of the current arrangements for a consultation portal.  (Head of Consultation)
3. Produce an annual report on scrutiny function activity.	An annual report is presented to the Overview & Scrutiny Committee in July each year.	
4. Ensure that clear channels of communication are in place with all sections of the community and other stakeholders including monitoring arrangements to ensure that they operate effectively.	The Brent Consultation Board, established 2009, scrutinises all major consultation projects. The Consultation Board oversaw the development of the new Brent Engagement Strategy. The new strategy promotes evaluation of consultation and engagement activity.	Core training on consultation strategy and techniques being developed.  (Head of Consultation)
5. Hold meetings in public unless there are good reasons for confidentiality.	All meetings are held in public. Some parts of meetings are held in private when exempt or confidential information might be disclosed. This is subject to the agreement of the members present.	

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6. Ensure arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands.	As per Core Principle 2, section 11, and Core Principle 5, section 6. In addition to the SUCFs which cover Pensioners, Black and Minority Ethnic, Voluntary Sector, Private Sector Housing and Disabled Users, other consultation, voluntary sector and user groups are currently being mapped by the Consultation Team.	Mapping of other consultation and voluntary sector groups is ongoing. (Head of Consultation)
7. Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users including a feedback mechanism for those consultees to demonstrate what has changed as a result.	A Communication Plan for 2010-2011 was agreed by CMT with an action plan to be provided. All major consultations need to be referred to the Consultation Board at the planning stage. New Brent Engagement Strategy sets out standard for ensuring proper feedback to consultees.	A revised Communication Plan and action plan to be developed for 2011-2012. (Head of Communications and Marketing)  Review of consultation portal in progress. (Head of Consultation)
8. On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period.	As per Core Principle 1, section 4. The Annual Review was published in October 2010 as part of The Brent Magazine.	Annual Review for 2011 to be produced in The Brent Magazine. (Head of Communications and Marketing)

<b>CORE PRINCIPLE 6 - Engaging with local people and other stakeholders to ensure robust public accountability</b>		
<b>The local code should reflect the requirements for local authorities to:</b>	<b>Position at March 2011</b>	<b>Actions Needed to Address Weaknesses and responsible officer</b>
9. Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.	All Committee Reports, Agendas and Minutes are made available through the Council's web site.	
10. Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.	The Council's managing change policy includes guidance on staff and trade union consultation. A draft engagement policy has also been developed. The role of the line manager in people management has been documented and is shortly to be published which includes guidance on engagement. The content of this is being incorporated into the Council's new people management courses.	

## **4 Review of Effectiveness**

4.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit & Investigation's Annual Report and also by comments made by the external auditors and other review agencies and inspectorates.

4.2 The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is described below:

### **The Council**

- Has monitored performance against the Corporate Strategy Objectives by taking an annual report and has set the annual budget in accordance with the Corporate Strategy priorities;
- Receives the annual budget report which summarises the financial position and the transactions for the year and considers the annual performance plan; and
- Has agreed a Constitution which sets out the decision making structure, delegated authority, standing orders and financial regulations. These underpin the internal control framework.

### **The Executive**

- Makes key decisions in accordance with the Budget and Policy Framework;
- Has sessions with the Corporate Management Team twice per year to consider the medium term financial strategy and its linkages with the council's policy priorities; and
- Meets monthly with the Corporate Management Team to receive an update on the Council's financial position and monitoring reports from the Strategic Finance Group.

### **The Audit Committee**

- Has met four times during 2010/11 and has considered the work of Internal Audit during the year, the Head of Internal Audit's annual report and opinion and the External Auditor's annual letter;
- Maintains an overview of the Council's Constitution in respect of contract standing orders and financial regulations;
- Monitors the effective development and operation of risk management and corporate governance in the Council;

- Reviews the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council; and
- Monitors the Council's Treasury Management policies.

#### **The Standards Committee**

- Receives reports from the Council's Monitoring Officer on issues concerning member conduct and would consider reports referred from Ethical Standards Officers or the Monitoring Officer which require investigation and/or determination.

#### **The Forward Plan Select Committee**

- Enables pre-scrutiny of Executive decisions by non-executive members.

#### **Overview & Scrutiny**

- Oversees and scrutinises decisions made by the Executive;
- Has cross cutting sub-committees to examine detailed performance information on a six monthly basis, namely the Health Select Committee, Childrens Select and the Performance & Finance Committee.

