



Audit Committee

Wednesday 22 February 2012 at 7.30 pm

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

Membership:

Members

Councillors:

Stephen Wood (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
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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
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1	Declarations of personal and prejudicial interests	
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Members are invited to declare, at this stage of the meeting, any relevant financial or other interest in the items on this agenda.

2	Minutes of the previous meeting	1 - 8
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3	Matters arising	
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4	Deputations	
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5	Audit Commission Annual audit letter and governance report	9 - 54
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This report sets out progress against the recommendations in the Annual Governance Report.

Ward affected:	Contact Officer: Clive Heaphy, Director of Finance and Corporate Services
All Wards	Tel: 020 8937 1424 clive.heaphy@brent.gov.uk

6	Audit Commission Reports: Progress Report 2010/11; Certification of Claims and Returns 2010/11; Audit Plans 2011/12	55 - 146
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This report presents a number of reports from the Audit Commission. Representatives of the Audit Commission will present the report.

Ward affected:	Contact Officer: Clive Heaphy, Director of Finance and Corporate Services
All Wards	Tel: 020 8937 1424 clive.heaphy@brent.gov.uk

7	2012/13 Treasury Management Strategy and Annual Investment Strategy	147 168	-
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This report details the Treasury Management Strategy and Annual Investment Strategy for 2012/13.

Ward affected: All Wards
Contact Officer: Clive Heaphy, Director of Finance and Corporate Services
 Tel: 020 8937 1424 clive.heaphy@brent.gov.uk

8	Future of local public audit	169 172	-
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This report advises members of the proposal by the Audit Commission to appoint an interim auditor to cover the period 1st April 2012 to 31st August 2012. The appointment is necessary to cover the period up to the point when the Audit Commission awards new contracts for the audit of local authorities following the disbanding of the Audit Commission. The report also provides a summary of the government's response to their consultation on the Future of Local Public Audit.

Ward affected: All Wards
Contact Officer: Clive Heaphy, Director of Finance and Corporate Services
 Tel: 020 8937 1424 clive.heaphy@brent.gov.uk

9	Third internal audit progress report	173 210	-
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This report sets out a summary of the work of Internal Audit for the period from 1st April 2011 to 31st January 2012 and the Investigation Team for the period 1st April 2011 to 31st December 2011. The report provides details of progress against the internal audit plan together with assurance ratings and priority 1 recommendations for limited and nil assurance reports for those audits for which final reports have been issued since December 2011.

Ward affected: All Wards
Contact Officer: Clive Heaphy, Director of Finance and Corporate Services
 Tel: 020 8937 1424 clive.heaphy@brent.gov.uk

10	Verbal update on progress of strategic risk register & civic centre project risk register	211 252	-
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This report provides the committee with an example of a Project Risk Register (Civic Centre) as requested at the last meeting of the Committee on 15th December 2011.

Ward affected:

All Wards

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

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

11 Draft Internal Audit Plan & Audit Needs Assessment for 2012/13

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This report sets out the Draft Internal Audit Plan (“the Plan”) for 2012/13 and an update on the Audit Needs Assessment (‘ANA’) the output of which has been used to formulate the Plan. All Local Authorities are required to make proper provision for Internal Audit in line with the 1972 Local Government Act and the Accounts and Audit Regulations 2003 (as amended). The CIPFA Code of Practice on Internal Audit in Local Government requires the proper planning of audit work.

The final audit plan will be presented for formal approval at the next scheduled meeting of the Audit Committee.

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 scheduled meeting of the Audit Committee will be confirmed after the Annual Council meeting in May 2012.



- 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 Thursday, 15 December 2011 at 7.30 pm

PRESENT: Stephen Stephen Wood (Chair) and Councillors Al-Ebadi and Ashraf and Harrison (alternate for Councillor Van Kalwala).

An apology for absence was received from: Councillor Van Kalwala

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

None declared.

2. **Minutes of the previous meeting**

RESOLVED:-

that the minutes of the previous meeting held on 22 September 2011 be approved as an accurate record of the meeting.

3. **Matters arising**

None.

4. **Statement of accounts 2010/11 and Annual governance reports**

Clive Heaphy (Director of Finance and Corporate Services) introduced the item and confirmed that the Audit Commission had issued an unqualified audit opinion of the accounts, a key achievement for the council. It had been anticipated that the year would be particularly challenging due to the migration of financial information from multiple disparate systems into a single Oracle system, fundamental structural changes and the transition of accounting statements to comply with International Financial Reporting Standards (IFRS). These changes had contributed to the accounts being submitted after the 30 September 2011 deadline and a number of lessons had been learnt during the process. Clive Heaphy thanked the Audit Commission for their work and their cooperation with the Council and with Finance staff.

Andrea White (District Auditor, Audit Commission) then presented the Audit Commission report. She confirmed that Members had the finalised report before them following the submission of the interim report to the committee on 22 September. Starting with financial statements, Andrea White referred to the key messages in the report which included some significant weaknesses in internal control, the identification of five material errors and a further 26 non material errors.

However, the accounts were given an unqualified audit opinion as all material errors had been amended. Andrea White emphasised the need to ensure that the weaknesses identified were rectified for the next year and subsequent years and she acknowledged that the year had been especially challenging for the council.

The committee then discussed the financial statements aspect of the Audit Commission report. The Chair sought further comments in respect of the statement of accounts for 2010/11 being submitted after the deadline and he acknowledged that 28 other local authorities had also done so. With regard to the Action Plan, he enquired how the recommendations would be owned, implemented and monitored. In respect of recommendations 7-10 in the Action Plan, he commented that as the underlying causes to the issues that had been raised had now been removed, he sought confirmation that it should be relatively straightforward to implement these recommendations. With regard to the 'trading' that had previously existed between the council departments, the Chair sought confirmation that this had now been completely extinguished. Turning to IFRS, the Chair sought reassurance that staff would receive sufficient training to undertake this.

Councillor Ashraf acknowledged the importance in achieving an unqualified audit opinion in respect of the accounts. In respect of the weaknesses identified concerning internal controls, he commented on the role that fundamental structural changes and staff reductions had played and sought further views with regard to centralising of finances. Councillor Ashraf asked what changes had been made in the way reconciliation would be undertaken. He also sought more information on staff training and development in respect of IFRS and new ways of working.

In reply to the issues raised, Andrea White confirmed that the council had been publically named as one of the local authorities that had published their audited statement of accounts after the 30 September deadline. With regard to the changes to structure, she commented that there would be significant pressure on the Central Finance Team and that it was important that the Team received the necessary support to fulfil its functions. The Audit Commission could also play a role in providing staff training and some workshops were due to be held in January 2012. Presentations by the Audit Commission on accounting were also available to council staff.

Clive Heaphy advised Members that the council's financial systems had previously been highly decentralised which contributed to a number of errors being made. However, fundamental changes had since been made to provide financial management on one platform and the change to IFRS was needed for the challenges that the council now faced. It was essential that the Action Plan was delivered to ensure the improvements needed. Audit tasks had also been previously carried out by individual service areas, however this too had now been centralised and was undertaken on a monthly basis. Clive Heaphy stressed the importance of the role in project planning and officers would be given target deadlines in advance, which if not met, would be addressed immediately. He confirmed that the appropriate workshops would be given to provide staff with the necessary skills. Clive Heaphy advised that it was possible that an external organisation would be appointed to undertake a critical evaluation on a monthly basis.

Mick Bowden (Deputy Director – Finance, Finance and Corporate Services) then responded to questions concerning the Action Plan. Turning to recommendations 8, 9 and 10 first, he explained that a significant piece of work had been undertaken with regard to centralising financial systems and there had been a number of residuals outstanding in respect of the 'migrated balance'. However, the preparatory work had finished and recommendation 8, for example, would be achieved by 19 December. Recommendation 9 would involve a time consuming process involving system reconciliation. However as of 14 December, only £7 arrears remained and the recommendation would be swiftly implemented. Members noted that all trading between service areas had ceased and ledger journals were solely used now. Recommendation 7 would also involve monthly checks and would be reported to the council's Strategic Finance Group. Reconciliation was now undertaken in a completely different way, with two of the council's three bank accounts fully automated, however the largest one remained partially automated for now. It was noted that most bank accounts now operate under the Oracle accounting system and the remainder are being brought on board. Mick Bowden advised that a lot of the changes were being done in parallel and the starting point for these would be 1 April 2012, with a review of the 2011/12 accounts commencing early in the new financial year and initial feedback would be provided at the next meeting.

The committee agreed to monitor progress on how the recommendations of the Action Plan were being implemented over the next three meetings.

Members noted that there were no significant issues outstanding with regard to the Audit Commission's report on the Brent Pension Fund.

In reply to a query from the Chair concerning the Annual Governance Statement, Clive Heaphy advised that there had been some minor amendments with regard to some teachers' pay.

RESOLVED:-

- (i) that the final Annual Governance Reports from the Audit Commission and the council's Action Plan be noted;
- (ii) that the final Annual Governance Statement be noted; and
- (iii) that progress on how the recommendations of the council's Action Plan are being implemented be monitored over the next three meetings.

5. Audit commission progress report

Andrea White introduced the report and circulated recommendations that the Audit Commission was making to local authorities as a result of the report's findings. The report was a result of surveys undertaken of all local authorities by the Audit Commission and had been completed by the relevant auditors. The committee noted the Annual Audit Commission Letter which would also be presented to the Executive.

Councillor Al-Ebadi spoke of the need to ensure that there was appropriate consideration of legal implications and cited the legal fees resulting from the libraries transformation project court appeals as an example.

In response, Clive Heaphy explained that the legal fees were a one-off cost and the council would be able to make year on year savings as a result of being able to implement the libraries transformation project as a result of the courts' decisions. He added that the council's reserves currently stood at around £7.5m, however the council was on target to increase its reserves to £9.7m this year and it was planned that the reserves would increase to the London boroughs average of around £12m by 2013/14 at the latest.

The Chair requested that the Audit Commission's recommendations also be passed to the Budget and Finance Overview and Scrutiny Committee.

RESOLVED:-

that the contents of the progress report be noted.

6. Treasury 2011/12 Mid year report

Mick Bowden introduced the report and began by commenting on the Eurozone crisis and the impact this was having on the markets. Members heard that interbank lending was back to 2000 levels, however every effort had made to ensure the council's financial position was as safe and secure as possible. Mick Bowden confirmed that the council had secured preferred creditor status in respect of its deposits with Glitnir Bank and was due to receive between 86-90% return of the deposit. It was noted that there was increasing use of the Government's Debt Management Office, which although offered the safest prospect of return, also yielded the lowest interest rate returns. With regard to changes to the Housing Revenue Account (HRA), the overall impact was intended to be neutral for the General Fund and in future HRA debt would be accounted separately from General Fund debt, leading to amended accounting arrangements.

RESOLVED:-

that the treasury 2011/12 mid-year report be noted.

7. Brent Housing Partnership audit plan 2011/12

Simon Lane (Head of Audit and Investigations, Finance and Corporate Services) presented the report which outlined the final internal audit plan for Brent Housing Partnership (BHP) for 2011/12. He advised that the total number of days had increased to 152 due to investigations needing to be undertaken with regard to some out of borough purchases made by BHP.

In reply to a query from the Chair, Simon Lane advised that work on developing the BHP internal audit plan had commenced in March.

RESOLVED:-

that the report on the Brent Housing Partnership audit plan 2011/12 be noted.

8. Internal audit progress report 2011/12

Simon Lane introduced the report and drew Members' attention to the summary of assurance opinions and direction of travel as set out in page 161 of the report. The plan was on track and the previously raised recommendations were being followed-up. The committee noted the limited assurances that had been given and the responses to these as set out in the report. Simon Lane then turned to the nil assurance report and explained that there had been major issues relating to Curzon Crescent Nursery and Children's Centre which involved changes to headteachers. Aina Uduehi (Audit Manager, Finance and Corporate Services) added that there had been three changes of headteachers in four years and control mechanisms had not been working properly, whilst recommendations had also failed to be implemented. However, the new headteacher was adopting a federated arrangement and seemed willing to undertake the recommendations.

The Chair focused on the cases that had received limited assurances and with regard to the Framework-i casework module, he asked why team responsibility as opposed to an individual had been given and he also sought comments in view that the Team Manager had suggested that there were no problems. Turning to Project and Programme Management, he advised that a specific deadline date for implementation of the recommendations should be set. The Chair asked for more information on the Project Management Framework and how did this relate to Project and Programme Management and stated that the principles should be the same, particularly as both shared capital elements. He also commented that there needed to be agreement at Corporate level on the approach to audit issues and that this should then be applied across the whole of the council.

Councillor Ashraf added that some of the recommendations should encourage more standardisation with regard to complying with audit requirements and that efforts should be made to explain across the whole of the council the reasons for the changes and the move to centralisation and the benefits to the council as a result.

Andrea White enquired whether the recommendations in respect of Project and Programme Management varied from what was already being undertaken. She also commented that there had been some recommendations that appeared to have not been progressed to any great extent.

In reply to the issues raised, Phil Lawson (Deloitte) agreed to follow up the Chair's suggestion that a specific officer should be responsible with regard to implementing the recommendations in relation to Framework-i casework module. He explained that the manager concerned had been aware of the problems which were largely related to back dated payments, however the Team had been asked to report back to Clive Heaphy on progress. It was noted that no overpayments had been identified. With regard to Project and Programme Management, Phil Lawson advised that the recommendation had also requested immediate implementation and it was this that was being pursued, however as it was also a major project there would also be on-going monitoring. There had also been staff changes at senior management level which had impacted upon the project, however a new officer would be monitoring this project by the end of March 2012. The Project Management Framework was new and although some issues had initially arisen, these had been addressed and the framework was robust. Consideration was now

being given as to how the project would be rolled out across the council. It was presently focusing on capital projects, however its scope would be widened in future. Phil Lawson acknowledged that the changes being made across the council were considerable and would represent big changes in particular for schools.

Clive Heaphy advised the committee that the creation of the Regeneration and Major Projects department meant there was a need for it to report to the Capital Projects Portfolio Board and was subject to high level scrutiny. He also acknowledged the need to join up skills in relation to the projects.

RESOLVED:-

that the report on the progress made in achieving the 2011/12 internal audit plan be noted.

9. **Risk management policy**

Simon Lane introduced this item and advised that the previous risk management policy had been rendered impracticable after the IT tools used had been decommissioned. The report before committee had been delayed to allow for further consultation across the council and changes had been made in respect of how the policy would be rolled out. The policy would be championed by the Corporate Management Team and the Audit Team's role would include consolidating the risks involved and to report findings to the committee. Risks had been identified under various categories with the help of Deloitte and discussions with DMTs. Simon Lane stated that it was intended to provide further details in respect of the Corporate Strategic Risk and report this back at the next meeting. The committee noted that the responsibility for developing and re-engineering risk management had been transferred from the Procurement and Risk Management Team to the Head of Audit and Investigations, however no additional resources had been allocated to Audit and Investigations for this and nor was there any spare capacity. The report set out the proposed mechanism for identifying and monitoring risks across the council. Aina Uduehi added that guidance with regard to risk management policy was also being rolled out.

Andrea White added that the report followed up on the previous Annual Audit Commission letter highlighting the need to embed risk management as a key area to address. With regard to there being no additional resources, she enquired what steps were being taken to ensure the risk management policy could be embedded. In noting that the policy would be reviewed by the Audit Committee annually, Andrea White enquired what steps were being taken in between.

During discussion by Members, Councillor Ashraf commented that clarification was needed with regard to who was responsible for overseeing a particular risk and how it would be monitored. He suggested that a risk register table be produced providing a brief summary of each risk and who were responsible for it. Councillor Al-Ebadi stressed that risk management was a big issue and of particular interest was the move to the Civic Centre. He suggested that there be details of the risk assessment with regard to the Civic Centre at the next meeting.

The Chair also acknowledged that resources were an issue and noted that this could be a potential risk to the policy itself. He also commented that there did not

appear to be high level Member involvement and suggested that the policy should also be monitored by the Executive, whilst major projects would also present risks. The Chair commented that the risk management policy report had also been delayed when previously reported to the committee and he sought assurances that it was seen as high priority. Whilst the Audit Committee could monitor the risk register, the Chair stressed the importance that the right staff was managing these risks and he requested that the policy be amended to reflect this. He requested that the committee be kept informed of updates to the departmental risk register, including what risks existed and also consideration be given as to how often it should be reported to committee.

In reply to the issues raised, Simon Lane referred the committee to page 197 in the report which outlined how the risk management policy would be monitored, including the role of the Audit Committee which would approve and monitor the risk management strategy and risk registers. It also set out the responsibilities of the Corporate Management Team, departmental managers, service managers, heads of service, Project Management Office, Strategy Partnerships and Improvement department and the Audit and Investigations Team. In addition, an annual report on the effectiveness of the risk management policy would be presented to the Audit Committee. Each identified risk had a risk owner, however if any particular risk became of greater concern, it would be reported to the Corporate Management Team. Every effort would be made to minimise the impact with regard to resource limitations and assistance was also being given on this matter by the Improvement Team. It was anticipated that the necessary training would also be undertaken before the end of the financial year.

Clive Heaphy advised that a tick box approach could not be taken towards risk management and that it required careful consideration, meaningful assessment and proper ownership and to be properly embedded. With regard to the move to the Civic Centre, a comprehensive project addressed this under the One Council Programme, however he suggested information on risk issues on this could be presented at the next meeting. He added that as the move to the Civic Centre project was initiated prior to the risk management policy, there was no standardisation as such between the two. Clive Heaphy acknowledged that the Audit Committee needed to be informed of the key issues in order to assist their monitoring and decision-making roles.

The Chair indicated that progress on risk management policy was needed. He clarified that a report on the Corporate and departmental risk register would be reported back to the next meeting and in addition the risks with regard to the move to the Civic Centre would also be reported. The Audit Committee's role with regard to monitoring the risk management strategy and risk registers and in approving the strategy was acknowledged. At member level however, overall ownership would exist with the Executive.

RESOLVED:-

- (i) that the proposed risk management policy and strategy as set out in appendix one be agreed; and
- (ii) that a report on the Corporate and departmental register and on the risks of the move to the Civic Centre be presented at the next meeting.

10. Use of surveillance and chis 2010/11

Simon Lane introduced the report and drew Members' attention to surveillance activity carried out by the council as set out in paragraph 3.13 of the report. It was noted that Trading Standards continued to be the main users of surveillance.

Councillor Ashraf sought an update with regard to the progress of the Government's RIPA review. Councillor Harrison asked if surveillance was being used in respect of traffic issues such as parking.

In reply, Simon Lane advised that the RIPA review had not yet been enacted as it was going through the committee stage at the House of Lords. The previous RIPA review had been initiated in response to negative publicity in the use of surveillance by local authorities and in particular with regard to a case involving Poole Council who had used surveillance to determine whether a family had misrepresented their permanent address in respect of a school admission application. Subsequently, the use of surveillance by local authorities had become increasingly bureaucratic and it was likely that it would be even more so once the recommendations of the present RIPA review were agreed. Simon Lane advised that surveillance for a specific purpose could only effectively be used by local authorities where it was suspected that a criminal offence was to be committed that would attract a custodial prison sentence of at least six months. This did not affect general use of CCTV, however, and this could be used as evidence for traffic issues such as parking if CCTV already existed at the location in question. In reply to Councillor Harrison's observation that anti-social behaviour did not usually attract a six month prison sentence, Simon Lane acknowledged that this was a major issue, however legal avenues were being explored with regard to the possibility of pursuing prosecutions in such cases.

RESOLVED:-

that the use of surveillance and chis 2010/11 report be noted.

11. Any other urgent business


None.

12. Date of next meeting

It was noted that the next meeting of the Audit Committee was scheduled to take place on Wednesday, 22 February 2011 at 7.30 pm.

The meeting closed at 9.20 pm

S WOOD
Chair

	<p style="text-align: center;">Audit Committee 22 February 2012</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Services</p>
For Action	Wards Affected: ALL
Report Title: ANNUAL GOVERNANCE REPORT – PROGRESS REPORT ON ACTION PLAN	

Forward Plan Ref:

1.0 Summary

1.1 This report sets out progress against the recommendations in the Annual Governance Report.

2.0 Recommendations

The Committee is asked to:

2.1 Consider the progress report in relation to the action plan.

2.2 Consider the Annual Audit Letter reported to the Executive on 16 January 2012.

3.0 Detail

3.1 At the Committee's meeting on 15 December 2011 it received the Annual Governance Report from the Audit Commission regarding the 2010/11 accounts.

3.2 An update on progress on each recommendation is set out in Appendix 1. Although it is still an early stage in the process of producing the accounts there are two key areas that have been progressed:

- Dealing with the residual migration issues
- Establishing project planning arrangements (including a robust plan and monitoring of progress)

3.3 The majority of the recommendations relate to the quality of the accounts and supporting working papers. Whilst the plans have been put in place to deliver these it is now key that progress against the plans is made. To that end weekly meetings including Audit Commission and Council officers have been

established to review progress, identify risks and issues and, where necessary, put in place further actions to ensure the timetable is adhered to.

3.4 A copy of the closedown timetable is set out in Appendix 2.

3.5 At its meeting on 16 January 2012 the Executive considered the Annual Audit Letter and the action plan which is set out in Appendix 3.

4.0 Financial Implications

4.1 No specific implications.

5.0 Legal Implications

5.1 No specific implications.

6.0 Diversity Implications

6.1 No specific implications

7.0 Staffing Implications

7.1 No specific implications.

8.0 Background Information

8.1 Annual Governance Report and Action Plan – Report to Audit Committee 15 December 2011

8.2 Minutes of Executive meeting – 16 January 2012

9.0 Contact Officer

Mick Bowden

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CLIVE HEAPHY

Director of Finance and Corporate Services

Annual Audit Letter

London Borough of Brent

Audit 2010/11



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Key messages

This report summarises the findings from my 2010/11 audit. My audit comprises two elements:

- **the audit of your financial statements; and**
- **my assessment of your arrangements to achieve value for money in your use of resources.**

I have included only significant recommendations in this report. The Council has accepted these recommendations.

Key audit risk	Our findings
Unqualified audit opinion	◆
Proper arrangements to secure value for money	◆

- The draft financial statements presented for audit contained five material errors and a large number of non-material and disclosure errors, the majority of which were amended.
- There are significant weaknesses in the design and operation of internal controls supporting the financial reporting function that need to be addressed.

Audit opinion and financial statements

- I issued an unqualified audit opinion on the Council's financial statements, including the pension fund, on 30 November 2011.
- It has been a particularly difficult year for the Council, implementing new financial systems and International Financial Reporting Standards (IFRS) whilst dealing with structural change, staff losses and a highly challenging budget settlement.
- The Council struggled to deliver complete and compliant financial statements on a timely basis.
- I was therefore unable to complete my audit by the target date, 30 September 2011.

Value for money

- I considered whether the Council is managing and using its money, time and people to deliver value for money.
- I issued an unqualified value for money conclusion on 30 November 2011, confirming the Council has proper arrangements to secure economy, efficiency and effectiveness in the use of its resources.

Current and future challenges

It is a challenging time for all public sector bodies. The pace and scale of change is unprecedented. Like all local authorities, the Council is facing severe cuts to funding and, at the same time, greater demand for local services. Significant changes are required over the next few years and tough decisions will be required to make them. The way services are delivered may need to change and new, more collaborative ways of working will be needed. The Council's transformation programme is helping it prepare and make the savings required for future financial stability. A key challenge for the Council is to ensure that strong governance arrangements and internal controls are maintained during a period of significant change.

Economic pressures on the public sector and achieving savings

Following the announcement of reductions in grant funding by government in May 2010, the Council approved an in-year savings plan of £15 million. All planned savings were achieved in 2010/11 and the Council reported a small overspend for the year resulting in a decrease in its general fund reserves by £1.3 million to £7.5 million. General fund reserves decreased by £1.9 million as a result of adjustments following the audit of the Council's financial statements.

The medium term financial strategy (MTFS) was updated to include £106.7 million savings over the next four years to 2014/15. £41.7 million of savings have been included in the budget setting strategy for 2011/12. The Council is currently reviewing its approach to deliver the residual savings of £65 million between 2012/13 and 2014/15. The Council has detailed plans to support the savings it intends to make during 2011/12 and is currently reporting a small forecast overspend of £1.8 million at month 6. For 2012/13 onwards, the Council has developed a number of proposals for making the £65 million savings required and is currently agreeing the approach with members. Members are due to make some key decisions on 2012/13 savings over the next few months.

Looking forward, the achievement of such a significant savings plan whilst continuing to deliver quality services will remain challenging. There are continuing pressures on the Council's finances, including the provision of housing, increasing the demand for services such as adult social care and funding required for the Council's pension scheme.

Transformation of services

The Council recognises challenges facing local government will require transformation of services.

The Council has developed its One Council Programme to support the savings required in the MTFs and to support the transformation required to deliver new ways of working. The programme contains 21 transformation work streams including future customer services, finance modernisation, a structure and staffing review, strategic procurement review, income maximisation and adult social care commissioning. The progress of each of the transformation streams is monitored by the One Council overview and scrutiny.

The Council are exploring more collaborative procurement arrangements with other local authorities, the NHS and other public sector organisations. The Council is a lead member of the West London Alliance (WLA). Through the WLA the Council aims to secure more economies of scale focusing on adult social care, children's social care, environmental services and corporate supplies. To date, significant savings have been achieved in adult social care and there is ongoing work to deliver future savings in special education needs and passenger transport.

The Council is also active within the London Councils network, and is reviewing options to make savings in support services such as Human Resources and Finance.

With the transfer of public health responsibilities to local authorities, the Council will take on the responsibility for improving local public health. This will require development of services in partnership with local NHS bodies.

Financial statements and annual governance statement

The Council's financial statements and annual governance statement are an important means by which the Council accounts for its stewardship of public funds.

Overall conclusion from the audit

It has been a particularly difficult year for the Council, implementing new financial systems and International Financial Reporting Standards (IFRS) whilst also dealing with structural change, staff losses, and a highly challenging budget settlement. This has stretched finance resources and impacted on the Council's ability to produce good quality financial statements and working papers.

I issued an unqualified opinion on the financial statements of the Council and Pension Fund on 30 November 2011 following approval of the statements by the Audit Committee on 25 November 2011. The draft financial statements were submitted for audit on 30 June 2011 in line with the due date. The draft financial statements presented for audit contained:

- 5 material errors;
- 26 non-material errors; and
- a significant number of disclosure errors within the notes to the financial statements.

The Council amended the financial statements for these errors which decreased the total consolidated income and expenditure deficit by £9.2 million.

My audit also identified a significant number of errors and uncertainties, which management did not amend. I obtained explanations from management and the Chair of the Audit Committee for not adjusting the amendments which I accepted. The net impact of all the unadjusted errors and uncertainties would have been to increase the reported deficit by £0.8 million.

International Financial Reporting Standards

The Council had to produce its financial statements in accordance with International Financial Reporting Standards (IFRS) for the first time in 2010/11. This involved significant changes to the financial statements, particularly relating to accounting treatment of finance leases, segmental reporting, componentisation of fixed assets, government grants, accruals for amounts in connection with staff leave, and more extensive and detailed disclosures within the financial statements.

My audit included a review of the Council's arrangements in applying IFRS, detailed testing on re-stated 2009/10 balances as well as 2010/11 balances and ensuring that all required disclosures had been made.

The Council struggled to comply with the requirements of IFRS in the first year. The draft financial statements presented for audit did not include the accounting entries for finance leases, private finance initiative (PFI) agreements and a large number of disclosures were incorrect or incomplete.

The new accounting system and financial structures

During the year, the Council introduced a new accounting system which required a shift from highly departmentalised financial systems and processes to more centralised arrangements. The transition to the new system was not well managed. Key controls were not properly reconciled before or after the change to the new system. Systems and processes to cope with the new more centralised way of working were not in place and management did not respond quickly to the weaknesses identified by Internal Audit.

This lack of control led to a large number of unexplained, reconciling balances included within the Council's financial statements, which my audit testing identified. Before I was able to complete my audit the Council was required to carry out a significant amount of work to identify the nature of the balances. Work on the balances found:

- payments not recorded in the cash book;
- amounts paid and received not matched to the original invoices raised or received; and
- payments that had been subsequently cancelled.

Significant weaknesses in internal control

My audit identified weaknesses in the Council's internal control arrangements over journals, cash and bank, accounts payable, council tax, NNDR, IT and over the implementation of the new financial system.

I reported the detailed findings to the Audit Committee in February 2011 and in my Annual Governance Report to the Audit Committee on 24 November 2011. I have made fifteen recommendations to improve the Councils systems, processes and year-end reporting arrangements which the Council has accepted.

Recommendation

R1 Monitor implementation of management's action plan to address control weaknesses.

Overall conclusion from the pension fund audit

In my Pension Fund Annual Governance report, I reported that the financial statements were submitted for audit by the due date, were substantially complete, supported by good working papers and were free from material error. I gave an unqualified opinion on the Pension Fund annual report on 30 November 2011.

Other matters

During 2010/11 two matters were brought to my attention by electors, compliance with teachers pay conditions in schools and the use of blue badges. I have shared this correspondence with the Director of Finance and Resources and, where appropriate, carried out reviews. I also reviewed the Council's response to the non compliance of financial regulations in relation to school leases, which had been identified by Internal Audit. None of the matters raised or reviewed, required me to exercise my powers as the appointed auditor and there are no issues to report to you.

At the time of writing this report, my audit of the Council's 2010/11 grant claims and returns is in progress. Of the nine which require audit certification, eight have been certified and submitted to the appropriate grant paying body. The remaining claim and return is not due until the end of December 2011. I will report more fully on the outcome of my grant claim audits in January 2012.

Value for money

I considered whether the Council is managing and using its money, time and people to deliver value for money. I assessed your performance against the criteria specified by the Audit Commission and have reported the outcome as the value for money (VFM) conclusion.

I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against two criteria specified by the Audit Commission. My overall conclusion is that the Council has adequate arrangements to secure, economy, efficiency and effectiveness in its use of resources.

My value for money conclusion is based on evidence that confirms the Council has sound financial planning and monitoring arrangements in place, and it has the leadership and governance structures to enable it to deliver its plans. However, there are significant risks to achieving the scale of savings required. The Council's medium term financial strategy has identified the need for a further £65 million savings over the next three years. These substantial savings will have to be delivered against a background of increasing demand for council services and reduced management capacity. Clear focus on delivering operational and financial priorities will be needed to ensure financial plans are delivered and the effectiveness of services is maintained. The Council's general reserves are low and earmarked reserves are falling while pressure on the Council's resources in the coming years is significant and unprecedented. The maintenance of strong financial control will be essential if the Council is to achieve its plans. When setting its budget for 2012/13, the Council must continue to have regard to the increasing level of risk in setting its reserves.

Members should provide clear steer on their priorities, have a key role in monitoring and challenging the achievement of plans and ensuring corrective action is taken at an early stage to address concerns.

Value for money criteria and key messages

Criterion	Key messages
<p>1. Financial resilience</p> <p>The organisation has proper arrangements in place to secure financial resilience.</p> <p>Focus for 2010/11:</p> <p>The organisation has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.</p>	<p>The Council understands the financial challenges and risks it faces. Executives and non-executives provide constructive scrutiny on financial matters and there is an effective Audit Committee in place. The Council has updated its medium term financial strategy to reflect the savings required over the next four years. The Executive receive regular finance reports that provide a clear link between budget, in-year forecasts and the year-end forecast.</p> <p>For 2010/11 the Council made an unplanned overspend against its budget of £300,000, which reduced the level of General Fund reserves. There were large overspends in Housing and Community Care and Children and Families, which were partially offset by savings in Central costs e.g. under spending on One Council costs and reduced levies from bodies such as the London Pensions Fund Authority for historic pension deficits on demised bodies. The position was reversed, and general fund reserves increased, following the correction of errors found in the Council's financial statements following its year-end audit.</p> <p>To achieve a balanced financial position in 2011/12, the Council's budget contains an overall savings plan of £41.7 million, of which £25 million are to be delivered from the One Council programme. A large proportion of the One Council programme savings relies on service re-design and management of demand for services, which can take time to implement, increasing the risk of timely achievement. At the end of September 2011 the Council's budget management report forecasts a £1.8 million overspend with £31.1 million of savings having been delivered to date.</p>

Criterion

2. Securing economy efficiency and effectiveness

The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

Focus for 2010/11:

The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Key messages

The Council has proper arrangements in place to challenge how it secures economy, efficiency and effectiveness.

Each Council reports its performance through a departmental scorecard covering performance, finance, One Council projects and key risks and issues.

The Council benchmarks its performance against other Councils and has used this as a basis to develop savings and improvements through its One Council transformation programme and to challenge departmental performance and savings programmes.

The One Council Programme covers the four-year period 2010-2014. We performed our second review of the programme during 2010/11.

The main objective of the programme is to achieve a significant proportion of the required budget savings by 2014/15 while raising performance, maximising efficiency, creating a council that looks and feels like one cohesive organisation, creating new flexible ways of working, stopping lower priority activities, generating increased income, improving procurement and property management and creating a council fit to deliver the members' corporate strategy.

Our key findings are as follows.

- Good progress has been made on the project.
- Effective governance arrangements are in place.
- Risks to the delivery of the programme include:
 - capacity;
 - accurate monitoring of financial benefits; and
 - transparency of revisions to financial projections.
- Introducing a systematic way to capture non-financial benefits at project level.

The Council have provided an update that the recommendations have been acted upon. We will review progress of the One Council programme and recommendations during our 2011/12 audit.

Progress on previous recommendations

I set out below progress on recommendations included in my 2009/10 annual audit letter and will continue to monitor progress during the coming year. Overall, some progress has been made but further action is needed to secure improvements in financial reporting, procurement and embedding risk management across the Council.

Progress on 2009/10 annual audit letter recommendations

Recommendation

Improve year-end financial reporting arrangements across the Council.

Strengthen risk management, internal control and performance management arrangements in respect of foundation schools.

Embed good procurement practice across the Council.

Embed good risk management arrangements across the Council.

Progress

The position has deteriorated in the current year. The implementation of IFRS, change in financial system and restructuring of finance has stretched capacity and led to financial statements completed in November, after the 30 September 2011 statutory deadline.

There is evidence of an improved focus in this area. The Council have continued with their work, including internal audit reviews. This has highlighted concerns around teachers pay and leases within schools, and action is being taken. This includes Director of Finance liaison with schools, increased engagement from Children and Families on difficult issues and legal advice where appropriate.

Procurement is part of the One Council programme. A number of the One Council projects include savings from the procurement of services. The latest One Council monitoring report has risk rated the procurement project as red. There have been delays in developing detailed plans to achieve the procurement savings because it has taken some time to appoint a suitable procurement lead.

Risk management arrangements have not improved significantly. There is scope to embed one clear process throughout the Council, enabling clear governance from members.

Recommendation

R2 Review the adequacy of arrangements to improve and embed good procurement, risk management, internal control and financial reporting arrangements across the Council.

Closing remarks

I have discussed and agreed this letter with the Chief Executive and the Director of Finance and Corporate Resources. I will present this letter at the Audit Committee on 30 November 2011 and will provide copies to all Council members.

Further detailed findings, conclusions and recommendations in the areas covered by my audit are included in the reports issued to the Council during the year.

Report	Date issued
Fee letter	June 2010
Audit opinion plan	March 2011
Interim audit report	June 2011
One Council follow up report	September 2011
Annual governance report	November 2011
Audit opinion	November 2011

The Council has taken a positive and constructive approach to my audit. I wish to thank the Council staff for their support and co-operation during the audit.

Andrea White
District Auditor

29 November 2011

Appendix 1 – Fees

	Actual	Proposed	Variance
Audit scale fee (note 1 & 2)	538,000	488,000	50,000
Pension fund scale fee	£35,000	£35,000	-
Non-audit work	-	-	-
Total (note 3)	£573,000	£523,000	£50,000

Note 1: I charged an additional audit fee of £50,000 as I carried out more work than planned. I carried out significant further work in debtors, creditors and cash to confirm initial testing errors and uncertainties found did not lead to a material error in the financial statements.

Note 2: The Audit Commission issued a rebate of £15,771 to the Council on the planned 2010/11 audit fee. This was paid from Audit Commission reserves.

Note 3: In addition to the above fees, I estimate that the fee for my work on certification of grant claims and returns will be £87,500. I will report the final fee for this work after my work is complete.

Appendix 2 – Glossary

Annual governance statement

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The annual governance statement is a public report by the Council on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

Audit opinion

On completion of the audit of the financial statements, I must give my opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question; and
- whether they have been prepared properly, following the relevant accounting rules.

Opinion

If I agree that the financial statements give a true and fair view, I issue an unqualified opinion. I issue a qualified opinion if:

- I find the statements do not give a true and fair view; or
- I cannot confirm that the statements give a true and fair view.

Value for money conclusion

The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources based on criteria specified by the Audit Commission.

If I find that the audited body had adequate arrangements, I issue an unqualified conclusion. If I find that it did not, I issue a qualified conclusion.

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



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Appendix 1 Action Plan with February 2012 update

Recommendations

Recommendation 1

Review of the financial reporting and control function and make the changes required to ensure it is fit for purpose.

Responsibility	Director of Finance and Corporate Services
Priority	High
Date	31 December 2011
Comments	We are undertaking a review of the skills and capacity required within the financial reporting and control function. This will focus on ensuring that all the activities in producing the 2011/12 accounts are allocated to individuals with clear monitoring and tracking of delivery.
Update Feb 2012	Review undertaken and year end closedown plan (Recommendation 4) reflects the allocation of activities to individuals. Audit Commission training course attended by two key members of staff involved in year end process. Audit Commission presentation to finance staff regarding feedback on 10/11 audit and key issues for 11/12 took place on 16 January 2012.

Recommendation 2

Approve, sign and publish audited accounts in accordance with section 8 of The Accounts and Audit (England) Regulations 2011

Responsibility	Director of Finance and Corporate Services
Priority	High
Date	30 September 2012
Comments	Building on lessons learned from 2010/11 audit process the timetable for 2011/12 has been drafted which is in accordance with statutory requirements. This will be shared with the Audit Commission for feedback to ensure robust plan is in place.
Update Feb 2012	Timetables for central finance team, finance business partners and budget holders have been produced to enable statutory timescales to be met.

Recommendation 3

Provide financial statements for audit that include all relevant accounting entries for the year under review

Responsibility	Deputy Director of Finance
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Priority	High
Date	30 June 2012
Comments	Following implementation of IFRS the closedown timetable for 2011/12 sets out in detail the key activities and milestones to ensure comprehensive coverage in the accounts including finance leases
Update Feb 2012	All relevant accounting requirements covered by final accounts plan. Review of approach to Heritage Assets well advanced with Audit Commission.

Recommendation 4

Manage year end closedown against a robust close down plan, which contains clearly identified roles, responsibilities and target dates.

Responsibility	Deputy Director of Finance
Priority	High
Date	30 June 2012
Comments	Robust closedown plan has been drafted and will be shared with the Audit Commission for feedback. The closedown process will be actively project managed to ensure progress remains on track and that risks and issues are addressed.
Update Feb 2012	Closedown plan was shared with Audit Commission and is used as the basis for weekly review meetings with Council and Audit Commission officers. The meetings cover – review of actions in last week; activities for week ahead; risks and issues; overall review of progress against milestones in project plan.

Recommendation 5

Maintain and collate working papers to support the preparation and audit of the financial statements on a timely basis

Responsibility	Head of Financial Management
Priority	High
Date	30 June 2012
Comments	We will confirm working paper requirements with the Audit Commission. The closedown timetable has built in activity to monitor the creation and review of working papers to ensure that these support the entries in the financial statements.
Update Feb 2012	Working paper requirements list has been provided by the Audit Commission and is currently being reviewed by Council officers.

Recommendation 6

Review in year changes in to PFI agreements and the accuracy of accounting entries on an annual

basis.	
Responsibility	Head of Financial Management
Priority	Medium
Date	30 April 2012
Comments	Closedown plan includes all the activities relating to reviewing PFI agreements for changes.
Update Feb 2012	Latest review of PFI agreements (Jan 2012) has not identified changes. This will be reviewed again for year end.

Recommendation 7

Ensure quality control and internal review processes are part of the monthly and year end close down process.

Responsibility	Head of Financial Management
Priority	High
Date	These have commenced
Comments	Reporting of key internal control processes reported to Strategic Finance Group from November 2011 onwards. This sets out latest position and areas for further action.
Update Feb 2012	Monthly reports to Strategic Finance Group (SFG) have continued. Audit Commission officers to attend SFG meeting in March.

Recommendation 8

Clear the remaining unreconciled migrated balances in debtors and creditors.

Responsibility	Head of Financial Management
Priority	High
Date	31 December 2011
Comments	This work has already commenced and will be completed by the end of December 2011.
Update Feb 2012	Completed. Work focussing on 11/12 entries in advance of year end.

Recommendation 9

Clear material outstanding items within reconciliation controls in a timely manner on the bank reconciliation.

Responsibility	Head of Financial Management
Priority	High
Date	31 January 2012
Comments	Specific project underway to clear residual items within the system. The groundwork for this was undertaken as part of the 2010/11 audit process.

	Once completed this will enable full system reconciliations.
Update Feb 2012	Work on outstanding items completed. Now working on current entries as part on on-going reconciliation processes

Recommendation 10

Reconcile the bank account balance in the general ledger to the bank statement.

Responsibility	Head of Finance Service Centre
Priority	High
Date	31 January 2012
Comments	Ongoing reconciliation taking place during 2011/12. Full system reconciliation report will be in place once project referred to above completed.

Update Feb 2012 At 10 February the bank reconciliation difference as at 31 January 2012 was £46k.

Recommendation 11

Ensure managements overall analytical review of the financial statements includes debtors and creditors.

Responsibility	Head of Financial Management
Priority	Medium
Date	31 May 2012
Comments	Closedown plan includes analytical review of all balance sheet items including debtors and creditors.

Update Feb 2012 As referred to under Recommendation 8 reviews of debtor/creditor balances being undertaken in preparation for year end. Overall analytical review will be completed at year end.

Recommendation 12

Produce draft financial statements that comply with requirements of IFRS and Cipfa Code

Responsibility	Finance Manager (Financial Reporting)
Priority	High
Date	31 May 2012
Comments	Updated guidance will be reviewed when published and the Finance Manager will agree all requirements including new and amended notes with the Audit Commission in advance of the audit.

Update Feb 2012 Financial statements have been reviewed for new requirements from CIPFA Code and from information obtained from Audit Commission workshops. We are in currently discussion with the Audit Commission regarding two key issues (valuations of housing stock and treatment of

non-maintained schools) to agree treatment in advance of year end.

Recommendation 13

Undertake a self review of compliance against disclosure requirements using disclosure checklists (available from Cipfa and Audit Commission) as part of the Council's year end closure arrangements.

Responsibility Finance Manager (Financial Reporting)

Priority High

Date 31 May 2012

Comments Updated disclosure checklists will be reviewed and requirements agreed with the Audit Commission in advance of the audit. All requirements will be allocated to specific officers to ensure information produced on time.

Update Feb 2012 As per Recommendation 12, latest requirements have been reviewed to identify changes. In some cases (eg HRA changes) technical guidance is still awaited from CIPFA and will be incorporated when published.

Recommendation 14

Have regard to the increased level of financial risk when setting the level of Council general reserves.

Responsibility Director of Finance and Corporate Services

Priority High

Date 27 February 2012

Comments The budget setting report to full Council will set out the financial risks facing the Council. This will provide a basis for the calculation of non-earmarked reserves in accordance with the statutory requirement for the Director of Finance and Corporate Services to advise the Council.

Update Feb 2012 Budget report to Executive sets out risks and a proposal to increase non-earmarked reserves by £1m in 2012/13.