#### **The Performance & Finance Select Committee**

- Receives reports on budget monitoring and considers the Annual Performance Plan and quarterly "Vital Signs" document. It also considers individual areas such as Adult Social Care, Waste Strategy, Customer Contact and Revenues and Benefits.

#### **Budget Panel**

- Is a sub-committee of Overview & Scrutiny and participates in the budget setting process by examining the robustness of the budget; the ability to deliver savings; key revenue budget outputs and decisions; and key capital budget outputs and decisions.

#### **Audit & Investigations**

- Provide assurance to the Council on operational and financial controls via delivery of an agreed audit plan;
- Produce an Annual Audit Report including the Head of Audit annual opinion on the Council's internal controls; and
- Where identified as a result of audit work, significant internal control weaknesses have been reported to Service Directors and copied to the relevant Service or Corporate Area Director. Recommendations for improvement are made in each report. Each significant audit report is followed up after a suitable period and any failure to implement recommendations is noted and reported back to the relevant director and the Audit Committee.

## External Audit

- The Director of Finance & Corporate Services meets with the Council's external auditors on a monthly basis and, if appropriate, they raise any concerns they have regarding the internal control environment. These meetings become more frequent during the closing of the accounts process when any material weaknesses or issues are raised.

4.3 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

## 5. Significant Governance Issues

5.1 Set out below are a number of significant governance issues which have been identified, together with a summary of the actions taken to date, or which are being proposed for 2011/12 to deal with these.

We have included an indication as to the progress made against those issues raised in the 2009/10 Annual Governance Statement.

- The One Council programme has continued to progress during 2010/11, and robust governance arrangements are in place to manage this. Delivery against this programme is fundamental to the financial health of the Council and to the delivery of efficient and effective services to the public. This remains the key area of focus for the Council going into 2011/12.
- Connected to the point above, one of the key drivers of the One Council programme is the need to achieve significant savings over the period 2010-2014. Following the cuts made by central Government during the year, coupled with additional demands on services, the Council needs to make savings of £41.7million in 2011/12. £21million is expected to come from the One Council programme, leaving the remainder to be found through other means. Savings have already been generated through a 10% reduction in the number of staff posts (300 posts), plus the loss of an additional 50 posts through grant cuts. A further reduction of a minimum of 100 management posts is planned. Whilst a proportion of the overall reduction relates to the deletion of vacant posts, this represents a challenge in respect of maintaining service delivery and appropriate spans of control. Separate to staffing, the Council is also looking at all its services to identify possible further areas for savings. Consultation with residents and all other key stakeholders is, and will continue to be of significant importance during this period as well as ensuring that equalities issues are considered and addressed.

- The Council has been progressing with the construction of the new civic centre, which is expected to be in use by March 2013. As well as significant financial benefits, there are also significant risks associated with the project, given its scale both in capital terms and in respect of the changes it will bring to ways of working and the rationalisation of the Council's property portfolio. However, as with the One Council programme, there are robust governance arrangements in place to manage this. The new building is expected to be the 'greenest' public building in the UK, with a BRE Environmental Assessment Method (BREEAM) 'Outstanding' rating. It is forecast to deliver net savings of approximately £2million per year through reduced running and maintenance costs.
- The Government's decision to abolish the Building Schools for the Future (BSF) programme during 2010/11 had a significant impact on the Council. Four schools had been allocated a total of £80million under the programme. Moving forwards into 2011/12, Children & Families have identified a potential of approximately 188 unplaced Reception pupils for September 2011. Actions are being determined to avoid the Council failing to meet its statutory duty to ensure sufficiency of school places, but this represents a key area of challenge.
- From a treasury management perspective, the collapse of the Icelandic banks left the Council with two outstanding deposits: one for £10m with Heritable Bank and one for £5m with Glitnir Bank. The Council has been working with other local authorities, the Local Government Association (LGA) and other organisations such as the Chartered Institute of Public Finance and Accountancy (CIPFA), to recover the two loans or to mitigate the effects of non-recovery. Members have been updated on the position throughout, and the Treasury Management Strategy and Annual Investment Strategy for 2010/11 reflected this. With regards to recovery, the position has improved since the time of the 2009/10 Annual Governance Statement. £5.5 million has now been recovered from Heritable Bank, plus 45% of the accepted interest. It is now expected that 80% of the original investment will be recovered, and hence £2million has been written off in the 2010/11 accounts, although the position may improve. The position in respect of Glitnir is still being determined and may take much of 2011/12 to fully resolve.
- Environment & Neighbourhoods continue to recognise monitoring and forecasting of income as a key risk, together with the actual level of income received in key areas including parking, planning, land charges and building control. Waste management costs have also been difficult to forecast. This has been identified in previous years and work has been progressing on developing more sophisticated models of the financial performance in these areas. Further work is needed though in 2011/12, both in respect of waste management and the parking account.




- As in previous years, the service for children with disabilities and children's Social Care Placements within Children & Families reported a significant budget overspend. Measures for resolving this continue to be worked upon as part of the transformation review being undertaken within the One Council programme. Expenditure relating to Special Education Needs (SEN) Statements has also continued to increase, with an overspend of approximately £2million in 2010/11. Measures to address this will be actioned through consultation with the Schools Forum during 2011/12.
- Some concerns were raised in 2009/10 regarding the governance arrangements across the schools. In addition to actions being taken by Children & Families, a significant proportion of the 2010/11 Internal Audit Plan was allocated to auditing the schools, including all foundation schools. As part of this, a key issue was identified in respect of leasing arrangements that had been entered into without the review and approval of the Council's Director of Finance. In nine schools, this has resulted in significant issues from a value for money perspective. Joint action is now being taken between Children & Families, Finance & Corporate Services, and Legal & Procurement, partly to assist these nine schools, but also to help ensure that such issues do not arise in future.
- Also connected to the schools, significant control failures were identified in relation to the education capital portfolio, following the transfer of responsibility from Children & Families to the newly formed Regeneration & Major Works department. These have been largely rectified in-year and there are now clear governance arrangements in place involving legal, finance and procurement staff as appropriate. A protocol is being developed which head teachers and chairs of governors will be required to follow prior to any future capital works being submitted to the Council's Executive for approval. Connected to this, but on a Council wide level as opposed to just the schools, a new Project Management Framework has also been developed and will be rolled out in 2011/12, so as to help ensure that construction works and other major projects are managed in an effective and consistent manner across the Council going forwards.
- Adult Social Care has had significant difficulties in managing its overall budget in recent years, and this continued to be an issue in 2010/11. As part of the One Council programme, significant transformation work has been progressing in this area, with a view to both improving service delivery, but also seeking to achieve savings and hence improve the overspend position. Connected to this, various measures are taken to control overspending during the year, but this can conflict with the rising number of clients who meet the Council's eligibility criteria in respect of being entitled to a care service. Measures to control discretionary spending have been of limited effectiveness in the past. Budget monitoring in this area is currently being reviewed and the transformation programme will continue into 2011/12.

5.2 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: .....

Councillor Ann John  
Leader of the Council

Gareth Daniel  
Chief Executive

 <p>The logo of Brent Council, featuring a central coat of arms with a shield, a crown, and two lions, surrounded by the words 'BRENT' at the top and 'COUNCIL' at the bottom in a circular arrangement.</p>	<p><b>Audit Committee</b> 15<sup>th</sup> June 2011</p> <p><b>Report from the Director of Finance and Corporate Services</b></p>
For Information * delete as necessary	Wards Affected: ALL
<p><b>Report Title: Internal Audit Annual Report 2010/11</b></p>	

## 1. Summary

- 1.1. This report is the annual report from the Head of Internal Audit. The report includes an opinion on the overall adequacy and effectiveness of the Council's internal controls and presents a summary of the audit work undertaken during the year.

## 2. Recommendations

- 2.1. The Audit Committee note the content of the report.

## 3. Detail

- 3.1. The Accounts and Audit Regulations 2003<sup>1</sup>, as amended, require the Council to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control. The role of internal audit is to provide an independent and objective opinion on the control environment within the Council. Internal audit work is undertaken in accordance with the CIPFA Internal Audit Code of Practice 2006<sup>2</sup> ("the code"). The code sets out a number of elements to be included in an annual report from the Head of Audit. These are:
- An opinion on the overall adequacy and effectiveness of the internal control environment
  - Any qualifications to the opinion
  - A summary of audit work undertaken
  - Any issues particularly relevant to the Annual Governance Statement
  - A comparison of the work undertaken against the plan and performance issues