Recommendation 15

Review progress against action plan agreed with officers from 2 review of the One Council programme review.

Responsibility Director of Strategy, Performance and Improvement

Priority High

Date Immediate

Comments Progress against the action plan is reviewed periodically at the One Council Programme Board

Update Feb 2012 Audit Commission to review progress in March/April 2012

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<i>Ref</i>	<i>Function</i>	<i>Activity</i>	<i>Start Date</i>	<i>Completion date</i>	<i>Responsibility</i>
Peroid 9 AP&AR closes			Fri 30 Dec 11	Fri 30 Dec 11	
BS	Cash	Check level of unidentified income to bank account - to end of December	Tue 03 Jan 12	Tue 03 Jan 12	CF
BS	Bank	Check level of unreconciled items for month	Thu 05 Jan 12	Thu 05 Jan 12	FSC
BS	Bank	Reconcile opening balance on non FSC bank accounts recs to figures in oracle	Tue 03 Jan 12	Fri 06 Jan 12	CF
BS	Bank	Post to Revenue holding code	Fri 06 Jan 12	Fri 06 Jan 12	FSC
Period 9 GL Closes			Fri 06 Jan 12	Fri 06 Jan 12	
BS	Bank	FSC Prepare reconciliation statement for December	Fri 06 Jan 12	Wed 11 Jan 12	FSC
Period Close	Period 9	BP Detailed check of Bank holding code	Thu 05 Jan 12	Mon 16 Jan 12	BP
Period Close	Period 9	Purchase order cleanse by Budget Holder and Business Partner	Thu 05 Jan 12	Mon 16 Jan 12	BP
Period Close	Period 9	Detailed check of income & expenditure for reasonableness	Thu 05 Jan 12	Mon 16 Jan 12	BP
Period Close	Period 9	Detailed check of payroll items to ensure accuracy	Thu 05 Jan 12	Mon 16 Jan 12	BP
Period Close	Period 9	Purchase order cleanse by Budget Holder and Business Partner	Thu 05 Jan 12	Mon 16 Jan 12	Budget Holders
Period Close	Period 9	Detailed check of income & expenditure for reasonableness	Thu 05 Jan 12	Mon 16 Jan 12	Budget Holders
Period Close	Period 9	Detailed check of payroll items to ensure accuracy	Thu 05 Jan 12	Mon 16 Jan 12	Budget Holders
Period Close	Period 9	BH Detailed check of Bank holding code	Thu 05 Jan 12	Mon 16 Jan 12	Budget Holders
Period Close	Period 9	Reconcile Revenue TB	Thu 05 Jan 12	Mon 16 Jan 12	CF
Period Close	Period 9	Reconcile Budget Monitor Reports actuals to TB	Thu 05 Jan 12	Mon 16 Jan 12	CF
Period Close	Period 9	Purchase order age cleanse	Thu 05 Jan 12	Mon 16 Jan 12	CF
Period Close	Period 9	AP & AR Reconciliation	Thu 05 Jan 12	Mon 16 Jan 12	CF
Period Close	Period 9	Reconcile internal I&E	Thu 05 Jan 12	Mon 16 Jan 12	CF
Period Close	Period 9	Check BS balances & reconcile	Thu 05 Jan 12	Mon 16 Jan 12	CF
Period Close	Period 9	Ensure all movement on BS is understood and reconciled	Thu 05 Jan 12	Mon 16 Jan 12	CF
Period Close	Period 9	Check FSC Bank Rec up to date	Thu 05 Jan 12	Mon 16 Jan 12	CF
Period Close	Period 9	Check bank holding account is reducing	Thu 05 Jan 12	Mon 16 Jan 12	CF
Period Close	Period 9	Check internal recharges up to date	Thu 05 Jan 12	Mon 16 Jan 12	CF
Period Close	Period 9	Reconcile Capital TB	Thu 05 Jan 12	Mon 16 Jan 12	CF
Period Close	Period 9	Capital expenditure check no netting off	Thu 05 Jan 12	Mon 16 Jan 12	CF
Period Close	Period 9	Capital Expenditure in excess of £250k refer to valuer	Thu 05 Jan 12	Mon 16 Jan 12	CF
Schools	Schools	Develop new schools workbook	Tue 03 Jan 12	Fri 20 Jan 12	BP
Period Close	Period 9	Reconcile non FSC bank accounts and journal entries into oracle	Fri 06 Jan 12	Fri 20 Jan 12	BP
Schools	Schools	Publish schools guidance	Mon 23 Jan 12	Mon 23 Jan 12	BP
Guidance	Guidance Notes	Prepare closing guidance for Budget Holders	Wed 04 Jan 12	Mon 30 Jan 12	CF
Guidance	Guidance Notes	Develop closing returns for BP	Wed 04 Jan 12	Mon 30 Jan 12	CF
Guidance	Guidance Notes	Prepare closing guidance for business partners	Wed 04 Jan 12	Mon 30 Jan 12	CF
SOA	BP Planning	BP Heads of Finance submit EOY resource plan to DOF&CS	Tue 03 Jan 12	Tue 31 Jan 12	BP
Guidance	Guidance Notes	Issue closing guidance to Budget Holders & publish	Tue 31 Jan 12	Tue 31 Jan 12	CF
Guidance	Guidance Notes	Issue closing guidance and all returns to Business Partners & publish	Tue 31 Jan 12	Tue 31 Jan 12	CF
Trans	Purchase Orders	Issue guidance on PO's to budget holders	Tue 31 Jan 12	Tue 31 Jan 12	CF

Closedown Timetable

<i>Ref</i>	<i>Function</i>	<i>Activity</i>	<i>Start Date</i>	<i>Completion date</i>	<i>Responsibility</i>
Period 10 AP & AR closes			Tue 31 Jan 12	Tue 31 Jan 12	
BS	Bank	Check level of unreconciled items for month	Thu 02 Feb 12	Thu 02 Feb 12	FSC
Capital	Asset Revaluations	Issue revaluation instruction to valuer for HRA assets	Tue 03 Jan 12	Fri 03 Feb 12	CF
Capital	Asset Revaluations	Issue revaluation instruction to valuer for GF annual review	Tue 03 Jan 12	Fri 03 Feb 12	CF
BS	Bank	Post to Revenue holding code	Fri 03 Feb 12	Fri 03 Feb 12	FSC
BS	Cash	Check level of unidentified income to bank account - to end of January	Fri 03 Feb 12	Fri 03 Feb 12	CF
Period 10 GL closes			Fri 03 Feb 12	Fri 03 Feb 12	
BS	Bank	FSC Prepare overall bank schedule & reconciliation statement for January	Fri 03 Feb 12	Wed 08 Feb 12	FSC
Capital	Asset Manager	Roll over 10/11 asset manager (rec to accounts)	Wed 01 Feb 12	Fri 10 Feb 12	CF
SOA	New SERCOP and MiRS	Map existing cost centres to SERCOP	Mon 06 Feb 12	Fri 10 Feb 12	CF
Group	Group Accounts	Identify potential organisations - undertake review-contact legal	Wed 01 Feb 12	Wed 15 Feb 12	CF
Period Close	Period 10	BP Detailed check of Bank holding code	Mon 06 Feb 12	Fri 17 Feb 12	BP
Period Close	Period 10	Reconcile non FSC bank accounts and journal entries into oracle	Mon 06 Feb 12	Fri 17 Feb 12	BP
Period Close	Period 10	Purchase order cleanse by Budget Holder and Business Partner	Mon 06 Feb 12	Fri 17 Feb 12	BP
Period Close	Period 10	Detailed check of income & expenditure for reasonableness	Mon 06 Feb 12	Fri 17 Feb 12	BP
Period Close	Period 10	Detailed check of payroll items to ensure accuracy	Mon 06 Feb 12	Fri 17 Feb 12	BP
Period Close	Period 10	BH Detailed check of Bank holding code	Mon 06 Feb 12	Fri 17 Feb 12	Budget Holders
Period Close	Period 10	Purchase order cleanse by Budget Holder and Business Partner	Mon 06 Feb 12	Fri 17 Feb 12	Budget Holders
Period Close	Period 10	Detailed check of income & expenditure for reasonableness	Mon 06 Feb 12	Fri 17 Feb 12	Budget Holders
Period Close	Period 10	Detailed check of payroll items to ensure accuracy	Mon 06 Feb 12	Fri 17 Feb 12	Budget Holders
Period Close	Period 10	Reconcile Revenue TB	Mon 06 Feb 12	Fri 17 Feb 12	CF
Period Close	Period 10	Reconcile Budget Monitor Reports actuals to TB	Mon 06 Feb 12	Fri 17 Feb 12	CF
Period Close	Period 10	Purchase order age cleanse	Mon 06 Feb 12	Fri 17 Feb 12	CF
Period Close	Period 10	AP & AR Reconciliation	Mon 06 Feb 12	Fri 17 Feb 12	CF
Period Close	Period 10	Reconcile internal I&E	Mon 06 Feb 12	Fri 17 Feb 12	CF
Period Close	Period 10	Check BS balances & reconcile	Mon 06 Feb 12	Fri 17 Feb 12	CF
Period Close	Period 10	Ensure all movement on BS is understood and reconciled	Mon 06 Feb 12	Fri 17 Feb 12	CF
Period Close	Period 10	Check Bank Rec up to date	Mon 06 Feb 12	Fri 17 Feb 12	CF
Period Close	Period 10	Check bank holding account is reducing	Mon 06 Feb 12	Fri 17 Feb 12	CF
Period Close	Period 10	Check internal recharges up to date	Mon 06 Feb 12	Fri 17 Feb 12	CF
Period Close	Period 10	Reconcile Capital TB	Mon 06 Feb 12	Fri 17 Feb 12	CF
Period Close	Period 10	Capital expenditure check no netting off	Mon 06 Feb 12	Fri 17 Feb 12	CF
Period Close	Period 10	Capital Expenditure in excess of £250k refer to valuer	Mon 06 Feb 12	Fri 17 Feb 12	CF
SOA	New SERCOP and MiRS	Map existing subjective codes to SERCOP	Mon 13 Feb 12	Fri 17 Feb 12	CF
Capital	Asset Manager	Implement software upgrades	Mon 13 Feb 12	Fri 24 Feb 12	CF
Capital	Asset Manager	Resolve asset life/deprec issue	Mon 13 Feb 12	Fri 24 Feb 12	CF
SOA	New SERCOP and MiRS	Review WGA & RO Mapping	Mon 20 Feb 12	Fri 24 Feb 12	CF
SOA	New SERCOP and MiRS	Map CCI codes	Mon 20 Feb 12	Fri 24 Feb 12	CF

Closedown Timetable

<i>Ref</i>	<i>Function</i>	<i>Activity</i>	<i>Start Date</i>	<i>Completion date</i>	<i>Responsibility</i>
SOA	New SERCOP and MiRS	Map CIES to numeric codes	Mon 20 Feb 12	Fri 24 Feb 12	CF
SOA	New SERCOP and MiRS	Map Mirs to numeric codes	Mon 20 Feb 12	Fri 24 Feb 12	CF
SOA	New SERCOP and MiRS	Map Mirs to Balance sheet	Mon 20 Feb 12	Fri 24 Feb 12	CF
I&E	BV	Agree apportionment of corporate units	Tue 28 Feb 12	Tue 28 Feb 12	CF
BS	Bank	Reconcile opening balance on FSC bank accounts recs to figures in oracle	Tue 03 Jan 12	Wed 29 Feb 12	FSC
Period 11 AP & AR closes			Wed 29 Feb 12	Wed 29 Feb 12	
BS	Holiday Pay Accrual	Request information for holiday pay accrual	Thu 01 Mar 12	Thu 01 Mar 12	Budget Holders
Capital	Leases/contracts etc	Request information for new school leases/contract & other agreements	Thu 01 Mar 12	Thu 01 Mar 12	CF
Capital	Leases/contracts etc	Remind Budget holders for information on new leases/contracts and arrangements	Thu 01 Mar 12	Thu 01 Mar 12	CF
Capital	Leases/contracts etc	Request information from Procurement of new leases/contracts and arrangements	Thu 01 Mar 12	Thu 01 Mar 12	CF
Capital	Leases/contracts etc	Request information from Property re leases	Thu 01 Mar 12	Thu 01 Mar 12	CF
Capital	PFI	Request information for new & existing PFI's from all except BP & BH	Thu 01 Mar 12	Thu 01 Mar 12	CF
SOA	New SERCOP and MiRS	Produce draft mapping and test	Mon 27 Feb 12	Fri 02 Mar 12	CF
BS	Bank	Check level of unreconciled items for month	Fri 02 Mar 12	Fri 02 Mar 12	FSC
Trans	AP	1st Reminders sent to Budget Holders re deadline orders & invoices/DEF's	Mon 05 Mar 12	Mon 05 Mar 12	FSC
BS	Bank	Post to Revenue holding code	Mon 05 Mar 12	Mon 05 Mar 12	FSC
BS	Cash	Check level of unidentified income to bank account - to end of February	Mon 05 Mar 12	Mon 05 Mar 12	CF
Guidance	Guidance Notes	Send out 1st reminder to budget holders	Mon 05 Mar 12	Mon 05 Mar 12	CF
Period 11 GL closes			Mon 05 Mar 12	Mon 05 Mar 12	
BS	Bank	FSC Prepare overall bank schedule & reconciliation statement for February	Mon 05 Mar 12	Thu 08 Mar 12	FSC
SOA	New SERCOP and MiRS	Determine basis of apportionment for distributed costs	Mon 05 Mar 12	Fri 09 Mar 12	CF
Period Close	Period 11	BP Detailed check of Bank holding code	Mon 05 Mar 12	Mon 12 Mar 12	BP
Period Close	Period 11	Reconcile non FSC bank accounts and journal entries into oracle	Mon 05 Mar 12	Mon 12 Mar 12	BP
Period Close	Period 11	Purchase order cleanse by Budget Holder and Business Partner	Mon 05 Mar 12	Mon 12 Mar 12	BP
Period Close	Period 11	Detailed check of income & expenditure for reasonableness	Mon 05 Mar 12	Mon 12 Mar 12	BP
Period Close	Period 11	Detailed check of payroll items to ensure accuracy	Mon 05 Mar 12	Mon 12 Mar 12	BP
Period Close	Period 11	BH Detailed check of Bank holding code	Mon 05 Mar 12	Mon 12 Mar 12	Budget Holders
Period Close	Period 11	Purchase order cleanse by Budget Holder and Business Partner	Mon 05 Mar 12	Mon 12 Mar 12	Budget Holders
Period Close	Period 11	Detailed check of income & expenditure for reasonableness	Mon 05 Mar 12	Mon 12 Mar 12	Budget Holders
Period Close	Period 11	Detailed check of payroll items to ensure accuracy	Mon 05 Mar 12	Mon 12 Mar 12	Budget Holders
Period Close	Period 11	Reconcile Revenue TB	Mon 05 Mar 12	Mon 12 Mar 12	CF
Period Close	Period 11	Reconcile Budget Monitor Reports actuals to TB	Mon 05 Mar 12	Mon 12 Mar 12	CF
Period Close	Period 11	Purchase order age cleanse	Mon 05 Mar 12	Mon 12 Mar 12	CF
Period Close	Period 11	AP & AR Reconciliation	Mon 05 Mar 12	Mon 12 Mar 12	CF
Period Close	Period 11	Reconcile internal I&E	Mon 05 Mar 12	Mon 12 Mar 12	CF
Period Close	Period 11	Check BS balances & reconcile	Mon 05 Mar 12	Mon 12 Mar 12	CF
Period Close	Period 11	Ensure all movement on BS is understood and reconciled	Mon 05 Mar 12	Mon 12 Mar 12	CF
Period Close	Period 11	Check Bank Rec up to date	Mon 05 Mar 12	Mon 12 Mar 12	CF

Closedown Timetable

Ref	Function	Activity	Start Date	Completion date	Responsibility
Period Close	Period 11	Check bank holding account is reducing	Mon 05 Mar 12	Mon 12 Mar 12	CF
Period Close	Period 11	Check internal recharges up to date	Mon 05 Mar 12	Mon 12 Mar 12	CF
Period Close	Period 11	Reconcile Capital TB	Mon 05 Mar 12	Mon 12 Mar 12	CF
Period Close	Period 11	Capital expenditure check no netting off	Mon 05 Mar 12	Mon 12 Mar 12	CF
Period Close	Period 11	Capital Expenditure in excess of £250k refer to valuer	Mon 05 Mar 12	Mon 12 Mar 12	CF
Trans	AP	2nd Reminders sent to Budget Holders re deadline orders & invoices/DEF's	Mon 12 Mar 12	Mon 12 Mar 12	FSC
I&E	BV	Check no costs on BV codes at start of process	Mon 06 Feb 12	Fri 16 Mar 12	CF
SOA	New SERCOP and MiRS	Draft, test and verify reports	Mon 12 Mar 12	Fri 16 Mar 12	CF
Trans	AP	3rd Reminders sent to Budget Holders re deadline orders & invoices/DEF's	Mon 19 Mar 12	Mon 19 Mar 12	FSC
SOA	Related Party	Send out Declaration forms for Directors to complete	Wed 21 Mar 12	Wed 21 Mar 12	CF
SOA	Related Party	Send out Declaration forms for Members to complete	Wed 21 Mar 12	Wed 21 Mar 12	CF
BS	Capital Financing	Review capital accounting and financing requirements and regulations	Thu 22 Mar 12	Thu 22 Mar 12	CF
SOA	New SERCOP and MiRS	Prepare a manual including journals	Mon 19 Mar 12	Fri 23 Mar 12	CF
SOA	SOA	Review disclosure checklist for SOA and prepare a changes & impact schedule for users	Mon 05 Mar 12	Mon 26 Mar 12	CF
Trans	AP/DEF	Deadline for forwarding DEF & CHAPS & Bankline	Mon 26 Mar 12	Mon 26 Mar 12	Budget Holders
Trans	AR	Deadline for amends to AR and return of new customer creation forms to FSC	Mon 26 Mar 12	Mon 26 Mar 12	Budget Holders
Trans	AR	Last date for FSC to receive customer invoice raising requests	Mon 26 Mar 12	Mon 26 Mar 12	Budget Holders
Guidance	Guidance Notes	Send out 2nd reminder to budget holders	Mon 26 Mar 12	Mon 26 Mar 12	CF
Trans	AP/DEF	Clear backlog of unprocessed DEFs	Mon 26 Mar 12	Thu 29 Mar 12	FSC
Trans	AP/DEF	Clear all DEF's on hold	Mon 26 Mar 12	Thu 29 Mar 12	FSC
Trans	AP	All invoices in system matched to PO (clear all invoices on a distribution hold)	Thu 29 Mar 12	Thu 29 Mar 12	FSC
BS	Accruals/man	Refer last years unmatched items to BP for action	Tue 03 Jan 12	Fri 30 Mar 12	BP
BS	Accruals/man	Review unmatched manual accruals from previous year (on monthly basis)	Tue 03 Jan 12	Fri 30 Mar 12	CF
BS	Accruals/sys/PO	BP action unmatched items	Tue 03 Jan 12	Fri 30 Mar 12	BP
BS	Accruals/sys/PO	Review unmatched Systems accruals from previous year & refer to BP	Tue 03 Jan 12	Fri 30 Mar 12	CF
Capital	Assets	Check for any Asset valuations & category changes - Update information	Tue 03 Jan 12	Fri 30 Mar 12	CF
Capital	Assets	Review current assets under construction to see if operational	Tue 03 Jan 12	Fri 30 Mar 12	CF
Capital	Assets	ID assets under construction	Tue 03 Jan 12	Fri 30 Mar 12	CF
Capital	Assets	Ensure correct treatment of assets under construction	Tue 03 Jan 12	Fri 30 Mar 12	CF
Capital	Assets	Check any changes to vehicles or disposals	Tue 03 Jan 12	Fri 30 Mar 12	CF
Capital	Assets	Check disclosure requirements for intangible assets	Tue 03 Jan 12	Fri 30 Mar 12	CF
Capital	Assets	Check any schools changed status	Tue 03 Jan 12	Fri 30 Mar 12	CF
Capital	Assets	Review VA school assumption off balance sheet	Tue 03 Jan 12	Fri 30 Mar 12	CF
Capital	Assets	Review Foundation school status and treatment	Tue 03 Jan 12	Fri 30 Mar 12	CF
Capital	Assets	Check disclosure requirements for non current assets	Tue 03 Jan 12	Fri 30 Mar 12	CF
Capital	Assets	Check if any assets needs classification change	Tue 03 Jan 12	Fri 30 Mar 12	CF
BS	Bad Debt General	Debtors team to advise service of write offs	Tue 03 Jan 12	Fri 30 Mar 12	FSC

Closedown Timetable

Ref	Function	Activity	Start Date	Completion date	Responsibility
I&E	Internal Recharges	Last date for Internal trading recharges to be posted in oracle	Tue 03 Jan 12	Fri 30 Mar 12	BP
I&E	Internal Recharges	Check all expected internal recharges are in your GL	Tue 03 Jan 12	Fri 30 Mar 12	BP
Capital	Asset Revaluations	Reasonableness check on revaluations before upload	Thu 01 Mar 12	Fri 30 Mar 12	CF
Capital	Asset Revaluations	Check revaluation uploads as they happen in Asset manager.	Thu 01 Mar 12	Fri 30 Mar 12	CF
Capital	Asset Revaluations	Upload asset revaluations to the asset register	Thu 01 Mar 12	Fri 30 Mar 12	Valuers
	Capital Financing	Write to Foundation & VA school with a statement of capex and what financed by LBB		Fri 30 Mar 12	BP
BS			Thu 01 Mar 12		
Capital	Leases/contracts etc	BP check understanding with BH and review information declared	Thu 01 Mar 12	Fri 30 Mar 12	BP
Capital	Leases/contracts etc	Id information and complete form re leases, contacts and other arrangements	Thu 01 Mar 12	Fri 30 Mar 12	Budget Holders
	Outturn Reporting (Rev & Capital)	Undertake a final check of transactions posted and notify your BP of any queries		Fri 30 Mar 12	
I&E			Thu 01 Mar 12		Budget Holders
Capital	PFI	BH Review for any new PFI's	Thu 01 Mar 12	Fri 30 Mar 12	Budget Holders
Capital	PFI	BH Review all existing PFI's for changes	Thu 01 Mar 12	Fri 30 Mar 12	Budget Holders
Capital	PFI	Determine treatment of any new PFI's	Fri 02 Mar 12	Fri 30 Mar 12	CF
Capital	PFI	Review existing PFI's for changes	Fri 02 Mar 12	Fri 30 Mar 12	CF
Capital	Asset Revaluations	Review capex id spend over £250k post period 11	Tue 13 Mar 12	Fri 30 Mar 12	CF
Capital	Capitalisation	Help Identify capital in Revenue accounts and facilitate submission.	Mon 19 Mar 12	Fri 30 Mar 12	BP
Capital	Capitalisation	Identify capital in Revenue accounts	Mon 19 Mar 12	Fri 30 Mar 12	Budget Holders
Capital	Construction cons	Identify construction contracts	Mon 19 Mar 12	Fri 30 Mar 12	CF
Capital	Construction cons	Check construction contract disclosure	Mon 19 Mar 12	Fri 30 Mar 12	CF
Capital	Construction cons	Prepare WP	Mon 19 Mar 12	Fri 30 Mar 12	CF
Capital	Construction cons	Update notes to the accounts	Mon 19 Mar 12	Fri 30 Mar 12	CF
Capital	Leases/contracts etc	Cross check declarations against procurement records	Mon 19 Mar 12	Fri 30 Mar 12	CF
Capital	Leases/contracts etc	Ongoing dialogue on lease information submitted	Mon 19 Mar 12	Fri 30 Mar 12	CF
SOA	New SERCOP and MiRS	Prepare process for dealing with audit adjustments	Mon 26 Mar 12	Fri 30 Mar 12	CF
Trans	AP	Produce final BACS /cheque run	Fri 30 Mar 12	Fri 30 Mar 12	FSC
Trans	AP	Last payment batch run	Fri 30 Mar 12	Fri 30 Mar 12	FSC
Trans	AP	Last file from storafile loaded	Fri 30 Mar 12	Fri 30 Mar 12	FSC
Trans	AP	Last storafile cleared/ check no outstanding data file holds	Fri 30 Mar 12	Fri 30 Mar 12	FSC
Trans	AP	Last manual payment date	Fri 30 Mar 12	Fri 30 Mar 12	FSC
Trans	AP	Review report re invoices not matched to PO and on other hold types	Fri 30 Mar 12	Fri 30 Mar 12	FSC
Trans	AP	Clear/reconcile all manual cheques to AP	Fri 30 Mar 12	Fri 30 Mar 12	FSC
Trans	AP	Review exceptions file and clear down	Fri 30 Mar 12	Fri 30 Mar 12	FSC
Trans	AP/Chaps	Reconcile all chaps to Oracle	Fri 30 Mar 12	Fri 30 Mar 12	FSC
Trans	AP/Chaps	Last date for making chaps payment and bankline transfers	Fri 30 Mar 12	Fri 30 Mar 12	FSC
Trans	AP/DEF	Last date for DEF for payment run	Fri 30 Mar 12	Fri 30 Mar 12	FSC
Trans	AP/DEF	Review need for DEF accruals	Fri 30 Mar 12	Fri 30 Mar 12	FSC
Trans	AR	Final date for remitting cash & cheques	Fri 30 Mar 12	Fri 30 Mar 12	Budget Holders
Trans	AR	Final date for raising invoices in AR module	Fri 30 Mar 12	Fri 30 Mar 12	Budget Holders

Closedown Timetable

<i>Ref</i>	<i>Function</i>	<i>Activity</i>	<i>Start Date</i>	<i>Completion date</i>	<i>Responsibility</i>
Trans	AR	Final date for Local income to be received and banked	Fri 30 Mar 12	Fri 30 Mar 12	Budget Holders
Trans	AR	All 2011/12 income analysis forms submitted to FSC	Fri 30 Mar 12	Fri 30 Mar 12	Budget Holders
Trans	AR	Provide MP with reconciliation between AR and ASC charging system	Fri 30 Mar 12	Fri 30 Mar 12	FSC
Trans	AR	Last date for raising invoices in FSC	Fri 30 Mar 12	Fri 30 Mar 12	FSC
Capital	Asset Revaluations	Review revaluation requirements and completions at year end	Fri 30 Mar 12	Fri 30 Mar 12	CF
Trans	Imprest	Reconcile & post to clear imprest account (ASC only)	Fri 30 Mar 12	Fri 30 Mar 12	BP
I&E	Insurance	Insurance recharge schedule produced & circulated	Fri 30 Mar 12	Fri 30 Mar 12	CF
I&E	Internal I&E	Last date for any internal recharges to be actioned	Fri 30 Mar 12	Fri 30 Mar 12	Budget Holders
Capital	Leases/contracts etc	Submission date for Procurement re leases, contacts and other arrangements	Fri 30 Mar 12	Fri 30 Mar 12	Procurement
Capital	Leases/contracts etc	Submission date for Property re leases	Fri 30 Mar 12	Fri 30 Mar 12	Property
Capital	Leases/contracts etc	Submission date for schools re leases, contacts and other arrangements	Fri 30 Mar 12	Fri 30 Mar 12	Schools
SOA	Officers Remun	Request information from schools for non Brent payroll	Fri 30 Mar 12	Fri 30 Mar 12	BP
SOA	Officers Remun	Request information from payroll	Fri 30 Mar 12	Fri 30 Mar 12	CF
Trans	Payroll	Deadline for approving overtime, mileage and expense claims	Fri 30 Mar 12	Fri 30 Mar 12	Budget Holders
Capital	PFI	Last date for submission of PFI information	Fri 30 Mar 12	Fri 30 Mar 12	Budget Holders
Trans	Purchase Orders	Last date for approving external PO's	Fri 30 Mar 12	Fri 30 Mar 12	Budget Holders
Trans	Purchase Orders	Last date for internal PO's	Fri 30 Mar 12	Fri 30 Mar 12	Budget Holders
Schools	Schools	Last date for council services to inform schools of charges	Fri 30 Mar 12	Fri 30 Mar 12	Budget Holders
Schools	Schools	Last date for FSC to inform schools of charges	Fri 30 Mar 12	Fri 30 Mar 12	FSC
BS	Stocks & Stores	Complete a physical stock take of required items.	Fri 30 Mar 12	Fri 30 Mar 12	Budget Holders
System	System	Period 12 Close AP	Fri 30 Mar 12	Fri 30 Mar 12	CF
AP Closes			Fri 30 Mar 12	Fri 30 Mar 12	
Trans	AP	Review requirement for AP manual accruals	Mon 02 Apr 12	Mon 02 Apr 12	Mick Bowden
Trans	AR	Review requirement for manual accruals	Mon 02 Apr 12	Mon 02 Apr 12	Mick Bowden
Capital	Asset Manager	Reconcile CAPs FA statement to Accounts	Mon 02 Apr 12	Mon 02 Apr 12	CF
Capital	Asset Manager	Reconcile O/B on asset register to Oracle	Mon 02 Apr 12	Mon 02 Apr 12	CF
BS	Bad Debt General	Write offs approved by CF	Mon 02 Apr 12	Mon 02 Apr 12	CF
BS	Bad Debt General	Produce aged debt report	Mon 02 Apr 12	Mon 02 Apr 12	FSC
Capital	Capital	Reconcile O/B on Oracle to accounts	Mon 02 Apr 12	Mon 02 Apr 12	CF
SOA	Contingent Liabs	Send ID email to legal	Mon 02 Apr 12	Mon 02 Apr 12	CF
Guidance	Guidance Notes	Send out 1st reminder to business partners	Mon 02 Apr 12	Mon 02 Apr 12	CF
SOA	Related Party	Completed responses submitted by Directors	Mon 02 Apr 12	Mon 02 Apr 12	Directors
SOA	SOA	Check BS closing balances on previous years SOA = oracle OB's	Mon 02 Apr 12	Mon 02 Apr 12	CF
BS	Bank	Reconcile non FSC bank accounts and journal entries into oracle	Mon 02 Apr 12	Tue 03 Apr 12	BP
BS	Bad Debt General	Last write off Journals actioned by Debtor team	Tue 03 Apr 12	Tue 03 Apr 12	FSC
BS	Stocks & Stores	Complete stock take return and send to BP	Tue 03 Apr 12	Tue 03 Apr 12	Budget Holders
Trans	AR	Last date for 11/12 cash income (all funds) posted by cashiers	Wed 04 Apr 12	Wed 04 Apr 12	FSC
Trans	AR	Last date for receipting by AR team	Wed 04 Apr 12	Wed 04 Apr 12	FSC

Closedown Timetable

<i>Ref</i>	<i>Function</i>	<i>Activity</i>	<i>Start Date</i>	<i>Completion date</i>	<i>Responsibility</i>
BS	Bank	Check level of unreconciled items for month	Wed 04 Apr 12	Wed 04 Apr 12	FSC
Capital	Capitalisation	CF check and inform BP	Wed 04 Apr 12	Wed 04 Apr 12	CF
Capital	Impairments	Check insurance for possible impairments	Wed 04 Apr 12	Wed 04 Apr 12	CF
Trans	Purchase Orders	Final PO cleanse, check, review and close	Wed 04 Apr 12	Wed 04 Apr 12	Budget Holders
Trans	Purchase Orders	Final receipt all PO's where goods/services have been received in year	Wed 04 Apr 12	Wed 04 Apr 12	Budget Holders
BS	Stocks & Stores	Complete journal to reflect the annual movement in S&S and send to CF	Wed 04 Apr 12	Wed 04 Apr 12	BP
System	System	Period 12 Close AR	Wed 04 Apr 12	Wed 04 Apr 12	CF
		AR Closes	Wed 04 Apr 12	Wed 04 Apr 12	
		Transactional Phase of Closing Ends	Wed 04 Apr 12	Wed 04 Apr 12	
BS	Cash	Unallocated cash receipts in control accounts & debtors are cleared to revenue	Tue 03 Jan 12	Thu 05 Apr 12	CF
	Creditors & Debtors	Review unmatched Debtor/creditors from previous year			BP
BS	(system)		Tue 03 Jan 12	Thu 05 Apr 12	
	Creditors & Debtors	Ensure all cr & dr postings in 2010/11 have been reversed from BS in 11/12			BP
BS	(system)		Tue 03 Jan 12	Thu 05 Apr 12	
	Creditors & Debtors	Reconcile all debtor and creditor control accounts back to AP and AR			CF
BS	(system)		Tue 03 Jan 12	Thu 05 Apr 12	
BS	Bank	Reconcile closing balance on non FSC bank accounts recs to figures in oracle	Fri 30 Mar 12	Thu 05 Apr 12	BP
BS	Bank	Get Closing Balance statement from Nat west	Fri 30 Mar 12	Thu 05 Apr 12	CF
BS	Bank	Check Bank accounts closed with Nat West	Fri 30 Mar 12	Thu 05 Apr 12	CF
BS	Bank	Bank Accounts in Oracle - Clear down all Y codes to zero	Fri 30 Mar 12	Thu 05 Apr 12	CF
BS	Bank	Reconcile closing balance on FSC bank accounts recs to figures in oracle	Fri 30 Mar 12	Thu 05 Apr 12	FSC
BS	Bank	Rec end of year transfer between bank accounts - produce account summaries	Fri 30 Mar 12	Thu 05 Apr 12	FSC
Trans	Payroll	Suspense account 0051 reconciled and posted	Fri 30 Mar 12	Thu 05 Apr 12	Payroll
Capital	Capital TB	Check capex codes in Service Area Cost Centre ranges	Mon 02 Apr 12	Thu 05 Apr 12	CF
SOA	Related Party	Review responses	Mon 02 Apr 12	Thu 05 Apr 12	CF
BS	Bad Debt General	General bad debt provision reviewed and recalculated	Tue 03 Apr 12	Thu 05 Apr 12	CF
BS	Accruals/sys/PO	BP send systems PO accrual to BH	Thu 05 Apr 12	Thu 05 Apr 12	BP
BS	Accruals/sys/PO	Dump systems accrual @31/3 and sort by service area and CPID	Thu 05 Apr 12	Thu 05 Apr 12	CF
BS	Accruals/sys/PO	Send system accrual to BP for review	Thu 05 Apr 12	Thu 05 Apr 12	CF
BS	Bank	Post to Revenue holding code	Thu 05 Apr 12	Thu 05 Apr 12	FSC
Capital	Capitalisation	CF journal capex to TB	Thu 05 Apr 12	Thu 05 Apr 12	CF
Capital	Capitalisation	Prepare WP	Thu 05 Apr 12	Thu 05 Apr 12	CF
Capital	Capitalisation	Check disclosure	Thu 05 Apr 12	Thu 05 Apr 12	CF
Capital	Capitalisation	Update notes to the accounts	Thu 05 Apr 12	Thu 05 Apr 12	CF
BS	Cash	Check level of unidentified income to bank account - to end of March	Thu 05 Apr 12	Thu 05 Apr 12	CF
BS	Holiday Pay Accrual	BP chase returns	Thu 05 Apr 12	Thu 05 Apr 12	BP
I&E	Insurance	BP check details of insurance premiums to Cost Centres by....	Thu 05 Apr 12	Thu 05 Apr 12	BP
Trans	Purchase Orders	Internal Orders - settle balance of transactions posted	Thu 05 Apr 12	Thu 05 Apr 12	CF
SOA	Related Party	Completed responses submitted by Members	Thu 05 Apr 12	Thu 05 Apr 12	Members

Closedown Timetable

<i>Ref</i>	<i>Function</i>	<i>Activity</i>	<i>Start Date</i>	<i>Completion date</i>	<i>Responsibility</i>
System	System	Period 12 Reconcile AP sub ledger	Fri 30 Mar 12	Fri 06 Apr 12	CF
System	System	Period 12 Reconcile AR subledger	Wed 04 Apr 12	Fri 06 Apr 12	CF
		Good Friday	Fri 06 Apr 12	Fri 06 Apr 12	
SOA	SOA/AP	Review & update accounting policies	Mon 02 Apr 12	Mon 09 Apr 12	CF
		Easter Monday	Mon 09 Apr 12	Mon 09 Apr 12	
BS	Accruals/man	Last date for receipt of Manual accruals journals in CF	Fri 30 Mar 12	Tue 10 Apr 12	BP
BS	Accruals/man	BH review need for EOY manual accruals	Fri 30 Mar 12	Tue 10 Apr 12	Budget Holders
BS	Accruals/man	BH agree manual accruals with BP	Fri 30 Mar 12	Tue 10 Apr 12	Budget Holders
BS	Bad Debt Specific	Existing Specific BD provisions reviewed & recalculated	Mon 02 Apr 12	Tue 10 Apr 12	BP
BS	Bad Debt Specific	BH consider need for specific new bad debt provisions	Mon 02 Apr 12	Tue 10 Apr 12	Budget Holders
BS	Bad Debt Specific	BH consider need for change in existing specific bad debt provisions	Mon 02 Apr 12	Tue 10 Apr 12	Budget Holders
BS	Bad Debt Specific	Forward bids for Bad debt Provisions to BP's	Mon 02 Apr 12	Tue 10 Apr 12	Budget Holders
	Capital TB			Tue 10 Apr 12	CF
Capital		Component Accounting. Check coding of capex and reallocate. Seek BH confirmation.	Mon 02 Apr 12		
BS	Provisions	BH consider need for new provisions	Mon 02 Apr 12	Tue 10 Apr 12	Budget Holders
BS	Provisions	BH consider need for change in existing provisions	Mon 02 Apr 12	Tue 10 Apr 12	Budget Holders
BS	Provisions	Forward bids for Provisions to BP's	Mon 02 Apr 12	Tue 10 Apr 12	Budget Holders
BS	Accruals/sys/PO	Last date for receipt of adjustments/amends to systems accrual	Thu 05 Apr 12	Tue 10 Apr 12	BP
BS	Accruals/sys/PO	BH check systems accrual and confirm correctness with BP	Fri 06 Apr 12	Tue 10 Apr 12	Budget Holders
BS	Bad Debt General	General bad debt provision Journal complete and uploaded	Tue 10 Apr 12	Tue 10 Apr 12	CF
BS	Holiday Pay Accrual	BP submit own holiday pay accrual	Tue 10 Apr 12	Tue 10 Apr 12	BP
BS	Holiday Pay Accrual	Last date for submission of holiday pay return	Tue 10 Apr 12	Tue 10 Apr 12	Budget Holders
BS	Holiday Pay Accrual	Update teachers Holiday pay calculation	Tue 10 Apr 12	Tue 10 Apr 12	CF
Capital	Impairments	Check all disclosures	Tue 10 Apr 12	Tue 10 Apr 12	CF
I&E	Insurance	Input Insurance Premiums onto Oracle	Tue 10 Apr 12	Tue 10 Apr 12	CF
BS	Provisions	Calculate required insurance provision and input journals	Wed 14 Mar 12	Wed 11 Apr 12	CF
BS	Accruals/man	Manual accruals agreed by CF and journaled by BP into Oracle	Fri 30 Mar 12	Wed 11 Apr 12	CF
BS	Accruals/sys/PO	Amend systems accrual schedule and post journal	Fri 30 Mar 12	Wed 11 Apr 12	CF
BS	Bad Debt Specific	BP discuss and agree with BH the proposed movement in BDP inc new provisions & write offs		Wed 11 Apr 12	
BS			Mon 02 Apr 12		BP
BS	Provisions	BP discuss and agree with BH the proposed movement in provisions	Mon 02 Apr 12	Wed 11 Apr 12	BP
BS	Holiday Pay Accrual	Calculate total holiday pay accrual	Wed 11 Apr 12	Wed 11 Apr 12	CF
Capital	Impairments	Impaired assets sent to valuers	Wed 11 Apr 12	Wed 11 Apr 12	CF
	Bad Debt Specific			Thu 12 Apr 12	
BS		Movement in current and requests for new provisions detailed by BP and sent to CF	Mon 02 Apr 12		BP
				Thu 12 Apr 12	
BS	Provisions	Movement in current and requests for new provisions detailed by BP and sent to CF	Mon 02 Apr 12		BP
BS	Creditors & Debtors (system)	BP check in year debtors/creditors entries and supporting information	Tue 10 Apr 12	Thu 12 Apr 12	BP

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Ref	Function	Activity	Start Date	Completion date	Responsibility
BS	Creditors & Debtors (system)	BP confirm debtor/creditor balances	Tue 10 Apr 12	Thu 12 Apr 12	BP
BS	Holiday Pay Accrual	Post holiday pay accrual on oracle	Thu 12 Apr 12	Thu 12 Apr 12	CF
BS	Bank	Fsc Prepare overall bank schedule & reconciliation statement for March	Thu 05 Apr 12	Fri 13 Apr 12	FSC
BS	Bad Debt General	Check disclosure requirements	Tue 10 Apr 12	Fri 13 Apr 12	CF
BS	Bad Debt General	Update notes to the accounts	Tue 10 Apr 12	Fri 13 Apr 12	CF
BS	Bad Debt General	Prepare Audit WP for general BD provision	Tue 10 Apr 12	Fri 13 Apr 12	CF
Trans	Payroll	Payroll control account reconciled & balancing to schools difference	Tue 10 Apr 12	Fri 13 Apr 12	FSC
Trans	Payroll	Report any Payroll coding errors to BP so that they can be corrected in time for closing	Fri 13 Apr 12	Fri 13 Apr 12	Budget Holders
Trans	Payroll	Produce EoY salaries and wages report to use on an ongoing basis	Fri 13 Apr 12	Fri 13 Apr 12	Payroll
Trans	Payroll	Payroll bank rec submitted	Fri 13 Apr 12	Fri 13 Apr 12	Payroll
I&E	P-Card	BP to send month 12 p-card journal to CF	Fri 13 Apr 12	Fri 13 Apr 12	BP
Capital	PFI	Prepare working papers covering PFI adjustments	Tue 03 Apr 12	Mon 16 Apr 12	CF
Capital	PFI	Prepare Journals for PFI transactions	Tue 03 Apr 12	Mon 16 Apr 12	CF
Capital	PFI	Disclose value of assets held and any in year movements	Tue 03 Apr 12	Mon 16 Apr 12	CF
Capital	PFI	Disclose the value of any liabilities arising	Tue 03 Apr 12	Mon 16 Apr 12	CF
Capital	PFI	Disclose details of payments made under PFI	Tue 03 Apr 12	Mon 16 Apr 12	CF
Capital	PFI	Disclose description of PFI	Tue 03 Apr 12	Mon 16 Apr 12	CF
Capital	PFI	Disclose any uncertainties or possible future events	Tue 03 Apr 12	Mon 16 Apr 12	CF
Trans	AR	All Y codes or unallocated income cleared	Mon 16 Apr 12	Mon 16 Apr 12	CF
I&E	P-Card	Input data from journals	Mon 16 Apr 12	Mon 16 Apr 12	Exchequer
BS	Earmarked Reserves	BP discuss and agree with BH the proposed movement in reserves	Mon 02 Apr 12	Tue 17 Apr 12	BP
BS	Earmarked Reserves	Requests for new earmarked reserves to BP teams.	Mon 02 Apr 12	Tue 17 Apr 12	Budget Holders
BS	Earmarked Reserves	Requests for movement in current ER to BP teams	Mon 02 Apr 12	Tue 17 Apr 12	Budget Holders
I&E	Internal Recharges	Last date for all cross service internal recharges to take place	Mon 02 Apr 12	Tue 17 Apr 12	BP
BS	Bad Debt Specific	CF consider approval and last date for issue of approvals	Tue 03 Apr 12	Tue 17 Apr 12	CF
BS	Provisions	CF consider approval and last date for issue of approvals	Tue 03 Apr 12	Tue 17 Apr 12	CF
Capital	Cap receipts	Reconcile capital receipts	Mon 16 Apr 12	Tue 17 Apr 12	CF
Capital	Cap receipts	Reconcile HRA receipts back to pooling claim	Mon 16 Apr 12	Tue 17 Apr 12	CF
I&E	P-Card	Check all P-Card purchases have been entered and coded onto Oracle	Tue 17 Apr 12	Tue 17 Apr 12	Budget Holders
I&E	P-Card	Reconcile P-Card holding account	Tue 17 Apr 12	Tue 17 Apr 12	CF
Capital	Asset Manager	Input disposals	Mon 16 Apr 12	Wed 18 Apr 12	CF
Capital	Cap receipts	Enter disposals on CAPS	Mon 16 Apr 12	Wed 18 Apr 12	CF
BS	Bad Debt Specific	Check disclosure requirements	Wed 18 Apr 12	Wed 18 Apr 12	CF
BS	Provisions	Check disclosure requirements	Wed 18 Apr 12	Wed 18 Apr 12	CF
Capital	Cap receipts	Calculate and check in Asset manager any profit/loss on disposals	Mon 16 Apr 12	Thu 19 Apr 12	CF
BS	Bad Debt Specific	BP journal adjust existing bad debt provisions	Wed 18 Apr 12	Thu 19 Apr 12	BP
BS	Provisions	BP journal adjust provisions	Wed 18 Apr 12	Thu 19 Apr 12	BP

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Ref	Function	Activity	Start Date	Completion date	Responsibility
BS	Bad Debt Specific	Last date for receipt in CF of Specific bad debt movement Form	Thu 19 Apr 12	Thu 19 Apr 12	BP
BS	Provisions	Last date for receipt in CF of Provisions Form	Thu 19 Apr 12	Thu 19 Apr 12	BP
BS	Bank	BP final check of Bank holding code	Thu 05 Apr 12	Fri 20 Apr 12	BP
BS	Bank	BH final check of Bank holding code	Thu 05 Apr 12	Fri 20 Apr 12	Budget Holders
BS	Bad Debt Specific	Update notes to the accounts	Thu 19 Apr 12	Fri 20 Apr 12	CF
BS	Provisions	Update notes to the accounts	Thu 19 Apr 12	Fri 20 Apr 12	CF
Capital	Capital Grants & Contribs	Review grants unapplied opening balance, agree with accounts	Fri 20 Apr 12	Fri 20 Apr 12	CF
Capital	Capital Grants & Contribs	Consolidate all G&C into u codes	Fri 20 Apr 12	Fri 20 Apr 12	CF
Collection Fund	Collection Fund	Completion and reconciliation of council tax accounts	Mon 02 Apr 12	Mon 23 Apr 12	CF
Capital	Capital Grants & Contribs	Schedule all G&C received, separate received and due	Mon 23 Apr 12	Mon 23 Apr 12	CF
Guidance	Guidance Notes	Send out 2nd reminder to business partners	Mon 23 Apr 12	Mon 23 Apr 12	CF
Capital	Capital Grants & Contribs	ID grants and contributions to be repaid	Tue 24 Apr 12	Mon 23 Apr 12	CF
BS	Bad Debt Specific	Prepare Audit WP for each specific BD provision	Mon 23 Apr 12	Tue 24 Apr 12	CF
BS	Provisions	Prepare Audit WP for each provision	Mon 23 Apr 12	Tue 24 Apr 12	CF
Capital	Capital Grants & Contribs	Review grants unapplied opening balance, agree with cap programme	Fri 20 Apr 12	Wed 25 Apr 12	CF
Capital	Capital Grants & Contribs	Capital accountant ID G&C used	Fri 20 Apr 12	Wed 25 Apr 12	CF
Capital	Impairments	Valuers undertake impairment review	Thu 12 Apr 12	Thu 26 Apr 12	Valuers
Capital	Capital Grants & Contribs	Check disclosure	Thu 26 Apr 12	Thu 26 Apr 12	CF
Capital	Impairments	Valuers produce Impairment Statement and forward to CF	Thu 26 Apr 12	Thu 26 Apr 12	Valuers
BS	Earmarked Reserves	Requests to CF for new earmarked reserves .	Mon 02 Apr 12	Fri 27 Apr 12	BP
BS	Earmarked Reserves	Movement in Earmarked reserves notified to Central Finance	Mon 02 Apr 12	Fri 27 Apr 12	BP
BS	Earmarked Reserves	New/movement earmarked reserves agreed/rejected by CF	Mon 02 Apr 12	Fri 27 Apr 12	CF
Capital	Impairments	Enter Impairments on CAPS	Fri 27 Apr 12	Fri 27 Apr 12	CF
I&E	Outturn Reporting (Rev & Capital)	BP determine EOY I&E position (Rev & Cap)	Fri 27 Apr 12	Fri 27 Apr 12	BP
I&E	Outturn Reporting (Rev & Capital)	BP determine movement in reserves (Rev & Cap)	Fri 27 Apr 12	Fri 27 Apr 12	BP
I&E	Outturn Reporting (Rev & Capital)	BP prepare final outturn statement (Rev & Cap)	Fri 27 Apr 12	Fri 27 Apr 12	BP
Capital	Capital Grants & Contribs	ID grants & contributions/donations received	Fri 02 Mar 12	Mon 30 Apr 12	BP
Capital	Capital Grants & Contribs	Complete return and send to CF	Fri 02 Mar 12	Mon 30 Apr 12	BP
Capital	Capital Grants & Contribs	Identify amounts repayable if not used	Fri 02 Mar 12	Mon 30 Apr 12	BP
Capital	Capital Grants & Contribs	Reconcile returns to Oracle	Fri 02 Mar 12	Mon 30 Apr 12	BP
Capital	Capital Grants & Contribs	Work with BP's to prepare & submit all grant claims	Fri 02 Mar 12	Mon 30 Apr 12	Budget Holders
I&E	Rev Grants & Contribs	ID revenue grants & contributions/donations received	Fri 02 Mar 12	Mon 30 Apr 12	BP
I&E	Rev Grants & Contribs	Complete Form and send to CF	Fri 02 Mar 12	Mon 30 Apr 12	BP
I&E	Rev Grants & Contribs	Identify amounts repayable if not used	Fri 02 Mar 12	Mon 30 Apr 12	BP
I&E	Rev Grants & Contribs	Reconcile Forms to Oracle	Fri 02 Mar 12	Mon 30 Apr 12	BP
I&E	Rev Grants & Contribs	Work with BP's to prepare & submit all grant claims	Fri 02 Mar 12	Mon 30 Apr 12	Budget Holders

Closedown Timetable

Ref	Function	Activity	Start Date	Completion date	Responsibility
SOA	Acq & discon ops	BP Id and declare such items on Forms	Mon 02 Apr 12	Mon 30 Apr 12	BP
I&E	BV	Service areas apportion own costs	Mon 02 Apr 12	Mon 30 Apr 12	BP
BS	Capital Financing	Calculate capital financing for year	Mon 02 Apr 12	Mon 30 Apr 12	Treasury Management
I&E	Central items	Reconcile central items to TB	Mon 02 Apr 12	Mon 30 Apr 12	CF
I&E	Central items	Adjust to reconcile	Mon 02 Apr 12	Mon 30 Apr 12	CF
Collection Fund	Collection Fund	QRC4 returns completed to CLG	Mon 02 Apr 12	Mon 30 Apr 12	CF
SOA	Contingent Liabs	BP circulate and then collect forms from Directors & AD.	Mon 02 Apr 12	Mon 30 Apr 12	BP
SOA	Contingent Liabs	BP Id and declare such items on Form	Mon 02 Apr 12	Mon 30 Apr 12	BP
SOA	Contingent Liabs	Legal Id and declare such items on Form	Mon 02 Apr 12	Mon 30 Apr 12	Legal
System	Control Accounts	Y code control and suspense reconciled, cleared to BS	Mon 02 Apr 12	Mon 30 Apr 12	BP
SOA	Except/Extraord items	BP Id and declare such items on Form	Mon 02 Apr 12	Mon 30 Apr 12	BP
Capital	Impairments	BP Id and declare such items on Form	Mon 02 Apr 12	Mon 30 Apr 12	BP
I&E	Internal Recharges	Last date for services own internal recharges to take place	Mon 02 Apr 12	Mon 30 Apr 12	BP
Capital	Leases/contracts etc	BP Id and declare such items on Form	Mon 02 Apr 12	Mon 30 Apr 12	BP
Capital	PFI	BP Review for any new PFI's	Mon 02 Apr 12	Mon 30 Apr 12	BP
Capital	PFI	BP Review all existing PFI's for changes	Mon 02 Apr 12	Mon 30 Apr 12	BP
SOA	PYA	BP Id and declare such items on Form	Mon 02 Apr 12	Mon 30 Apr 12	BP
I&E	Revenue TB	BP Rec TB to cost centre ranges and Budget Monitor	Mon 02 Apr 12	Mon 30 Apr 12	BP
I&E	Revenue TB	BP Check no netting off	Mon 02 Apr 12	Mon 30 Apr 12	BP
I&E	Revenue TB	BP check final budget position	Mon 02 Apr 12	Mon 30 Apr 12	BP
BS	S106	Close S106 Account	Mon 02 Apr 12	Mon 30 Apr 12	CF
Schools	Schools	Deadline for schools to submit year end returns	Mon 02 Apr 12	Mon 30 Apr 12	BP
Schools	Schools	Schools provide capital spend and funding template to BP	Mon 02 Apr 12	Mon 30 Apr 12	BP
VAT	VAT	Overall systems VAT liability in debtors/creditors rec'd to claim	Mon 02 Apr 12	Mon 30 Apr 12	CF
VAT	VAT	Schools VAT rec	Mon 02 Apr 12	Mon 30 Apr 12	FSC
VAT	VAT	Complete final VAT Claim and process accounting entries	Mon 02 Apr 12	Mon 30 Apr 12	FSC
VAT	VAT	Month 12 Vat Reconciled	Mon 02 Apr 12	Mon 30 Apr 12	FSC
I&E	Internal Recharges	Id and process charges to pension fund	Tue 03 Apr 12	Mon 30 Apr 12	CF
I&E	Internal Recharges	Internal trading charges brought up to date and matched	Tue 03 Apr 12	Mon 30 Apr 12	CF
I&E	Internal Recharges	Deadline for processing final recharges	Tue 03 Apr 12	Mon 30 Apr 12	CF
I&E	Internal Recharges	Conversion (where relevant) of Internal Recharges to 'Real Recharges e.g. to HRA & SPA		Mon 30 Apr 12	CF
I&E			Tue 03 Apr 12		
Capital	Capital Grants & Contribs	Prepare WP	Mon 23 Apr 12	Mon 30 Apr 12	CF
Capital	Capital Grants & Contribs	Update notes to the accounts	Mon 23 Apr 12	Mon 30 Apr 12	CF
Capital	Capital Grants & Contribs	Apply journals	Mon 23 Apr 12	Mon 30 Apr 12	CF
	Outturn Reporting (Rev & Capital)	BP submit final outturn statement (Rev & Cap)	Fri 27 Apr 12	Mon 30 Apr 12	
I&E					BP
I&E	BV	BV forms submitted	Mon 30 Apr 12	Mon 30 Apr 12	BP
BS	Capital Financing	Provide HRA cash position to Treasury Management	Mon 30 Apr 12	Mon 30 Apr 12	BP

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Closedown Timetable

<i>Ref</i>	<i>Function</i>	<i>Activity</i>	<i>Start Date</i>	<i>Completion date</i>	<i>Responsibility</i>
BS	Capital Financing	Provide capital financing schedules to Loans & Invest, for debt charge apportionment	Mon 30 Apr 12	Mon 30 Apr 12	CF
BS	Capital Financing	CFR Split between General Fund and HRA	Mon 30 Apr 12	Mon 30 Apr 12	CF
BS	Capital Financing	Apportion debt charges between General Fund, HRA & SPA	Mon 30 Apr 12	Mon 30 Apr 12	CF
Trans	GL Journal	Period 12 adjustments - last date for receipt of GL journals in FSC from BP's	Mon 30 Apr 12	Mon 30 Apr 12	BP
Trans	GL Journal	Period 12 adjustments - last date for input of journals from BP's	Mon 30 Apr 12	Mon 30 Apr 12	FSC
Capital	Impairments	BP check understanding with BH and review information declared	Mon 30 Apr 12	Mon 30 Apr 12	BP
Capital	Impairments	Budget holders submit impairment statement of assets	Mon 30 Apr 12	Mon 30 Apr 12	Budget Holders
Capital	Impairments	Prepare WP	Mon 30 Apr 12	Mon 30 Apr 12	CF
SOA	Officers Remun	Last date for submission of officer pay information	Mon 30 Apr 12	Mon 30 Apr 12	Payroll
Trans	Payroll	Reconciliation of salaries/wages to subjective codes	Mon 30 Apr 12	Mon 30 Apr 12	CF
Trans	Payroll	Last date for submission of officer pay information	Mon 30 Apr 12	Mon 30 Apr 12	Schools
Capital	PFI	Last date for submission of PFI information	Mon 30 Apr 12	Mon 30 Apr 12	BP
SOA	SOA	Finish updating tables in SOA	Mon 30 Apr 12	Mon 30 Apr 12	CF
System	System	Clear unposted journals at end of period 12	Mon 30 Apr 12	Mon 30 Apr 12	CF
System	System	Close GL Period 12	Mon 30 Apr 12	Mon 30 Apr 12	CF
BS	Trading Opps	BP submit declaration Form	Mon 30 Apr 12	Mon 30 Apr 12	BP
		GL period 12 Closes	Mon 30 Apr 12	Mon 30 Apr 12	
		Operational phase of closing ends	Mon 30 Apr 12	Mon 30 Apr 12	
Capital	Capital TB	Rec TB to cost centre ranges (daily to check for changes)	Mon 02 Apr 12	Tue 01 May 12	CF
Capital	Capital TB	Check no netting off	Mon 02 Apr 12	Tue 01 May 12	CF
Capital	Capital TB	Check no maintenance	Mon 02 Apr 12	Tue 01 May 12	CF
Capital	Capital TB	Rec capex to Pauls statement	Mon 02 Apr 12	Tue 01 May 12	CF
Capital	Capital TB	Rec cap income to Pauls statement	Mon 02 Apr 12	Tue 01 May 12	CF
SOA	Contingent Liabs	CF check declarations	Tue 01 May 12	Tue 01 May 12	CF
SOA	Except/Extraord items	CF checks declarations	Tue 01 May 12	Tue 01 May 12	CF
System	System	Open GL Period 13	Tue 01 May 12	Tue 01 May 12	CF
System	System	Remove Business partner posting rights	Tue 01 May 12	Tue 01 May 12	CF
Capital	Cap commits	Review capital programme to ID commitments	Mon 02 Apr 12	Wed 02 May 12	CF
Capital	Cap commits	Prepare wp & note on capital commitments	Mon 02 Apr 12	Wed 02 May 12	CF
Capital	Cap commits	Disclose capital commitments	Mon 02 Apr 12	Wed 02 May 12	CF
Capital	Cap Prog Rec	Check TB expend to Budget	Mon 02 Apr 12	Wed 02 May 12	CF
Capital	Cap Prog Rec	Check TB income to Budget	Mon 02 Apr 12	Wed 02 May 12	CF
Capital	Cap Prog Rec	Find missing items and bring into TB!!	Mon 02 Apr 12	Wed 02 May 12	CF
Capital	Cap Prog Rec	Reconcile resource notifications to TB	Mon 02 Apr 12	Wed 02 May 12	CF
Capital	Capital TB	Review capex to id projects that are closed, technically complete or refcus.	Mon 02 Apr 12	Wed 02 May 12	CF
Capital	Capital TB	Move asset enhancements to Z codes, zero out U codes	Mon 02 Apr 12	Wed 02 May 12	CF
Capital	Capital TB	Move Refcus to I&E codes, zero out U codes	Mon 02 Apr 12	Wed 02 May 12	CF

Closedown Timetable

Ref	Function	Activity	Start Date	Completion date	Responsibility
Capital	Capital TB	HRA & Housing GF Capital - complete journals and provide statement to CF	Mon 02 Apr 12	Wed 02 May 12	CF
Capital	Capital TB	Move income to Z codes, zero out u codes	Mon 02 Apr 12	Wed 02 May 12	CF
Capital	Redundancies	Process accounting entries to capitalise cost of redundancies where applicable	Mon 02 Apr 12	Wed 02 May 12	CF
Capital	Redundancies	Check redundancy costs to capital where we have a capitalisation directive	Mon 02 Apr 12	Wed 02 May 12	CF
Capital	Refcus	Prepare WP	Mon 02 Apr 12	Wed 02 May 12	CF
Capital	Refcus	Identfy and jounal expenditure & income REFCUS	Mon 02 Apr 12	Wed 02 May 12	CF
Capital	Refcus	Check disclosure	Mon 02 Apr 12	Wed 02 May 12	CF
Capital	Refcus	Update notes to the accounts	Mon 02 Apr 12	Wed 02 May 12	CF
Capital	Leases/contracts etc	Evaluation of information and determine accounting treatment	Tue 03 Apr 12	Wed 02 May 12	CF
Capital	Leases/contracts etc	Post journals for all new lease, contracts and other arrangements	Tue 03 Apr 12	Wed 02 May 12	CF
Capital	Leases/contracts etc	Review last years leases etc to determine any adjustments	Tue 03 Apr 12	Wed 02 May 12	CF
Capital	Leases/contracts etc	Jounal adjustments to existing leases etc	Tue 03 Apr 12	Wed 02 May 12	CF
Capital	Leases/contracts etc	Consolidate working papers	Tue 03 Apr 12	Wed 02 May 12	CF
SOA	Acq & discon ops	CF check declarations	Wed 02 May 12	Wed 02 May 12	CF
Capital	Impairments	Update notes to the accounts	Wed 02 May 12	Wed 02 May 12	CF
SOA	SOA	Check school balances not moved	Wed 02 May 12	Wed 02 May 12	CF
SOA	SOA	Check General fund balance not moved	Wed 02 May 12	Wed 02 May 12	CF
SOA	SOA	Process entry for write-down of un-amortised debt premium from FIAA to HRA SMOB	Wed 02 May 12	Wed 02 May 12	CF
SOA			Wed 02 May 12		Treasury Management
SOA	PYA	CF Check for prior year adjustments	Tue 01 May 12	Thu 03 May 12	CF
SOA	Related Party	Complete working papers	Thu 03 May 12	Thu 03 May 12	CF
I&E	Rev Grants & Contribs	Prepare grants schedule	Mon 30 Apr 12	Fri 04 May 12	CF
I&E	Rev Grants & Contribs	Prepare WP	Mon 30 Apr 12	Fri 04 May 12	CF
I&E	Rev Grants & Contribs	Check disclosure	Mon 30 Apr 12	Fri 04 May 12	CF
I&E	Rev Grants & Contribs	Update notes to the accounts	Mon 30 Apr 12	Fri 04 May 12	CF
I&E	Internal I&E	Check internal I&E balance & reconcile	Tue 13 Mar 12	Fri 04 May 12	CF
I&E	Internal I&E	Adjust any items	Tue 13 Mar 12	Fri 04 May 12	CF
I&E	Internal I&E	Prepare difference statement	Tue 13 Mar 12	Fri 04 May 12	CF
Schools	Capital	Schools capital posted to Oracle by BP and copy sent to CF	Mon 02 Apr 12	Fri 04 May 12	BP
System	Control Accounts	Y code control and suspense reconciled, cleared to BS	Mon 02 Apr 12	Fri 04 May 12	CF
Schools	Schools	Final date to account for all schools activity in oracle	Mon 02 Apr 12	Fri 04 May 12	BP
Schools	Schools	Provide CF with a reconciliation between schools and LBB creditors/debtors	Mon 02 Apr 12	Fri 04 May 12	BP
Schools	Schools	Deadline for return of CFR return	Mon 02 Apr 12	Fri 04 May 12	BP
SOA	SOA/CLP	CLP	Mon 02 Apr 12	Fri 04 May 12	Treasury Management
SOA	Officers Remun	Prepare salaries banding and sort information	Tue 01 May 12	Fri 04 May 12	CF
I&E	Outturn Reporting (Rev & Capital)	CF reconcile outturn statement	Tue 01 May 12	Fri 04 May 12	CF
I&E	Outturn Reporting (Rev & Capital)	CF prepare and post movement in reserves journal	Tue 01 May 12	Fri 04 May 12	CF

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Ref	Function	Activity	Start Date	Completion date	Responsibility
BS	Trading Opps	Review last years WP's	Tue 01 May 12	Fri 04 May 12	CF
BS	Trading Opps	Extract data from Oracle	Tue 01 May 12	Fri 04 May 12	CF
Capital	Capital Funding	Prepare capital funding statement	Thu 03 May 12	Fri 04 May 12	CF
Capital	Capital Funding	Check use of resources against capital programme	Thu 03 May 12	Fri 04 May 12	CF
Capital	Capital Funding	Prepare & Process capital Funding journals	Thu 03 May 12	Fri 04 May 12	CF
Capital	Leases/contracts etc	Prepare finance lease disclosure for lessee	Thu 03 May 12	Fri 04 May 12	CF
Capital	Leases/contracts etc	Prepare operating lease disclosure for lessee	Thu 03 May 12	Fri 04 May 12	CF
Capital	Leases/contracts etc	Prepare finance lease disclosure for lessor	Thu 03 May 12	Fri 04 May 12	CF
Capital	Leases/contracts etc	Prepare operating lease disclosure for lessor	Thu 03 May 12	Fri 04 May 12	CF
Capital	Mortgages	Mortgage repayments sent to CF	Fri 04 May 12	Fri 04 May 12	BP
Capital	Asset Manager	Update useful lives of assets according to valuers instruction	Mon 02 Apr 12	Mon 07 May 12	CF
Capital	Asset Manager	Reset useful lives to ensure accurate depreciation calculation	Mon 02 Apr 12	Mon 07 May 12	CF
BS	Feeder Systems	Reconcile oracle back to feeder systems	Tue 01 May 12	Mon 07 May 12	CF
May Day			Mon 07 May 12	Mon 07 May 12	
Collection Fund	Collection Fund	Completion and reconciliation of NNDR accounts	Mon 02 Apr 12	Tue 08 May 12	CF
SOA	Members Allowances	Request information from BP team	Tue 01 May 12	Tue 08 May 12	BP
I&E	Revenue TB	CF reconcile overall TB, remove rogue items	Tue 01 May 12	Tue 08 May 12	CF
I&E	Revenue TB	CF reconcile outturn reports to TB for I&E and Budgets	Tue 01 May 12	Tue 08 May 12	CF
I&E	Revenue TB	CF check no netting off	Tue 01 May 12	Tue 08 May 12	CF
I&E	Revenue TB	CF prepare overall TB control working paper	Tue 01 May 12	Tue 08 May 12	CF
I&E	BV	BV input	Wed 02 May 12	Tue 08 May 12	CF
Capital	Asset Manager	Input enhancements	Thu 03 May 12	Tue 08 May 12	CF
Capital	Asset Manager	Input impairments	Thu 03 May 12	Tue 08 May 12	CF
Capital	Mortgages	Upload journal	Tue 08 May 12	Tue 08 May 12	CF
Capital	Mortgages	Reconcile debtor code	Tue 08 May 12	Tue 08 May 12	CF
I&E	Outturn Reporting (Rev & Capital)	Reconcile mangt accounts to BV and prepare WP	Tue 08 May 12	Tue 08 May 12	CF
I&E	Outturn Reporting (Rev & Capital)	Outturn report to Director of Finance & Corporate services	Tue 08 May 12	Tue 08 May 12	CF
SOA	SOA/Glos	Review & Update Glossary	Tue 08 May 12	Tue 08 May 12	CF
Capital	Asset Manager	Check FA statement to wp's	Wed 09 May 12	Wed 09 May 12	CF
BS	Capital Financing	Process capital financing journals	Wed 09 May 12	Wed 09 May 12	Treasury Management
SOA	Members Allowances	Complete working papers	Wed 09 May 12	Wed 09 May 12	CF
SOA	Members Allowances	Disclose as appropriate	Wed 09 May 12	Wed 09 May 12	CF
BS	Trading Opps	Request information from BP team	Fri 04 May 12	Thu 10 May 12	CF
Capital	Asset Manager	Run Journals	Wed 09 May 12	Thu 10 May 12	CF
Capital	Asset Manager	Check reasonableness of journal output and reversals of I&E	Wed 09 May 12	Thu 10 May 12	CF
Capital	Asset Manager	Share output with external auditor	Thu 10 May 12	Thu 10 May 12	CF
Capital	Asset Manager	Input journals into Oracle	Fri 11 May 12	Fri 11 May 12	CF

Closedown Timetable

Ref	Function	Activity	Start Date	Completion date	Responsibility
BS	Trading Opps	BP submit requested information	Fri 11 May 12	Fri 11 May 12	BP
Collection Fund	Collection Fund	collection fund/HB account reconciliations	Mon 02 Apr 12	Mon 14 May 12	CF
Collection Fund	Collection Fund	Completion of Collection Fund accounts	Mon 02 Apr 12	Mon 14 May 12	CF
BS	Earmarked Reserves	Check disclosure	Mon 14 May 12	Mon 14 May 12	CF
Capital	MRP	Calculate Minimum Revenue Provision	Mon 14 May 12	Mon 14 May 12	CF
Capital	MRP	Complete working papers for MRP	Mon 14 May 12	Mon 14 May 12	CF
Capital	MRP	Post entries for Minimum Revenue Position	Mon 14 May 12	Mon 14 May 12	CF
BS	Stocks & Stores	Cross check disclosure requirements	Mon 14 May 12	Mon 14 May 12	CF
BS	Trading Opps	Calculate this years adjustments	Mon 14 May 12	Mon 14 May 12	CF
BS	Trading Opps	Journal Adjustments through CI&E	Mon 14 May 12	Mon 14 May 12	CF
SOA	Pooled Budgets	Prepare requested information and send to CF	Tue 01 May 12	Tue 15 May 12	BP
SOA	Contingent Liabs	Draft disclosure note	Tue 15 May 12	Tue 15 May 12	CF
BS	Trading Opps	Disclose as appropriate	Tue 15 May 12	Tue 15 May 12	CF
Capital	Asset Manager	Update working papers	Mon 14 May 12	Wed 16 May 12	CF
Capital	Asset Manager	Update notes to the accounts	Mon 14 May 12	Wed 16 May 12	CF
BS	Earmarked Reserves	CF prepare & upload movement journal to oracle	Fri 27 Apr 12	Fri 18 May 12	CF
SOA	SOA/C&CE	Work on cash/cash equivalents	Mon 30 Apr 12	Fri 18 May 12	CF
FRS17	FRS17	Produce Supplementary Financial Statement for the Pension Fund (including notes)		Fri 18 May 12	Treasury Management
			Wed 02 May 12		
Group	Group Accounts	Finalise BHP Ltd Financial Statements and forward to EA & CF	Wed 02 May 12	Fri 18 May 12	BP
Group	Group Accounts	Complete Group Accounts Evaluation Tests	Wed 02 May 12	Fri 18 May 12	CF
Group	Group Accounts	Check disclosure requirements -all	Wed 02 May 12	Fri 18 May 12	CF
Group	Group Accounts	Update notes to the accounts-all	Wed 02 May 12	Fri 18 May 12	CF
Group	Group Accounts	Prepare Audit WP for Group Accounts	Wed 02 May 12	Fri 18 May 12	CF
HRA	HRA	Provide Mortgage control account reconciliations to CF	Wed 02 May 12	Fri 18 May 12	BP
HRA	HRA	Provide Housing Subsidy Claim	Wed 02 May 12	Fri 18 May 12	BP
HRA	HRA	Provision of final repairs management fee and working papers to EA	Wed 02 May 12	Fri 18 May 12	BP
HRA	HRA	Provide CF with HRA I & E Account and Statement of Movement on HRA Balance	Wed 02 May 12	Fri 18 May 12	BP
ISA 19	ISA 19	Compile & Complete data sheet	Wed 02 May 12	Fri 18 May 12	CF
ISA 19	ISA 19	Chase Actuaries if valuation has not yet been received	Wed 02 May 12	Fri 18 May 12	CF
ISA 19	ISA 19	Confirm that tolerances used to produce valuation have not been breached	Wed 02 May 12	Fri 18 May 12	CF
ISA 19	ISA 19	Process entries required to the accounts	Wed 02 May 12	Fri 18 May 12	CF
SOA	Contingent Liabs	Review disclosure note by deputy director	Fri 18 May 12	Fri 18 May 12	CF
BS	Earmarked Reserves	Central review any need for further earmarked reserves	Fri 18 May 12	Fri 18 May 12	CF
Group	Group Accounts	Obtain BHP accounts (to be agreed with them)	Fri 18 May 12	Fri 18 May 12	CF
BS	Provisions	Central review any need for further provisions	Fri 18 May 12	Fri 18 May 12	CF
BS	Stocks & Stores	Include in SOA	Fri 18 May 12	Fri 18 May 12	CF
Collection Fund	Collection Fund	HB accounts completed	Mon 02 Apr 12	Mon 21 May 12	CF

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Ref	Function	Activity	Start Date	Completion date	Responsibility
SOA	SOA/HRA	HRA produced	Mon 02 Apr 12	Mon 21 May 12	BP
SOA	SOA/PenFund	Pension Fund	Mon 02 Apr 12	Mon 21 May 12	CF
BS	Financial Instruments	To follow	Tue 01 May 12	Mon 21 May 12	Treasury Management
BS	Financial Instruments	Obtain fair value assessment of our key Financial Assets and Financial Liabilities	Tue 01 May 12	Mon 21 May 12	Treasury Management
	Financial Instruments	Calculate estimated impairment loss to be recognised in the I&E A/c re Icelandic Banks	Tue 01 May 12	Mon 21 May 12	
BS					Treasury Management
BS	Financial Instruments	Apportion investment income between General Fund, HRA & SPA	Tue 01 May 12	Mon 21 May 12	Treasury Management
BS	Financial Instruments	Calculate & process entries for the interest and loan instruments	Tue 01 May 12	Mon 21 May 12	Treasury Management
BS	Financial Instruments	Journal long term investments entries	Tue 01 May 12	Mon 21 May 12	Treasury Management
BS	Earmarked Reserves	Update notes to the accounts	Mon 21 May 12	Mon 21 May 12	CF
Collection Fund	Collection Fund	NNDR3/ crossrail statutory return completed	Mon 02 Apr 12	Fri 25 May 12	CF
SOA	RI	Any reconciling items produced	Tue 01 May 12	Fri 25 May 12	CF
SOA	SOA/EF	Work on and prepare Explanatory forward	Tue 01 May 12	Fri 25 May 12	CF
SOA	SOA/MiRs	MiRs Produced	Tue 01 May 12	Fri 25 May 12	CF
SOA	SOA/Notes	Remaining notes to accounts produced	Tue 01 May 12	Fri 25 May 12	CF
SOA	Post BS Events	BP Id and declare such items on Form	Mon 21 May 12	Fri 25 May 12	BP
SOA	Post BS Events	CF review for PBS	Fri 25 May 12	Fri 25 May 12	CF
SOA	SOA/BS	Brent Balance sheet produced	Fri 25 May 12	Fri 25 May 12	CF
SOA	SOA/BS	Brent Balance sheet reviewed	Fri 25 May 12	Fri 25 May 12	CF
SOA	SOA/CF	Cash Flow produced	Fri 25 May 12	Fri 25 May 12	CF
SOA	SOA/CF	Cash flow reviewed	Fri 25 May 12	Fri 25 May 12	CF
SOA	SOA/CI&E	Brent Comprehensive I&E produced	Fri 25 May 12	Fri 25 May 12	CF
SOA	SOA/CI&E	Brent Comprehensive I&E reviewed	Fri 25 May 12	Fri 25 May 12	CF
SOA	SOA/MiRs	MiRs reviewed	Fri 25 May 12	Fri 25 May 12	CF
System	System	Clear unposted journals at end of period 13	Fri 25 May 12	Fri 25 May 12	CF
SOA	Acq & discon ops	Check disclosure requirements	Mon 28 May 12	Mon 28 May 12	CF
SOA	Contingent Liabs	Final check of disclosure requirements	Mon 28 May 12	Mon 28 May 12	CF
SOA	Except/Extraord items	CF Check disclosure requirements	Mon 28 May 12	Mon 28 May 12	CF
SOA	Pooled Budgets	Check disclosure requirements	Mon 28 May 12	Mon 28 May 12	CF
SOA	Post BS Events	CF check declarations	Mon 28 May 12	Mon 28 May 12	CF
SOA	Post BS Events	Check disclosure requirements	Mon 28 May 12	Mon 28 May 12	CF
SOA	PYA	Cross check disclosure requirements	Mon 28 May 12	Mon 28 May 12	CF
SOA	RI	Any reconciling items reviewed	Mon 28 May 12	Mon 28 May 12	CF
SOA	RI	Cross check disclosure requirements	Mon 28 May 12	Mon 28 May 12	CF
SOA	SOA/AP	Cross check disclosure requirements	Mon 28 May 12	Mon 28 May 12	CF
SOA	SOA/BS	Cross check disclosure requirements	Mon 28 May 12	Mon 28 May 12	CF
SOA	SOA/C&CE	Cross check disclosure requirements	Mon 28 May 12	Mon 28 May 12	CF
SOA	SOA/CF	Cross check disclosure requirements	Mon 28 May 12	Mon 28 May 12	CF

Closedown Timetable

<i>Ref</i>	<i>Function</i>	<i>Activity</i>	<i>Start Date</i>	<i>Completion date</i>	<i>Responsibility</i>
SOA	SOA/CI&E	Cross check disclosure requirements	Mon 28 May 12	Mon 28 May 12	CF
SOA	SOA/CollFund	Cross check disclosure requirements	Mon 28 May 12	Mon 28 May 12	CF
SOA	SOA/EF	Cross check disclosure requirements	Mon 28 May 12	Mon 28 May 12	CF
SOA	SOA/MiRs	Cross check disclosure requirements	Mon 28 May 12	Mon 28 May 12	CF
SOA	SOA/Notes	All notes to accounts reviewed	Mon 28 May 12	Mon 28 May 12	CF
SOA	SOA/Notes	Cross check disclosure requirements	Mon 28 May 12	Mon 28 May 12	CF
Group	Group Accounts	Prepare group accounts	Mon 28 May 12	Wed 30 May 12	CF
Pension Fund	Pension Fund	Review Pension Fund checklist and provide MG with the Pension Fund Accounts	Tue 01 May 12	Thu 31 May 12	Treasury Management
SOA	Related Party	Disclose descriptions and amounts	Mon 21 May 12	Thu 31 May 12	CF
SOA	SOA	Produce draft set of accounts for internal analytical review before passing to Audit	Tue 29 May 12	Thu 31 May 12	CF
SOA	SOA	Proof read and cross check figures in proposed 1st draft	Wed 30 May 12	Thu 31 May 12	CF
SOA	Acq & discon ops	Prepare note to accounts	Thu 31 May 12	Thu 31 May 12	CF
SOA	Contingent Liabs	Prepare note to accounts	Thu 31 May 12	Thu 31 May 12	CF
SOA	Except/Extraord items	Prepare note to accounts	Thu 31 May 12	Thu 31 May 12	CF
Group	Group Accounts	Include in SOA	Thu 31 May 12	Thu 31 May 12	CF
SOA	Pooled Budgets	Prepare note to accounts	Thu 31 May 12	Thu 31 May 12	CF
SOA	Post BS Events	Prepare note to accounts	Thu 31 May 12	Thu 31 May 12	CF
SOA	PYA	Include in SOA	Thu 31 May 12	Thu 31 May 12	CF
SOA	RI	Include in SOA	Thu 31 May 12	Thu 31 May 12	CF
SOA	SOA	Update SOA for final version	Thu 31 May 12	Thu 31 May 12	CF
SOA	SOA/AP	Include in SOA	Thu 31 May 12	Thu 31 May 12	CF
SOA	SOA/BS	Include in SOA	Thu 31 May 12	Thu 31 May 12	CF
SOA	SOA/C&CE	Include in SOA	Thu 31 May 12	Thu 31 May 12	CF
SOA	SOA/CF	Include in SOA	Thu 31 May 12	Thu 31 May 12	CF
SOA	SOA/CI&E	Include in SOA	Thu 31 May 12	Thu 31 May 12	CF
SOA	SOA/CollFund	Include in SOA	Thu 31 May 12	Thu 31 May 12	CF
SOA	SOA/EF	Include in SOA	Thu 31 May 12	Thu 31 May 12	CF
SOA	SOA/MiRs	Include in SOA	Thu 31 May 12	Thu 31 May 12	CF
SOA	SOA/Notes	Include in SOA	Thu 31 May 12	Thu 31 May 12	CF
System	System	Process New Year Reversal of Creditors & Debtors	Thu 31 May 12	Thu 31 May 12	CF
System	System	Close Period 13	Thu 31 May 12	Thu 31 May 12	CF
Diamond Jubilee			Mon 04 Jun 12	Mon 04 Jun 12	
Diamond Jubilee			Tue 05 Jun 12	Tue 05 Jun 12	
CO	CO Return	Complete Capital Outturn (CO) forms and save to specified folder path	Wed 06 Jun 12	Fri 08 Jun 12	CF
SOA	Acq & discon ops	Prepare WP	Fri 01 Jun 12	Fri 29 Jun 12	CF
SOA	Contingent Liabs	Prepare WP	Fri 01 Jun 12	Fri 29 Jun 12	CF
BS	Earmarked Reserves	Prepare WP	Fri 01 Jun 12	Fri 29 Jun 12	CF
SOA	Except/Extraord items	Prepare WP	Fri 01 Jun 12	Fri 29 Jun 12	CF

Closedown Timetable

Ref	Function	Activity	Start Date	Completion date	Responsibility
Group	Group Accounts	Prepare WP's	Fri 01 Jun 12	Fri 29 Jun 12	CF
SOA	Pooled Budgets	Prepare WP	Fri 01 Jun 12	Fri 29 Jun 12	CF
SOA	Post BS Events	Prepare WP	Fri 01 Jun 12	Fri 29 Jun 12	CF
SOA	PYA	Prepare WP's	Fri 01 Jun 12	Fri 29 Jun 12	CF
SOA	RI	Prepare WP's	Fri 01 Jun 12	Fri 29 Jun 12	CF
SOA	SOA/AP	Prepare WP's	Fri 01 Jun 12	Fri 29 Jun 12	CF
SOA	SOA/BS	Prepare WP's	Fri 01 Jun 12	Fri 29 Jun 12	CF
SOA	SOA/C&CE	Prepare WP's	Fri 01 Jun 12	Fri 29 Jun 12	CF
SOA	SOA/CF	Prepare WP's	Fri 01 Jun 12	Fri 29 Jun 12	CF
SOA	SOA/CI&E	Prepare WP's	Fri 01 Jun 12	Fri 29 Jun 12	CF
SOA	SOA/CollFund	Prepare WP's	Fri 01 Jun 12	Fri 29 Jun 12	CF
SOA	SOA/EF	Prepare WP's	Fri 01 Jun 12	Fri 29 Jun 12	CF
SOA	SOA/MiRs	Prepare WP's	Fri 01 Jun 12	Fri 29 Jun 12	CF
SOA	SOA/Notes	Prepare WP's	Fri 01 Jun 12	Fri 29 Jun 12	CF
BS	Stocks & Stores	Prepare WP's	Fri 01 Jun 12	Fri 29 Jun 12	CF
BS	Trading Opps	Prepare WP's	Fri 01 Jun 12	Fri 29 Jun 12	CF
SOA	Working Papers	Complete audit working papers, responsibility per separate wp schedule	Fri 01 Jun 12	Fri 29 Jun 12	CF
SOA	Working Papers	Review WP's and file for robestness	Fri 01 Jun 12	Fri 29 Jun 12	CF
I&E	Outturn Reporting (Rev & Capital)	Final Outturn reports publish to web	Fri 29 Jun 12	Fri 29 Jun 12	CF
I&E	Outturn Reporting (Rev & Capital)	Report Revenue & Capital Outturn position to Committee	Fri 29 Jun 12	Fri 29 Jun 12	CF
SOA	SOA	Agreed date for submission of draft set of accounts for analytical review by External Audit	Fri 29 Jun 12	Fri 29 Jun 12	CF

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Recommendations

Recommendation 1

Monitor implementation of management's action plan to address control weaknesses.

Responsibility Director of Finance & Corporate Services

Priority High

Date 30 June 2012

Comments A more detailed set of actions has been developed in response to the Annual Governance Report. Progress against this will be reported to the Audit Committee to ensure the control weaknesses are addressed for 2011/12 financial statements.

Recommendation 2

Review the adequacy of arrangements to improve and embed good procurement, risk management, internal control and financial reporting arrangements across the Council.

Responsibility Director of Finance & Corporate Services and Director of Legal and Procurement

Priority High

Date 30 June 2012

Comments Separate workstreams are in place to develop the Council's arrangements across the four areas identified. These include:


Procurement – specific steps have been taken to address both the skills and capacity by investing in the procurement team. In addition to this the wider adoption of MIS and enforcement of good management discipline will ensure greater visibility of spend and assessment of value for money.

Risk Management – the Council's risk management framework is being developed and was considered by the

Audit Committee at its meeting on 15 December 2011.

Internal Control – Internal Audit has continued to develop the audit of foundation schools who are now subject to a detailed review of internal controls. Common issues concerning leasing, procurement and leadership pay have been notified to Children and Families who are providing briefing sessions and support through presentations to Bursars and Heads and via the schools extranet. In relation to internal controls regarding the council's general accounting processes. Internal Audit has brought forward its systems work concerning the main accounting systems.

Financial Reporting –The action plan to improve financial reporting for 2011/12 will be monitored by the Audit Committee during 2012.

	<p style="text-align: center;">Audit Committee 22 December 2011</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Services</p>
<p>For Information Wards Affected: ALL</p>	
<p>Report Title: Audit Commission Reports: Progress Report 2010/11; Certification of Claims and Returns 2010/11; Audit Plans 2011/12</p>	

1. Summary

- 1.1. The purpose of this report is to present a number of reports from the Audit Commission. Representatives of the Audit Commission will present the report.

2. Recommendations

- 2.1. That the Audit Committee note the contents of each report.

3. Detail

- 3.1. There are four reports for consideration:

- Appendix 1 - Progress Report 2010/11; this sets out progress of external audit work, provides an update on the externalisation of audit work and key national issues
- Appendix 2 - Certification of Claims and Returns 2010/11; this sets out the results of work done concerning the verification of various grant claims submitted by the council
- Appendix 3 - Brent Council Audit Plan 2011/12; sets out the audit plan for the councils accounts excluding the pension fund
- Appendix 4 - Pension Fund Audit Plan 2011/12; sets out the audit plan for the council's pension fund

4. Financial Implications

- 4.1. None

5. Legal Implications

5.1. None

6. Diversity Implications

6.1. None

7. 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

Audit Committee Progress report

London Borough of Brent

Audit 2011/12



The Audit Commission is a public corporation set up in 1983 to protect the public purse.

The Commission appoints auditors to councils, NHS bodies (excluding NHS Foundation trusts), police authorities and other local public services in England, and oversees their work. The auditors we appoint are either Audit Commission employees (our in-house Audit Practice) or one of the private audit firms. Our Audit Practice also audits NHS foundation trusts under separate arrangements.

We also help public bodies manage the financial challenges they face by providing authoritative, unbiased, evidence-based analysis and advice.