- A comment on compliance with the CIPFA code

### **Opinion of the Head of Audit and Investigations**

- 3.2. *“I have considered all of the work conducted by internal audit staff, the council’s audit contractor, Deloitte and Touche Public sector Internal Audit Ltd and fraud investigation staff for the year ended 31 March 2011 and work undertaken post year end. This includes oversight of all internal audit reports and fraud investigations and personal conduct of specific projects. In my opinion, with the exception of those issues set out in paragraph 3.4, the controls in place in those areas reviewed are adequate and effective. Where weaknesses have been identified, these are being addressed by management and followed up by Internal Audit.*
- 3.3. *In addition, I have had oversight of the process by which the Annual Governance Statement has been completed. This is the fourth year in which an Annual Governance Statement has been required and I am satisfied that the process to produce the statement is robust. I am satisfied that the content of the statement is accurate and its completion has complied with the relevant CIPFA guidance. Any issues which I have judged relevant to the preparation of the Annual Governance Statement have been included.*

### **Qualifications to the Opinion**

- 3.4. *My opinion is qualified in relation to two issues: Firstly, in relation to the Council’s single accounting system, I have recently issued three draft reports with limited assurance opinions. Given this is a new system, implemented in 2010/11, there were always likely to be weaknesses identified in such a major change. I am confident that management will address the weaknesses identified within these reports. However, there are ongoing risks associated with significant staffing reductions and consequent loss of expertise which will need to be mitigated. I also remain concerned about the apparent lack of financial control within a significant minority of the council’s schools and the general approach to internal audit findings. Whilst schools are responsible for their own budgets, they are required to adhere to both legal requirements and to financial regulations issued by the council. These ensure public money is properly spent and accounted for. A number of schools are demonstrating a lack of compliance with basic procurement regulations. This is placing schools at risk of failing to achieve value for money and at risk of potential legal challenge where EU procurement regulations apply. In addition, a number of schools are failing to adhere to the national rules concerning teacher’s pay, specifically in relation to head teacher pay being outside the prescribed bandings determined by the school size. Although, in certain circumstances schools are permitted to pay above the maximum group range, I consider that in a number of cases these circumstances may not apply and school governing bodies may be paying above the ranges set out within the national conditions document to facilitate incremental increases in pay once the natural pay cap, relative to the size of school, has been reached. This is further exacerbated by Governing Bodies not always being diligent in their*

*recording of the reasons for granting permission to exceed to cap thus placing the school at risk of challenge*

- 3.5. The 2010/11 Audit Plan was approved by the Audit Committee on 3<sup>rd</sup> March 2010<sup>3</sup>. The plan allocated 1201 audit days across all areas of the council's operation, including 135 within Brent Housing Partnership.
- 3.6. At the end of March 2011, 1178 days had been delivered representing 98% of the audit plan. The outstanding 23 days, representing the 2% shortfall in delivery was due to the planned audit work for one a One Council Project not going ahead due to delays in the implementation of project and a reorganisation in one department resulting in staff changes which resulted in the audit start date being postponed. The 98% delivery rate represents an improvement on the 2009/10 audit plan for which 95% of the Plan was delivered.
- 3.8 Audit work focused on the reliability of the financial and operational information, management accounting controls, safeguarding of assets, economy and efficiency of operations and review of compliance with relevant statutes and Council regulations.
- 3.7. For each audit where controls have been analysed, an assurance statement is issued. This simple grading mechanism indicates the level of confidence we have in the controls within the area audited. Each category is defined below:

<b>Full Assurance</b>	There is a sound system of control designed to achieve the client's objectives. The control processes tested are being consistently applied.
<b>Substantial Assurance</b>	While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
<b>Limited Assurance</b>	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client's objectives at risk.
<b>No Assurance</b>	Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic controls leaves the processes/systems open to error or abuse.