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Introduction

- 1** The purpose of this paper is to provide the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. It includes an update on the externalisation of the Audit Practice.
- 2** This paper also seeks to highlight key emerging national issues and developments which may be of interest to members of the Audit Committee. The paper concludes by asking a number of questions which the Committee may wish to consider in order to assess whether it has received sufficient assurance on emerging issues.
- 3** If you require any additional information regarding the issues included within this briefing, please feel free to contact me or your Audit Manager using the contact details at the end of this update.
- 4** Finally, please also remember to visit our website (www.audit-commission.gov.uk) which now enables you to sign-up to be notified of any new content that is relevant to your type of organisation.

Andrea White

District Auditor

9 February 2011

Progress Report

2010/11 audit

5 We completed our certification of grant claims in December 2011. We have prepared a report on our certification work. This is included on the Agenda for the Audit Committee's consideration.

6 Our 2010/11 audits of the Council and its Pension Fund are complete. The 2010/11 Annual Audit Letter was agreed with the Chief Executive and Director of Finance and Corporate Services. This is included on the Agenda for the Audit Committee's consideration. This summarises audit for the 2010/11 year.

Financial statements

7 We agreed our 2011/12 Audit Plans for the Council and its Pension Fund with the Director of Finance and Corporate Services on 1 February 2012. We have included extracts of our standard letters to the Director of Finance and Corporate Services and the Chair of the Audit Committee to address auditing standards on fraud, internal control, laws and regulations and potential for litigation and claims affecting the financial statements. This is included on the agenda for the Audit Committee.

8 We have completed our first audit visit in January 2012. This focussed on:

- updating our documentation, including key financial systems;
- early substantive work on the Comprehensive Income and Expenditure Statement; and
- monitoring progress on recommendations from our 2010/11 Annual Governance Statement.

We will provide a verbal update to the Audit Committee on the progress of the work undertaken to date. We intend to undertake further interim work in April 2012 and will report our findings to the Audit Committee in June 2012.

Other Matters of Interest

2011/12 Final Accounts Workshops

9 We have invited your staff to a workshop that will help them to prepare your financial statements for 2011/12.

Procurement Fraud in the Public Sector

10 The National Fraud Agency has recently issued a report on public sector procurement fraud which examines new approaches to reduce fraud risk and make processes both quicker and simpler.

11 The report acknowledges that procurement fraud is a complex problem. It covers a wide range of illegal activities from bid rigging during the pre-contract award phase through to false invoicing in the post-contract award phase. It can be perpetrated by those inside and outside an organisation.

12 The report includes a number of case studies and details a number of actions that can be taken both immediately and in the medium term.

For information: Police Reform and Social Responsibility Act 2011

13 The Police Reform and Social Responsibility Act received Royal Assent on 15 September 2011.

14 This Act will abolish police authorities in England and Wales and replace them with directly elected police and crime commissioners.

15 The Act requires the police and crime commissioner for a policing area to hold the chief constable to account, while also safeguarding the chief constable's operational independence. A police and crime panel, established by the local authorities in a police area, will provide independent scrutiny of the police and crime commissioner.

16 In London, the Mayor's Office for Policing (MOPC) will replace the Metropolitan Police Authority. The Mayor of London will run the MOPC. The MOPC will have the same powers as a police and crime commissioner, except that appointment of the Metropolitan Police Commissioner and Deputy Commissioner will continue to be by royal appointment. The City of London will retain the only remaining police authority.

17 The first elections of police and crime commissioners will take place on 15 November 2012 and police authorities will be abolished within a week of these elections. All staff and assets will transfer in the first instance to the office of the police and crime commissioner.

18 In London, where there will be no separate election, there will be an earlier transfer to the new arrangements, in January 2012. Contracts of employment with the police authority continue, subject to the continuity of existing arrangements for placing civilian staff under the direction and control of the chief constable.

Localism Act 2011

19 On 15 November 2011 the Localism Bill received Royal Assent.

20 The Department for Communities and Local Government (DCLG) has published an updated plain English guide to the Localism Act to reflect the final legislation and this may be of interest to members of the Audit Committee.

21 Subject to commencement, key measures of the Act include:

- introducing a new general power of competence, giving councils freedom to work together to improve services and drive down costs. Councils are now free to do anything - provided they do not break other laws;
- giving communities the right to approve or veto - by way of a referendum - Council Tax increases higher than a limit determined by the Government.
- opening the door for the transfer of power to major cities to develop their areas, improve local services, and boost their local economies;
- abolishing the Standards Board;
- clarifying the rules on predetermination in order to free up councillors to express their opinions on issues of local importance without the fear of legal challenge;
- enabling councils to return to the committee system of governance, if they wish, regardless of their size;
- giving councils greater control over business rates. Councils will have the power to offer business rate discounts, which could help attract firms, investment and jobs;
- promoting openness regarding the pay of senior officers; and
- allowing councils to keep the rent they collect and use it locally to maintain social homes through the abolition of the housing revenue account.

22 Many of the measures in the Localism Act are expected to be in place by April 2012.

Openness and Accountability in Local Pay

23 The Localism Act referred to earlier requires local authority pay policies to be openly approved by democratically elected councillors.

24 On 17 November 2011 the Department for Communities and Local Government published guidance which sets out the requirements for councils to publish their remuneration arrangements and approve larger salary packages in an open session of the full council.

25 Pay policy statements must be in place by 31 March 2012 and Ministers explicitly say in the guidance that the pay vote ceiling should be set at £100,000.

26 There will be a requirement to publicly justify any big bonuses, above inflation annual pay rises, or hiring a person already in receipt of retirement or severance money and organisations should state in their pay policy statement whether or not they permit such practices.

Housing Revenue Account self financing determinations

27 The Department for Communities and Local Government (DCLG) has recently published a consultation exercise on the Housing Revenue Account (HRA) self-financing determinations.

28 The consultation - which closes on 6 January 2012 - can be found on the DCLG's website and covers five draft determinations, the key ones of which are:

- the amount each local authority will either pay the government or receive from the government on 28 March 2012 to exit the current subsidy system, and the way in which the payments will be made; and
- the cap on the amount of housing debt each council may hold.

Income Generation

29 Income from fees and charges is a key financial area for local authorities with the top ten income streams generating over £7 billion each year.

30 CIPFA has recently produced an updated guide to income generation and much has happened since the earlier editions were published in 2005 and 2008.

31 In 2011, organisations are looking at income in its widest sense as a key factor in their funding equation. The economic downturn has

demonstrated the risks associated with excessive reliance on income from fees and charges. However, the Spending Review 2010 has motivated local authorities to evaluate robustly every possible funding source.

32 Rather than just focussing on savings, organisations are increasingly focussing on maximising their income generation opportunities.

33 This new 2011 edition should enable local authorities to make the most of their fees and charges potential. It provides a full update of the charging opportunities available as at March 2011, reflecting recent legislation and regulations.

Code on Data Transparency

34 On 29 September 2011 the Department for Communities and Local Government (DCLG) published the Code of Recommended Practice for Local Authorities on Data Transparency.

35 Subject to consultation, we understand that Ministers are minded to make this Code a legally binding requirement.

36 The Code requires local authorities to publish public data as soon as possible following production even if it is not accompanied with detailed analysis. Where practical, local authorities should seek to publish in real time. As a minimum, the public data that should be released are:

- expenditure over £500 (including costs, supplier and transaction information);
- senior employee salaries, names (with the option for individuals to refuse to consent for their name to be published), job descriptions, responsibilities, budgets and numbers of staff;
- an organisational chart of the staff structure of the local authority including salary bands and details of currently vacant posts;
- the 'pay multiple' - the ratio between the highest paid salary and the median average salary of the whole of the authority's workforce;
- councillors' allowances and expenses;
- copies of contracts and tenders to businesses and to the voluntary community and social enterprise sector;
- grants to the voluntary community and social enterprise sector should be clearly itemised and listed;
- policies, performance, external audits and key inspections and key indicators on the authority's fiscal and financial position;
- the location of public land and building assets and key attribute information that is normally recorded on asset registers; and
- data regarding the democratic running of the local authority including the constitution, election results, committee minutes, decision - making processes and records of decisions.

Guides to Local Government Finance

37 CIPFA has recently issued a comprehensive guide to Local Government finance. This guide reflects proposals for academies, HRA self financing, the future of local audit, police and crime commissioners and social care reform.

38 In addition to the above changes, the guide also looks at the impact the recent cuts have had on local authority finances.

39 In addition to the comprehensive guide, a shorter guide has also been prepared which is aimed specifically at members. It provides councillors with a brief overview of key facts, figures and requirements in relation to local government finance in a more user friendly and handy reference format.

Code of Practice on Public Sector Pensions

40 In October 2011 CIPFA published a Code of Practice on Public Sector Pensions Finance Knowledge and Skills.

41 Pension schemes are growing in complexity and their financial management in the public sector demands appropriate skills, including a knowledge of:

- financial markets and products;
- financial services procurement;
- pensions accounting and auditing;
- actuarial practices;
- investment performance and risk management; and
- the implications of legal and regulatory requirements.

42 It is CIPFA's view that every public sector organisation should secure appropriate training, having assessed the professional competence of both those involved in pension scheme financial management and those with a policy, management and/or oversight role.

43 Its view is that public sector organisations should also ensure that those charged with pension scheme governance, including audit committees and relevant scrutiny groups, have access to the skills and knowledge they require to carry out this role effectively.

44 CIPFA's Code of Practice has been produced to put these requirements into a formal structure for public sector pension schemes.

Financial Management in Schools

45 On 19 October 2011 the National Audit Office (NAO) published a report covering financial management in local authority maintained schools.

46 Up to 2007/08, schools collectively spent less money each year than they were given, and the sum of unspent primary and secondary school balances peaked at £1.76 billion. As a result, many schools did not need to prioritise efficiency to remain within their budgets.

47 However, more schools are now facing reductions in their budgets in real terms, at the same time as significant changes to qualifications and curricula are being introduced - alongside continuing pressure for improved performance.

48 The NAO found that weak financial management and weak academic performance often go hand in hand. A comparison of Ofsted's judgements of the overall effectiveness of schools with school surpluses and deficits showed that schools in deficit generally performed worse than schools in surplus.

49 The NAO's report continues a number of recommendations for the Department of Education, but nevertheless should prove of interest to local authorities themselves.

For information: Fighting Fraud Together

50 In October 2011, thirty-seven organisations joined forces to launch 'Fighting Fraud Together', a new strategy that aims to reduce fraud - a crime estimated to cost the UK £38 billion every year.

51 The organisations involved include the NHS, the Charity Commission, the Department for Communities and Local Government, HM Revenues and Customs and the Association of Chief Police Officers.

52 It is the first time that government, industry, voluntary groups and law enforcement agencies have joined together on such a large scale to sign a joint commitment to tackle fraud.

53 All thirty-seven partners that have signed up to the 'Fighting Fraud Together' strategy which will contribute to and be accountable for its success.

54 The strategy and its accompanying action plan place a strong emphasis on preventing fraud through greater fraud awareness and self protection, combined with stronger government and industry prevention systems and controls.

55 Examples of the new initiatives include:

- Preventing fraud: Industry and the public sector will develop their intelligence-sharing capabilities to prevent fraud attacks;
- Increasing awareness and reporting: A new research tool will help all sectors provide more targeted prevention advice to the public, particularly vulnerable people, and develop a better understanding of small businesses' vulnerability to fraud and the support they need; and
- A more effective enforcement response: Greater intelligence capabilities of the National Fraud Intelligence Bureau will disrupt fraudsters' activities and rapidly close down the channels through which they operate and launder money.

Government response to consultation on the future of local public audit

56 In August 2010, the government announced its intention to bring forward legislation to abolish the Audit Commission and put in place a new framework for local public audit. In March 2011, the government published a consultation paper and, in January 2012, announced its response to the consultation to which it received 453 responses, the majority from audited bodies.

57 The Audit Commission is currently in the process of the award of contracts for the work currently undertaken by the Audit Practice for the period 2012/13 to either 2014/15 or 2016/17 (see 'update on the externalisation of the Audit Practice' below). The government envisages the retention of the Audit Commission as a small residuary body until the end of those contracts, to oversee them and to make any necessary changes to individual audit appointments.

58 Thereafter, the government proposes that a new local public audit regime will apply. The key features of that regime are as follows.

- The National Audit Office will be responsible for developing and maintaining audit codes of practice and providing support to auditors.
- Mirroring the Companies Act provisions, auditors will be subject to the overall regulation of the Financial Reporting Council (the FRC). The FRC will authorise one or more Recognised Supervisory Bodies (in practice, the professional institutes) to register and supervise audit firms and engagement leads.
- directly-elected local government bodies will appoint their own auditor on the advice of an independent audit appointment panel with a majority of independent members. Such panels may be shared between audited bodies;
- Audited bodies must run a procurement exercise for their external audit appointment at least every five years, although there would be no bar

on the reappointment of the incumbent audit firm (for a maximum of one further five-year term);

- Audited bodies will be able to remove their auditor, but only after due process, involving the independent audit appointment panel and culminating in a public statement of the reasons for the decision.
- The audit will continue to cover arrangements for securing economy, efficiency and effectiveness, but without imposing further burdens on audited bodies. There will be further consultation on the approach to value for money.
- The power to issue a public interest report will be retained.
- Audit firms will be able to provide non-audit services to audited bodies, subject to complying with ethical standards and gaining approval from the independent auditor appointment panel.
- The right to object would be retained, but the auditor will be given the power to reject vexatious, repeated or frivolous objections.
- Grant certification will be subject to separate arrangements between grant paying bodies, audited bodies and reporting accountants (who could be the external auditors).
- The National Fraud Initiative will continue. Discussions on how this will be achieved are ongoing.

59 The government is holding further discussions with audited bodies and audit firms to develop its proposals. The Regional Improvement and Efficiency Partnerships are organising events in January and February 2012 to which audited bodies have been invited. The government intends to publish draft legislation for pre-legislative scrutiny in Spring 2012.

2010/11 Accounts

60 In December 2011 the Audit Commission published a report - Auditing the Accounts 2010/11 - which summarises its findings of the accounts audits in 2010/11.

61 The report covers the quality and timeliness of financial reporting by councils, police authorities, fire and rescue authorities and other local public bodies. In addition to auditors' work on the 2010/11 financial statements, the report also covers:

- the results of the first year of International Financial Reporting Standards (IFRS) implementation;
- auditors' work on the Whole of Government Accounts returns;
- auditors' local value for money work;
- public interest reports and statutory recommendations issued by auditors since December 2010; and
- the key challenges facing bodies for 2011/12.

62 Auditors were able to give opinions on the accounts by the target date of 30 September 2011 at most organisations and this performance compares well with the previous year.

63 However, the challenges presented by the transition to IFRS are demonstrated by an increase in the number of bodies, from seven last year to eighteen this year, where the auditor's opinion was still outstanding after 31 October. There was also a significant increase in the number of bodies needing to make material adjustments to their accounts following the audit.

64 On 18 January 2012, the Audit Commission published 'Let's be clear: Making local authority IFRS accounts more accessible and understandable'.

65 This briefing supplements the report on the 2010/11 accounts referred to above and focuses on a long-running debate of how to make local government accounts easier to understand.

66 While the statutory accounts give comprehensive information on each local authority's financial position and performance, reflecting the range of activities which they cover, they are a poor way of communicating the key information to lay readers.

67 The briefing notes that:

- elected members and local people would benefit from having access to well-presented extracts from the accounts, which would provide the key information on each authority's financial position and performance;
- the accounting profession and the Audit Commission could do more to encourage auditors and preparers of accounts to reduce clutter in statutory accounts; and
- each authority could do more to ensure their accounts are shorter and more accessible. Those preparing accounts need to look critically at the previous year's accounts. They should identify how these accounts could be sharper and more focused before starting work on the next set.

68 The briefing concludes by identifying possible steps to make local authority accounts more accessible and easier to understand, and the implications of doing so.

69 The Audit Commission is seeking views on the issues raised within the briefing and has invited comments by 16 March 2012 - further information on this is available on the Audit Commission's website.

Managing Workforce Costs

For councils

70 The Audit Commission and Local Government Association have jointly launched 'Work in progress: Meeting local needs with lower workforce costs'.

71 The joint report - which can be found on the Audit Commission's website - is aimed at councils as employers and shows how local authorities across England are reducing their workforce costs, with some finding creative solutions.

72 As government funding for councils shrinks by over a quarter between 2011/12 and 2014/15, councils need to reduce their workforce costs substantially while still providing much needed services. Not all councils face the same financial challenges, but the message is that all must reassess what they do, how they do it, and what their priorities are. Those opting for major restructuring will take more time to realise savings.

73 Councils are finding ways to cut their pay bills without losing jobs, but the report says that redundancies are inevitable. Local government was already reducing posts before the cuts in government funding. In the past year an estimated 145,000 jobs have gone and this figure will increase in the future. So far many redundancies have been voluntary, but the report warns that compulsory ones are set to rise.

74 The report is supported by a number of resources including:

- an agency workers expenditure tool which shows councils how much they spend on agency workers, compared with groups of similar councils;
- a workforce expenditure tool which shows councils how much they spend on staff as a proportion of their net current expenditure, and how this has changed over time;
- five case studies which provide examples of the different approaches councils are taking to reduce the costs of employing people while protecting valuable services. The case studies show what the councils did and why - and the benefits achieved; and
- a practical guide on how to undertake effective pay benchmarking, providing a series of steps to follow when starting a pay benchmarking process and highlighting the main issues that should be considered.

75 The report is supplemented with a briefing for elected members that includes a number of questions designed to help members assess how well their council decides the size, shape and cost of its workforce and how these decisions will affect services and communities.

76 The questions are in two parts:

- the information that should be available to members about the workforce; and

- the savings strategies councils could follow in the light of that information.

Joining up health and social care

77 On 1 December 2011 the Audit Commission published the second in a series of briefings looking at adult social care.

78 'Joining Up Health and Social Care - Improving Value for Money Across the Interface' shows significant variations in indicators such as the levels of emergency admissions to hospital. This raises questions about how well services are being integrated to meet the preferences of older people. Despite the focus for many years on improving joint working across the NHS and social care, progress remains patchy.

79 At a time when the whole of the public sector must find significant savings, the report says that integrated working offers opportunities for efficiencies and improvements to services. Without it, there is a risk of duplication and 'cost-shunting' - where savings made by one organisation or sector simply create costs for others.

80 The briefing offers guidance to local partnerships, setting out a list of questions to consider and suggestions for interventions that might help. The briefing also includes a number of case studies which show how some areas have embraced partnership working and used local data and benchmarking to establish how and where to make improvements.

81 The Audit Commission has developed a tool to accompany the briefing that allows NHS and social care partnerships to benchmark their performance against others.

CIPFA's Prudential Code for Capital Finance

82 CIPFA has recently updated its Prudential Code for Capital Finance in Local Authorities. This new version reflects the introduction of IFRS which required:

- PFI schemes to be included on organisations' balance sheets; and
- The accounting treatment of leases to be reviewed – with many more likely to be considered as finance leases and thus also included on the relevant balance sheets.

83 The code also includes guidance on the treasury management implications of the housing self-financing reforms.

84 Although local authorities determine their own capital programmes, they are required to have regard to CIPFA's Prudential Code (the Code) in order to ensure that these capital investment plans are affordable, prudent and sustainable.

85 To demonstrate that these objectives have been met, the Code sets out the indicators that must be used and the factors that must be taken into account.

86 The Code does not include suggested indicative limits or ratios and these are for the local authority to set itself, subject to some overriding controls.

87 The prudential indicators required by the Code should be considered alongside its Treasury Management performance indicators. These indicators are both are designed to support and record local decision making and are not designed to be comparative performance indicators.

2011/12 Accounts: CIPFA Guidance Notes for Practitioners

88 CIPFA has recently published a set of guidance notes to provide support in preparing the 2011/12 year-end accounts. These offer constructive advice on all aspects of the requirements for 2011/12 and provide detailed guidance on the key changes, including accounting for:

- heritage assets;
- business rate supplements;
- community infrastructure levies;
- related party disclosures;
- exit packages;
- trust funds;
- financial instruments; and
- interests in joint ventures.

89 The key changes to your financial statements in 2011/12 will also be covered by our final accounts workshops.

For information: Board Governance Essentials

90 The Public Chairs' Forum and CIPFA have recently published a joint 'how to' guide for Chairs and Boards of public bodies.

91 'Board Governance Essentials: A Guide for Chairs and Boards of Public Bodies' offers advice across four key areas.

- Good corporate governance.
- Roles, responsibilities and relationships.
- Standards of behaviour in public life.
- Effective financial management and transparency.

92 This guide may provide interesting reading for all members.

Local Government Finance Bill

93 In December 2011 the government introduced proposals to devolve greater financial powers and freedoms to councils. The Local Government Finance Bill sets out the legislative foundations to implement the changes from April 2013. The most significant proposals relate to non-domestic rates, which are currently pooled and redistributed nationally.

94 The Bill provides for councils to:

- retain a portion of their business rate growth;
- borrow against future income from business rates to pay for roads and transport projects alongside other local priorities;
- ensure a stable starting point for all authorities. No authority will be worse off as a result of their business rates base at the start of the scheme;
- establish a national baseline alongside a system of top ups and tariffs. Councils with business rates in excess of a set baseline would pay a tariff to government whilst those below would get an individually assessed top up from government; and
- create a levy to take back a share of growth from those councils that gain disproportionately from the changes. This money would be used to fund a safety net providing financial help to those authorities which experience significant drops in business rates, for example caused by the closure or relocation of a major business.

95 The Bill provides for much of the detail of the arrangements, including the sharing of business rate growth between billing and precepting authorities, to be left to secondary legislation.

Guide to HRA Self Financing

96 The introduction of self-financing to the housing revenue account (HRA) in April 2012 will fundamentally change the way that local authority housing is funded.

97 CIPFA has therefore recently produced a publication which brings together the latest guidance to assist those working in the sector to understand the changes and help with their implementation.

Update on the externalisation of the Audit Practice

98 The Audit Commission's Chief Executive, Eugene Sullivan, wrote to clients on 21 September 2011 summarising the Department for Communities and Local Government's plans for externalising the Audit Commission's work that is currently undertaken by the Audit Practice. An update on progress was provided in Eugene's subsequent letter of 10 November 2011.

99 The key points are as follows.

- Contracts will be let from 2012/13 on a three- or five-year basis. The earliest you will be able to appoint your own auditors is therefore for the 2015/16 audit.
- The work is split into four regions, comprising ten 'lots'. Each lot will be awarded separately, but any individual bidder can only win a maximum of one lot in each region (ie four lots in total).
- The Commission is managing a fair and equitable procurement process to allow suitable private sector providers the opportunity to compete for the contracts.
- Thirteen potential providers were invited to tender following the initial pre-qualification stage. The deadline for return of the tenders was 16 December 2011. Tenders received are currently being evaluated. The Commission plans to announce the successful tenderers in March 2012.
- The Commission is planning to set out, early in 2012, the consultation process to be followed for individual audit appointments. For bodies currently audited by the Audit Practice, there will be an opportunity to attend an introductory event in each contract area with the Commission and the firm awarded the contract. The events will take place in May 2012.
- Appointments will start on 1 September 2012. As such, the Commission is extending the current audit appointment to allow any audit issues arising between 1 April 2012 and 31 August 2012 to be dealt with. The Commission's Director of Audit Policy and Regulation wrote to clients on 19 December 2011 setting out more details on this 'interim' appointment.
- Audit Practice staff in each lot area will in the main transfer to the successful bidders on 31 October 2012.

100 Further details are available on the Commission's website. We will continue to keep you updated on developments.

101 Against this background, the Audit Practice's focus remains.

- Fulfilling our remaining responsibilities – completing our work for 2010/11 and delivering your 2011/12 audit - to the high standards you expect and deserve.
- Managing a smooth transition from the Audit Practice to your new audit provider.

Contact Details

102 If you would like further information on any items in this briefing, please feel free to contact either your District Auditor or Audit Manager.

103 Alternatively, all Audit Commission reports - and a wealth of other material - can be found on our website: www.audit-commission.gov.uk.

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Key deliverables 2011/12

Table 1: Progress on Key Deliverables for 2011/12

Product	Timing	Current position
Planning		
Audit Plan	January 2012- February 2012	Plan presented to Audit Committee in February 2012
Opinion		
Work on financial systems	December 2011 – June 2012	Commenced January 2012
Financial statements; <ul style="list-style-type: none"> ■ opinion; ■ Annual Governance Report; and ■ opinion memorandum 	July - September 2012	
Value for Money		
Value for money conclusion	March 2012 to September 2012	
Reporting		
Annual Audit and Inspection Letter	October 2012	

Certification of claims and returns - annual report

London Borough of Brent

Audit 2010/11



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Introduction

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and are required to complete returns providing financial information to government departments. My certification work provides assurance to grant-paying bodies that claims for grants and subsidies are made properly or that information in financial returns is reliable. This report summarises the outcomes of my certification work on your 2010/11 claims and returns.

Under section 28 of the Audit Commission Act 1998, the Audit Commission may, at the request of authorities, make arrangements for certifying claims and returns because scheme terms and conditions include a certification requirement. Where such arrangements are made, certification instructions issued by the Audit Commission to its auditors set out the work auditors must do before they give their certificate. The work required varies according to the value of the claim or return and the requirements of the government department or grant-paying body, but in broad terms:

- for claims and returns below £125,000 the Commission does not make certification arrangements and I was not required to undertake work;
- for claims and returns between £125,000 and £500,000, I undertook limited tests to agree form entries to underlying records, but did not undertake any testing of eligibility of expenditure; and

- for claims and returns over £500,000 I planned and performed my work in accordance with the certification instruction to assess the control environment for the preparation of the claim or return to decide whether or not to place reliance on it. Depending on the outcome of that assessment, I undertook testing as appropriate to agree form entries to underlying records and test the eligibility of expenditure or data.

Claims and returns may be amended where I agree with your officers that this is necessary. My certificate may also refer to a qualification letter where there is disagreement or uncertainty, or you have not complied with scheme terms and conditions.

Summary of my 2010/11 certification work

The results of my certification work on the claims and returns for the year ended 31 March 2011 is summarised below. My overall conclusion is that the arrangements in place for preparation and certification of grants are reasonable. The level of claim qualification and amendments are not inconsistent with other London Boroughs. Generally, housing and council tax benefit claims are complex in nature and the amount of work required each year will depend on the type of claims selected for testing (testing requirements are prescribed by the Department). It is not uncommon for this claim to be qualified.

This year more work was required on the Housing finance base data return which has been used to form the basis of the new self-financing settlement. In 2009/10 this claim was heavily qualified for classification errors in the 2009/10 housing stock. The Council has made some considerable improvements in the quality of data this year, but there remain some residual stock inaccuracies which the Council will need to address.

Table 1: **Summary of 2010/11 certification work**

Number of claims and returns certified	
Total value of claims and returns certified	£473,346,235,
Number of claims and returns submitted for certification	9
Number of claims and returns amended due to errors	5
Number of claims and returns where I issued a qualification letter because there was disagreement or uncertainty over the content of the claim or return or scheme terms and conditions had not been complied with	3
Total cost of certification work	£92,700*

* includes estimate of time for finalisation in January 2012

1 Revised certification guidance was issued requiring larger sample sizes for all claims certified in 2011/12. My overall grant fee has increased by 19 per cent on the total fee for 2009/10 to £92,500. This is largely attributable to a more complex case mix being randomly sampled in my audit of Housing and council tax benefit scheme (BEN01) and National non-domestic rates return (LA01). I have included a breakdown of fee by grant in the 'summary of certification fees' section of this report below.

Results of 2010/11 certification work

This section summarises the results of my 2010/11 certification work and highlights the significant issues arising from that work.

2 For claims and returns over £500,000, I assess the control environment for their preparation and decide whether or not I can place reliance on it. For one of the Council's eight claims and returns over £500,000 for 2010/11 I was able to place reliance on the control environment. I therefore performed limited tests to agree form entries to underlying records, but did not perform any testing of the eligibility of expenditure or data. For the remaining seven claims and returns, I completed full testing as I was not able to place reliance on the control environment because the claim or return was high value, technically complex and/or errors were found in the previous year.

Table 2: Claims and returns above £500,000

Claim or return	Value of claim or return presented for certification	Was reliance placed on the control environment?	Value of any amendments made	Was a qualification letter issued?
Housing and council tax benefit scheme	£339,484,832	No – In line with the DWP's guidance, I performed mandatory testing of 80 cases.	0	Yes
Pooling of housing capital receipts	£790,927 *	No – This claim involves large values. I identified errors with premises expenses and legal costs in the 2009/10 claim.	£91,503 overstatement of amount payable – claim amended.	No

Claim or return	Value of claim or return presented for certification	Was reliance placed on the control environment?	Value of any amendments made	Was a qualification letter issued?
HRA subsidy	£5,738,616	No – This claim involves large values. I identified errors in the previous HOU02 claim.	Amendments made for errors found, but did not impact on amount of claim.	No
Housing finance base data return	£0	No – This claim is used to determine material payments to the Council from CLG. The base data relates to the Council's housing stock eg numbers, classification, age, etc. Furthermore, it was qualified in 2010/11 and increased risks associated with move to self-financing from 1 April 2012.	Amendments made for errors found, but did not impact on amount of claim.	Yes
National non-domestic rates return	£89,454,897	No – This claim has high values and involves a large volume of complex transactions.	£395 understatement of amount payable – claim amended.	No
Teachers' pensions return	£20,246,870	No – This claim includes high values. Errors were identified in prior year claim.	0	No
Sure start, early years and childcare grant and aiming high for disabled children grant	£15,566,032	No – This claim includes high values and increased risk as last year of the scheme and claim.	0	Yes
Childcare affordability programme	£476,285	No – claim below threshold and part A only performed.	Amendments made for errors found, but did not impact on amount of claim..	No

Claim or return	Value of claim or return presented for certification	Was reliance placed on the control environment?	Value of any amendments made	Was a qualification letter issued?
Disabled facilities	£1,680,000	Yes	0	No

* this represents the net amount payable, presented for certification

Detailed analysis

3 I have included a detailed analysis on claims where I issued a qualification letters or a significant amendment has been made.

Housing and council tax benefit scheme (BEN01)

4 I issued my certification report on the BEN01 claim on 30 November 2010. The certification instructions agreed with DWP requires testing of twenty cases at random from each of the four main benefit types:

- Non HRA Rent Rebates;
- Rent Rebates;
- Rent Allowances; and
- Council Tax Benefit.

5 My initial testing of eighty cases identified eight cases with errors, I therefore extended my testing. I identified four further errors from the additional sample of a hundred and twenty cases. As a result of the errors found, a qualification letter was agreed with the Council. The level of errors found in 2010/11 were similar to the level of errors found last year. The types of errors found in 2010/11 are as follows.

- Minor variance (18p) in Children's allowance rate recorded on the system caused overpayments of benefits.
- Minor variance (£2) with in year reconciliation cells (similar errors identified in 2009/10).
- Incorrect use of deductions when calculating income (similar errors identified in 2009/10).
- Incorrect use of Local Housing Allowance room rate resulting in under payment of benefit.
- Miscalculation of average weekly income, pension income and student loan income (similar errors identified in 2009/10).
- Incorrect use of Severe Disability Premium.
- Incorrect application of tax credits (similar errors identified in 2009/10).
- Incorrect use of Employment Support Allowance.

- 6 No amendments were made for these errors in the 2010/11 claim. Our qualification letter reported a cumulative extrapolated error of £154,068. This error had no impact on the benefit claimed from the DWP or the level of funding to the Council. The Council will amend the Children's allowance rate error in the 2011/12 claim. The value of this is £86,558.
- 7 We reported our findings to the Department of Works and Pensions (DWP) in our qualification letter.

Recommendation

- R1** Ensure arrangements are in place to feedback findings to benefit assessors, including the provision of training or further guidance.
- R2** Review quality control arrangements to minimise the errors identified in our testing.

Housing finance base data return (HOU2)

- 8 The government's proposal for Councils to adopt a self-financing model from 1 April 2012. Following on from a comprehensively qualified certification claim in 2009/10, the Department of Communities and Local Government (DCLG) required Brent to improve their housing data. As a result, the Council carried out a survey in 2010 to assess their property archetypes and ensure compliance with the certification instructions.
- 9 I carried out interim work on the survey and identified 1 error from the 20 properties sampled. The survey has significantly improved the accuracy of dwelling classifications from the 2009/10 year (25% error rate across multiple categories). The survey did not cover all properties, therefore the Council will need to continue improving its housing data.
- 10 My year end certification work did identify some classification errors. As a result of the errors, a qualification letter was agreed with the Council. The errors identified are as follows.
- The Council were unable to provide adequate supporting documents to evidence property classifications based on internal floor area.
 - Testing on age classification of properties (sample of sixty three properties) identified seven misclassification errors. The errors related to a lack of supporting evidence.

Recommendation

- R3** Retain survey evidence to support the classification of each dwelling.

Sure start, early years and childcare grant and aiming high for disabled children grant (EYC02)

- 11 One of the two assets sampled could not be found on the fixed asset register. This error has no impact on the value of the claim, however it is important that the Council retains adequate asset records. This provides a sound basis for monitoring the ongoing use and ownership of the asset which is required by the Certification instructions.
- 12 The Council's certificate ('declaration') should have been signed by one of the three authorised signatories listed in the Certification Instruction. However, it has been signed by the Deputy Director of Finance, who was not an authorised signatory.
- 13 As a result of the two areas of non-compliance with the Certification Instruction guidance, a qualification letter was agreed with the Council.

Recommendations

- R4** Reconcile sure start assets to relevant fixed asset registers to provide a sound basis to monitor and control use of assets funded by grant.
- R5** Ensure that claims are signed by authorised signatories per the relevant Certification Instructions.

Pooling of housing capital receipts (CFB06)

- 14 My testing identified four errors within the claim:
- receipts included in the incorrect categories;
 - duplication of a capital receipt between two categories;
 - a property outside of the Housing Revenue Account was incorrectly included;
 - eligible improvement costs overstated as they exceeded an item outside the allowable timeframe; and
 - an error in apportioning administration costs related to disposals.

This resulted in a £91,503 overstatement of the amount payable to DCLG. The Council have amended the claim to correct the errors.

Recommendations

- R6** Ensure costs identified in claim are:
- apportionments on a fair basis; and
 - identified costs are eligible and meet grant criteria.

Recommendations

R7 Ensure receipts included in the claim are accurately recorded and meet the criteria for inclusion per Certification Instructions.

Table 3: **Claims between £125,000 and £500,000**

Claim or return	Value of claim or return presented for certification	Value of any amendments made	Qualification letter
Single programme	475,285	Amendments made for errors found, but did not impact on amount of claim.	No

Summary of progress on previous recommendations

This section considers the progress made in implementing recommendations I have previously made arising from certification work.

The Council has taken actions to implement the recommendations raised in 2009/10, with four out of five recommendations implemented/ implemented partially. A detailed summary of progress made is set out below.

Table 4: **Summary of progress made on recommendations arising from certification work undertaken in earlier years**

Agreed action	Priority	Date for implementation	Responsible officer	Current status	Comments
<p>Housing finance base data return (HOU2)</p> <p>Consider findings of full stock condition survey and where necessary update the stock listing to reflect the updated data. Ensure the survey has covered all dwelling archetypes and fully resolves qualification issues. A clear and reliable audit trail should be established to support the entries in the claim.</p>	High	30 September 2011	Assistant Director of Finance – Regeneration and Major Projects	Implemented partially	There has been an improvement in the 2010/11 data following on from a survey, however, a few errors were still found. In some areas, age classification and size of properties, there was a limited audit trail making it difficult to verify the results of the survey.

Agreed action	Priority	Date for implementation	Responsible officer	Current status	Comments
<p>Housing finance base data return (HOU2)</p> <p>Ensure evidence to support updated stock listing is retained. Going forward the Council should be able to demonstrate basis for dwelling type classification through agreement to evidence.</p>	High	30 September 2011	Assistant Director of Finance – Regeneration and Major Projects	Implemented partially	As above. And the Council must continue improving data for all of its housing stock.
<p>Pooling of housing capital receipts (CFB06)</p> <p>Ensure costs identified in claim are:</p> <ul style="list-style-type: none"> ■ apportionments on a fair basis; and ■ identified costs are eligible and meet grant criteria. 	Medium	30 September 2011	Deputy Director of Finance	Not implemented	This recommendation was raised in relation to the pooling of housing capital receipts claim in 2009/10. My 2010/11 certification work identified similar errors in apportionment and eligibility of costs.
<p>General</p> <p>Check arithmetic on all claims prior to submission to the audit team.</p>	Low	30 September 2011	Assistant Director of Finance – Children & Families	Implemented	There has been a significant improvement in arithmetic checks performed on claims submitted by the council in 2010/11.

Agreed action	Priority	Date for implementation	Responsible officer	Current status	Comments
<p>Sure start, early years and childcare grant and aiming high for disabled children grant (EYC02)</p> <p>Agree grant funding award recorded on claim agrees to grant award letter.</p>	Medium	30 September 2011	Assistant Director of Finance – Children & Families	Implemented	<p>We found no basic arithmetic errors in our testing in 2010/11.</p> <p>No issues identified in 2010/11.</p>

Summary of recommendations

This section highlights the recommendations arising from my certification work and the actions agreed for implementation.

Table 5: Summary of recommendations arising from 2010/11 certification work

Recommendation	Priority	Agreed action	Date for implementation	Responsible officer
R1. Ensure arrangements are in place to feedback findings to benefit assessors, including the provision of training or further guidance.	High	The findings from the 10/11 grant process will be fed back to the assessors as part of the ongoing performance improvement process	31 March 2012	Head of Benefits
R2. Review quality control arrangements to minimise the errors identified in our testing.	Medium	Quality control reviews will incorporate the errors identified	31 March 2012	Head of Benefits
R3. Retain evidence to support survey of dwellings.	High	The evidence will be retained	31 March 2012	Assistant Director of Finance – Regeneration and Major Projects
R4. Reconcile sure start assets to relevant fixed asset registers to provide a sound basis to monitor and control use of assets funded by grant.	High	There will be no further grant claims for sure start. However the issue will be included in future guidance relating to grant funded	31 March 2012	Assistant Director of Finance – Children & Families

Recommendation	Priority	Agreed action	Date for implementation	Responsible officer
R5. Ensure that claims are signed by authorised signatories per the relevant Certification Instructions.	Medium	assets The schedule of signatories will be reviewed for each individual claim prior to submission	31 March 2012	Grant claim co-ordinator
R6. Ensure costs identified in claim are: <ul style="list-style-type: none"> ■ apportionments on a fair basis; and ■ identified costs are eligible and meet grant criteria. 	High	The guidance for all grant claims will emphasise these points. In addition a specific review of the pooling of housing capital receipts claim will be undertaken	31 March 2012	Deputy Director of Finance
R7. Ensure receipts included in the claim are accurately recorded and meet the criteria for inclusion per Certification Instructions.	High	Will be picked up in specific review referred to in R6	31 March 2012	Deputy Director of Finance

Summary of certification fees

This section summarises the fees arising from my 2010/11 certification work and highlights the reasons for any significant changes in the level of fees from 2009/10.

Table 6: Summary of certification fees

Claim or return	2010/11 fee	2009/10 fee	Reasons for changes in fee greater than +/- 10 per cent
Grants planning, supervision, review and finalisation	6,595	13,098	More review time allocated to individual grants, particularly Housing and Council tax benefit schemes.
Housing and council tax benefit scheme	47,828	32,440	Length of testing is dependant on the nature of the claims selected for testing. This year, a greater number of complex cases were selected in my sample. Additionally, more review allocated to specific grant and not overall supervision chargeable code.
Pooling of housing capital receipts	2,723	2,816	N/A
HRA subsidy	2,327	2,574	N/A
Housing finance base data return	13,009	7,562	Additional testing carried out during the interim stage in response to a DCLG letter. Delays in getting evidence to support housing demolitions entered on the claim led to late change to claim, and failures in classification testing of properties (this included an additional sample of 40 cases after an error was found).

Claim or return	2010/11 fee	2009/10 fee	Reasons for changes in fee greater than +/- 10 per cent
National non-domestic rates return	8,638	3,949	Increased sample sizes in 2010/11 in revised auditor guidance.
Teachers' pensions return & Sure start, early years and childcare grant and aiming high for disabled children grant	9,940	11,516	Final year of Sure start grant with established projects, processes and controls. And improved information on teachers pensions for the claim.
Disabled facilities	973	1,201	Second year of revised approach, therefore efficiencies gained.
Single programme	668	2,382	Two claims were certified in 2009/10, of which one no longer applies from 2010/11.
Total	92,700*	77,538	

* includes estimate to finalise grants reporting

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The Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body.



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Audit plan

London Borough of Brent

Audit 2011/12



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Introduction

The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies sets out the respective responsibilities of the auditor and the audited body.

Responsibilities

The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies sets out the respective responsibilities of the auditor and the audited body. The Audit Commission has issued a copy of the Statement to you.

The Statement summarises where the different responsibilities of auditors and of the audited body begin and end and I undertake my audit work to meet these responsibilities.

I comply with the statutory requirements governing my audit work, in particular:

- the Audit Commission Act 1998; and
- the Code of Audit Practice for local NHS bodies.

My audit does not relieve the Audit Committee, as those charged with governance, of their responsibilities.

Accounting statements

I set out the significant risks and the approach I will take for the audit of the 2011/12 financial statements. I also detail a series of questions that auditing standards require me to ask of management and the Audit Committee each year and request a response to these prior to the commencement of the audit.

Value for money

I will also assess the Authority's financial resilience and arrangements for securing economy, efficiency and effectiveness in the form of a value for money conclusion. I set out the risks for the 2011/12 value for money conclusion.

Milestones and deadlines, the audit team, independence and quality.

I have set out the planned timetable and outputs from 2011/12 audit work. I also confirm the audit team is independent and set out arrangements to ensure the service provided to the Authority meets quality standards.

Fees

The fee for the audit is £439,200 which is a reduction of 10 per cent from the previous years proposed fee. The fee has not changed since it was originally communicated to the Authority in April 2011. This fee is based on the assumption, that significant failings in 2010/11 will have been rectified before our 2011/12 audit commences.

Accounting statements

I will carry out the audit of the accounting statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB). I am required to issue an audit report giving my opinion on whether the accounts give a true and fair view.

Materiality

I will apply the concept of materiality in planning and performing my audit, in evaluating the effect of any identified misstatements, and in forming my opinion.

Page 103 Identifying audit risks

I gain an understanding of the Authority to identify any risk of material misstatement (whether due to fraud or error) in the accounting statements. I do this by:

- identifying the business risks facing the Authority, including assessing your own risk management arrangements;
- considering the financial performance of the Authority;
- assessing internal control, including reviewing the control environment, the IT control environment and internal audit; and
- assessing the risk of material misstatement arising from the activities and controls within the Authority's information systems.

Identification of significant risks

I have considered the additional risks that are relevant to the audit of the accounting statements and have set these out below.

Table 1: Significant risks

Risk	Audit response
<p>Close down arrangements and project management</p> <p>The 2010/11 audit was completed two months later than the due date; the opinion was issued on the 30 November 2011. Considerable time and effort was required from both the finance and audit teams to complete the audit resulting in additional audit fees.</p> <p>Weak closedown arrangements and poor project management contributed to the delay. If corrective action is not taken quickly and closedown arrangements are not improved, there is a risk of a qualified opinion and additional fees on our 2011/12 audit.</p>	<p>I will:</p> <ul style="list-style-type: none"> ■ review management procedures and controls over the 2011/12 closedown process; ■ review the closedown plan for 2011/12 and assess the Council's monitoring arrangements; ■ assess the actions taken to implement the recommendations I made in my 2010/11 Annual Governance Report; and ■ attend some of the weekly closedown meetings, share learning and best practice.
<p>Valuation of Property, plant and equipment (PPE)</p> <p>PPE is a material item in the financial statements. Except for infrastructure, community assets (where the valuation option in section 4.10 of the Code has not been adopted) and assets under construction, it is valued at fair value. The valuation is usually an estimate, therefore inherently subjective. The Council uses its internal valuer, with support from external valuers, in order to determine fair values for PPE at year end.</p>	<p>I will:</p> <ul style="list-style-type: none"> ■ review management procedures and controls over establishing estimates, including arrangements for instructing your valuer and controls over information provided to and received from the valuer; ■ carry out audit procedures to allow me to place reliance on the work of the valuer; ■ agree the valuer's report to the financial statements;

Risk

Given the significant monetary values, even relatively modest changes in the assumptions and variables informing the valuation can have a material impact on the financial statements. Therefore, there is a risk of a material error due to the size and nature of the values presented for PPE

IAS19: Defined benefit pension liability

The defined benefit pension liability (IAS19) is a material item in the financial statements which is valued at fair value. The valuation is an estimate and therefore inherently subjective. The Council uses an actuary to determine fair values for IAS19 at year end.

Given the significant monetary values, even relatively modest changes in the assumptions and variables informing the valuation can have a material impact on the financial statements. Therefore, there is a risk of a material error due to the size and nature of the values presented for IAS19.

I will:

- review management procedures and controls over establishing the liability, including arrangements for instructing your actuary and controls over information provided to and received from the actuary;
- perform audit procedures to allow me to place reliance on the work of the actuary;
- agree the actuary's report to the financial statements and underlying data used;
- compare the Trust's valuation assumptions to the Audit Commission's appointed experts review thereof; and
- perform tests of detail on valuations.

Housing Revenue Account (HRA) reform

The government plans to reform local authority housing finance by adopting a self-financing model from 1 April 2012. The Council will receive a one-off settlement from central government on or before 28 March 2012 to mitigate its HRA debt. Due to the complexity, magnitude and timing of the HRA reform there is risk that the financial statements will not reflect the accounting entries to reflect the changes.

I will:

- review management procedures and controls for adopting the new self-financing model;
- agree the settlement payment or receipt to the amount specified in the Settlement Payments Determination 2012;
- confirm that the settlement transaction has been accounted for in line with the requirements of CIPFA guidance;

Audit response

- compare the Council's valuation assumptions to the Audit Commission's appointed expert assumptions; and
- perform tests of detail on valuations and associated depreciation calculations.

- agree details of loan redemptions to supporting documentation; and
- review cash flow working papers to confirm that non-cash transactions associated with the loan redemptions are accounted for correctly.

Schools – treatment of assets

Under the Education Act 1996, local authorities are responsible for securing sufficient schools within their area, regardless of provider. In most local authority areas, those schools are managed through a variety of governance arrangements. The differences in those arrangements have implications for the asset recognition under IAS 16 Property, Plant & Equipment. This is a key area of judgement for the Council in preparing its financial statements.

Given the material values involved and nature of judgements required to determine the accounting treatment, there is a risk of material misstatement.

I will:

- review management procedures and controls over the assessment of school assets;
- audit a sample of school assets to confirm the accounting treatment is appropriate; and
- perform tests of detail to supporting documentation underpinning the assessment.

I have considered the introduction of Financial Reporting Standard 30 Heritage Assets (FRS30) and refinancing as possible significant risks. Management have stated that their review of FRS30 indicated this is immaterial and there was no refinancing in 2011/12. We will perform audit procedures to confirm management assertions as part of our interim audit.

Testing strategy

My audit will involve the following.

- Review and re-performance of the work of your internal auditors in respect of the testing of controls in the general ledger and payroll systems.
- An IT risk assessment.
- Placing reliance on the work of experts as follows:
 - the actuary for pensions liabilities and assets; and
 - internal and external valuers for the valuation of property, plant and equipment.
- Substantive tests of detail of transactions and amounts on all material balances.

I have sought to:

- maximise reliance, subject to review and re-performance, on the work of your internal auditors; and
- maximise the work that can be undertaken before you prepare your accounting statements.

The Authority is required to prepare the accounting statements by 30 June 2012. I aim to complete my work and issue my opinion and value for money conclusion by 30 September 2012. I will agree with officers a schedule of working papers required to support the entries in the accounting statements.

Whole of Government Accounts

Alongside my work on the accounting statements, I will also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of my review and the nature of my report are specified by the National Audit Office.

Management and Audit Committee representations required by ISA (UK&I) 240, 260 and 315

Under the ISA (UK&I) I am required to update my understanding annually of:

- management processes and arrangements; and
- how the Audit Committee as those charged with governance gains assurance over management.

In order to comply with the standards I need to obtain and consider information from management and the Audit Committee by asking the questions addressing outlined in appendix 2 and 3 respectively. The information provided will also enable me to deliver an efficient audit, reducing the time your staff spend responding to auditor queries. I therefore request that responses to the questions are provided to me prior to the commencement of the audit.

Value for money

I am required to reach a conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness.

- My conclusion on the Authority's arrangements is based on two criteria, specified by the Commission. These relate to the Authority's arrangements for:
- securing financial resilience – focusing on whether the Authority is managing its financial risks to secure a stable financial position for the foreseeable future; and
 - challenging how the Authority secures economy, efficiency and effectiveness – focusing on whether the Authority is prioritising its resources within tighter budgets and improving productivity and efficiency.

Page 108 Identification of risks

I have considered the risks that are relevant to my value for money conclusion. I have identified the following risks that I will address through my work.

Table 2: Value for money risks

Risk	Audit response
The Local Government Finance Settlement reduced Central Government funding available to the Authority. In 2011/12 the Authority is targeting savings of £41.7 million. The remaining level of savings from 2012/13 to 2014/15 is £65 million.	I will: <ul style="list-style-type: none">■ monitor progress against budget and savings plans in 2011/12;■ review arrangements for challenging the value for money of services and progress in identifying savings for future years;■ review the latest medium term financial plan; and■ review performance of the One Council programme.

Risk	Audit response
<p>A recent CLG survey identified the Council as the London Borough holding the lowest value of general fund reserves. The Council has developed plans to increase balances, however these are subject to delivering on the savings plans and increasing levels of demand on Council services.</p>	<p>I will carry out the following tasks.</p> <ul style="list-style-type: none"> ■ Monitor progress on the plans to increase reserves in 2011/12. ■ Review the Council's evaluation of the appropriateness of its reserves. ■ Review the Council's plans for increasing its reserves.
<p>The Council is involved in significant capital projects, including the new civic centre build and a large regeneration scheme in South Kilburn. These projects provide the basis for future planned savings through more efficient ways of working.</p>	<p>I will:</p> <ul style="list-style-type: none"> ■ monitor progress against plans for civic centre and South Kilburn regeneration; and ■ review arrangements in place manage large capital projects projects.

Milestones and deadlines

The Authority is required to prepare the accounting statements by 30 June 2012. I aim to complete my work and issue my opinion and value for money conclusion by 30 September 2012.

Table 3: Proposed timetable and planned outputs

Activity	Date	Output
Interim financial statements audit visit	January – April 2012	Audit Plan (June)
Final financial statements audit visit	June – September 2012	Annual governance report (September)
Value for money conclusion: review of arrangements	January – September 2012	Annual governance report (September)
Issue opinion and value for money conclusion	By 30 September 2012	Auditor’s report (September)
Summarise overall messages from the audit	October 2012	Annual Audit Letter (October)

The audit team

The members of the audit team for the 2011/12 audit are as follows.

Table 4: **Audit team**

Name	Contact details	Responsibilities
Andrea White District Auditor	a-white@audit-commission.gov.uk 0844 798 5784	Responsible for the overall delivery of the audit including quality of reports, signing the auditor's report and liaison with the Chief Executive and Director of Finance and Corporate Services.
Paul Viljoen Audit Manager	p-viljoen@audit-commission.gov.uk 0844 798 2688	Manages and coordinates the different elements of the audit work. Key point of contact for the Director of Finance and Corporate Services.
Jonathan Ware Principal Auditor	j-ware@audit-commission.gov.uk 0208 937 1459	Manages the audit team whilst on site and ensures the prompt communication of audit issues to Central Finance.

Independence and quality

Independence

I comply with the ethical standards issued by the APB and with the Commission's additional requirements for independence and objectivity as summarised in appendix 1. I am not aware of any relationships that may affect the independence and objectivity of the Audit Commission, the audit team or me, that I am required by auditing and ethical standards to report to you.

Quality of service

I aim to provide you with a fully satisfactory audit service. If, however, you are unable to deal with any difficulty through me and my team please contact Chris Westwood, Director – Standards & Technical, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (c-westwood@audit-commission.gov.uk) who will look into any complaint promptly and to do what he can to resolve the position.

If you are still not satisfied you may of course take up the matter with the Audit Commission's Complaints Investigation Officer (The Audit Commission, Westward House, Lime Kiln Close, Stoke Gifford, Bristol BS34 8SR).

Fees

The scale fee for the audit is £439,200 as set out in my letter of 13 April 2011.

The audit fee

Variations from the scale fee only occur where my assessments of audit risk and complexity are significantly different from those reflected in the 2010/11 fee. I have not identified significant differences and have therefore set the audit fee equal to the scale fee which represents a 10 per cent reduction on the proposed audit fee for 2010/11. This fee is based on the assumption, that significant failings in 2010/11 will have been rectified before our 2011/12 audit commences.

The scale fee covers:

- my audit of your accounting statements and reporting on the Whole of Government Accounts return; and
 - my work on reviewing your arrangements for securing economy, efficiency and effectiveness in your use of resources.
- The scale fee reflects:
- the Audit Commission's decision not to increase fees in line with inflation;
 - a reduction resulting from the new approach to local VFM audit work; and
 - a reduction following the one-off work associated with the first-time adoption of International Financial Reporting Standards (IFRS).

Assumptions

In setting the fee, I have made the assumptions set out in appendix 2. Where these assumptions are not met, I may be required to undertake more work and therefore increase the audit fee. Where this is the case, I will discuss this first with the Director of Finance and Corporate Services and I will issue a supplement to the plan to record any revisions to the risk and the impact on the fee.

Specific actions you could take to reduce your audit fee

The Audit Commission requires me to inform you of specific actions you could take to reduce your audit fee. I have identified the following actions that you could take.

- Improve the quality of the draft financial statements.
- Improve the quality of working papers and audit trails.
- Ensure all key system controls are working appropriately.

Total fees payable

In addition to the fee for the audit, the Audit Commission charges fees for:

- certification of claims and returns; and
- the agreed provision of non-audit services under the Audit Commission's advice and assistance powers.

Based on current plans the fees payable are as follows.

Table 5: Fees

	2011/12 proposed (£)	2010/11 actual (£)	Variance (£)
Audit	439,200	538,000**	(98,800)
Certification of claims and returns	85,000*	90,000	(5,000)
Non-audit work	-	-	-
Total	524,200	628,000	(103,800)

* certification of claims and returns is charged on an hourly rate, so the proposed fee is an estimate.

** proposed fee of £488,000 and additional fee of £50,000

Appendix 1 – Independence and objectivity

Auditors appointed by the Audit Commission must comply with the Commission’s Code of Audit Practice and Standing Guidance for Auditors. When auditing the accounting statements, auditors must also comply with professional standards issued by the Auditing Practices Board (APB). These impose stringent rules to ensure the independence and objectivity of auditors. The Audit Practice puts in place robust arrangements to ensure compliance with these requirements, overseen by the Audit Practice’s Director – Standards and Technical, who serves as the Audit Practice’s Ethics Partner.

Table 6: Independence and objectivity

Area	Requirement	How we comply
Business, employment and personal relationships	Appointed auditors and their staff should avoid any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement. The appointed auditor and senior members of the audit team must not take part in political activity for a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.	All audit staff are required to declare all potential threats to independence. Details of declarations are made available to appointed auditors. Where appropriate, staff are excluded from engagements or safeguards put in place to reduce the threat to independence to an acceptably low level.

Area	Requirement	How we comply
Long association with audit clients	The appointed auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every seven years, with additional consideration of threats to independence after five years.	The Audit Practice maintains and monitors a central database of assignment of auditors and senior audit staff to ensure this requirement is met.
Gifts and hospitality	The appointed auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.	All audit staff are required to declare any gifts or hospitality irrespective of whether or not they are accepted. Gifts and Hospitality may only be accepted with line manager approval.
Non-audit work	<p>Appointed auditors should not perform additional work for an audited body (that is work above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might result in a reasonable perception that their independence could be compromised.</p> <p>Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.</p> <p>Work over a specified value must only be undertaken with the prior approval of the Audit Commission's Director of Audit Policy and Regulation.</p>	<p>All proposed additional work is subject to review and approval by the appointed auditor and the Director – Standards and Technical, to ensure that independence is not compromised.</p>
<i>Code of Audit Practice, Audit Commission Standing Guidance and APB Ethical Standards</i>		

Appendix 2 – Basis for fee

In setting the fee, I have assumed the following.

- Significant failings in 2010/11 will have been rectified before our 2011/12 audit commences.
- The risk in relation to my value for money responsibilities is not significantly different to that identified for 2010/11.
- Internal Audit meets professional standards.
- Internal Audit undertakes sufficient appropriate work on all systems that provide material figures in the accounting on which I can rely.
- The Authority provides:
 - good quality working papers and records to support the accounting statements and the text of the other information to be published with the statements by 30 June 2012;
 - other information requested within agreed timescales; and
 - prompt responses to draft reports.
- There are no questions asked or objections made by local government electors.

Where these assumptions are not met, I will have to undertake more work which is likely to result in an increased audit fee.

Appendix 3 – Auditor questions to management

In order to comply with the requirement of ISA (UK&I) 240, 260 and 315 to update my understanding of management processes and arrangements annually, I request that management provide a response to the following questions.

- 1 What are the management processes in relation to:
 - undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
 - identifying and responding to risks of fraud in the authority, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
 - communicating to employees its views on business practice and ethical behavior (for example by updating, communicating and monitoring against the Authority code of conduct); and
 - communicating to the Audit Committee the processes for identifying and responding to fraud or error.
- 2 How does management gain assurance that all relevant laws and regulations have been complied with?
- 3 Have there been any instances of non-compliance during 2011/12?
- 4 Are there any actual or potential litigation or claims that would affect the financial statements?
- 5 What controls do you have in place to: identify; authorise; approve; account for; and disclose, related party transactions and relationships? For any significant new related parties (i.e. any not already disclosed in your year end 31.3.11 audited financial statements) please provide a list of them, explain the nature of these, and whether you have entered into any transactions with these related parties during the year to 31 March 2012.
- 6 Are you aware of any instances of actual, suspected or alleged fraud during the period 1 April 2011 – 31 March 2012?

- 7** Do you suspect fraud may be occurring within the Authority?
- Have you identified any specific fraud risks within the Authority?
 - Do you have any concerns that there are areas within your authority that are at risk of fraud?
 - Are there particular locations within the authority where fraud is more likely to occur?
- 8** Are you satisfied that internal controls, including segregation of duties, exist and work effectively?
- If not where are the risk areas?
 - What other controls are in place to help prevent, deter or detect fraud?
- 9** How do you encourage staff to report their concerns about fraud?
- What concerns about fraud are staff expected to report?
- 10** From a fraud and corruption perspective, what are considered to be high risk posts within your authority?
- How are the risks relating to these posts identified, assessed and managed?
- 11** Are you aware of any related party relationships or transactions that could give rise to instances of fraud?
- How do you mitigate the risks associated with fraud related to related party relationships and transactions?
- 12** Are you aware of any entries made in the accounting records of the authority that you believe or suspect are false or intentionally misleading?
- Are there particular balances where fraud is more likely to occur?
 - Are you aware of any assets, liabilities or transactions that you believe were improperly included or omitted from the accounts of the authority?
 - Could a false accounting entry escape detection? If so, how?
 - Are there any external fraud risk factors, such as benefits payments or collection of tax revenues, which are high risk of fraud?
- 13** Are you aware of any organisational, or management pressure to meet financial or operating targets?
- Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?

Appendix 4 – Auditor questions to the Audit Committee

In order to comply with the requirement of ISA (UK&I) 240, 260 and 315 to update my understanding of how the Audit Committee gains assurance over management processes and arrangements, I request that the Audit Committee provide a responses to the following questions.

- 1 How do you exercise oversight of management's processes in relation to:
 - undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
 - identifying and responding to risks of fraud in the authority, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
 - communicating to employees its view on business practice and ethical behavior (for example by updating, communicating and monitoring against the authority code of conduct); and
 - communicating to you the processes for identifying and responding to fraud or error.
- 2 How do you oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control? Are you aware of any breaches of internal control during 2011/12?
- 3 How do you gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2011/12?
- 4 Are you aware of any actual or potential litigation or claims that would affect the financial statements?
- 5 Have you carried out a preliminary assessment of the going concern assumption and if so have you identified any events which may cast significant doubt on the authority's ability to continue as a going concern?
- 6 Are you aware of any instances of actual, suspected or alleged fraud during the period 1 April 2011 – 31 March 2012?

- 7** Do you suspect fraud may be occurring within the authority?
- Have you identified any specific fraud risks within the authority?
 - Do you have any concerns that there are areas within your authority that are at risk of fraud?
 - Are there particular locations within the authority where fraud is more likely to occur?
- 8** Are you satisfied that internal controls, including segregation of duties, exist and work effectively?
- If not where are the risk areas?
 - What other controls are in place to help prevent, deter or detect fraud?
- 9** How do you encourage staff to report their concerns about fraud?
- What concerns about fraud are staff expected to report?
- 10** From a fraud and corruption perspective, what are considered to be high risk posts within your authority?
- How are the risks relating to these posts identified, assessed and managed?
- 11** Are you aware of any related party relationships or transactions that could give rise to instances of fraud?
- How do you mitigate the risks associated with fraud related to related party relationships and transactions?
- 12** Are you aware of any entries made in the accounting records of the authority that you believe or suspect are false or intentionally misleading?
- Are there particular balances where fraud is more likely to occur?
 - Are you aware of any assets, liabilities or transactions that you believe were improperly included or omitted from the accounts of the authority?
 - Could a false accounting entry escape detection? If so, how?
 - Are there any external fraud risk factors, such as benefits payments or collection of tax revenues, which are high risk of fraud?
- 13** Are you aware of any organisational, or management pressure to meet financial or operating targets?
- Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?

Appendix 5 – Glossary

Accounting statements

The annual statement of accounts that the Authority is required to prepare, which report the financial performance and financial position of the Authority in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom.

Annual Audit Letter

Report issued by the auditor to the Authority after the completion of the audit that summarises the audit work carried out in the period and significant issues arising from auditors' work.

Annual Governance Report

The auditor's report on matters arising from the audit of the accounting statements presented to those charged with governance before the auditor issues their opinion [and conclusion].

Annual Governance Statement

The annual report on the Authority's systems of internal control that supports the achievement of the Authority's policies aims and objectives.

Audit of the accounts

The audit of the accounts of an audited body comprises all work carried out by an auditor under the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

Audited body

A body to which the Audit Commission is responsible for appointing the external auditor.

Auditing Practices Board (APB)

The body responsible in the UK for issuing auditing standards, ethical standards and associated guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

Auditing standards

Pronouncements of the APB that contain basic principles and essential procedures with which auditors must comply, except where otherwise stated in the auditing standard concerned.

Auditor(s)

Auditors appointed by the Audit Commission.

Code (the)

The Code of Audit Practice for local government bodies issued by the Audit Commission and approved by Parliament.

Commission (the)

The Audit Commission for Local Authorities and the National Health Service in England.

Ethical Standards

Pronouncements of the APB that contain basic principles relating to independence, integrity and objectivity that apply to the conduct of audits and with which auditors must comply, except where otherwise stated in the standard concerned.

Group accounts

Consolidated accounting statements of an Authority and its subsidiaries, associates and jointly controlled entities.

Internal control

The whole system of controls, financial and otherwise, that the Authority establishes to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

Materiality

The APB defines this concept as ‘an expression of the relative significance or importance of a particular matter in the context of the accounting statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor’s report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement within the accounting statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects’.

The term ‘materiality’ applies only to the accounting statements. Auditors appointed by the Commission have responsibilities and duties under statute, as well as their responsibility to give an opinion on the accounting statements, which do not necessarily affect their opinion on the accounting statements.

Significance

The concept of ‘significance’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit of the accounting statements. Significance has both qualitative and quantitative aspects.

Those charged with governance

Those entrusted with the supervision, control and direction of the Authority. This term includes the members of the Authority and its Audit Committee.

Whole of Government Accounts

A project leading to a set of consolidated accounts for the entire UK public sector on commercial accounting principles. The Authority must submit a consolidation pack to the department for Communities and Local Government which is based on, but separate from, its accounting statements.

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0844 798 7070

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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.



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Audit plan

Brent Pension Fund

Audit 2011/12



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Introduction

This plan sets out the work for the 2011/12 audit. The plan is based on the Audit Commission's risk-based approach to audit planning.

Responsibilities

The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies sets out the respective responsibilities of the auditor and the audited body. The Audit Commission has issued a copy of the Statement to you.

The Statement summarises where the different responsibilities of auditors and of the audited body begin and end and I undertake my audit work to meet these responsibilities.

I comply with the statutory requirements governing my audit work, in particular:

- the Audit Commission Act 1998; and
- the Code of Audit Practice.

My audit of the accounting statements does not relieve management or the Audit Committee, as those charged with governance, of their responsibilities.

Accounting statements and Pension Fund Annual Report

I will carry out the audit of the accounting statements included within the Authority's Statement of Accounts in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB). I also report on the accounting statements included in the Pension Fund Annual Report. I am required to issue audit reports giving my opinion on whether the accounting statements give a true and fair.

Materiality

I will apply the concept of materiality in planning and performing my audit, in evaluating the effect of any identified misstatements, and in forming my opinion.

Identifying audit risks

I need to understand the Pension Fund to identify any risk of material misstatement (whether due to fraud or error) in the accounting statements. I do this by:

- identifying the business risks facing the Fund, including assessing your own risk management arrangements;
- considering the financial performance of the Fund;
- assessing internal control, including reviewing the control environment, the IT control environment and internal audit; and
- assessing the risk of material misstatement arising from the activities and controls within the Fund's information systems.

Identification of significant risks

I have considered the additional risks that are relevant to the audit of the accounting statements and have set these out below.

Table 1: Significant risks

Risk	Audit response
<p>Fair value of unquoted estimates</p> <p>The Pension Fund holds a material level of unquoted investments. Unquoted investments include private equity, hedge funds and fund of funds. Underlying investments can be complex or illiquid investments, and their valuation may include the use of estimates and/or a management expert. Given the volatility in financial markets the valuation of unquoted investments is a risk.</p>	<p>Review of management arrangements over valuation of unquoted investments</p> <p>Obtain year-end reports from fund managers</p> <p>Obtain SAS70 reports on internal controls over these funds where possible; or alternatively audited accounts at 31 March 2012 or as close to the year-end as possible</p> <p>Review basis of valuation</p>
<p>IAS19: Defined benefit pension liability</p> <p>The defined benefit pension liability (IAS19) is a material item in the financial statements. It is valued at fair value, represented by the obligation for future pensions offset by the value of investments held. The valuation is an estimate, therefore inherently subjective. An actuary is used to determine fair values for IAS19 at year-end.</p> <p>Give the significant monetary values, even relatively modest changes in the assumptions and variables informing the valuation can have a material impact on the financial statements. Therefore, there is a risk of a material error due to the size and nature of the values presented for IAS19.</p>	<p>Review management procedures and controls over establishing the liability, including arrangements for instructing your actuary and controls over information provided to and received from the actuary</p> <p>Perform audit procedures to allow me to place reliance on the work of the actuary</p> <p>Agree the actuary's report to the financial statements and underlying data used</p> <p>Compare the Pension Fund's valuation assumptions to the Audit Commission's appointed experts review thereof</p> <p>Perform tests of detail on valuations</p>

Testing strategy

My audit involves:

- reliance on the work of other auditors;
- reliance on the work of experts; and
- substantive tests of detail of transactions and amounts.

I have sought to maximise the work that can be undertaken before you prepare your accounting statements.

The nature and timing of my proposed work is as follows.

Table 2: **Testing**

	Review of internal audit	Reliance on the work of other auditors	Reliance on work of experts	Controls testing	Substantive testing
Interim visit	We will consider the following and assess impact on our planned approach: <ul style="list-style-type: none"> ■ review of work on Council's payroll; and ■ review of work on pension fund investments 	SAS70 reports – pensions administrator *	-	-	Perform walkthroughs of all key financial systems*
Final visit		SAS70 reports – fund managers and custodians Audited fund manager financial statements – unlisted investment funds	Pensions liabilities – Hymans Robertson; and my consulting actuary (PwC).	-	All material accounts balances and amounts Year-end feeder system reconciliations Disclosures

* This work will address the specific risk we identified with the change of pension administrator during the 2011/12 year

I will agree with you a schedule of working papers required to support the entries in the accounting statements.

Pension Fund Annual Report

I will also review and report on the accounting statements included in the Pension Fund's Annual Report prepared under Regulation 34 of the Local Government Pension Scheme (Administration) Regulations 2008.

Key milestones and deadlines

The Pension Fund is required to prepare the accounting statements by 30 June 2012. I aim to complete my work and issue my opinions on the accounting statements included in the Statement of Accounts and the Pension Fund Annual Report by 30 September 2012.

Table 3: **Proposed timetable and planned outputs**

Activity	Date	Output
Interim financial statements audit visit	January – April 2012	Audit Plan (June)
Final financial statements audit visit	June – September 2012	Annual governance report (September)
Issue opinion on financial statements	By 30 September 2012	Auditor's report (September)
Issue opinion on financial statements included in the Pension Fund Annual Report	September 2012	Auditor's report (September)
Summarise overall messages from the audit	October 2012	Annual Audit Letter (October)

The audit team

The key members of the audit team for the 2011/12 audit are as follows.

Table 4: **Audit team**

Name	Contact details	Responsibilities
Andrea White District Auditor	a-white@audit-commission.gov.uk 0844 798 5784	Responsible for the overall delivery of the audit including quality of reports, signing the opinion and liaison with the Chief Executive.
Paul Viljoen Audit Manager	p-viljoen@audit-commission.gov.uk 0844 798 2688	Manages and coordinates the different elements of the audit work. Key point of contact for the Director of Finance.
Daniel Wood Principal Auditor	d-wood@audit-commission.gov.uk 0844 798 7578	Responsible for leading the on-site team.

Independence and quality

Independence

I comply with the ethical standards issued by the APB and with the Commission's additional requirements for independence and objectivity as summarised in appendix 1.

I am not aware of any relationships that may affect the independence and objectivity of the Audit Commission, the audit team or me, that I am required by auditing and ethical standards to report to you.

Quality of service

I aim to provide you with a fully satisfactory audit service. If, however, you are unable to deal with any difficulty through me and my team please contact Chris Westwood, Director – Standards & Technical, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (c-westwood@audit-commission.gov.uk) who will look into any complaint promptly and to do what he can to resolve the position.

If you are still not satisfied you may of course take up the matter with the Audit Commission's Complaints Investigation Officer (The Audit Commission, Westward House, Lime Kiln Close, Stoke Gifford, Bristol BS34 8SR).

Fees

The fee for the audit is £35,000, as set out in my letter of 13 April 2011.

The audit fee

The Audit Commission has set a scale audit fee of £35,000, which is the same as the audit fee in 2010/11. The scale fee reflects the Audit Commission's decision not to increase fees in line with inflation.

Variations from the scale fee only occur where my assessments of audit risk and complexity are significantly different from those reflected in the 2010/11 fee. I have not identified significant differences and have therefore set the fee equal to the scale fee.

Assumptions

In setting the fee, I have made the assumptions set out in appendix 2. Where these assumptions are not met, I may be required to undertake more work and therefore increase the audit fee. Where this is the case, I will discuss this first with the Director of Finance and I will issue a supplement to the plan to record any revisions to the risk and the impact on the fee.

Specific actions you could take to reduce your audit fee

The Audit Commission requires me to inform you of specific actions you could take to reduce your audit fee. As in previous years, I will work with staff to identify any specific actions that the Brent Pension Fund could take and to provide ongoing audit support.

Total fees payable

In addition to the fee for the audit, the Audit Commission will make charges for the agreed provision of non-audit services under the Audit Commission's advice and assistance powers.

Based on current plans the fees payable are as follows.

Table 5: Fees

	2011/12 proposed	2010/11 actual	Variance
Audit	£35,000	£35,000	0
Non-audit work	0	0	0
Total	£35,000	£35,000	0

Appendix 1 – Independence and objectivity

Auditors appointed by the Audit Commission must comply with the Commission’s Code of Audit Practice and Standing Guidance for Auditors. When auditing the accounting statements, auditors must also comply with professional standards issued by the Auditing Practices Board (APB). These impose stringent rules to ensure the independence and objectivity of auditors. The Audit Practice puts in place robust arrangements to ensure compliance with these requirements, overseen by the Audit Practice’s Director – Standards and Technical, who serves as the Audit Practice’s Ethics Partner.

Table 6: Independence and objectivity

Area	Requirement	How we comply
Business, employment and personal relationships	Appointed auditors and their staff should avoid any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement. The appointed auditor and senior members of the audit team must not take part in political activity for a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.	All audit staff are required to declare all potential threats to independence. Details of declarations are made available to appointed auditors. Where appropriate, staff are excluded from engagements or safeguards put in place to reduce the threat to independence to an acceptably low level.

Area	Requirement	How we comply
Long association with audit clients	The appointed auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every seven years, with additional consideration of threats to independence after five years.	The Audit Practice maintains and monitors a central database of assignment of auditors and senior audit staff to ensure this requirement is met.
Gifts and hospitality	The appointed auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.	All audit staff are required to declare any gifts or hospitality irrespective of whether or not they are accepted. Gifts and Hospitality may only be accepted with line manager approval.
Non-audit work	<p>Appointed auditors should not perform additional work for an audited body (that is work above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might result in a reasonable perception that their independence could be compromised.</p> <p>Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.</p> <p>Work over a specified value must only be undertaken with the prior approval of the Audit Commission's Director of Audit Policy and Regulation.</p>	<p>All proposed additional work is subject to review and approval by the appointed auditor and the Director – Standards and Technical, to ensure that independence is not compromised.</p>
<i>Code of Audit Practice, Audit Commission Standing Guidance and APB Ethical Standards</i>		

Appendix 2 – Basis for fee

Assumptions

In setting the fee, I have assumed the following.

- The risk in relation to the audit of the accounting statements is not significantly different to that identified for 2010/11. For example:
 - internal controls are operating effectively;
 - I secure the co-operation of other auditors; and
 - I am able to obtain all necessary reports from fund managers and custodians.
- The risk in relation to my value for money responsibilities is not significantly different to that identified for 2010/11.
- Internal Audit meets professional standards.
- The Authority provides:
 - good quality working papers and records to support the accounting statements and the text of the other information to be published with the statements by 30 June;
 - the full text of the Pension Fund Annual Report by 7 September;
 - other information requested within agreed timescales; and
 - prompt responses to draft reports.

Where these assumptions are not met, I will have to undertake more work which is likely to result in an increased audit fee.

Appendix 3 – Glossary

Accounting statements

The Pension Fund accounts included within the annual statement of accounts that the Authority is required to prepare, which report the financial performance and financial position of the Fund in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom.

Annual Governance Statement

The annual report on the Fund's systems of internal control that supports the achievement of the Fund's policies aims and objectives.

Annual Governance Report

The auditor's report on matters arising from the audit of the accounting statements presented to the [Pension Panel] before the auditor issues their opinion.

Audit of the accounts

The audit of the accounts of an audited body comprises all work carried out by an auditor under the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

Audited body

A body to which the Audit Commission is responsible for appointing the external auditor.

Auditing Practices Board (APB)

The body responsible in the UK for issuing auditing standards, ethical standards and associated guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

Auditing standards

Pronouncements of the APB that contain basic principles and essential procedures with which auditors must comply, except where otherwise stated in the auditing standard concerned.

Auditor(s)

Auditors appointed by the Audit Commission.

Code (the)

The Code of Audit Practice issued by the Audit Commission and approved by Parliament.

Commission (the)

The Audit Commission for Local Authorities and the National Health Service in England.

Ethical Standards

Pronouncements of the APB that contain basic principles relating to independence, integrity and objectivity that apply to the conduct of audits and with which auditors must comply, except where otherwise stated in the standard concerned.

Internal control

The whole system of controls, financial and otherwise, that the Pension Fund establishes to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

Materiality

The APB defines this concept as 'an expression of the relative significance or importance of a particular matter in the context of the accounting statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor's report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement within the accounting statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects'.

The term 'materiality' applies only to the accounting statements. Auditors appointed by the Commission have responsibilities and duties under statute, as well as their responsibility to give an opinion on the accounting statements, which do not necessarily affect their opinion on the accounting statements.

Pension Fund Annual Report

The annual report, including accounting statements, that the Pension Fund must publish under Regulation 34 of the Local Government Pension Scheme (Administration) Regulations 2008.

Those charged with governance

Those entrusted with the supervision, control and direction of the Pension Fund. This term includes the members of the Authority, [the Pension Panel] and the Audit Committee.

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



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	<p style="text-align: center;">Audit Committee 22 February 2012</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Services</p>
For Action	Wards Affected: ALL
Report Title: 2012/13 Treasury Management Strategy and Annual Investment Strategy	

1. SUMMARY

- 1.1 This report details the Treasury Management Strategy and Annual Investment Strategy for 2012/13.

2. RECOMMENDATIONS

- 2.1 Members are asked to note and comment on the 2012/13 Treasury Management Strategy and Annual Investment Strategy.

3. DETAIL

- 3.1 I have attached below the 2012/13 Treasury Management Strategy and Annual Investment Strategy that will be presented to Full Council as part of the Annual Budget Report. Members are asked to comment on the strategies, in particular the changes to the Council Lending List (paragraph 10.14).
- 3.2 I have also attached details of the Council's lending as at 31st December 2011. The main item of note is the use of the Debt Management Office, which is regarded as a safe haven at a time of eurozone volatility.

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

Annual Treasury Strategy – Report to Full Council (and the Audit Committee) as part of the Budget Report – March 2012.

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 December 2011 are:

Name	Amount £m	Yield %	Lending Date	Maturity Date
Global Treas. Fund (RBS)	8.0	Var.	Call	
Gartmore cash reserve	2.0	Var.	Call	
Heritable bank	3.5	-	15.08.08	14/11/08
Glitnir	5.0	-	15.09.08	12/12/08
Northern Trust global fund	0.1	Var.	Call	
Newcastle MDC	10.0	0.3	23.12.11	13.01.12
Salford MBC	5.2	0.28	23.12.11	23.01.12
Debt Management Office	4.1	0.25	23.12.11	04.01.12
Debt Management Office	9.8	0.25	28.12.11	03.01.12
Debt Management Office	<u>1.7</u>	0.3	30.12.11	03.01.12
Total	<u>49.4</u>			

SECTION 10

10. TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT

STRATEGY 2012/13

Introduction

- 10.1 This section of the report presents:
- a. The 2012/13 Treasury Management Strategy setting out the proposed borrowing and lending policy and the factors influencing this over the coming year.
 - b. The 2012/13 Annual Investment Strategy setting out the security of the investments made by the authority.
- 10.2 Under the Local Government Act 2003, local authority borrowing is regulated by the Prudential Code, details of which are set out in Section 11 of the Budget Report, and the requirement for an Annual Investment Strategy.
- 10.3 Members are asked to agree
- a) The Treasury Management and the Annual Investment Strategies for 2012/13 as part of the main recommendations to the report.

Regulatory Requirements

- 10.4 The 2011 Code of Practice for Treasury Management issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) includes provision for an annual report to Members on the Treasury Management Strategy. The Code requires that Members consider and agree the strategy before the beginning of each financial year. The Treasury Management Strategy is sensitive to interest rate movements, which may affect receipts from interest on balances, or payments of interest on new long term loans to the authority.
- 10.4 Guidance issued under Section 15 (1) (a) of the Local Government Act 2003 also requires that authorities should prepare an Annual Investment Strategy (AIS) to be agreed by Full Council before the commencement of each year. The AIS is required to set out the security of investments used by the authority, analysed between Specified and Non-Specified investments and clarifying the use of credit ratings. It also has to set out the maximum periods for which funds may prudently be committed (liquidity). To discourage the use of investments that may be considered speculative, such as equities, the acquisition of share or loan capital in any body corporate (such as a company) is defined as capital expenditure. On this basis, Brent does not invest treasury balances in shares, corporate bonds or floating rate notes issued by companies except through pooled schemes.

10.5 The Department for Communities and Local Government (DCLG) issued revised Guidance in 2010 following the collapse of Lehman Brothers and various Icelandic banks, and the House of Commons Select Committee report on local authority investments in Icelandic banks. The main points in the Guidance are:-

- a) Security and liquidity are the key issues in lending. There should be clear policies on the duration of loans, and the share of the portfolio that can be lent for longer periods.
- b) The Treasury Strategy should be approved by Full Council. Authorities should consider sending revised strategies to members during the year.
- c) The Treasury Strategy should be published.
- d) Local Authorities should not rely solely on credit ratings but consider other information such as research and credit default swaps.
- e) The Treasury Strategy should comment on the use of advisers.
- f) The Treasury Strategy should comment on the investment of money borrowed in advance of need. The Guidance confirms that it is legitimate for authorities to borrow in advance, but is concerned that the consequent loans into the market should be legitimate and not speculative.
- g) The Treasury Strategy should comment on how staff training is reviewed and training needs met.
- h) The Treasury Strategy should include proposals for regular scrutiny by members.

The proposed Annual Investment Strategy for 2012/13 is attached.

Economic Background

10.6 The international economic background in 2008 was extremely volatile, with rising oil and commodity prices, and a credit crisis that led to the collapse / takeover / rescue of various banks as inter bank lending and the wider provision of credit reduced. In 2009, recession (the UK economy shrunk by 4.5%), low interest rates (UK 0.5%) and stock market recovery (up by 50% since the trough in March) were the main features. In 2010, growth resumed and stock markets rose. In 2011, growth slowed and the overall situation was as follows:-

- a) Economic growth was positive, but slowing in Europe (around 1%) and the UK (around 0.8). The World economy grew by around 3.5% - 4%.
- b) Stock markets fell by around 5% - 10%. Sentiment was affected by the Japanese earthquake, and concerns about the euro area.
- c) In UK, house prices were roughly stable, rising in London and the South East but falling elsewhere. Commercial property prices continued to recover during the year.
- d) Despite the previous recession and low wage increases, UK Consumer Price Inflation rose by an estimated 4.3% in 2011, driven by rising commodity prices, an increase in VAT and the previous decline in the value of sterling.

e) Short term interest rates have remained very low (UK 0.5%, USA 0% - 0.25%, ECB 1%) as Central Banks have sought to support economic activity and recapitalise the banks. Longer term rates have been held down by a flight to safety and quantitative easing in UK and USA.

10.7 Looking ahead to the next financial year, it is expected that world economic growth will slow further to around 3% - 3.5% in 2012, led by growth in emerging economies such as China and India (6% - 8%) but restrained by lower growth in developed countries. Although the USA economy should grow by around 2% - 2.5% in 2012, it is anticipated that UK and Europe may be close to, or may even fall into, recession. Interest rates should continue to be very low – UK Bank Rate may remain at 0.5% through to 2014. Inflation should fall sharply to around 2% - 3% by year end, possibly lower as low pay increases (around 2% per annum in the year to December), unemployment and unused capacity reduce pressures. The government is likely to continue with economic stimulus measures such as Quantitative Easing, and could raise the amount under this programme from the current £75b to as much as £500b over the next 12 – 18 months. Long-term interest rates are likely to remain low as high saving rates in Asia, low demand and quantitative easing programmes continue. However, the government has increased interest rates charged by the Public Works Loans Board, so that any council borrowing will be more expensive than gilt yields.

Financial Market Background

10.8 As said above, the credit crunch of 2007 – 2009 led to the collapse of a number of banks. However, the collapse of Lehman Brothers – a key broker and investment bank – in September 2008 caused a financial tsunami to overrun the banking system. Concerns about the security of financial systems has led Brent to continue to restrict its Lending List to UK institutions.

10.9 The turmoil in 2008 caused three Icelandic banks to be put into administration when their credit ratings were reduced and they were unable to meet short term obligations. Brent had two deposits outstanding, as follows:-

Heritable Bank	£10m	Lent 15.08.08	Repayable 14.11.08
Glitnir Bank	£5m	Lent 15.09.08	Repayable 12.12.08

To date, the council has had £6.5m returned by the administrators of Heritable Bank, who suggest that depositors should recover around 86% - 90% of their original sum. It is anticipated that the £5m deposited with Glitnir will be returned early in 2012 following a favorable decision from the Icelandic Supreme Court. To date, Brent Council has paid £53,000 in legal expenses to facilitate recovery of the Glitnir deposit.

10.11 In the light of the crisis on the financial markets, the Lending List agreed by the Director of Finance & Corporate Services was reconstructed to reduce risk by the removal of foreign and lower rated UK banks, and Building Societies. In March 2009 and October 2010 the council made early repayment of loans from the PWLB valued at £64.75m and £50m., thus generating substantial

savings (£2.2m per annum) and reducing balances available to deposit with other banks (currently at very low interest rates). The repayments have reduced council long term borrowing (currently £604.5m), well below the anticipated level of the Capital Financing Requirement at the end of financial year 2011/12.

Lending Policy

10.12 Treasury management is defined as the management of the organisation's cash flows and its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

10.13 Table 10.1 indicates the projected cash flow for the authority. Note that long term borrowing as at 31st March 2012 has been reduced to take into account the repayment of around £200m housing debt by the DCLG. It is anticipated that cash balances will be approximately £21m by 31st March 2013.

Table 10.1 - Cash Flow Summary 2012/13

	£m	£m
Balances as at 1 April 2012		10
Capital programme	(102)	
Debt repayment (including premia)	(4)	
		(106)
		(96)
Capital receipts/grants	36	
Payment of debt premia	5	
Long-term borrowing	56	
Short term borrowing	-	
Minimum Revenue Provision	10	<u>107</u>
Cash Balances as at 31 March 2013		<u>21</u>
Total long-term borrowing as at 31.03.12		405

10.14 In 2011, a number of countries and banks have been downgraded by the credit rating agencies in recognition of debt and capital reserve issues. Officers have reacted to advice by suspending and removing both banks and the only building society from the Lending List, and reducing duration to one month (from one year). However, the removal of all but two banks (one of these is currently only used for overnight deposits) has led to increased use of the Debt Management Office at very low yields. As diluting credit quality would be dangerous, it is proposed that:-

- a) Additional money market funds are added to the List, but with lower lending limits (usually £5m, rather than £12m previously).
- b) Overseas banks of the requisite credit quality in countries that have AAA / A+ credit ratings, be added to the List. The countries involved are Canada, USA and Australia.

The proposed revised list is as shown in Table 10.2 below.

Table 10.2 – Revised Brent Lending List

<p>A. UK BANKS – UP TO £10M for INDIVIDUAL banks or Banking GROUPS, as indicated below</p> <p>Rated AA- or above long, F1+ short term, B/C or above individual, 1 support. Up to one month</p> <p>HSBC Bank Santander UK Ltd (overnight only)</p> <p>B OVERSEAS BANKS – UP TO £8M for INDIVIDUAL BANKS or banking groups, within Australia, Canada and USA, subject to a country limit of 20% (£10m). Rated AA- or above long, F1+ short term, B/C or above individual, 1 support. Up to one month</p> <p>Australia Australia and New Zealand Group Commonwealth Bank of Australia National Australia Bank Westpac Banking Group</p> <p>Canada Bank of Montreal Bank of Nova Scotia Canadian Imperial Bank of Commerce Royal Bank of Canada Toronto Dominion Bank</p> <p>USA JP Morgan Chase Bank</p> <p>B. MONEY MARKET FUNDS –UP TO £5M</p> <p>Rated AAA</p> <p>Royal Bank of Scotland Morgan Stanley Cash Fund (up to £2m only) Northern Trust Various new money market funds, as appropriate</p> <p>C. DEBT MANAGEMENT OFFICE – NO LIMIT – up to one year D. OTHER LOCAL OR GOVERNMENT AUTHORITIES – NO LIMIT - up to one year E. SUPRANATIONAL INSTITUTIONS – UP to £10M</p> <p>AAA long term and F1+ short term ratings that are supported by major international organisations such as the USA FED or the European Central Bank.</p>

10.15 The 2009 CIPFA Code of Practice in Treasury Management recommends that authorities should have regard to the credit ratings issued by all three main rating agencies, and make their decisions on the basis of the lowest rating, as well as to seek independent credit research.