3.8. The following table indicates the audits completed and relevant levels of assurance during the 2010-11 financial year:

<b>Ref</b>	<b>Audit Area</b>	<b>Level of Assurance</b>
1.	Council Tax	Substantial
2.	Payroll	Substantial
3.	NNDR (Business Rates)	Substantial
4.	Treasury Management	Substantial
5.	Service Planning & Performance Management	Substantial
6.	Sports & Leisure Centre	Substantial
7.	Business Continuity Planning	Substantial
8.	Local Area Agreement Data Management	Substantial
9.	School Admissions	Substantial
10.	Housing Provision for 16-17 years old	Substantial
11.	Traffic Management	Substantial
12.	PC & Laptop Security	Substantial
13.	Data Protection Administration & FOI	Substantial
14.	Northgate Revenues & Benefits Application	Substantial
15.	Interact Payroll Application	Substantial
16.	Internet Protocol (IP) Telephony	Substantial
17.	Mobile Device Security	Substantial
18.	Oracle Database Security	Substantial
19.	Experian Payments Gateway (IT)	Substantial
20.	Christchurch Primary School	Substantial
21.	Mount Stewart Infants	Substantial
22.	Northview Primary	Substantial
23.	Anson Primary School	Substantial
24.	Barham Primary School	Substantial
25.	Fryent Primary School	Substantial
26.	Preston Park Primary School	Substantial
27.	St Andrew & St Francis Primary School	Substantial
28.	Donnington Primary School	Substantial
29.	St Margaret Clitherow Primary School	Substantial
30.	Debt Management	Limited
31.	Self Directed Support	Limited
32.	Oracle Database Migration	Limited

33.	Manhattan Property Management	Limited
34.	Contender System(IT)	Limited
35.	Copland Community College	Limited
36.	Kingsbury Green Primary School	Limited
37.	Harlesden Primary	Limited
38.	Newman Catholic College	Limited
39.	Braincroft Primary School	Limited
40.	Queens Park Community College	Limited
41.	Malorees Infants School	Limited

**Table 1 - List of completed audits for 2010/11 and levels of assurance**

3.9. In addition to internal audit work, the Audit and Investigations Team has responsibility for fraud investigation across the council. Fraud can impact upon the council's finances and may have implications for the systems of internal control.

3.10. Fraud affecting the council can be split between internal, committed by staff, or external, committed by third parties. As with all other large institutions in both the public and private sector, the council suffers from both.

3.11. The fraud case load is split over seven main areas. The 2010/11 case load statistics are shown in table 2 below.

<b>Fraud Area</b>	<b>New Cases</b>	<b>Cases Closed</b>	<b>Cases Investigated</b>	<b>Fraud Identified</b>
<b>Housing Benefit*</b>	757	675	290	121
<b>Housing Tenancy Related</b>	120	166	155	37
<b>Blue Badge</b>	43	29	20	13
<b>Direct Payments</b>	3	6	5	3
<b>Other external / third party</b>	19	15	14	8
<b>Internal</b>	53	51	50	21
<b>Totals</b>	995	942	534	203

**Table 2 – Fraud Case Load 2010/11**

3.12. In relation to housing benefit fraud the team completed investigations into 290 cases with fraud proven in 121 cases. The value of fraudulent overpayments (including DWP benefits) created as a result of investigations in 2010/11 was £2.5 million. Of this amount, £1.8 million relates to housing or council tax

benefit. This is increase on previous years' performance and reflects an ongoing strategy of dealing with higher value cases.

- 3.13. There are a number of options available when considering disposal of housing benefit fraud cases. In all instances a fraudulent overpayment will be identified and the Revenues and Benefits Service will attempt to recover the full overpayment. In addition, a number of sanctions are available to the Council, these are: Formal cautions, administrative penalties and prosecution. The sanction sought is determined by a number of factors including the amount and duration of the offence, aggravating and mitigating factors.
- 3.14. A formal caution is issued by Local Authority staff at an interview with the claimant and is used for low level offences. An administrative penalty is a fine of 30% of the overpayment and is added to the recovery of the overpayment. This is used in mid-range cases. Prosecution is reserved for more serious cases and is either undertaken by the Council's Legal Service or the Solicitors Branch of the Department of Work and Pensions. In order to apply any of these sanctions, each case must be investigated, from its inception, to a prosecution standard. A total of 71 sanctions were applied to cases closed during 2010/11. These are summarised below:

<b>Sanction</b>	<b>2010/11</b>
Prosecutions	50
Administrative Penalties	20
Cautions	1
<b>Total</b>	<b>71</b>