10.16 Details of the basis on which credit ratings are used are set out in Table 10.3 below.

Table 10.3 – Use of Credit Ratings

- | |
|---|
| <p>a) The credit rating agencies (Fitch, Moody's and Standard & Poor) meet with financial institutions, review their financial prospects and issue ratings.</p> <p>b) The main source of ratings used by Brent is Fitch, which uses four sets of criteria which can be used as an overall grid. This approach should reduce risk, and is followed by a number of other authorities – though some authorities only use two ratings (long term credit and short term credit). The other two rating agencies do not issue support ratings.</p> <p>c) The Fitch ratings are as follows:</p> <ul style="list-style-type: none">i. Long term credit ratings are a benchmark of probability of default. The scales are split between investment and speculative grade – Brent only uses investment grade, which is spread from AAA – highest credit quality – to BBB – good credit quality.ii. Short term credit ratings are a benchmark of the probability of default, but with a 13 month time horizon. These are usually most relevant to our activity. The scale spreads from F1 (P1 for Moody's) – highest credit quality – to D, which is default.iii. Individual ratings are assigned only to banks and attempt to assess how a bank would be viewed if it were entirely independent and could not rely on external support. The rating looks at soundness of balance sheets and business models. There are often no ratings for subsidiaries. The scale spreads from A, a very strong bank, to F, a bank that has either defaulted or would have defaulted had it not been given support.iv. Support ratings indicate whether or not the bank will receive support should this be necessary. The scale spreads from 1, extremely high probability of external support, to 5, where support cannot be relied upon. |
|---|

10.17 As set out above, Bank rate is at 0.5% and expected to remain at that level during the year. Activity will be very cautious, lending for short periods only, and seeking to use Money Market Funds to add extra yield. However, reduced cash balances following previous restructurings will ensure that most cash is used for day to day cash flow purposes. The 2012/13 budget assumes that Brent will receive further payments from Heritable bank (£2m).

Borrowing Policy

10.18 Long-term interest rates have fallen during 2011/12, mainly as a result of quantitative easing and the flight to safety following the Euroland debt crisis. At present, 10 year yields are below 2%, and 50 year yields close to 3%. It is anticipated that long-term rates may fall marginally during 2012/13, but as rates are at historic lows the reduction is unlikely to be great unless there is

major market turbulence. However, rates may rise if markets lose confidence in UK as a safe haven or if the economy begins to recover rapidly. The budget uses a prudent assumption of a mix of short term borrowing and some longer term borrowing.

10.19 Borrowing policy in 2012/13 will be determined by a number of factors:

- a) The capital programme for 2012/13, including the new Civic Centre (£45M).
- b) The cost of loans from the PWLB. Previously the PWLB charged local authorities a 0.15% margin over government gilt rate when they took loans. In October 2010, the margin was increased to 1%, increasing pressure on councils to reduce capital programmes, borrow from other sources and to use internal resources (balances) rather than borrow externally.
- c) The Capital Financing Requirement (CFR). This is the difference between the authority's total liabilities in respect of capital expenditure financed by borrowing and the provision that has been made to meet those liabilities in the revenue accounts. Research by the council's treasury advisers had previously indicated that CFR has been the most economical level for the authority's long-term debt. However, whereas before 2008 the interest rate curve had been 'inverted', with long term rates lower than short term rates, the curve has now normalised so that it may be advantageous not to borrow up to CFR but use relatively cheaper, short term debt and reduce lending to the market. However, if long term rates are expected to rise to allow the government to fund its deficit through gilt issuance, it may be advantageous to take long term debt despite the short term cost. Alternatively, if short-term interest rates remain low, some debt may be taken at variable rates that follow short-term rates. This approach has the advantage of reducing borrowing costs if rates remain low, matching reduced receipts from lending.
- d) The need to borrow. The cash flow summary indicates a need to borrow in 2012/13.
- e) Movements in interest rates during the year. The current 50 year gilt rate of 3.1% is, theoretically, composed of elements to cover expected inflation (2.5% - 3% for RPIX), a real yield (usually about 2.5% - 3%) and a risk premium (around 0.5%). This implies either that current long-term rates are low and may rise marginally, or that inflation will remain very low and that the risk premium is lower. Currently, market sentiment, savings in Asia, quantitative easing and capital margin requirements on banks are supporting low gilt yields.
- f) The prudential limits to borrowing as agreed by Full Council (see Prudential Code section of the Budget Report, Section 11).

10.20 It is currently proposed to borrow a further £56m long term in 2012/13 for the Capital Programme. Officers will also look at market forecasts to confirm the advantages/disadvantages of borrowing early to fund major developments.

Additional loans may also be taken if restructuring opportunities are evident or anticipated.

10.21 The Department for Communities and Local Government (DCLG) has proposed a reorganisation of housing finance in 2012, involving the repayment of around £200m housing revenue account debt. The implications for the council are as follows:-

- a) Repayment of around £200m debt in March 2012, reducing individual PWLB loans at no cost to the General Fund.
- b) As the Housing Revenue account will own its debt, the establishment of three separate loans pools – existing debt, duly apportioned; new HRA debt; new General Fund debt. Interest will be charged on debt in line with standard accounting practice.
- c) The Director of Finance & Corporate Services will continue to be responsible for all treasury issues, but will need to prepare and use a separate HRA business plan, and to take borrowing decisions solely on the basis of that plan.

Prudential Indicators

10.22 Under the revised Treasury Management Code issued in 2009, the treasury prudential indicators are to be included within the treasury management strategy report. Under the revised 2011 Code, an indicator is to be added to indicate whether or not the council is borrowing money in advance of need. The prudential indicators are as follows:

- a. Adoption of the CIPFA Code of Practice for Treasury Management. This was (re)adopted by the Council in January 2012. Amongst other things, it requires publication of an annual treasury management strategy, a mid-year report and an outturn report.
- b. *Exposure to changes in interest rates:*
 - *Upper limit on net borrowing at fixed interest rates.* This has been set at 100% on the basis that all net borrowing may be at fixed rates if it is anticipated that short-term rates are set to rise and long-term rates are perceived to be low. Variable interest borrowing would be retained up to the level of any variable interest investments;
 - *Upper limit on net borrowing at variable rates.* This has been set at 40%. Variable rate borrowing is held as a hedge against variable rate investments. It also may be held where variable interest rates are low compared to fixed rates and fixed rates are expected to fall. The upper limit has also been set with debt restructuring in mind.
- c. *Maturity structure of borrowing.* Upper and lower limits on proportion of fixed interest loans that mature in:
 - Under 12 months;
 - Between 12 months and 24 months;
 - Between 24 months and 5 years;
 - Between 5 and 10 years;

- Between 10 and 20 years
- Between 20 and 30 years
- Between 30 and 40 years
- Between 40 and 50 years

The limits have been set to allow flexibility to manage loan durations but also to avoid having too much exposure to maturing loans in any period.

- d. *Total investments in excess of one year.* The limit proposed allows flexibility for the in-house team to lend for longer periods than one year if interest rates make this advantageous. The limit has been set at £20m to reflect lower balances, but at present investment duration is limited to one month until markets regain confidence.
- e. *Gross and net debt.* This sets upper limits on the proportion of net debt compared to gross debt for the forthcoming and the two following years, calculated as the amount of net debt expressed as a percentage of gross debt.
- f. *HRA Limit on indebtedness,* comparing the HRA Capital Financing Requirement (CFR) with the HRA Debt Cap as prescribed by CLG.

Table 10.4 Prudential Indicators for Treasury Management

	2011/12	2012/13	2013/14	2014/15	2015/16
TM Code adopted	Yes	Yes	Yes	Yes	Yes
Exposure to interest rate changes:					
Upper limit on fixed rate interest (% of net borrowing)	100%	100%	100%	100%	100%
Upper limit on variable rate	40%	40%	40%	40%	40%
Maturity of fixed interest borrowing:					
Under 12 months:					
○ Upper limit	40%	40%	40%	40%	40%
○ Lower limit	0%	0%	0%	0%	0%
Between 12 and 24 months:					
○ Upper	20%	20%	20%	20%	20%
○ Lower	0%	0%	0%	0%	0%
Between 24 months and 5 years:					
○ Upper	20%	20%	20%	20%	20%
○ Lower	0%	0%	0%	0%	0%
5 to 10 years:					
○ Upper	60%	60%	60%	60%	60%
○ Lower	0%	0%	0%	0%	0%
10 to 20 years: (Note – similar limits for 20–30, 30–40 and 40–50 years)					
○ Upper	100%	100%	100%	100%	100%
○ Lower	0%	0%	0%	0%	0%
Upper limit on Investments of more than one year:	£20m	£20m	£20m	£20m	£20m
Upper limits on the proportion of net debt compared to gross debt, expressed as a percentage.	100%	100%	100%	100%	100%

	2011/12	2012/13	2013/14	2014/15	2015/16
HRA Limit on indebtedness	2011/12 Approved £m	2011/12 Revised £m	2012/13 Est. £m	2013/14 Est. £m	
HRA CFR	338.324	338.527	141.600	141.600	
HRA Debt cap (as prescribed by CLG)	n/a	n/a	200.364	200.364	
Difference			68.764	68.764	

Debt Restructuring

- 10.23 Many long-term loans were borrowed from the PWLB during periods when interest rates were high. The regulations under which such loans were given prevent their repayment without incurring substantial premia to reflect any difference between current low rates and previous higher rates. This could make the repayment of long-term debt with high interest rates expensive, especially if charged to the revenue budget for any one year.
- 10.24 Market loans known as LOBOs (Lenders Option, Borrowers Option) are long-term loans (up to 70 years) that allow the lender the option to increase the rate after a period of years. The borrower also has the option to refuse to pay a higher rate and repay the loan without incurring a penalty. Local authority debt is regarded as of high quality to lending institutions that are keen to grow such business on their loan books. To date Brent has taken 15 LOBOs, valued at £95.5m. The council may take more LOBOs if opportunities arise, subject to limiting council's exposure to potential increases during the period of the loan.
- 10.25 There are also other occasions when refinancing may be advantageous:
- a) When rates rise, but are expected to fall again later. In such cases it may be advantageous to switch to variable rate debt before fixing back into lower rates.
 - b) If debt has a short period to maturity but market interest rates are unduly pessimistic.
- 10.26 It is proposed to continue monitoring opportunities for debt restructuring and to take action as circumstances allow. In a low interest rate environment, there are fewer opportunities to restructure. At present the council's main lender, the Public Works Loans Board (PWLB), has changed its terms to charge a larger premium on debt repaid prematurely.

Member Engagement

- 10.27 Before 2008, two Treasury Management reports were made each year, unless important issues arose. The reports were the Strategy report, when setting the budget, and the Outturn report at year end. However, since the collapse of

Lehman Brothers and the default of the Icelandic banks, there have been reports on lending activity to each meeting of the Audit Committee, setting out deposits at the end of each quarter and how the lending list has changed over the period. Other papers have detailed the report of the Commons Select Committee on local authority lending to Icelandic banks, the revised CIPFA Treasury Management Code of Practice and the DCLG Guidance on local authority investments.

10.28 The revised CIPFA Treasury Management Code of Practice makes some changes to previous practice, as follows:-

- a) A mid-year review of the annual treasury strategy to Full Council, looking at activities undertaken and any variation from agreed policies / practices.
- b) The Audit Committee is to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
- c) The Director of Finance and Corporate Services is to ensure that members with treasury management responsibilities have access to appropriate training opportunities

As part of this, a training session for members was held in 2011.

ANNUAL INVESTMENT STRATEGY 2012/13

1. Brent Council has regard to the Department for Communities and Local Government Guidance on Local Government Investments (“Guidance”) and CIPFA’s ‘Treasury Management in the Public Services’.

2. Investment Principles

2.1 All investments will be in sterling. The general policy objective is the prudent investment of the council’s treasury balances. The council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

2.3 The Guidance maintains that the borrowing of monies purely to invest or on-lend to make a return is unlawful. The council will not engage in such activity.

3. Specified and Non-Specified Investments

3.1 Investment instruments identified for use in the financial year are listed in Appendices N(ii) and N(iii) under the ‘Specified’ and ‘Non-Specified’ investments categories. These are defined as follows:

- a) Specified Investments (as set out in the Guidance) are those that offer high security and liquidity. Such investments will be in sterling, with a maturity of no more than one year, and will be made to bodies with high credit ratings – UK or local government, banks, building societies, money market funds, and supra-national institutions.

- b) Non-specified Investments (as set out in the Guidance) are those that may either entail more risk or are more complex, such as gilts, certificates of deposit or commercial paper.

3.2 Appendices N(ii) and N(iii) also set out:

- (a) the advantages and associated risk of investments under the category of “non-specified” category;
- (b) the upper limit to be invested in each ‘non-specified’ asset category;

4. Liquidity

4.1 Based on its cash flow forecasts, the council anticipates its fund balances in 2012/13 to range between £30m and £60m.

4.2 Giving due consideration to the council’s level of balances over the next three years, the need for liquidity, its spending commitments and provisioning for contingencies, the council has determined that up to £20m may be held in ‘non specified’ investments during the year.

4.3 Appendices N(ii) and N(iii) set out the maximum periods for which funds may be prudently committed in each asset category. The duration of cash deposits has been shortened to three years (from five years) following severe volatility seen in the recent credit crisis. However, the current lending list will continue to use the shorter limit of one year to recognise that the banking system has not yet healed from the credit crisis.

5. Security of Capital: The Use of Credit Ratings

5.1 Credit quality of counterparties (issuers and issues) and investment schemes will, in the first instance, be determined by reference to credit ratings published by Fitch IBCA, Standard and Poor’s, and Moody’s (long-term/short-term, individual, support and sovereign), but the council will use the lowest ratings from the three companies. The Council will also use group and national limits to assist in proper diversification of investments, as well as duration limits.

5.2 Monitoring of credit ratings:

- All credit ratings will be monitored continuously. Brent Council is alerted to changes in ratings through the adviser’s (Arlingclose) website and emails.
- If it is anticipated that a downgrading may occur following adverse economic developments; the Head of Exchequer & Investments or a dealer will have discretion to remove the counterparty from the lending list.
- If a downgrade results in the counterparty/investment scheme / country no longer meeting the council’s minimum criteria, its further use as a new investment / investment venue will be withdrawn as soon as possible.

- If a counterparty/investment scheme is upgraded so that it fulfils the council's criteria, the Director of Finance & Corporate Resources will consider including it on the lending list.
- The council will also use other sources of information to assess the credit worthiness of counter-parties and general market intelligence. Information will be gleaned from the treasury adviser, financial publications, asset managers and Capital Economics.
- Dealers are expected to act prudently and may decline to use particular counterparties if there is any cause for concern.

6. Investments Defined as Capital Expenditure

- 6.1 The acquisition of share capital or loan capital in any body corporate is defined as capital expenditure. Brent Council will not use any investment which will be deemed capital expenditure.

7. Investment Strategy to be followed In-House

- 7.1 Investments will be made with reference to the core balance (around £40m), cash flow requirements and the outlook for short and medium-term interest rates (i.e. rates for investments up to 3 years).
- 7.2 Once stability has returned, the council will seek to utilise its business reserve accounts and short-dated deposits (1-3 months) in order to benefit from the compounding of interest at potentially higher rates, while looking for longer-term opportunities when the market becomes too pessimistic about rising rates. Brent Council has identified 2% as an attractive trigger rate to consider 1-year lending and 5% for 2 and 3 year lending. The 'trigger points' will be kept under review and discussed with Arlingclose so that investments can be made at the appropriate time. The current market environment makes it extremely unlikely that longer term opportunities will arise.

9. External Cash Fund Management

- 9.1 Brent Council does not currently use an external fund manager.

10 The role of the treasury adviser

- 10.1 The treasury adviser (Arlingclose) gives advice on debt restructuring opportunities, interest rate movements, economic forecasts, external treasury managers and current capital finance developments. The adviser also provides credit ratings, and details of changes / possible changes in ratings.
- 10.2 However, it is for the council to take decisions on whether or not to act on the advice given. Other sources of market information and intelligence will also be sought.

11 Borrowing in advance

- 11.1 The council has previously used the Capital Financing Requirement (CFR) as a measure of borrowing need, but the low level of short term interest rates means that either short term loans will also be taken or internal cash balances used. The CFR reflects the total capital expenditure of the authority.
- 11.2 The council plans that total borrowing should be at, or about, CFR at the year end. However, the capital programme may be delayed, leading to total borrowing being above CFR. Other factors will also affect borrowing decisions. If it is expected that long-term rates may rise, borrowing may be undertaken early. This will be particularly important if there is a major project being undertaken, such as the new Civic Centre. If long term rates are high, but short term rates very low (as at present), borrowing may be delayed to reduce funding costs.
- 11.3 If borrowing is undertaken in advance of need, the balance will be placed with a secure counterparty. If large sums are involved, consideration will be given to purchasing an appropriate government gilt, to preserve capital.

12 Staff training

- 12.1 There are three main treasury management training 'areas'. First, dealing, which requires understanding of cash flow issues, information systems, the lending list, dealing and settlement of deals. Second, authorisation of deals, which requires knowledge of the lending list and information systems. Third, management requires an understanding of the market, treasury management codes, economic background, and current treasury management policies and strategies.
- 12.2 Staff training is reviewed on an ongoing basis to ensure that trainee accountants are given an initial treasury induction, and that dealers / managers are given access to market developments and technical updates on treasury issues (particularly changes to the lending list) and regular dealing practice.
- 12.3 Training needs are met through a variety of methods. New dealers are given on the job induction training, to enable them to deal competently, as well as attendance at relevant external conferences and seminars. Ongoing learning is through conferences, workshops and seminars provided by the main treasury organisations, CIPFA and economics consultancies. The principal treasury officer has passed the course in Treasury Management organised by the Association of Corporate Treasurers and CIPFA.

**LOCAL GOVERNMENT INVESTMENTS
SPECIFIED INVESTMENTS**

All "Specified Investments" listed below must be sterling-denominated.

Investment	Share/ Loan Capital?	Repayable/ Redeemable Within 12 Months?	Security/ Minimum Credit Rating	Capital Expenditure?	Circumstance of Use	Maximum Period
Debt Management Agency Deposit Facility	No	Yes	Govt-backed	No	In-house	1 year
Term or callable deposits with the UK government or with UK local authorities	No	Yes	High security although local authorities are not credit rated.	No	In-house	1 year
Term or callable deposits with credit-rated deposit takers (banks and building societies)	No	Yes	Yes-varied	No	In-house	1 year
Gilts : with maturities up to 1 year	No	Yes	Govt-backed	No	In house	1 year
Money Market Funds (i.e. a highly rated collective investment scheme)	No	Yes	Yes- <i>minimum</i> : AAA	No	In-house	<i>Subject to cash flow and liquidity requirements</i>

Investment	Share/ Loan Capital?	Repayable/ Redeemable Within 12 Months?	Security/ Minimum Credit Rating	Capital Expenditure?	Circumstance of Use	Maximum Period
Forward deals with credit rated banks and building socs	No	Yes	Yes-varied	No	In-house	1 year in aggregate


Forward deposits with credit rated banks and building societies for periods > 1 year (i.e. negotiated deal period plus period of deposit)	(A)(i) Known rate of return over period the monies are invested ~ aids forward planning. (B)(i) Credit risk is over the whole period, not just when monies are actually invested. (ii) Cannot renege on making the investment if credit rating falls or interest rates rise in the interim period.	No	No	Yes - varied	No	To be used in-house, authorised by senior management	50%	3 years

Investment	(A) Why Use It? (B) Associated Risks?	Share/ Loan Capital?	Repayable/ Redeemable Within 12 Months?	Security/ Minimum Credit Rating	Capital Expenditure?	Circumstance of Use	Max % of Overall Investments	Maximum Maturity of Investment

* **The prohibition on the use of derivatives** : This prohibition effectively relies on the judgement of the House of Lords in the case of *Hazell v The Council of the London Borough of Hammersmith and Fulham and Others* in 1991. Their Lordships held that local authorities have no power to enter into interest rate swaps and similar instruments.

Our treasury adviser, Arlingclose, believes that as this ruling still stands and was not rescinded by the introduction of the Local Government Act 2003, local authorities do not have the power to use derivative instruments.

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	<p style="text-align: center;">Audit Committee 22 February 2012</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Services</p>
<p>For Information Wards Affected: ALL</p>	
<p>Report Title: Future of Local Public Audit</p>	

1. Summary

- 1.1. This report advises members of the proposal by the Audit Commission to appoint an interim auditor to cover the period 1st April 2012 to 31st August 2012. The appointment is necessary to cover the period up to the point when the Audit Commission awards new contracts for the audit of local authorities following the disbanding of the Audit Commission. The report also provides a summary of the government's response to their consultation on the Future of Local Public Audit ¹.

2. Recommendations

- 2.1. The Audit Committee note the appointment of Andrea White as interim auditor for the council for the period 1st April 2012 to 31st August 2012 and the Government's response to the consultation on the Future of Local Public Audit.

3. Detail

- 3.1. In August 2010 the Government announced its intention to disband the Audit Commission and establish a new system of appointing external auditors to local authorities. The intention being that local authorities would be free to appoint their own auditors, within certain parameters, in much the same way as the private sector appoints external auditors.
- 3.2. The Audit Committee has received a number of updates from the Audit Commission with regard to progress on abolition of the Commission and transfer of current external audit work undertaken by District Audit. The most recent update was provided at the Audit Committee meeting on 15th December 2011². This advised that the Commission had issued invitations to tender for the current work of the in-house practice to 13 potential suppliers. These included nine existing accountancy firms, three consortia and a new firm representing the existing in-house service. Tenders were due to be returned by 16th December 2011.

- 3.3. The appointments are to run from the audit of the 2012/13 financial year although the appointments will not be made until 1st September 2012. The Audit Commission has proposed that Andrea White is appointed Interim Auditor for the period 1st April 2012 to 31st August 2012 and has written to the council accordingly³.
- 3.4. This appointment will run until 1st September 2012 by which time the Commission will have selected a new contractor for a three or five year period, covering the 2012/13 accounts onwards. The Commission are yet to decide on the length of appointment which will clearly have implications for the council's timetable on its own procurement of external audit. Should appointments be made for a three year period, the council will need to appoint its own auditors for the 2015/16 financial year. The government intends to legislate for that appointment to be made by 31st December 2014.
- 3.5. In March 2011 the Government issued a consultation on its plans for local public audit¹. The consultation closed on 30th June 2011. Some 450 bodies, mainly local authorities, responded to the consultation. The Government issued its response to the consultation on 4th January 2012. The Government's objectives remain as set out in the original consultation. These are that the new framework will be, *"localist and transparent, and upholds high standards of auditing, where audit remains independent, robust and efficient"*. The Government also believes that audit costs will fall as a result of the framework. The consultation response and proposals have three main headings: Regulation; Appointment and Scope.

Regulation

- 3.6. The Government proposed that the National Audit Office (NAO) be responsible for drafting codes of practice and associated guidance to which auditors will work and that the Financial Reporting Council (FRC) be responsible for registering firms to conduct the work and the existing accountancy bodies will be the recognised Supervisory Bodies (RSB). A high number of respondents agreed with these proposals.
- 3.7. In summary, auditors will need to be registered to conduct public audit, they will need to be suitably qualified and experienced. They will work to a standard set of codes and guidance and be regulated by the existing regulatory bodies, as for the private sector. The FRC will maintain an oversight role to ensure that the RSB's are operating effectively.

Appointment

- 3.8. Most respondents agreed that auditor appointments should be made annually at a full council meeting. However, the Government's proposal that the appointment should be recommended by a new, wholly independent Audit Committee, was not welcomed, given that many already have well established committees. The Government are, therefore, now proposing that appointments will be made based on the advice of an Independent Audit Appointment Panel, independently chaired with a majority of independent members. This can only be the Audit Committee if it is similarly independent.

- 3.9. Appointments will have to be made in the December preceding the next financial year and be for a maximum period of five years. The same firm can be re-appointed up to a maximum of ten consecutive years. There will be appropriate provisions for removal or resignation.
- 3.10. Local authorities will be permitted to jointly procure auditors and to share appointment panels.

Scope

- 3.11. The Government sought views on the breadth of coverage under the new framework, which could range from a narrow true and fair view opinion statement to the full range current work, including value for money studies. Responses were split but with a slight preference to leave the current scope unchanged.
- 3.12. The Government intends to retain the status quo with regard to coverage but will require value for money work to be risk based and evidenced with a focus on local issues. This element of work will be subject to further review by various stakeholders prior to implementation and is an area which the Government had, earlier, signalled its intention to reduce.
- 3.13. External Auditors will retain their public interest reporting duties and they will be given a new discretion to reject vexatious or repeated elector objections to the annual accounts.
- 3.14. Although not subject to consultation, further work will be needed in respect of the Commission's current role concerning the certification of grant claims. The Government recognise that they will need to work with each grant paying department to ensure that assurance mechanisms are appropriate. These may involve a role for appointments under the framework although suggestions are that there will be increased self certification by grant recipients.

Next Steps

- 3.15. The Government has indicated that it will hold further discussions with stakeholders to develop the detailed design of the framework and intend to introduce draft legislation in Spring 2012.
- 3.16. Once the legislation is passed and decisions have been reached on the appointment term for the initial replacement for the Audit Commission contracts in 2012, the council will need to prepare a timetable for the appointment. This will include the establishment of the Independent Audit Appointment Panel (assuming the Audit Committee retains its current non-independent status. Decisions will be needed, at an early stage, as to whether a joint procurement, for example on behalf of West London, would be desirable.

4. Financial Implications

5. Legal Implications

6. Diversity Implications

6.1. None


7. Background Papers

1. Department for Communities and Local Government (2011). *Future of Local Public Audit Consultation*. Retrieved 30th January 2012 from:
<http://www.communities.gov.uk/documents/localgovernment/pdf/1876169.pdf>
2. Audit Commission report to the Audit Committee 15th December 2011. *Progress Report December 2011 London Borough of Brent Audit 2010/11*
3. Audit Commission (2011). *Letter to Chief Executive dated 19th December 2011 regarding Interim Auditor Appointment 2012/13*
4. Department for Communities and Local Government (2012). *Government Response to the Future of Local Public Audit Consultation*. Retrieved 30th January 2012 from:
<http://www.communities.gov.uk/documents/localgovernment/pdf/2060619.pdf>

8. Contact Officer Details

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Clive Heaphy
Director of Finance and Corporate Services

	<p style="text-align: center;">Audit Committee 22 February 2012</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Services</p>
<p>For Information Wards Affected: ALL</p>	
<p style="text-align: center;">Report Title: 3rd Internal Audit Progress Report 2011/12</p>	

1. Summary

- 1.1. This report sets out a summary of the work of Internal Audit for the period from 1st April 2011 to 31st January 2012 and the Investigation Team for the period 1st April 2011 to 31st December 2011. The attached report provides details of progress against the internal audit plan together with assurance ratings and priority 1 recommendations for limited and nil assurance reports for those audits for which final reports have been issued since December 2011.

2. Recommendations

- 2.1. That the Audit Committee notes the progress made in achieving the 2011/12 Internal Audit Plan and the review of fraud work.

3. Detail

Audit

- 3.1. The Internal Audit Plan for 2011/12¹ comprises 1,200 days, of which 905 are allocated to Deloitte Touche Public Sector Internal Audit Limited, and 295 to the in-house team.
- 3.2. At the end of January 2012, a total of 857 days had been delivered against the overall Plan, made up of 667 Deloitte PSIA days and 190 in-house days. This represents 71% of the Plan and is a slight improvement on the previous year when 63% of the plan had been achieved at the same stage in 2011.
- 3.3. A number of systems audits have been completed since the last report to Committee and others particularly the audit of key financial systems including work on Oracle Financials (accounts payable accounts receivable & general ledger); Housing & Council Tax Benefits) are in the process of being completed.

- 3.4. A number of planned audits been removed from the plan due to delays in the implementation of the projects to which they relate. Examples of these include the planned review of libraries, transformation of support functions in Environment and Neighbourhood Services, partnership working with external housing bodies and partnership working with the NHS. Other audits were identified to replace these projects and the number of days allocated for BHP was increased to take account of previously unplanned work.
- 3.5. Computer audit work has also progressed. Since the last committee a number of audits have been finalised including I Casework and follow-up work on Programme and Project Management.
- 3.6. The final key area of work is in relation to schools. This forms a significant part of annual coverage. Sixteen primary schools audits were initially included in the 2011/12 plan and an additional six have since been scheduled to take place in the last quarter. These audits are currently in progress.
- 3.7. This is the first report in which an audit plan tracker has been included. This shows the status of all projects on the original audit plan. The tracker is shown below:

Audit	Planned Days	Actual Days	Progress	Assurance	Priority			Issue date
					1	2	3	
Corporate/Cross Cutting								
Business Continuity Planning	10	9	Work Completed					
Prepaid Cards (Service Users)	15	15	Final Report	Substantial	1	4	1	19/01/2012
Prepaid Cards (Staff)	10	10	Final Report	Limited	3	2	0	19/01/2012
Financial Planning	15	14	Work Completed					
Change Management / Consultation and Communication	10	0	Deferred into 2012/13 plan ¹					
Absence Management	10	0	February/March 2012					
Oracle Security (from Cont. Days) ²		17	Draft Report	N/A				
Conflicts of Interests (All Officers) ³	10	20	9 Draft Report in Progress					
Corporate/Cross Cutting Total	80	85						

¹ To be replaced with a work on Community Engagement as part of 2012/13 plan.

² Requested by management.

³ Increased to 20 days due to having to cover eight departments.

Finance and Corporate Services (FCS)								
Council Tax	15	12	Fieldwork Completed					
National Non Domestic Rates (NDR)	15	11	Fieldwork completed					
Housing & Council Tax Benefits	20	20	Draft Report	Substantial	4	4	3	25/01/2012
Treasury Management	10	0	To start in February 2012					
Payroll	15	15	Final Report	Substantial	2	3	0	10/01/2012
Accounts Payable	15	12	Draft Report in Progress					
Accounts Receivable	15	10	Work In Progress					
General Ledger	15	10	Work In Progress					
Pension Fund Investment	8	2	Work In Progress					
FCS Total	128	92						
Children & Families								
School Audits Primary/Junior Schools	150	Total 235						
Brentfield			To be booked. Work postponed due to Asbestos.					
North West London Jewish ⁴		14	Draft Report -	Limited	19	13	0	09/12/2011
Wykeham		0	Work In Progress					
Mitchell Brook		13	Final Report	Limited	16	16	0	11/11/2011
Curzon Crescent ⁵		20	Final Report	Nil	22	16	0	22/12/2011
Gladstone Park		10	Final Report	Substantial	4	2	0	09/12/2011
Uxendon Manor		10	Final Report	Substantial	1	3	0	30/06/2011
Islamia		0	To start in February 2012					
John Keble CE		10	Final Report	Limited	3	7	1	12/10/2011
Kensal Rise		10	Draft Report	Limited	6	6	1	24/10/2011
Kilburn Park Junior		10	Final Report	Substantial	2	8	0	23/11/2011
Lyon Park Infants		10	Final Report	Substantial	1	6	0	12/10/2011
Park Lane		10	Draft Report	Substantial	3	2	0	10/02/2012
Princess Frederica		10	Final Report	Limited	9	4	1	27/01/2012
St Mary's RC Infants		10	Final Report	Substantial	2	7	0	15/07/2011
Carlton Vale Infants		10	Draft Report ⁶	Substantial	3	5	1	14/12/2011
Marolees Junior ⁷		13	Final Report	Nil	13	24	1	17/01/2012
Mora		9	Work Completed					
Wembley Primary		0	To start on 05 March 2012					
Leopold		0	To start on 27 February 2012					
Salisbury		0	To start on 12 March 2012					
St Robert Southwell		0	To start on 14 February 2012					

⁴ Increased to 12 days to cover additional work required on Trust Account

⁵ Requested by the Headteacher. Special review in addition to the School programme due to major issues.

⁶ Revised Draft Report issued and this will be presented to the Governors at their February meeting.

⁷ Additional days due to major issues.

PRU (BETS)	10	10	Draft Report	Limited	5	10	0	03/02/2012
PRU (Stag Lane)	10	6	Draft Report in Progress					
PRU (Poplar Grove)	10	10	Draft Report	Limited	12	15	0	
PRU (Church lane)	10	0	Work In Progress					
Schools Thematic Reporting	8	0	To be completed at the end of March 2012					
Children Leaving Care	15	0	To start on 27 February 2012					
Out of School Support Services ⁸	10	3	See PRI (BETS)					
Curzon Crescent Major Works ⁹		20	Final Report	N/A				01/12/2011
Personalisation / Children's Social Care	15	0	Withdrawn ¹⁰					
Children & Families Total	238	218						
Environment & Neighbourhood (EN)								
Brent Transport Services	10	15	Draft Report	Limited	3	10	1	20/01/2012
CRC Energy Efficiency Scheme	15	15	Final Report	N/A		3		07/06/2011
Libraries	15	0	Withdrawn ¹¹					
Transformation	20	0	Deferred to 2012/13 plan ¹²					
Waste Management	15	15	Final Report	Substantial	0	5	0	26/01/2012
Corporate Health & Safety	10	0	Deferred to 2012/13 plan ¹³					
Land Charges	10	10	Final Report	Substantial	0	1	2	02/02/2012
EN Total	95	55						
Customer & Community Engagement								
Members' Expenses and Allowance	8	8	Final Report	Substantial	0	1	0	31/05/2011
Ward Working Grants	15	15	Final Report	Substantial	00	3	0	27/09/2011
Equality Impact Assessment	10	2	Work In Progress					
Customer & Community Engagement Total	28	25						
Housing and Community Care (HCC)¹⁴								
Financial Assessments of service users and recovering contribution	15	15	Final Report	Limited	3	3	0	18/01/2012
Safeguarding	15	2	To be undertaken in February/March 2012					

⁸ Days decreased as work is covered with PRU (BETS) audit

⁹ Requested by the new Headteacher. Post contract review and lessons learnt work completed for major works project.

¹⁰ This was included on the basis that there would be a One Council review on personalisation in children social care. However the review did not include this.

¹¹ Withdrawn from the plan due to judicial review and the delay in re-structuring the libraries in Brent.

¹² Deferred due to restructure.

¹³ Deferred due to restructure and the service also reprioritising and drafting a new Service Level Agreements. This audit will be planned under Regeneration and Major Project.

¹⁴ Housing have now moved to Regeneration and Major Project and the Service have been renamed as Adult Social Service. However, the structure has been kept as per the original Internal Audit plan for 2011/12.

Relationship Management with External Housing Bodies	10	0	To be deferred into 2012/13 plan ¹⁵					
Partnership working with NHS	10	0	To be deferred into 2012/13 plan ¹⁶					
Framework-i Financial Module ¹⁷	10	3	Final Report	See IT Framework-i Financial Module				
HCC Total	60	20						
Legal and Procurement								
Procurement (Compliance with the Blue Book)	15	0	To be deferred into 2012/13 plan ¹⁸					
Conflicts of Interests (Members)	8	12	Final Report	Substantial	2	6	1	12/12/2011
Legal and Procurement Total	23	12						
Regeneration and Major Project (RMP)								
Project Management Framework (contract audit)	5	5	Final Report	N/A	0	3	0	31/08/2011
School Health & Safety	10	10	Final Report	Limited	1	3	1	08/02/2012
Capital Projects (contract audits)	30	3	Work in Progress					
Civic Centre Project	15	3	Work in Progress					
RMP Total	60	21						
Strategy, Partnership, and Improvement (SPI)								
Domestic Violence	10	9	Work Completed					
Brent Blue Print	10	0	To be deferred into 2012/13 plan ¹⁹					
Data Quality	10	1	To be undertaken in March 2012					
SPI Total	30	10						
Computer Audit								
Programme and Project Management Effectiveness	15	15	Final Report	Limited	1	5	0	28/11/2011
Resilience of Exchange/Outlook and E-mail archiving	10	10	Final Report	Substantial	0	5	2	13/01/2012
Resilience of Active Directory (AD) and Follow up from AD Risk Assessment	12	2	Work In Progress					
VDI Project - Audit presence	15	5	Ongoing					
IT Governance	10	2	Work In Progress					

¹⁵ Due to the delay in Act being passed and also with the other transformation taking place, we have agreed to defer to 2012/13.

¹⁶ Due to the delay in national wide decision making process.

¹⁷ Days reduced as the majority of the work was completed by IT audit.

¹⁸ The new Head of Procurement informed us that the Blue Book is out of date and will require reviewing before the work can be completed.

¹⁹ To be considered for coverage as part of Partnership audit in 2012/13

CAS follow up	10	2	Ongoing					
Framework i - Application ²⁰	10	12	Final Report	Limited	2	4	1	25/10/2011
Bankline Payments	10	10	Final Report	Substantial		2	2	28/11/2011
IDEAR - Pupil Management (Tribal Application)	10	10	Final Report	Substantial	0	5	0	03/02/2012
NonStopGov (iCaseWork)	10	10	Draft Report	Limited	1	8	2	08/02/2012
Software Licensing	10	10	Final Report	Substantial	0	3	3	01/12/2011
Axis Cash Receipting ²¹	10	0	Withdrawn					
IT Accuserv (Stock Module)		5	Work In Progress					
Computer Audit Total	132	93						
Others								
Risk Management - Attendance at DMTs including CMT	22	24	Work In Progress					
Risk Management - Production of Guidance notes	5	5	Completed					
Risk Management - Strategic Risk Register Preparation	5	10	Work In Progress					
Audit Plan for 2012/13 including Audit Needs Assessment	4	2	Work In Progress					
Annual Governance Statement 10/11	6	6	Completed					
Consultation, Communication and Reporting	55	40	On going					
Follow-Up	55	30	30/55 days delivered					
Contingency	81		70 days used up for various additional works, a total of 11 days to be used for miscellaneous audit planning/Annual Governance Statement 2011/12					
BHP								
Internal Audit Plan 2011/12	135	109	On going					
Total	1200	857						

Fraud

- 3.8. The primary responsibility for fraud prevention and detection across the council rests with managers. The Audit and Investigation team is responsible for the investigation of fraud, making recommendations for sanction and system repair, providing prevention advice and conducting proactive fraud detection exercises.
- 3.9. Fraud work can be split between internal i.e. committed by staff against the authority, and external i.e. committed by third parties against the authority. The latter can be further split into two major divisions: Housing Benefit and Housing Tenancy Fraud. Other types of external fraud include false applications for social

²⁰ The number of days increased due to the extended coverage requested by management.

²¹ This has been withdrawn to accommodate more urgent work on Accuserv Stock Module requested by management and to accommodate the two additional days required for Framework i – Application.

services support (direct payments), blue badge abuse and single person discounts.

- 3.10. On occasion frauds fall into more than one category, i.e. an officer working and claiming benefit; a housing tenant subletting their property and claiming benefit; false declaration of income for the purpose of claiming benefit and a renovation grant.
- 3.11. Going forward, statistical information about fraud is to be a regular feature of the internal audit progress report. To set this in context, some historical data has been included for each dataset.

Housing Benefit Fraud

- 3.12. The council administers housing benefit on behalf of the Department for Work and Pensions (DWP). The DWP require the council to have a fraud response and this is funded through the general administration grant (although different funding regimes have existed, previously, linked to performance). The council has had a discrete HB fraud investigation team since 1992.
- 3.13. The DWP monitor a number of performance indicators in relation to HB fraud although there are, currently, no national targets. Members will be aware of the DWP plans to introduce a Universal Credit (UC) to replace a range of benefits, including housing benefit, for new applications from October 2013, transitioning all existing claims by April 2017. The UC will be assessed and paid by the DWP. Current proposals are for council tax benefit to be excluded from UC with separate schemes established and administered by each local authority. These changes include the establishment of a Single Fraud Investigation Service (SFIS) which will have responsibility for the investigation of all Universal Credit fraud. How that service is to be delivered is yet to be determined although it is likely to be led by the DWP. There will be major implications for the council's housing benefit and council tax benefit delivery and fraud investigation functions. Once definitive plans are set out by the DWP, they will be the subject of a further report to this committee.
- 3.14. Due to the high volume of housing benefit fraud referrals, many have to be screened out without investigation. There is a process of case screening which considers the quality of evidence, likely value of overpayment and other factors. Those which are not screened out are passed for investigation. An investigation will be closed once there is sufficient evidence to establish that a fraudulent overpayment of benefit has occurred and a sanction has been applied or no further action is warranted. Investigations range in length from a few months to many years for complex prosecutions.
- 3.15. The sanctions available for HB fraud are: Overpayment recovery, a caution administered by the council, an administrative penalty of 30% of the overpayment and criminal prosecution. In recent years the Audit and Investigation team have prioritised high value fraud resulting in a higher proportion of prosecutions. These take longer to prepare than cautions and administrative penalties. This has resulted in fewer sanctions but higher value overpayments. Historical case load data and current performance is shown below:

HB Fraud	2007/08	2008/09	2009/10	2010/11	2011/12		
					Q1	Q2	Q3
Referrals	799	723	672	757	215	147	198
Closed	922	832	744	675	231	170	141
Screened Out	637	511	423	386	140	109	64
% dropped	69%	61%	57%	57%	61%	64%	45%
Investigated	285	321	321	290	91	61	77
Fraud Found	147	118	150	121	36	16	19
Hit Rate	52%	37%	47%	42%	40%	26%	25%
Caution	26	7	5	1	1	1	0
Admin Penalty	45	46	40	20	6	7	7
Prosecution	44	31	36	50	10	4	8
Total Sanctions	115	84	81	71	17	12	15
Summons Only	3	1	0	2	19	4	4
Overpayment Only	29	21	73	47	0	0	0

Table 1 – HB Fraud Caseload 2007 to 2012

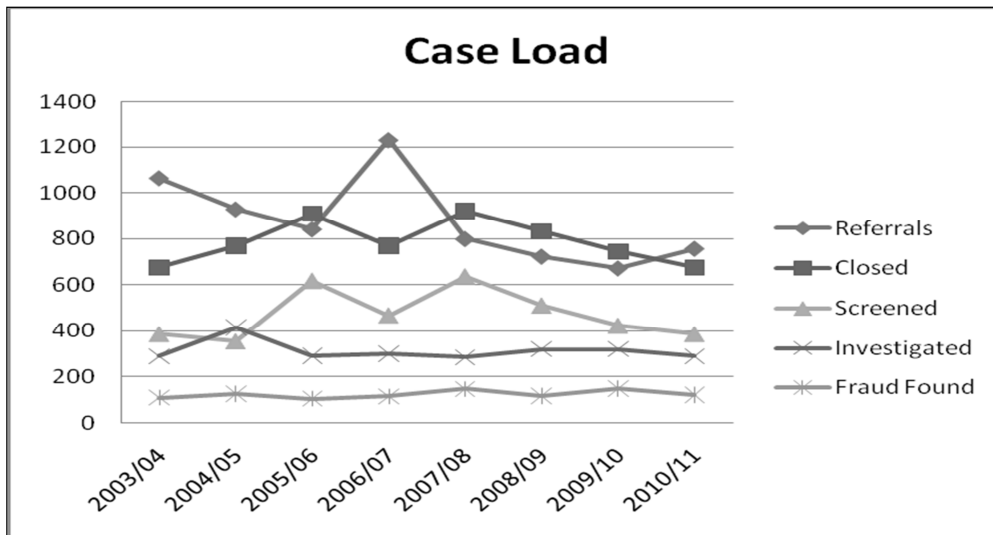


Chart 1 – HB Fraud Caseload 2003 to 2011

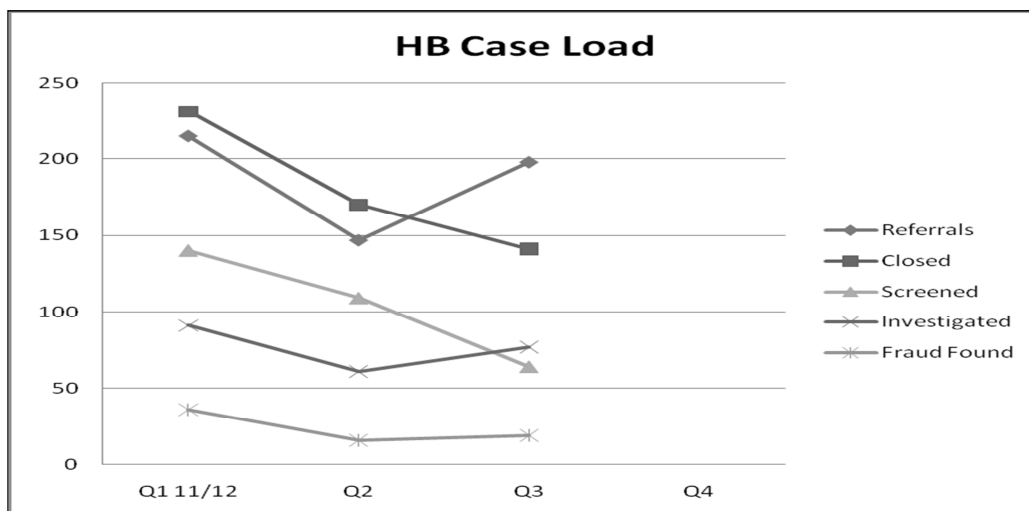


Chart 2 – HB Caseload 2011/12 by Quarter

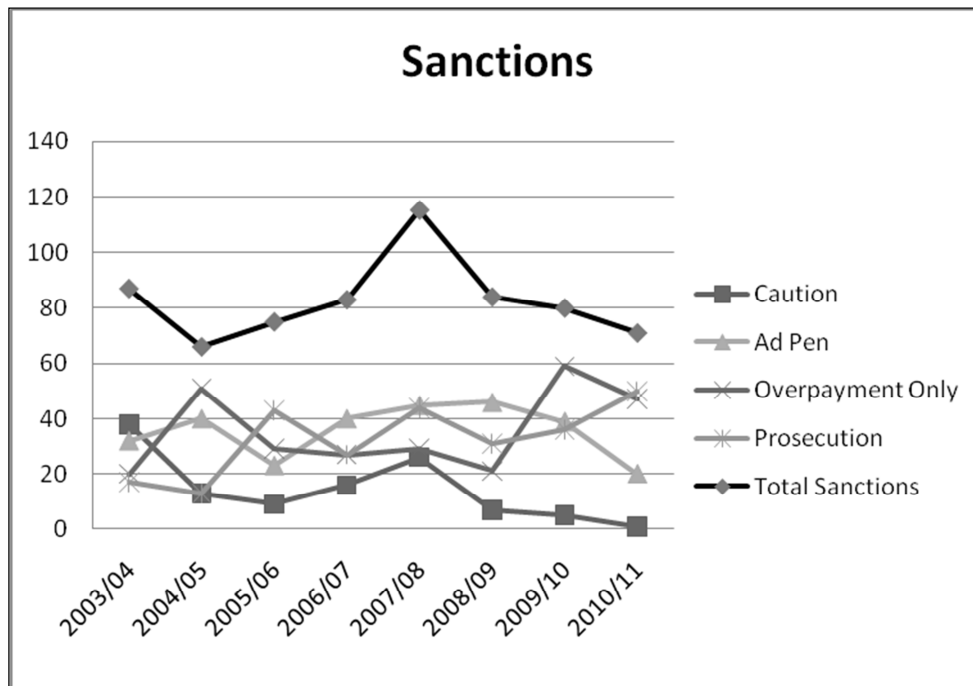


Chart 3 – HB Fraud Sanctions 2003 to 2011

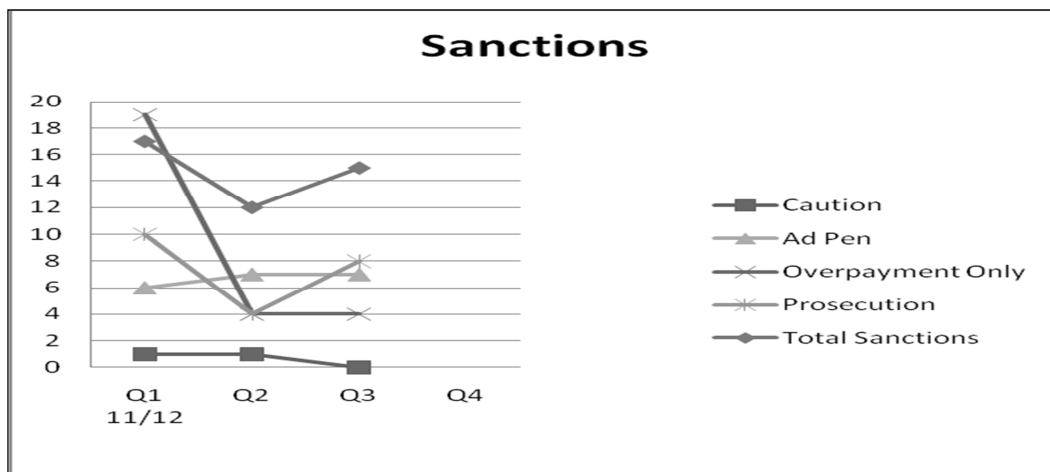


Chart 4 – HB Sanctions 2011/12 by Quarter

3.16. A key objective for the team over recent years has been to identify large scale fraud. This has, inevitably, resulted in a lower volume of cases being dealt with but a higher value of overpayment identification. Most HB claimants have other national benefits in payment such as job seekers allowance or income support and investigators will identify a range of overpaid benefits during enquiries. Historical overpayment figures are shown in table 2 and chart 3 below:

Fraudulent Overpayments by Benefit Type	04/05	05/06	06/07	07/08	08/09	09/10	10/11	2011/12		
	£	£	£	£	£	£	£	Q1 £	Q2 £	Q3 £
Housing Benefit	390,217	586,427	602,224	769,273	849,505	1,332,014	1,660,613	476,860	217,190	233,186
Council Tax Benefit	41,007	63,010	100,037	106,099	80,535	183,266	201,615	62,095	30,709	30,142
Income Support, Job Seekers Allowance, DLA, Other	114,808	251,525	370,636	433,825	371,713	411,909	660,546	210,677	34,342	88,042
Total	546,032	900,962	1,072,897	1,309,197	1,319,932	1,927,189	2,522,774	749,632	282,241	351,370

Table 2 – Fraud overpayment by benefit type and year

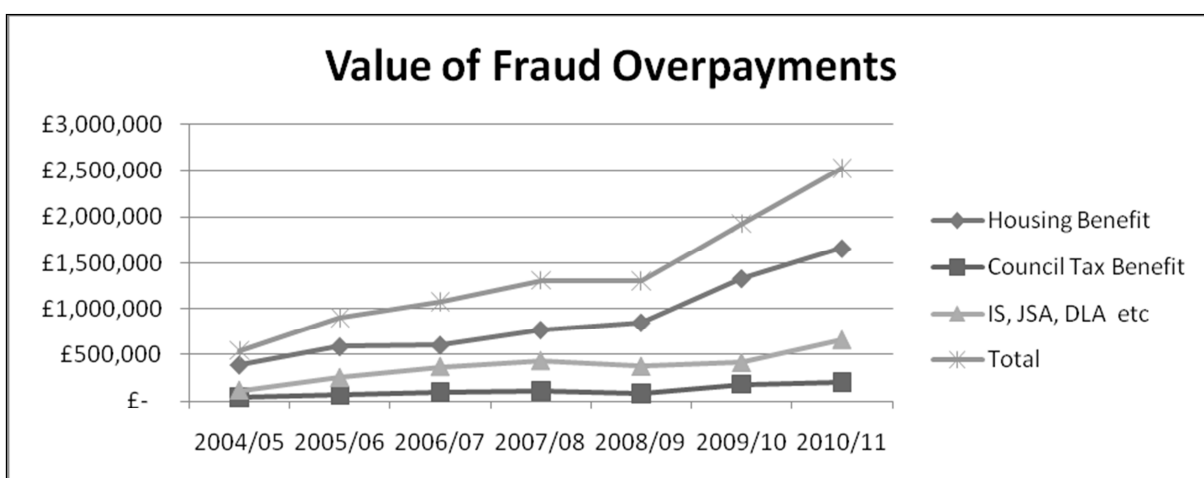


Chart 5 – Fraud overpayment by benefit type and year

3.17. A future committee report will include an analysis of overpayment recovery against fraud overpayments raised.

Social Housing Fraud

3.18. Social housing fraud occurs due to the sub-letting of council properties and false declaration of circumstances on housing and homeless applications. The council has taken tenancy fraud seriously for many years. Since 2000, investigation work by A&I has resulted in the recovery of more than 300 properties and prevented almost 90 inappropriate Right to Buy applications. The Audit Commission currently estimates that each unlawfully sub-let council property results, on average, in a financial loss of some £18,000 per annum.

3.19. Caseload information is shown below.

Housing Fraud	2007/08	2008/09	2009/10	2010/11	2011/12		
					Q1	Q2	Q3
Referrals	82	82	111	120	35	55	56
Closed	56	55	82	166	34	49	41
Screened Out	3	3	9	10	9	0	0
Investigated	53	52	73	155	25	49	41
Fraud Found	24	21	26	37	6	16	7
Recovered Property	23	21	26	34	6	16	7
RTB Stop	1	1	0	0	0	0	1
Application refused	1		0	2			

Table 3 – Housing Fraud Caseload 2007 to 2012

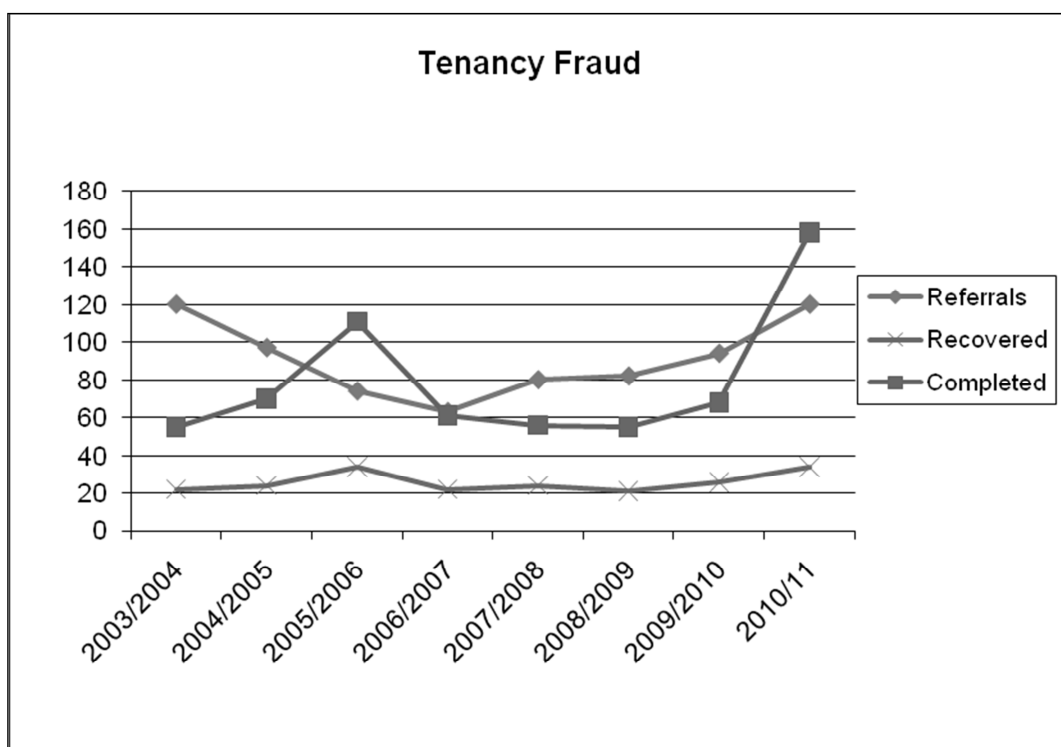


Chart 6 – Housing Fraud Caseload 2003 to 2011

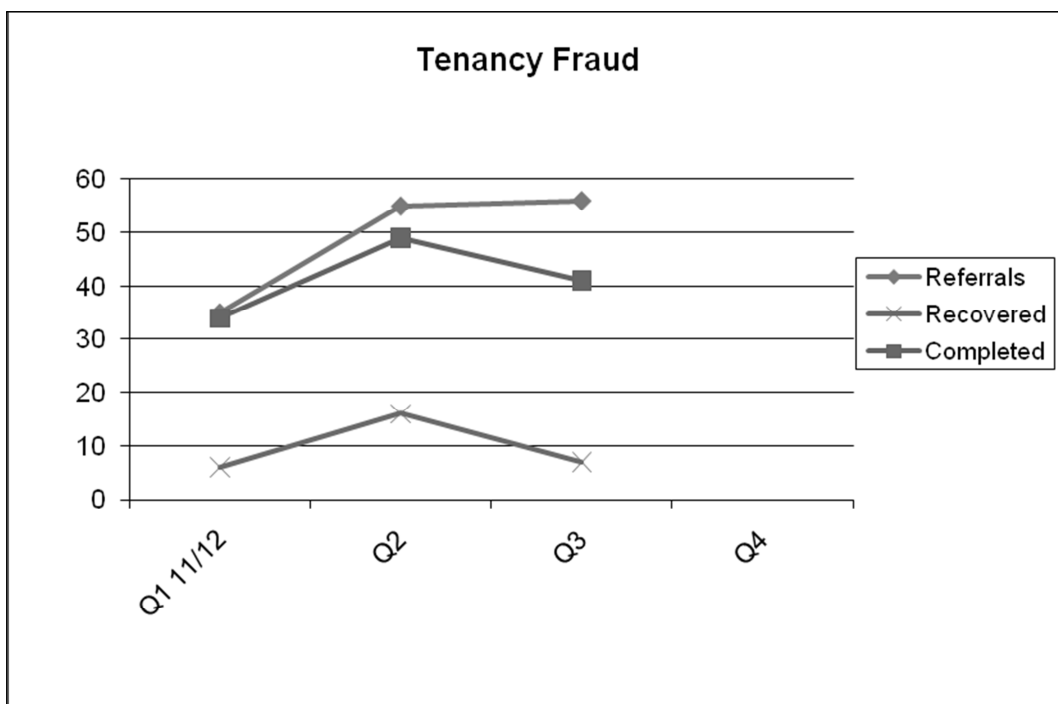


Chart 7 – Housing Caseload 2011/12 by Quarter

- 3.20. In 2010/11 the council received additional funding from central government of £50,000 to encourage the investigation of sub-letting within housing associations. The Audit and Investigation Team engaged with a number of housing associations in the borough and set up SLAs with five of the largest. A&I officers investigate referrals on behalf of the housing association who then take appropriate recovery action. This is beneficial in that the council maintains nomination rights to any properties recovered.
- 3.21. A further £100,000 was received by the council in 2011/12, of which £75,000 was allocated to A&I for general tenancy investigation work. As a result, two additional staff were allocated to tenancy fraud work from HB fraud.

Blue Badge Fraud

- 3.22. This is a relatively new area of fraud, 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.
- 3.23. 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 dealt with by the parking enforcement team and is not covered in this report. 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. However, the team has extremely limited resources to deal with this type of fraud and in 2010/11 moved to a more proactive method of detection. This involves exercises in various parts of the borough working in conjunction with the

Police, Parking Enforcement and Adult Social Care. Two exercises have been undertaken in 2011/12 resulting in 30 badges being seized and a number of warnings issued.

- 3.24. There have been 20 new reactive referrals in the first three quarters of 2011/12 within the more serious categories, such as persistent misuse, false applications for a badge, forged or counterfeit badges or misuse by a council officer. Misuse has been identified in 17 of 32 cases investigated. Most were dealt with by way of a warning letter from Older Peoples Services who issue the badges. Two members of staff were dismissed for misusing a badge and one received a written warning.

Internal Fraud

- 3.25. Internal fraud refers to fraud committed by employees, agency staff and staff in schools. For the purposes of this report, “fraud” includes any financial irregularity or malpractice or serious breach of financial regulations or the staff code of conduct.

- 3.26. Historic data and current year statistics are shown in the tables and charts below:

					2011/12		
Internal	2007/08	2008/09	2009/10	2010/11	Q1	Q2	Q3
Referrals	45	26	51	53	8	16	15
Closed	43	34	28	51	14	15	1
Screened Out	6	3	3	3	0	0	0
Investigated	37	31	25	48	14	15	13
Fraud / Irregularity	17	11	16	23	7	5	8
Dismiss / Resign	12	9	14	21	7	5	6
Warning	2	0	0	2	0		2

Table 4 – Internal Fraud Caseload 2007/08 to 2011/12

- 3.27. This year, to date, there have been 17 officers who have either been dismissed or left prior to disciplinary proceedings being concluded.

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 2011/12, *Audit Committee 25th June 2011.*

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
Progress Report 2011/12
London Borough of Brent
February 2012**

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Executive Summary

Introduction	This report sets out a summary of the work completed against the 2011/12 Internal Audit Plan for the financial year to date. The report provides 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.
Summary of progress against the Plan	<p>The overall Internal Audit Plan for 2011/12 comprises 1,200 days, of which 905 were allocated to Deloitte & Touche Public Sector Internal Audit Limited (Deloitte PSIA), and 295 to the in-house team.</p> <p>As at the end of January 2012 a total of 857 days have been delivered against the overall Plan, made up of 667 Deloitte PSIA days and 190 in-house days. This represents 71% of the Plan and is an improvement on the previous year when 63% of the plan had been achieved at the same stage in 2011.</p> <p>In terms of the profile for 2011/12, in so far as it was possible to allocate audits to a specific quarter prior to the start of the year, the majority of these have been progressed as planned.</p> <p>The plan is kept under continuous review in order to determine whether changes will be required in certain areas, on the basis that internal audit work will not be considered relevant in respect of certain projects due to the implementation status. Where this is the case, alternate areas are identified in which to undertake work, so as to ensure that the total planned days are delivered by year-end.</p> <p>A number of planned audits have had to be taken off the plan due to delays in the implementation of the projects to which they relate. Examples include the planned review of libraries and transformation of support functions for Environment and Neighbourhood. There has been an increase in the number of days allocated to work to be carried out at BHP due to having to undertake some previously unplanned audit work at the request of the Council's Director of Finance and BHP's management.</p>
Summary of Work Undertaken	<p>A number of systems audits have been completed and are in progress across the Council. In addition, as part of the focus on key developments, an audit of the new Project Management Framework being developed and implemented by Regeneration and Major Projects has been undertaken. The work involved an initial assessment of the adequacy of the controls making up the new Framework, and was completed by one of Deloitte's specialist contract auditors, taking account of their construction industry knowledge and experience of good practice across the public sector.</p> <p>Computer audit work is also progressing, and since the last committee a number of audits have been undertaken including iCaseWork and follow-up on Programme and Project Management.</p>

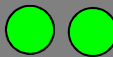



The final key area of work is in relation to schools, forming a significant part of annual coverage. 22 primary schools have been included in the 2011/12 plan. The majority of these have been visited by the end of January 2012 and the remaining schools will be visited between now and the end of March 2012.

As was the case in 2010/11 and also reported at the last meeting, key areas of weakness identified across several of schools continue to relate to compliance with the Financial Regulations for Schools concerning 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). The Human Resources Team within Children and Families have provided detailed additional guidance to schools concerning compliance. The Children & Families Finance Team has recently written to all of the Council's Schools to establish the number of schools who are failing to comply with the requirements of the STPCD particularly in the area of leadership pay. The response rate from schools has, so far, been disappointing. This area will remain under review as part of the internal audit programme.




As previously reported, the Secretary of State withdrew the Financial Management Standard in Schools (FMSiS) in November 2010. The Schools Financial Value Standard (SFVS) has now been published by the Department for Education and it is now available to schools to operate from the Autumn term 2011. Maintained schools will be required to conduct a self assessment against SFVS and submit the return to the Council once a year. Whilst SFVS does not require validation, as was the case for FMSiS, the audit programme has been revised to include the key elements of SFVS and this will be covered when the School is visited as part of cyclical Internal Audit programme (every 3 years for primary schools and 2 years for secondary schools).

In addition to the assurance work summarised above, assignments have also been completed in respect of the CRC Energy Efficiency Scheme; the Council's new Project Management Framework (as noted on the previous page); and in relation to project governance and contract variations for Curzon Crescent Children's Centre's refurbishment works. A number of weaknesses were identified as a result of this last assignment and, in addition to issuing a lessons learnt report for this specific project, a briefing note has been issued to the Director of Children & Families so that the lessons can be shared across the other children's centres and schools within Brent. In addition, since the last meeting, a further piece of work has also been completed in relation to Oracle Security - Scheme of Delegation.

Summary of Assurance Opinions and Direction of Travel
Assurance Opinions

	Full 	Substantial 	Limited 	None 
2008/09	-	78% (21)	22% (6)	-
2009/10	-	61% (25)	39% (16)	-
2010/11	-	67% (37)	31% (17)	2%(1)
2011/12	-	63% (17)	30%(8)	7% (2)

Direction of Travel

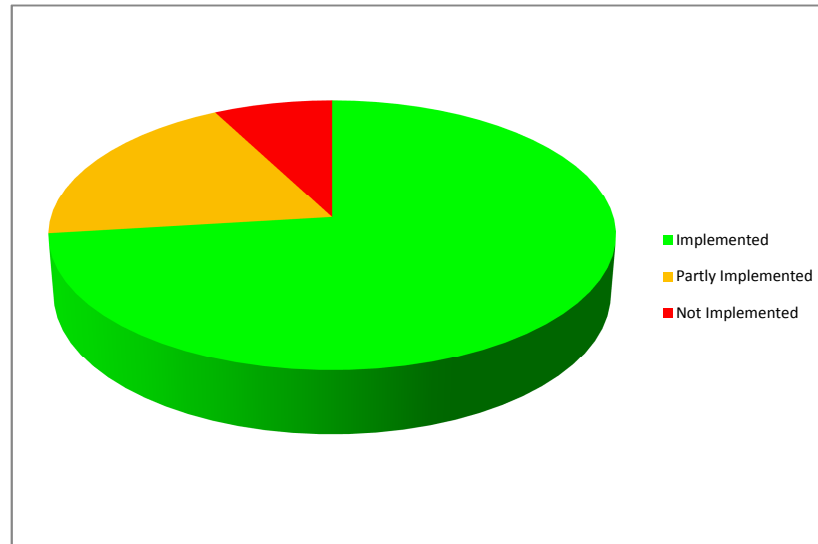
	Improved 	Unchanged 	Deteriorated 
2008/09	8	1	-
2009/10	6	9	-
2010/11	5	5	-
2011/12	1	2	1

Overall, for the work finalised to date, the spread of assurance opinions is similar to last year. However, the spread is likely to change when further reports are finalised.

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

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.



With regards to those e recommendations followed-up since the last meeting of the Committee, the chart above illustrates the status of implementation. 92% of the recommendations were found to have either been implemented or partly implemented, with 8% having not been progressed. Of the priority 1 recommendations, 86% had either been implemented or partly implemented. This represents an improvement in comparison to previous periods.

Since the last meeting the audit of the payroll has been completed. The system of controls is largely unchanged since the time of the last audit. A substantial assurance opinion has been issued. However, limited progress has been made in relation to the implementation of recommendations previously raised, and some issues remain regarding the Interact system, which impacts on both the robustness of the systems of control in certain areas and/or results in resources being utilised inefficiently in the operation of manual processes and workarounds.

In previous years, actions have been in progress, but these appear to have stalled during the last 12 months. It is acknowledged that there have been ongoing issues regarding the contract with Logica and that a new system is being considered, but interim arrangements should now be put in place to help ensure the validity and accuracy of the payroll. If this is not possible from a resource perspective, which

has been suggested by management, then there should be a formal acknowledgement of the associated risks.

Customer Satisfaction

Satisfaction Ratings 1=Poor, 5= Excellent

Year	Average Overall Rating
2008/09	4.4
2009/10	4.1
2010/11	4.7
2011/12	4.4







Eight completed satisfaction questionnaire has been received so far 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




SUBSTANTIAL / FULL ASSURANCE REPORTS

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

2011/12 Audits finalised since December 2011 meeting


Audit	Status as at 10 February 2012	Assurance Opinion and Direction of Travel
Pre-Paid Cards (Beneficiaries)	Final Report (Finalised since December 2011 meeting)	
Local Land Charges	Final Report (Finalised since December 2011 meeting)	
Waste Management	Final Report (Finalised since December 2011 meeting)	
Payroll ¹	Final Report (Finalised since December 2011 meeting)	 
Housing and Council Tax Benefits	Final Report (Finalised since December 2011 meeting)	 

¹ Whilst the assurance level is unchanged from the previous audit in 2010/11, the negative direction of travel is explained on page 5 in relation to the implementation status of previously raised recommendations and actions that were previously in progress, but have since stalled.

Audit	Status as at 10 February 2012	Assurance Opinion and Direction of Travel
Tribal Application (IDEAR – Pupil Management)	Final Report (Finalised since December 2011 meeting)	
SCHOOLS		
Gladstone Park	Final Report (Finalised since December 2011 meeting)	
BHP		
Housing Rents	Final Report (Finalised since December 2011 meeting)	

LIMITED/NIL ASSURANCE REPORTS – General Audits including Computer Audits

2011/12 Audits (finalised since the December 2011 meeting)

<p>Pre-Paid Cards (Staff) (2011/12)</p>	<p>The key weaknesses related to approval of Children’s Social Care payment using staff pre-paid cards; review of expenditure and checking supporting receipts; and reconciliation of expenditure log and Citi statement.</p> <p>The absence of an arrow indicates that this is a new area and hence no comparison can be made.</p> <p>Three priority one and two priority two recommendations were raised.</p>	
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Priority 1 Recommendations	Management Response / Responsibility/ Deadline for Implementation
<p>Team leaders and any other approvers of children’s social care payments should be reminded that they must not sign blank payment request forms.</p> <p>In addition, social workers should be reminded that any payment requests that have been pre-signed by an approver and photocopied will not be processed.</p> <p>It should also be ensured that any such incidences are picked up and rejected when the payment request forms are checked prior to loading the card.</p>	<p>Unit now aware of the issue and will ensure it is covered in new procedures when the new system is implemented. Any future breaches of this kind will be notified to senior managers to address.</p> <p>Business Partner (Children & Families) Immediate</p>
<p>The expenditure logs should be independently reviewed and approved by the cardholder’s manager.</p> <p>In addition, officers responsible for checking the expenditure log and supporting documents should ensure that all items shown in the expenditure log are fully supported with a valid receipt.</p> <p>Cash withdrawal receipts do not provide evidence of money spent, and it is therefore recommended that additional receipts should be submitted against each item shown in the expenditure log as spent.</p>	<p>The whole aspect of the recording and sign off of expenditure logs will be revisited and improvements made. The card holder, their line manager and the finance officer will need to sign the forms before the expenditure is journaled and the card reloaded and only amounts with receipts should be accepted. Payments without receipts will need a specific reason and be signed off by the Business Partner Finance Manager. Exchequer will only load values that appear on</p>

Priority 1 Recommendations	Management Response / Responsibility/ Deadline for Implementation
	<p>the Oracle report for that month.</p> <p>Business Partner (Adult Social Care) Exchequer Manager Immediate</p>
<p>The total withdrawals and spends shown in the Citi statement, plus any cash left on the premises from the previous month, should be reconciled against the total of the expenditure log by the person responsible for checking this and supporting evidence within Service Areas on a monthly basis.</p> <p>In addition, where there is a balance shown as 'cash left in premises' in the expenditure log, this amount should be verified by a person independent of the card holder and the completion of this should be checked as part of the reconciliation process.</p>	<p>The new provider is expected to provide better and more accurate statements that will improve the information and export of statement data to improve this aspect. However the new guidance will include more information about accounting for cash held on premises at month end.</p> <p>Exchequer Manager 30 November 2011</p>

Financial Assessments of Adult Social Care (2011/12)

The key weaknesses related to Financial Assessment Forms; recording Adult Social Care debt onto Oracle; and undertaking Land Registry checks.

The absence of an arrow indicates that although financial assessment process for Adult Social Care clients was included as part of the Self Directed Support (SDS) audit in 2010/11 where limited assurance was given, the assurance opinion took account of the wider process and given that the extent of focus on financial assessment was different it is not possible to provide a direct comparison.


Three priority one and three priority two recommendations have been raised as a result of this work.



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Priority 1 Recommendations	Management Response / Responsibility/ Deadline for Implementation
<p>The financial assessment forms for both residential and non residential care services should be amended to include the following:</p> <p>'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 contribution amount and payments I receive are assessed on the basis of the information given on this form.</p> <p>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.'</p>	<p>The recommendation is very valid and we will implement ASAP.</p> <p>Senior Finance Analyst 31st January 2012</p>
<p>Adult Social Service Finance should continue to liaise with the Sundry Debt Recovery Team in respect of putting all debts on Abacus onto Oracle.</p>	<p>The Sundry Debt Recovery Team are currently looking into a work around to get the abacus debts onto the Debt Recovery System and will continue to liaise with the Client Finance Team.</p>

Priority 1 Recommendations	Management Response / Responsibility/ Deadline for Implementation
	Debt Recovery team Leader March 2012
Land Registry checks should be undertaken as part of the financial assessment for all clients.	In April 2011 Senior Financial Analyst instructed the team to check the land registry for all new cases and progress timely on the existing cases. The management will readdress this issue again to establish whether this is the case. Senior Finance Analyst 31st January 2012

<p>School Health and Safety (2011/12)</p>	<p>A number of weaknesses were identified in relation to the assurances that the Council have over schools being in compliance with health and safety requirements. Whilst community schools are required to submit Annual Returns, no verification exercises are completed. For non-community schools, no form of monitoring is undertaken due to the fact that the Council have no legal obligation regarding this. However, if an incident were to occur, there would be some burden on the Council to either support the School or to find placements for children if the School were required to close. Similarly, the Council have no legal obligation to provide or check insurance of non community Schools, but, if an incident were to occur and the School did not have the required insurance, there may again be some financial and reputational burden on the Council.</p> <p>The Direction of Travel provides a comparison with any prior audit visit. In this case the lack of an arrow indicates that this is a new area and hence no comparisons can be made.</p> <p>One priority one, three priority two, and one priority three recommendations have been raised as a result of this work.</p>	
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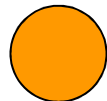
Priority 1 Recommendations	Management Response / Responsibility/ Deadline for Implementation
<p>Management should determine the required level of assurances required from community and non-community Schools in relation to health and safety requirements. Aspects to consider may include, but are not necessarily limited to:</p> <ul style="list-style-type: none"> • (P&AM) Monitoring the completion of required tests, timeframes in which they are completed and who they are completed by. Consideration should be given to whether a company could be contracted to complete various tests on behalf of the schools. This may also offer better value for money to schools through economies of scale; • (P&AM) Whether different levels of assurance are required from differing school categories; • (P&AM) Whether all schools should be subject to inspections and spot checks and whether a programme of inspections should be developed; 	<p><u>Response from Property & Asset Management: (P&AM)</u> We will liaise with H&S to form one annual return which includes elements in relation to P&AM. We will rely on the verification checks completed by H&S and follow up any issues that relate to PAM on a case by case basis.</p> <p>We will also discuss and agree the approach to non-community Schools as it is felt that these should be included for the reasons set out in the above recommendation.</p> <p><u>Response from Health and Safety:</u> Follow up will be conducted for action plans relating to radioactive material, when timescales have reached.</p> <p>Capital Project Manager June 2012</p>

Priority 1 Recommendations

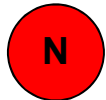
Management Response / Responsibility/ Deadline for Implementation

- (P&AM) Who will be responsible for each aspect of monitoring and inspections;
- (P&AM) Whether insurance cover is required to be checked and validated; and
- (P&AM and H&S) How to address instances of non compliance and monitoring of actions being taken against the action plan.

LIMITED ASSURANCE REPORTS – School Audits

Princess Frederica C of E (2011/12)	Finalised since December 2011 meeting Eight priority 1, five priority 2, and one priority 3 recommendations were raised as a result of this audit. All of our recommendations were agreed for implementation by the School.	
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NIL ASSURANCE REPORTS - Schools

Malorees Junior School (2011/12)	Finalised since December 2011 meeting. 13 priority 1, 24 priority 2 and 1 priority 3 recommendations were raised as a result of this audit. All of our recommendations were accepted for implementation by management.	
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NON-ASSURANCE WORK

This section summarises other work undertaken during 2011/12 for which an assurance opinion was not applicable. Where individual assignments have been reported to you previously, the details have now been removed.

New assignments

Oracle Security – Scheme of Delegation	<p>The focus of this work was to assess the security of the Council's single accounting system, Oracle, specifically focusing on access controls and segregation of duties.</p> <p>An initial piece of work was undertaken in November 2010, which looked at key elements of security around access to the application and management of the database behind it. The recommendations raised as part of that work have been followed-up as part of this scope.</p> <p>The outcome of this work will be reported in the next Committee when the report is finalised.</p>
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Follow-Up of Previously Raised Recommendations

The table below provides a summary of the findings from the follow-up work completed since the previous meeting of the Committee, excluding any BHP recommendations.

For any recommendations found to have only been partly implemented or not implemented at all, further actions have been raised with management.

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	
16-17 Year Olds Housing Provision	-	1	-	2	2	-	-	-	-	2	3	-	-	-
Housing and Council Tax Benefits	-	1	-	4	1	1	-	-	-	4	2	1	-	-
Payroll	-	1	-	-	2	2	-	-	-	-	3	2	-	-
IT Project and Programme Management	-	1	-	3	1	-	-	-	-	3	2	-	-	-
Total	4	2	1	12	-	-	3	3	2	19	5	2	-	

Follow up of IT Project and Programme Management

Given the significance of this area and the discussions at the last meeting, the outcome of the follow up in respect of Project and Programme Management has been included in this report as shown below:

Original Recommendation	Priority	Current Status	Management Response
<p>Procedures and processes are developed to ensure that good project management methodology and practice is followed. For example:</p> <ul style="list-style-type: none"> • Approval of the Objectives and Critical Success Factors is performed by the Corporate Programme Board (One Council Programme Board) or an equivalent of a steering group; • Regular formal Project and Programme Board meetings are held and details from the meetings formerly recorded; • Project Plans are adequately completed that provides details and breakdown of the various tasks, timelines, review stages, begin and end of project timeline with regular review, monitoring and update of the plan and the plan version controlled; • The Programme Plan is regularly updated and monitored by the Corporate Programme Board or an equivalent of a steering group; • Project stage sign offs are obtained; • Formal approval of the budget is obtained with regular monitoring and update of the budget performed and reported to the Project Board; • Regular (RAG) status update reports are produced and distributed to the Project Board, senior management, key stakeholders and steering groups; • Client satisfaction surveys are carried out; 	1	<p>PARTLY IMPLEMENTED</p> <ul style="list-style-type: none"> • Approval of objectives and critical success factors has not been fully implemented. However, as in recommendation 5, formal governance has been established and therefore future projects and programmes will require this level of approval (Partially Implemented); • Regular formal project and programme board meetings are held. This is the case for the VDI project and One Council Programme where minutes are available (Implemented); • Project plans are completed and provide a detailed breakdown. Evidence of the project plans were found to be in place (Implemented); • We reviewed an end of stage report and sign off for the Infostore implementation (Implemented); • Formal approval of budgets is in control of the business and not IT (Not Implemented); • The One Council strategic support services planner was reviewed and found to contain a RAG status for the programme (Implemented); 	<p>The above two points which are partially implemented will be fully integrated by the end of March 2012. The point about budgets being approved is outside of the scope of IT and rests with the business. This will be fully implemented once a corporate decision is reached in either allocating a budget for projects and programmes or an alternative source recommended.</p> <p>Responsibility: Robert Hurcum – ICT Programme Manager</p> <p>Deadline: April 2012</p>

Original Recommendation	Priority	Current Status	Management Response
<ul style="list-style-type: none"> • A lessons learnt exercise is conducted and post project reviews are conducted with any good or bad practices noted for future projects; and • Project sign offs are obtained from the sponsor. 		<ul style="list-style-type: none"> • Client satisfaction surveys are currently work in progress (Partially Implemented); • An end of stage report for the Infostore implementation contained a lessons learnt section which detailed actions required and the owner for each lesson learnt (Implemented); and • Project sign offs are being obtained by project sponsors and this was verified on the Project Closure Report for the “Bring Your Own Device” project (Implemented). 	
<p>Management should ensure that a formal process is established to periodically monitor and report on the implementation of the ICT strategy against the agreed quantitative and/or qualitative targets as well as ongoing achievement of key objectives and outcomes.</p>	2	<p>PARTIALLY IMPLEMENTED</p> <p>The new Head of IT is the new CIO for Brent and has met with the Director of Finance and Corporate Services to prepare and publish a recommended strategy document by March 2012.</p>	<p>Discussions with the CIO confirmed that he is presently working to fully implement this by March in order that the Council may agree and implement a full IT Strategy, which will set the manner in which it aims to achieve the Council’s goals and objectives.</p> <p>Responsibility: Stephan Conaway – Chief Information officer (CIO)</p>

Original Recommendation	Priority	Current Status	Management Response
			Deadline: March 201
<p>Project planning and priority setting should be undertaken for projects that are in line with the strategic objectives and plans of the Council and ensure that best use of resources is made.</p>	2	<p>IMPLEMENTED</p> <p>For the current One Council Programme, the ICT programme Manager meets regularly with the One Council Programme Board and the new CIO to plan and prioritise objectives and resources. In addition, Sharepoint has been developed for the management of all projects. We reviewed this portal where projects are listed in alphabetical order. Within each project folder various documents are contained such as, minutes, project plan, PID, terms of reference, etc. This is accessible by all project managers, and the Programme Manager can review the latest updates to each project and programme stream under Sharepoint.</p>	n/a
<p>ICT management should ensure that programme and project standards and templates are developed for programme and project process and management. Once developed, ICT should periodically review these to ensure that they remain current and valid for the purpose and are in line with best practice standards.</p> <p>Furthermore, management should ensure that there is a policy in place to ensure that IT projects and</p>	2	<p>IMPLEMENTED</p> <p>The One Council Programme has been used to produce standard documents and templates, which have now been adopted for all future projects and programmes. A shared drive is being developed which will hold templates for all stages of a typical project and programme. We were able to verify this through live templates which have been fully implemented for</p>	n/a

Original Recommendation	Priority	Current Status	Management Response
<p>programmes follow these or other Council's standards. Additionally, a process should be put in place to periodically check the projects and programmes for compliance with these standards.</p> <p>To save on development of new templates and standards or if assistance is required, we recommend that ICT contact Capital Portfolio Office, Regeneration and Major Projects team who already have developed standards and templates for project process.</p>		<p>the "Bring your own device" (BYOD) project. The following templates were used: PID, Project Closure Document, Project Plan; and End of Stage Report.</p>	
<p>A Terms of Reference and Roles and Responsibilities is developed for the IT Programme Board that clearly indicates the brief under which it will operate and the roles and responsibilities of the Board as well as individual members of the Board.</p> <p>Additionally, the Programme Manager should also have his role and responsibility defined and documented. Once developed, it should be approved by Senior Management or the Governance Board to whom the Programme Board and Programme Manager will report to or be accountable to.</p>	2	<p>IMPLEMENTED</p> <p>We reviewed the ITU One Council Programme Board Terms of Reference, which contains the various roles and responsibilities including that of the ICT Programme Manager. This has been approved by members of the Board. This template will be adopted for all future projects and programmes.</p>	n/a
<p>We recommend that review, prioritisation and approval of projects should be undertaken by a steering group or equivalent that has senior management authority.</p>	2	<p>IMPLEMENTED</p> <p>For the One Council Programme the sponsoring group is the CMT. The ICT Programme Manager's role is to identify the IT elements and maintain discussion with the Project Board. The Senior</p>	n/a

Original Recommendation	Priority	Current Status	Management Response
		<p>Management Team is in place and in the case of the One Council Programme, the IT Programme Board reports to the One Council Programme Board and therefore approval is sought for on-going priorities. Through this, formal lines of Governance have been established.</p>	

Appendix A – Audit Team and Contact Details

London Borough of Brent	Contact Details
Simon Lane – Head of Audit & Investigations	✉ simon.lane@brent.gov.uk
Aina Uduehi – Audit Manager	☎ 020 8937 1260
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	☎ 020 8937 1495

Deloitte & Touche Public Sector Internal Audit Limited	Contact Details
Mark Towler – General Manager	✉ phil.lawson@brent.gov.uk
Phil Lawson – Sector Manager	☎ 020 8937 1493
Miyako Graham – 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>Audit Committee 22 February 2012</p> <p>Report from the Director of Finance and Corporate Services</p>
<p>For Information Wards Affected: ALL</p>	
<p>Report Title: Project Risk Register</p>	

1. Summary

- 1.1. This report provides the committee with an example of a Project Risk Register (Civic Centre) as requested at the last meeting of the Committee on 15th December 2011.

2. Recommendations

- 2.1. None.

3. Detail

Background

- 3.1. This report provides a copy the risk register for the Civic Centre project (appendix C1 to C3). The Civic Centre Registers are held in a spreadsheet format and are not easily reproduced on an A4 sheet. Due to their size and in order to fit across one page, closed risks have been removed and column widths adjusted.

4. Financial Implications

- 4.1. None

5. Background Papers

None.

6. Legal Implications

- 6.1. None.