**Table 3 – Housing Benefit Sanctions 2010/11**

- 3.15. In relation to housing tenancy fraud the team received 120 new referrals and completed investigations into 166 cases. As a result of these investigations the team recovered 36 council properties (33 managed by BHP and 3 Registered Social Landlords (RSLs). The team also conducts investigations into social housing fraud for five housing associations. During the year the team recovered 2 housing association properties, which then became available for the council to nominate tenants to. These recoveries have a significant financial impact on the housing revenue account and temporary accommodation budget.
- 3.16. Blue Badge fraud is a relatively new area of operation, its profile has been raised by the Audit Commission's National Fraud Initiative (NFI) data match of Blue Badges issued to the DWP deceased list. Some publicity around this type of fraud has generated a number of additional referrals from the public, who appear to be concerned by abuse of the scheme.
- 3.17. This abuse takes a number of forms. The lowest level is misuse of a badge by a family member when the badge holder is not present. This abuse is normally dealt with by the parking enforcement team although the Audit and Investigation Unit co-ordinated a successful proactive exercise in the Wembley area which resulted in 18 badges being seized in the latter part of the year.



- 3.18. More serious offences such as persistent misuse, false applications for a badge, forged or counterfeit badges or misuse by a council officer are dealt with by Audit and Investigations. There were 43 new referrals in 2010/11 with 20 completed investigations. Fraud was identified in 13 of these. Most are dealt with by way of a warning letter from Older Peoples Services who issue the badges. There were 4 more serious cases resulting in 1 staff dismissal and 3 prosecutions. All prosecuted defendants received a fine and a criminal record.
- 3.19. In relation to internal fraud there were 50 investigations completed during the year. Fraud or irregularity was established in 21 of these cases resulting in 5 dismissals at disciplinary, 14 resignations and 2 warnings.
- 3.20. During the previous three years, the Audit & Investigations Team have been involved in proactively verifying staff identities (ID) and their right to work in the UK. This work has been carried out in areas which are considered to be high risk i.e. where staff have access to vulnerable clients and there is a risk that their IDs' / permission to work in the U.K may be irregular. The work undertaken has resulted in the dismissal of 15 staff for ID / immigration issues; 32 staff left whilst they were still being investigated and 3 are still being investigated. The intention going forward is for these checks to be rolled out across the Council by management and Human Resources.

#### **Issues relevant to the Annual Governance Statement**

- 3.21. Following the Copland School investigation changes were made to the internal audit programme to ensure all foundation schools were audited by the council. In addition the audit coverage in schools was changed to include an increased focus on procurement.
- 3.22. The increased coverage of procurement arrangements at Schools has resulted in significant findings in relation to the procurement of leases, mainly for photocopying equipment. This affects some eight schools, a number of which have leasing commitments which will have a material impact upon the finances of these schools.

#### **Compliance with the CIPFA Code of Practice for Internal Audit in Local Government**

- 3.23. The CIPFA Code of Practice<sup>2</sup> is a non-statutory code. However, the Accounts and Audit Regulations 2003<sup>1</sup>, as amended in 2006 require the Council to maintain an adequate and effective system of internal audit in accordance with proper internal audit practices. The guidance accompanying the Accounts and Audit Regulations specifies that proper practices are those contained within the CIPFA code. Internal Audit is, therefore, required to comply with the code.
- 3.24. The Internal Audit Team works in accordance with these standards and has a quality control mechanism which involves an internal quality review of all audit reports and ongoing supervision and appraisal of all staff.

- 3.25. The Accounts and Audit (amendment) Regulations 2006 placed a further requirement on the Council to, “at least once in each year, conduct a review of the effectiveness of its system of internal audit” and that, “the findings of the review referred...shall be considered, as part of the consideration of the system of internal control.” CIPFA are yet to issue guidance on how such a review is to be undertaken. Some authorities have chosen to employ consultants to undertake the review; others use a peer review process whilst some rely on their audit committee. The work of the internal audit team has been reported to this committee on a regular basis, together with summaries of audit work undertaken.
- 3.26. The Accounts and Audit Regulations 2011 come into force from 1<sup>st</sup> April 2011 and are not relevant for the purposes of this report.

#### **4. Financial Implications**

- 4.1. None

#### **5. Legal Implications**

- 5.1. None

#### **6. Diversity Implications**

- 6.1. None

#### **7. Background Papers**

1. Accounts and Audit Regulations 2003
2. Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 – CIPFA
3. REPORT FROM THE DIRECTOR OF FINANCE – INTERNAL AUDIT PLAN FOR 2010-11, *Audit Committee – 3<sup>rd</sup> March 2010.*

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