7. 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

London Borough of Brent - Civic Centre Risk Register – Resource Risk

ID	Category	Risk Description	Consequences	Inherent Risk			Mitigation strategy					Residual risk							
				Probability % score	Programme Impact	Risk value	Proximity	Strategy INHERENT RISK RATING	Mitigation/ response	Risk Owner	Theme	Cost of mitigation	Deadline	externally	Risk value	Comments	Current status	Last review	
1	Resource	Interest rate fluctuations mean that the Council is unable to borrow at the rate defined in the Resource Envelope.	The Council is unable to generate the resources required to support the project and the quality of the building is compromised	Low	Minor	£1m - £5m	Construction	Partially	LBB Treasury Management team (and its advisors) to provide updates on market rates and future trends. Budget currently includes a risk allowance of 0.75% (or £12m) for interest rate fluctuations.	Clive Heaphy	Property, Planning, Funding, Risk Management		Continual review	Internal		Risks will be monitored and addressed as part of the overall Treasury Management strategy of the Council. Interest rates have been assumed at 5.0% risk adjusted to 5.75%. Any borrowing taken at a lower level could secure savings Report issued to DoF March 2009 that refreshed the model originally put forward in December 2007. This concluded that the assumptions within the Resource Envelope were broadly still valid and that the Envelope could still be delivered to the original level.	Increasing	11/03/2011	Low Medium £1m - £5m
2	Resource	Capital Receipts generated from the sale of freehold properties do not produce the required levels to support the Resource Envelope	The Council is unable to generate the resources required to support the project and the quality of the building is compromised	Low	Moderate	£5m - £10m	Continuous	Amber	LBB Property and Asset Management department to manage sale of properties to maximise receipts. Budget includes a risk factor of 25% on the total value of all receipts.	Richard Barrett	Property, Planning, Funding, Risk Management			Internal		Business case updated end August 2011. Capital receipt assumption has changed. Business case to be refreshed and likely capital receipts to be adjusted. Probability post investment decision should be low.	Limiting	07/09/2011	Low Moderate £5m - £10m

3	Resource	Risk that long-term maintenance issues and revenue costs are not fully taken into account when defining the solution - in particular increased revenue and running costs due to the size of the site (i.e. more floors - staff needed)	Overall project objectives compromised	Low	Mod- erate	£5m - £10m	Continuous	Amber	Avoid	LBB Property and Asset Management department to revisit initial assessment periodically through life of project. The budget includes a sensitivity of 5% of the total budget for increased costs of the portfolio (£13m).	Clive Heaphy	Property, Planning, Funding, Risk Management			Internal	Director of Finance and Sector to review the levels of money set aside for this element of risk. Need to ensure that increases in utilities are not included as these will be accounted for in the general increase in CT that the Council will make each year.	Closed	11/03/2011	Low/Moderate £5m - £10m
4	Resource	Potential buyers deterred by Town Hall listed status and capital receipt and/or development potential compromised	Constrain the future use/development of Town Hall site and could impact on the funding available	Medium	Minor	£1m - £5m	Continuous	Amber	Mitigate	There is evidence to suggest the Town Hall can be sold with its listed status. To ensure Board members are aware of the risk, a paper will be produced in advance of Planning Committee decision on how to proceed.	Richard Barrrett	Property, Planning, Funding, Risk Management			Internal	Chris Walker explained that the probability of de-listing the Town Hall is low as such the probability has been increased. Business case amended to reflect likely capital receipt and risk probability reduced accordingly.	Increasing	29/09/2011	Medium/Minor £1m - £5m
5	Resource	Whole life cycle/FM costs affected by changes in assumptions e.g. equipment in the building, as the design is finalised or if items fail ahead of predicted dates.	Overall project objectives compromised	Low	Mod- erate	£5m - £10m	Continuous	Amber	Avoid	LBB Property and Asset Management department to revisit initial assessment periodically through life of project. The budget includes a sensitivity of 5% of the total budget for increased costs of the portfolio (£13m).	Clive Heaphy	Property, Planning, Funding, Risk Management			Internal	Director of Finance and Sector to review the levels of money set aside for this element of risk. Need to ensure that increases in utilities are not included as these will be accounted for in the general increase in CT that the Council will make each year.	Open	07/09/2011	Low/Moderate £5m - £10m
105	Financial	Leases not terminated on the business case buildings	Increased cost to the council as we would need to pay operating costs for existing building(s) as well as the Civic Centre.	Low	Minor	£50k - £250k	Post Construction	Green	Mitigate	Ensure clear exist strategy in place in the strategic property review Get legal and property advice	Richard Barrrett	3. Sustainability, Building Design, Accommodation, Facilities Management	£0		Internal	Opportunities being exploited with some leases being terminated early ahead of business case assumptions.	Increasing	07/09/2011	Low/Minor £50k - £250k

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London Borough of Brent - Civic Centre Risk Register – Construction and Development Risk

ID	Category	Risk Description	Consequences	Inherent Risk			Mitigation Strategy						Residual risk				
				Probability % score	Programme Impact	Risk value	Proximity	Strategy INHERENT RISK RATING	Mitigation/ response	Risk Owner	Theme	Cost of mitigation	Deadline	Risk Value Internally/ externally managed	Comments	Current status	Last review
105	Political	Conflicting drivers of decision makers and difficulty in achieving consensus on the way forward.	Loss of public and political support. Project may be delayed. If project proceeds the Vision & Objectives may be compromised.	Low	Moderate	£50k - £250k	Continuous	Green	Clearly defined governance structure and brief in place. Communications strategy. Project Director chairs the Project Working Team and responsible for achieving consensus within the Council. Sign off at clearly defined milestones. Assurance framework to support project (i.e. Gateway reviews)	Toni McConnville	4. Stakeholder Engagement, Communications, Consultation and Diversity	£300k	First Gateway review completed by Feb 09.	Internal	Planning approval and elections completed with cross party support	Increasing	29/09/2011
106	Governance	Officers have insufficient capacity to devote to project	The target completion date of 12/2012 is missed. Delays lead to increased costs leads to an inability to fully fund the project. If project proceeds the Vision & Objectives may be compromised. Officers other duties are compromised	Medium	Moderate	£50k - £250k	Continuous	Amber	Governance structure to be streamlined to reduce number of meetings. Additional resources to be employed/redirected where necessary. Consultant support to be used where necessary. £1.6m included in budget to cover internal resources. Appointed officer to project team.	Akhtar Choudhury	1. Commercial	Included in budget	Immediate	Internal	Risk profile increased as inability to meet deadlines has high likelihood of additional costs. Risk also applies to Move to the Civic	Increasing	07/09/2011

LowModerate£50k - £250k

MediumModerate £50k - £250k

107	Communications	Poor management of the media leading to negative press	Loss of key stakeholder support. Reputational damage	Medium	Minor	£50k - £250k	Communication and Stakeholder Management	Mitigate	Communication strategy developed. One officer to handle media enquiries to ensure consistency of message. Ensure understanding and commitment to Council's media protocol.	Toni	4. Stakeholder Engagement, Communications, Consultation and Diversity	Council initiative - marketing costs and public consultation			Dedicated communications officer to be allocated for the Civic Centre and Move to the Civic. Agreed on 18/10/10 but subsequently the One Council Programme Bd did not approve the budget.	Increasing	29/09/2011	MediumMinor£50k - £250k
108	Functionality/	Accessing site is difficult during construction on other developments (site constraints, adjacent QED development works).	Disruption to day to day operations and reduced customer and staff satisfaction	Medium	Minor	£0 - £50k	Construction	Mitigate	Research now, review during feasibility stage and design development; establish bespoke risk to the contractor in brief. Site restrictions during the olympics needs to be determined and written into contract and tender. Reinforce partnership approach with QED at next Chief Exec level meeting.	Aktar	3. Sustainability, Building Design, Accommodation, Facilities Management	£50k		Internal	QED likely to be commercial in any temporary relaxations.	Increasing	29/09/2011	MediumMinor£0 - £50k

erations																	
106	Construction	The main substation will not be made available by QED by December 2011	Building Power On date is missed delaying commissioning activities and handover.	Very High	Minor	£250k - £1m	Construction	Mitigate Include contractual clause in the land purchase agreement. Support QED in negotiations with UK Power Networks Build in some float	Aktar	3. Sustainability, Building Design, Accommodation, Facilities Management			Internal	Regular meetings held with QED to maintain dialogue. Currently we are aware that QED and UK power networks are clarifying maintenance responsibilities for 2 exhaust chutes. Outline programme now exists. TT are monitoring QED performance.	Increasing	07/09/2011	Very HighMinor£250k - £1m
106	Construction	Offsite manufacture of key building components e.g. cladding and CHP unit are not aligned to programme or delayed.	Site works delayed	Medium	Moderate	£0 - £50k	Construction	Transfer Risk is transferred to Contractor. - However given significant material is procured from abroad we need to keep a very close monitor on this activity. Obtain clear method statements and reporting from Contractor and undertake independent inspections via Mott MacDonald. This has been included in Mott MacDonald's contract.	Aktar	Commercial			External	Particularly relevant for cladding and shutters required for concrete frame	Increasing	29/09/2011	MediumModerate£0 - £50k

107	Programme management risk (time)	Application for Town Hall to become a 'Listed Building'	Potential delay to scheme; would constrain the future use/development of Town Hall site and could impact on the funding available	Medium	Minor	£250k - £1m	Continuous	Mitigate	Director of Planning to respond to application.	1. Property, Planning, Funding, Risk Management	Internal	Moved to Resource Risks (ID 4)	29/05/2009			
108	Site Conditions	Archaeological finds during highway and garden works delay the project and increases costs.	Any delays in the project will increase costs and may compromise the vision and objectives. Project may be abandoned	Very Low	Minor	£50k - £250k	Construction	Mitigate	Early site research on the site to ascertain likelihood of and allow contingency in programme. Site surveys to be undertaken by specialist consultant.	1. Commercial	£30k	Sep-12	Internal	Possibility to transfer to contractor/QED	Open	29/09/2011
109	Procurement	As a result of scrutiny (Overview & Scrutiny Committee, internal audit or external Gateway review) a fundamental challenge to	The business case/governance structure for the project is challenged and overturned. Any delays in the project will increase costs	Very Low	Minor	£1m - £5m	Continuous	Mitigate	Regular internal (or where necessary external) scrutiny to be factored into project plan. Robust management of costs, funding and design. New programme management governance health check complete. Civic Centre green on RAG rating.	6. All	See ID 9	Ongoing.	Internal	External Gateway review conducted by 4Ps in June 2009, involving key	Open	29/09/2011

MediumMinor£250k - £1m

Very LowMinor£50k - £250k

Very LowMinor£1m - £5m

		projects business case and governance is raised.	and may compromise the vision and objectives														officers & members. Deloitte conducted an internal audit in 2010 and recently completed another audit. Both reports did not show any significant issues. Next Gateway review could be at "ready for service" stage.	
1	Governance	Changes in or loss of key sponsoring officers impacts on continuity	Delays lead to increased costs leads to an inability to fully fund the project. If project proceeds the Vision & Objectives may be compromised.	Low	Moderate	£0 - £50k	Continuous	Green	Accept	Large group of Council officers involved in the project. Handover process in place to ensure continuity.	Clive Heaphy	1. Commercial	n/a			Internal	Open	29/09/2011
111	Governance	Project Team and consultants poor performance	Project vision & objectives may be compromised. Design and quality of the building may be compromised. Project may be delayed and cost overruns	Low	Moderate	£250k - £1m	Continuous	Green	Mitigate	Appointed Project Director to have overall responsibility for performance management of internal and external team. Project Managers responsible for performance management of consultants. Budget allocation for internal and external team costs.	Akhtar Choudhury	1. Commercial	Included in budget	Immediate		Internal	Open	29/09/2011

LowModerate£0 - £50k

LowModerate£250k - £1m

112	Functionality / Operations	The new civic centre is unable to properly function as highways and access routes by QED are late or incomplete, or additional restrictions are applied by QED/LBB.	The opening of the civic centre is delayed because the access routes are not built in time. LB Brent 'step in' to undertake to build the access road. Legal claims. Income generation affected.	Medium	Moderate	£250k - £1m	Detailed design (contractor)	Amber	Mitigate	Director of Regeneration & major Projects and Director of Finance attend Project Board meetings. The issue of masterplanning should be raised with the designers asap. The building is designed to be wholly self sufficient. Active dialogue with QED to ensure access remains during their build out. Contract with QED updated to clarify responsibilities. Design and timescales includes temporary measures for services, access and ENVAC (cost included with Stage E design).	Actor	Choudhury	1. Commercial	£30,000		Internal	Residual risk of impact during construction process (interface between Contractors). QED have asked Hopkins to design an access road. Few problems emerging.	Open	07/09/2011	MediumModerate £250k - £1m
113	Construction	Availability / capacity of subcontractors reduced by demands from 2012 Olympics and other local construction activity	Potential shortage in the market place of suitable resources may give rise to increased costs Handover of the completed building is delayed and hence relocation to the new facility is also delayed and increase costs incurred.	Medium	Moderate	£50k - £250k	Construction	Amber	Transfer	Early appointment of subcontractors. Recognise that LBB may have to pay a premium to the main contractor in their appointment to transfer this risk.	Actor	Choudhury	1. Commercial	Review		Internal		Open	07/09/2011	MediumModerate £50k - £250k
114	Site Conditions	Unforeseen ground conditions / unknown underground structures	Cost increases and programme delays. Potential redesign possibility.	Low	Moderate	£250k - £1m	Outline Design		Mitigate	Detailed surveys required, remedial works undertaken where necessary	Actor	Choudhury	3. Sustainability, Building Design, Accommodation, Facilities Management	£30k		Internal	Refer to new risk 100	Open	06/07/2010	LowModerate £250k - £1m

	ions																		
115	ICT	Late delivery/changes of the ICT strategy	Dispute over requirements Delay to programme Increase costs if no agreement is reached Building does not cater for requirements	Medium	Moderate	£250k - £1m	Construction	Amber	Mitigate	Head of IT to develop ICT vision/strategy with reference to project plan timescale. External support from T&T enlisted. ICT design progressed to RIBA Stage E and ICT technical advisor appointed June 2010. Any changes being explored could potentially save money, however may provide greater risk to business resilience.	Client Head of	3. Sustainability, Building Design, Accommodation, Facilities Management			Internal	Enterprise wide IBMS being investigated	Open	29/09/2011	Medium Moderate £250k - £1m
116	ICT	Late procurement of ICT active end-systems and/or support function (e.g. Room booking system not in place, access smart cards)	Delay to programme Building not ready for service as designed Increase costs.	Low	Minor	£50k - £250k	Recant	Green	Mitigate	LB Brent Procurement department to facilitate procurement. Fit out period built into project plan. ICT procurement programme to be developed by early 2011.	Aktar Choudhury	2. Ways of working (HR, ICT, NWW, Customer Interface)	TE	Internal			Open	29/09/2011	Low Minor £50k - £250k
117	Security	Building becomes inoperable due to CTM (Counter Terrorism Measures) risk in operation	Exclusion zone requires building to be shut down. Service provision and business continuity impacted.	Low	Major	£250k - £1m	Post Construction	Amber	Mitigate	Business continuity plan required, alternative building may be needed. Willesden is the second site. Ad hoc working enabled.	Aktar Choudhury	3. Sustainability, Building Design, Accommodation, Facilities Management				Note: continuity plan is still required - Linked to Willesden Green project	Open	07/09/2011	Low Major £250k - £1m

118	Security	The security threat profile changes during the construction process.	Unforeseen costs incurred to accommodate changes to the construction methodology.	Medium	Moderate	£250k-£1m	Detailed design (contractor)	Amber	Mitigate	Scenario planning do evaluate alternative options to continue with construction.	Akhtar Choudhury	3. Sustainability, Building Design, Accommodation, Facilities Management				Appointment of main contractor made, risk will be a change to the contract to enhance security.	Open	07/09/2011
119	Financial	The consultant / design team go into administration or become insolvent or one or more subconsultants break contract with Hopkins	The project is delayed The design is incomplete or difficult to interpret by contractor Financial loss for LB Brent.	Very Low	Moderate	£250k-£1m	Continuous	Green	Mitigate	Procurement team review financial position at commissioning stage. Legal to ensure adequate legal contract to mitigate the risk of financial loss. Undertake another financial check.	Clive Heaphy	1. Commercial	£0 - part of the Council's procedures			LBB undertook due diligence after Hopkins changed from Ltd to LLP. Scott Wilson now merged with URC. Initial checks satisfactory.	Open	29/09/2011
94	Functional	Major Defects are found in the design of the building	Additional costs incurred to correct defects. Health and Safety implications for Council staff.	Low	Moderate	£250k-£1m	Detailed	Green	Transfer	Refer to Clause 8.1 of the design team appointment. Very active inspections / monitoring during defect liability period. Design reviews by Technical Advisor.	Akhtar Choudhury	1. Commercial	£0 - included within the bond requested from the			Proximity November 2010	Open	29/09/2011

MediumModerate £250k - £1m
Very LowModerate £250k - £1m
LowModerate £250k - £1m

ity / operations					esign (contractor)			d hurry		Design team.						
Functionality / operations	Adequate facilities management plans are not in place.	The requirement of facilities management to reflect the future operational model for FM are not considered in the resourcing of FM to reflect the management requirements for the building. Future FM operational model and team not in place to allow effective handover.	Medium	Moderate	£250k-£1m	Construction	Mitigate To prepare a clear plan for implementing the future FM arrangements in time to work with the contractor during commissioning and witnessing activities. Ensure the future FM team are in place to receive effective handover of the building from Skanska.	Richard Barrett	3. Sustainability, Building Design, Accommodation, Facilities Management	£120k	March 2012 (for new arrangements to be in place)	Interim	FM high level option study ready. Waiting on property project review. Agreed to send out at meeting 5 May 2010. Now agreed to report to the Board in July 2010. FM discussions are taking place in other non Civic Centre groups. Proposals for medium term future of the service to be brought forward, ready for implement	Open	29/09/2011	MediumModerate £250k - £1m

														<p>ation in 2011/12. FM consultant s appointed to propose options for future FM management of the CC and wider estate; develop outcome based specificati ons for hard & soft FM and events management.</p>		
<p>99</p>	<p>C o n s t r u c t i o n</p>	<p>Disruption on site during 2012 Games</p>	<p>Delay contract. Additional disruption costs. Occupation of building delayed. Contractors are unable to access the site during construction, delaying the development of the building</p>	<p>M e d i u m</p>	<p>M i n o r</p>	<p>£1 m - £5 m</p>	<p>C o n s t r u c t i o n</p>	<p>M i t i g a t e</p> <p>Early and ongoing dialogue with LOCOG, local planning authority. Clause in D&B contract. If unresolved by end of June 2010, convene a principals meeting. Work with QED to secure alternative provisions. Also ensure site is not within red line area or restrictions. Keep site excluded from 2012 branding. To be reviewed.</p>	<p>A k t a r C h o u d h u r y</p>	<p>1. Commercial</p>	<p>£0</p>	<p>Jun-10</p>	<p>I n t e r n a l</p>	<p>New Risk added 18/01/10. Cost of disruption established on a 1/2 day basis. To be reviewed after forthcoming meetings. Change request sent to Skanska to plan for access and egress from site from the Empire Way route. Skanska currently undertaking this work and will</p>	<p>O p e n</p> <p>29/09/2011</p>	<p>MediumMinor£1m - £5m</p>

												advise of any implications. TT have re-started discussions with QED based on agreements reached by QED & Brent for use of access from Empire Way. Verbal updated given at high level meeting that Engineers Way will also be closed to pedestrians and traffic.		
1000	Site Contractor finds unforeseen ground problem (contamination underground, structures, existing services, UXO etc) during highway and garden works	Work is delayed. Extra costs	Very Low	Moderate	£250k - £1m	Construction	Transfer Ensure warranties are back to back e.g. URS. Ensure contractors undertake their own survey post appointment. Included in JCT contract.	Aktor Choudhury 3. Sustainability, Building Design, Accommodation, Facilities Management	£100k	Sep-12	Internal	JCT to be checked. New risk added 02/06/2010 - an amalgamation of Risk 56-59	Open	29/09/2011 Very Low Moderate £250k - £1m
102	Design Lack of finalised future branding information	Design may be delayed. The building may not include the final agreed branding. If the branding has to be changed at a later date,	Very High	Moderate	£250k - £1m	Detailed	Mitigate Meeting held with Prafula Shah on 1 Dec 2010 to explain urgency. Matter to be raised with at Programme Board on 17 Jan 2011. Critical date scheduled for information to be released for w/c 10 Feb 2011.	Aktor Choudhury 3. Sustainability, Building Design, Accommodation, Facilities Management			Internal	Partially mitigated by instructing etching to be removed from the design.	Open	07/09/2011 Very High Moderate £250k - £1m

111	Construction	Brent fails to secure all their BREEAM credits	Failure to secure BREEAM Outstanding. Reputational damage.	Medium	Insignificant (£0 - £50k)	Detailed design (contractor)	Green	Transfer	Contract requires Contractor to assist Brent to achieve further credits should Brent not be able to secure the BREEAM credits allocated to them.	Aktar Choudhury	Commercial			Internal		Open	29/09/2011
110	Construction	Contractor fails to secure all their BREEAM credits	Failure to secure BREEAM Outstanding. Reputational damage.	Medium	Insignificant (£0 - £50k)	Detailed design (contractor)	Green	Transfer	Risk transfer to Contractor. Contract allows for LBB to retain an element of the retention monies should Skanska not achieve their BREEAM credits as stipulated in the Contract.	Aktar Choudhury	Commercial			External	Current position is BREEAM points just within Outstanding zone. Skanska are confirming the last few innovation requirements before submitting to BRE for assessment for the design & procurement stage.	Open	29/09/2011

Medium Insignificant £0 - £50k

Medium Insignificant £0 - £50k

Construction

Delay to programme leading to practical completion date missed

Council misses move in date. Some leases on existing properties may need extending.

Very High

Minor

£50k - £250k

Construction

Transfer

LADs have been included in the contractor's contract. In the event of a high probability of the risk becoming real, consider acceleration measures; phased handover; shorter installation duration for FFE. Regular monitoring & minimise change requests.

Aktar Choudhury

Commercial

£50k

Interim

Currently Skanska reporting delay to the concrete frame programme however no change to the PC date. Daily monitoring on and off site undertaken by project team & TT.

Open

29/09/2011

Very High
Minor £50k - £250k

<p>1 1 3</p>	<p>Health and safety</p>	<p>Health and safety management is not integrated into construction project management processes.</p>	<p>Health and Safety legislation is breached. The building is not safe to use or to maintain.</p>	<p>Very Low</p>	<p>Moderate</p>	<p>£250k - £1m</p>	<p>Construction</p>	<p>Green</p>	<p>Transfer</p>	<p>Involve Brent Health and safety in planning for construction. Contractor compliance with H&S standards to be checked as part of the procurement process. Principal contractor to produce a construction phase health and safety plan. CDM coordinator providing independent advice.</p>	<p>Aktar Choudhury</p>	<p>1. Commercial</p>	<p>£0</p>			<p>Internal</p>	<p>H&S integral to procurement process and the contractor demonstrated during tender stage. Any breach will be the responsibility of the contractor to manage.</p>	<p>Reducing</p>	<p>29/09/2011</p>	<p>Very Low Moderate £250k - £1m</p>
<p>1 4</p>	<p>Planning</p>	<p>QED outline planning is not signed off; and delays QED taking decisions around the access road. Council design progresses in isolation from any business.</p>	<p>Late changes to the Action Plan impacts Civic Centre design and brief</p>	<p>Very Low</p>	<p>Minor</p>	<p>£1m - £5m</p>	<p>Detailed design</p>	<p>Green</p>	<p>Mitigate</p>	<p>LPA to ensure the Action Plan is consistent with Civic Centre requirement. Regular meetings /discussions taking place with QED & LPA.</p>	<p>Aktar Choudhury</p>	<p>1. Commercial</p>	<p>N/a</p>				<p>Aktar's knowledge of recent changes to propose OPP suggests design has greater consistency with Civic Centre. QED masterplan submitted and currently with the London Mayor.</p>	<p>Reducing</p>	<p>29/09/2011</p>	<p>Very Low Minor £1m - £5m</p>

<p>1 1 5</p>	<p>Financial The contractor becomes insolvent</p>	<p>The project is delayed Financial loss for LB Brent.</p>	<p>Very Low</p>	<p>Major</p>	<p>£250k - £1m</p>	<p>Continuous</p>	<p>Amber</p>	<p>Mitigate</p>	<p>Procurement team review financial position at commissioning stage. Legal to ensure adequate legal contract to mitigate the risk of financial loss. Consider taking out a performance bond. Secure PCG.</p>	<p>Aktar Choudhury</p>	<p>1. Commercial</p>	<p>£0 - part of the Council's procedures</p>			<p>Financial checks have been undertaken at PQQ stage, further checks to be undertaken prior to award of contract. Appointed contractor has very significant turnover and global presence. PCG has been provided and facility in place for a PB if required at a later date.</p>	<p>Reducing</p>	<p>07/09/2011</p>	<p>Very Low Major £250k - £1m</p>
<p>1 1 6</p>	<p>Financial Quintain becomes insolvent</p>	<p>The project is delayed because access road may not be built on site, 'power on' may not be achieved. Financial loss for LB Brent. Quintain is unable to develop the site in line with its original masterplan. s106 payments are withheld. The Wembley area is sold on to a number of developers making its development slower.</p>	<p>Very Low</p>	<p>Minor</p>	<p>£1m - £5m</p>	<p>Continuous</p>	<p>Green</p>	<p>Accept</p>	<p>Procurement team review financial position at commissioning stage. Legal to ensure adequate legal contract to mitigate the risk of financial loss.</p>	<p>Aktar Choudhury</p>	<p>1. Commercial</p>	<p>£20,000 legal advice</p>		<p>Reducing (QED share price improving)</p>	<p>Reducing</p>	<p>29/09/2011</p>	<p>Very Low Minor £1m - £5m</p>	

117	Political	LB Brent abolished and combined with another borough's) to form new London 'super' boroughs. Building no longer needed because new borough located elsewhere.	Business case for building no longer supported as new borough located elsewhere.	Very Low	Major	£5m - £10m	Continuous	Accepted	The Leader of the Council, the CE and legal department will be aware in advance of any decision. Any decision made will have a process which identifies future options for the provision of office space. Civic Centre could be the HQ for the super borough. Liaise with any potential successor authorities if this becomes apparent.	Clive Heaphy	1. Commercial	n/a - under review		Internal		13/01/2011	Very Low Major £5m - £10m
118	Human Resources	Staff do not have the skills to adapt to new ways of working.	Staff unable to offer improved service, not fully utilising IT, accommodation and new ways of working	Low	Minor	£50k - £250k	Post Construction	Mitigate	Full L&D programme to up-skill staff in new areas	Aktar Choudhury	2. Ways of working (HR, ICT, NWW, Customer Interface)	n/a - Council initiative		Internal	The flexible working project is taking this forward. Added impetus given at Civic Centre Away Day (30 June) for rapid progress. Transferred to Move to the Civic	04/11/2010	Low Minor £50k - £250k
119	Site Conditions	Discovery of unrecorded contamination	Cost increases and programme delays. Prohibits construction on the site.	Low	Moderate	£250k - £1m	Outline Design	Mitigate	Detailed surveys required, remedial works undertaken where necessary	Aktar Choudhury	3. Sustainability, Building Design, Accommodation, Facilities Management	£30k		Internal	Refer to new risk 100	06/07/2010	Low Moderate £250k - £1m

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LONDON BOROUGH OF BRENT CIVIC CENTRE RISK REGISTER – MOVE TO THE CIVIC

Risk No.	Project Name	Description	Risk Type	Raised On	Raised By	Impact	Probability	RAG Status	Preventative/ Mitigating Actions	Update to actions	Updated By	Owner	Due Date	Status	Timescale of Risk Impact
R001	Move to the Civic Centre	EFFICIENCY SAVING: Further benefits modelling yet to be done yet there is a risk that LB Brent will be unable to make £2.6m pa efficiency savings, meaning that the project will require additional (not borrowed) funding to complete and there will be pressure on future years' budgets.	Benefit realisation	Oct-10	Civic Centre team	4	2	Green	Undertake a detailed review of all cost centres with support from Finance to identify savings in excess of £2.6m pa – allowing sufficient contingency.	03/10/11 - One Council Programme Board confirmed efficiency savings realised through other One Council projects will be apportioned to these savings where there is a direct correlation to savings in the civic centre. 04/05/11- Finance section agreed at One Council programme Board on 13/04/2011, further work to be done on identifying £2.6million efficiency.	Alice Hephby	Civic Centre	Jun-13	Open	Distant (12 Months+)
R002	Move to the Civic Centre	COMMERCIAL INTEREST: There is a risk that there is low interest from Commercial occupiers, catering companies and partners in operating within the Civic Centre, resulting in a loss of income and reduced customer service offer for the council.	Benefit realisation	Oct-10	Civic Centre team	4	2	Green	Marketing strategy to be developed as part of Move to Civic project plan alongside procurement of agent to act on the council's behalf	29/06/11 AC has met with Job Centre Plus and CNWL to discuss potential joint working in the Civic Centre. Both organisations keen and CNWL considering delivering further education business management courses from the Civic Centre. 04/04/11 - Meetings taking place with interested parties, e.g. Large venue catering	Alice Hephby	Akthoury	Jun-13	Open	Distant (12 Months+)

									suppliers, suggesting a keen level of interest. Civic Centre prospectus to be produced (with external support) by October 2011						
R003	Move to the Civic Centre	OFFICER CAPACITY: There is a risk that officers have insufficient capacity to devote to the project, resulting in the project being delayed, the target completion date being missed and officers' other duties being compromised.	Project Resource - capability and capacity	Oct-10	Civic Centre team	3	4	Amber	Additional resources to be employed /redirected where necessary. Central coordination of project to reduce duplication elsewhere and minimise service disruption. Consultant support to be used where necessary.	04/03/11 - Departmental Move action team workshop held on 11.03.2011, clarifying roles and responsibility for a number of officers across the council, ongoing monitoring of action plans to take place by Civic Centre team and Programme Board to ensure that staff are able to devote sufficient time to preparations for the Civic Centre and look at addressing this where it is not the case.	A	A k t a r C o r s s e y	Jun-13	Open	Approach (5 - 11 Months)

R004	Move to the Civic Centre	<p>ENGAGEMENT BY STAFF AND CULTURAL CHANGE: There is a risk that staff are not sufficiently involved in the preparation for the Civic Centre and do not take ownership of the process and required cultural change, leading to delays in the implementation of EDM, New Ways of Working and associated savings and staff becoming demoralised.</p>	Reputational	Oct-10	Civic Centre team	3	3	Amber	<p>Communications strategy to consider involvement of staff and actively involving staff with workshops, open days and team away days. Model office training to be run and Move Champions to be recruited to motivate staff to adopt New Ways of Working. Directors and ADs to actively encourage participation by their staff.</p>	<p>15/12/2011 Two departments have been through the Ready workshop and been invited to Model Office visits, with evidence of changes taking place in the move to clear desks and paperless working. 03/10/2011 - DMATs set up. Regular dialogue and monitoring of action plans. Model Office and Ready training started. 26/08/2011 - The Civic Centre team are working with Learning and Development and Communications colleagues to use a range of channels to develop training and communication materials for staff to keep them informed, involved and equipped to prepare for the move to the Civic Centre. 27/05/2011 - Communication strategy agreed at Civic Centre Programme Board - implementation ongoing, including staff briefings and ebulletins. Keen uptake from staff following recent staff briefings offer - staff</p>	C B l a c k m a n	T o n i M c o n v i l l e	Jun-13	Open	<p>Approach (5 - 11 Months)</p>
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R005	Move to the Civic Centre	EXTERNAL COMMUNICATIONS: There is a risk that negative press / media attention and reporting lead to a loss of public and political support.	Reputational	Nov-10	Civic Centre team	3	4	Amber	External communication strategy to be developed, with website update and clear communication of financial benefits.	briefings continuing across the council. Model office concept revised to ensure that staff remain enthused and engaged about the Civic Centre offer.	27/05/2011 - External communications strategy developed by Prafula Shah Some positive media coverage achieved through CNN video regarding the sustainability of the building.	A C o s s e y	T o n i M s C o n v i	Jun-13	Open	Approach (5 - 11 Months)

R006	Move to the Civic Centre	REPUTATIONAL RISK There is a risk that not all council services will be ready to move into the Civic Centre, leading to reputational damage.	Reputational	Nov-10	Civic Centre team	4	4	Red	Move to the Civic Centre project plan includes testing of services and staff familiarisation / training prior to the Civic Centre's opening. ICT roll out programme to take place prior to the move to ensure minimal risk upon decant.	17/11/11 - Readiness of FCS raised at Civic Centre Programme Board. Subsequent meeting taken place with Margaret Read on 3.11.11 to discuss key issues to resolve. 03/10/11 - Rate of progress on Future Customer Services is not in line with original plans and the risk of readiness for the Civic Centre is increasing. 11/08/11 - Some One Council projects are not making sufficient progress, particularly the Future Customer Services and Business Support arrangements. Also, detailed consideration is required on all non standard ICT issues e.g. Bespoke systems, integration with external ICT systems etc.	C	A B l a c k m a n	Jun-13	Open	Distant (12 Months+)

R007	Move to the Civic Centre	MOVE CHAMPION RECRUITMENT: There is a risk that the project will be unable to recruit Move Champions, resulting in low engagement of departments.	Political or stakeholder relationship	Oct-10	Civic Centre team	2	2	Green	Work to be done with Communications around strategy for recruiting Move Champions.	Closed - decision made not to have separate Departmental Move Action team representatives and Move Champions in 2011 to avoid confusion over role.	A A C o s s e y	A k t a r s e y C h o u d h u r y	Jun-11	Closed	Approach (5 - 11 Months)
R008	Move to the Civic Centre	STAFF CAPACITY AND SKILLS: Staff do not have the skills to adapt to new ways of working meaning that staff do not fully utilise IT, accommodation and new ways of working.	Project Resource - capability and capacity	Oct-10	Civic Centre team	2	2	Green	The Move to the Civic Centre project plan includes the delivery of training in all areas of EDM and Flexible Working and opportunities to practice and implement this learning through the Model Office.	15/12/2011 519 staff have been through the ready workshop to date and over 175 staff have been through the Model Office tour. GO workshops to commence in January. 03/10/11 - Ready steady go training process started September 2011. 06/04/11 - Development and delivery of training built into Move to the Civic Centre project plan and detailed in Model Office briefing note. Helena Cotton has developed an outline of the longer learning journey, using the Go Make a Difference principles to ensure that behaviours are practiced and sustained. In	A C o s s e y	C i v i l e a p h y	Jun-13	Open	Approach (5 - 11 Months)

									discussions with ITU colleagues about whether the SharePoint roll out training can coordinate with Move to the Civic Centre Model Office training . Concerns raised at some DMATs regarding capacity to sort through documents alongside day to day work.						
R009	Move to the Civic Centre	HUMAN RESOURCES: Council staff are transferred by TUPE to a contractor (e.g. facilities management, cleaning, catering) resulting in a reduction in staff morale and support for the project plans, alongside opposition from trade unions.	Political or stakeholder relationship	Oct-10	Civic Centre team	2	2	Green	Council to identify suitable alternative positions for staff. Council to consider redundancy provision in respect of TUPE staff. Council to take steps to apply good change management and	11/03/11 - To be considered following clarity on Facilities Management strategy and its HR implications - see Risk 10 for details.	A C C o s s e y	C i v i c C e n t r e	Jun-13	Open	Distant (12 Months+)

									communicati on to ensure TUPE is positive experience.						
R010	Move to the Civic Centre	FACILITIES MANAGEMENT: There is a risk that adequate facilities management plans are not in place resulting in poor maintenance, health and safety breaches and public staff perception of the building deteriorating.	Performance or service level target specific	Oct- 10	Civic Centre team	3	2	Green	Work with Property and Asset Managemen t to define, procure and implement a facilities managemen t strategy covering all parts (catering etc.). On this basis, details of any facilities not provided to the required specification and any missing or deficient items can be identified, with agreed	12/01/2012 - Report to Exec on FM due Feburary 2012.26/8/11 FM strategy due to be taken to October Civic Centre Programme Board.27/7/11 FM consultants appointed and engaged in meetings with key stakeholders.29/6/11 Out to tender for FM consultants who will recommend the FM strategy that should be put in place for the Civic Centre and the wider estate. 5 bids received. Evaluation due for completion 1/7/2011.	A R C O S S E Y	R i c C o h s a r d	Jun-13	Open	Distant (12 Months+)

									plans for addressing any outstanding issues to be provided to design team.						
R011	Move to the Civic Centre	ALIGNMENT: There is a risk that timetables for other One Council Programme projects are not aligned with the Move to the Civic Centre project, resulting in delays, confusion and the organisation not being ready to move in 2013.	Timescale, critical path	Nov-10	Civic Centre team	4	3	Amber	The Move to the Civic Centre project has identified clear dependencies and established communications channels with key projects to ensure a joined up	11/08/11 - Some One Council projects are not making sufficient progress, particularly the Future Customer Services and Business Support arrangements. Also, detailed consideration is required on all non standard ICT issues e.g. Bespoke systems, integration with external ICT systems etc. 29/6/11 - Coordination	C B l a c k m a n	A k t a r C h o u d h u r	Jun-13	Open	Approach (5 - 11 Months)

									approach.	through measures outlined for dependencies, further clarification sought through meetings e.g. Print post and scanning workshop 6/6/2011, attended by FCS, IT, CC officers.	y				
R012	Move to the Civic Centre	WILLESDEN GREEN LIBRARY: Timetable for wider Customer Service offer and property portfolio not aligned or not co-ordinated as the project moves forward.	Timescale, critical path	Oct-10	Civic Centre team	3	3	Amber	Close liaison with the Future Customer Services project and Willesden Green project to ensure joined up approach.	19/9/11 - 3 tenders received from potential development partners to redevelop the Willesden site. 27/7/11 - Discussion on timescales at Budget and Service Planning away days July 2011. Priority for Willesden Green to be open in 2014. 06/04/11 - Gap between Civic Centre and Willesden Green opening dates discussed at Civic Centre programme board 18.10.2010 - agreed to look at options including interim provision of customer services at MG House - leased until 2016. Ongoing discussion with Property and Asset Management. Implications for data	A R C O S S E Y	R i c h a r d B a r r e t t	Jun-11	Open	Approach (5 - 11 Months)

									centre discussed with ITU 16.02.2011						
013	Move to the Civic Centre	DISASTER RECOVERY PLANS: There is a risk that non ICT disaster recovery plans are not in place or disaster recovery sites are not procured in adequate time, leading to a delay in response times, a threat to staff and public health and safety and loss of reputation.	IT and Technology	Oct-10	Civic Centre team	4	3	Amber	Secondary CCTV and BECC locations to be agreed through discussion with Property and Asset Management.	03/10/11 - Secondary CCTV/BECC not being provided at Willesden Green. Alternative to be confirmed. 04/04/11 - Discussions regarding Willesden Green BECC opening ongoing.	A C o s s e y	A k t a r C h o u d h u r y	Jun-11	Open	Distant (12 Months+)

R014	Move to the Civic Centre	ICT RECOVERY PLANS: ICT disaster recovery plans not in place, disaster recovery sites are not procured in adequate time and functionality not available.	IT and Technology	Oct-10	Civic Centre team	2	2	Green	LB Brent to prepare ICT backup/disaster recovery plan for the new building.	03/10/11 - Strategy being reviewed by CIO26/08/2011 - Project set up in ITU to look at business continuity regarding data centres.04/04/11 - Link to Willesden Green dependency re. provision of a second data centre in 2013.	C l i v e H e a p h y	Mar-13	Open	Approach (5 - 11 Months)
R015	Move to the Civic Centre	ICT ACCREDITATION: ICT accreditation incomplete resulting in disruption to business function, delay to occupation and low levels of user tolerance.	IT and Technology	Oct-10	Civic Centre team	2	2	Green	ICT accreditation requirements to be defined. Roles and responsibilities agreed. Programme to be established.		C l i v e H e a p h y	Mar-13	Open	Approach (5 - 11 Months)
R016	Move to the Civic Centre	ICT EQUIPMENT: Damage to ICT provision and equipment during physical relocation resulting in a lack of business continuity.	IT and Technology	Oct-10	Civic Centre team	2	2	Green	Mitigation response to be developed as part of Move Management.		C l i v e H e a p h y	Mar-13	Open	Approach (5 - 11 Months)

R017	Move to the Civic Centre	PROPERTY DAMAGE / LOSS: There is a risk of loss / damage to property during move causing financial loss.	Budget	Oct-10	Civic Centre team	2	2	Green	Move to the Civic Centre project to ensure that appropriate insurance cover is held including specific cover for moving items. Move to be planned early and well managed with recruitment of dedicated Move Manager.	04/04/11 - Move management built into Move to the Civic Centre project plan and budget	A C o s s e y	A k t o r s e y	Mar-13	Open	Approach (5 - 11 Months)
R018	Move to the Civic Centre	MODEL OFFICE: Unable to secure affordable location suitable for model office training	Performance or service level target specific	Nov-10	Civic Centre team	3	2	Green	Move to the Civic Centre Project Manager to liaise with Property and Asset Management regarding potential locations.	04/04/11 - 1st floor, 1 Olympic Way space secured. Location has been visited by architects who have drawn up initial layout plans, which are due to be costed. September start date agreed for the Model office experience and quotes being obtained for IT cabling work required. Risk closed.	A C o s s e y	A k t o r s e y	Mar-11	Closed	Approach (5 - 11 Months)

R019	Move to the Civic Centre	<p>FFE PROCUREMENT: There is a risk that procurement of sufficient and operational furniture, fittings and equipment infrastructure is delayed, resulting in a reduced level of service and possible loss of staff support.</p>	<p>Performance or service level target specific</p>	Oct-10	Civic Centre team	2	2	Green	<p>LB Brent Procurement department to facilitate procurement according to the Move to the Civic Centre project plan. Detailed plan to be linked to furniture pilot.</p>	<p>15/12/2011 Over 175 staff have been through Model Office tours, providing feedback on the furniture to develop a specification. Detailed furniture list in development [SJ] 03/10/11 - Model Office started. Detailed list of FFE required will commence October. 27/7/11 - FFE procurement developed for 2012 and work to commence as part of the Model Office to develop the FFE specification requirements. 04/04/11 - FFE procurement built into Move to the Civic Centre project plan. Procurement due to provide suggested shortlist of furniture suppliers to invite to participate in Furniture trial as part of the Model Office. Procurement kept up to date on upcoming procurement activities through schedule discussed at monthly commercial workstream meetings</p>	A	A	Mar-13	Open	<p>Approach (5 - 11 Months)</p>
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R020	Move to the Civic Centre	SITE ACCESS: There is a risk that accessing the site is difficult on event days (Weekdays) after the building development is complete, meaning that staff and visitors are unable to access the building, impacting upon income generation and also meaning that crowd control and personal safety become issues.	Benefit realisation	Oct-10	Civic Centre team	4	2	Green	To be assessed regularly through consultation with planning department, transportation and other key stakeholders.	04/11/10 - Development of event day protocols accounted for in Move to the Civic Centre project plan	A A C o s s e y	A k t o r C h o u d h u r y	Jun-13	Open	Distant (12 Months+)
R021	Move to the Civic Centre	CORPORATE BRANDING: Lack of agreed corporate branding could delay the design, impact on the FFE procurement and marketing of the building. If changes have to be made to branding at a later date, this will cause disruption and reputational risk to the council.	Performance or service level target specific	Jan-11	Civic Centre team	3	3	Amber	Raise matter at CC Programme Board. Meeting held with Prafula Shah on 01.12.2010 to explain urgency. Develop a critical date schedule for information to be released for w/c 10.02.2011	15/09/11 - Verbal update on the corporate brand given to CMT 01/06/11 Corporate branding colours issued to Architects on a confidential basis. 31/05/11 - Aktar Choudhury to meet Cheryl Curling and Bryan Maloney on 05/05/11 to reenergise discussion on corporate branding.	A C o s s e y	T o n i M s c o n v i l l e	Jun-13	Open	Approach (5 - 11 Months)

R022	Move to the Civic Centre	PROPERTY: There is a risk that the project is unable to find alternative accommodation for staff that are not moving to the Civic Centre.	Performance or service level target specific	Feb-11	Civic Centre team	3	1	Green	Number of affected staff to be established following wave 2 restructure. Report to go to CMT in October 2011.	25/03/11 - Discussed at CMT 03.03.2011, agreed for coordination with Property and Asset Management to consider the effect on the property portfolio given the occupancy data presented. Agreement at One Council Programme Board to appoint external consultants to develop the Property Strategy	A C o s s e y	A k t a r C h o u d h u r y	Jun-13	Open	Distant (12 Months+)
R023	Move to the Civic Centre	FINANCE: Departments are unable to fund the volume scanning, storage and remote working devices leading to lack of take up of genuine flexible working and inability to fully implement the proposed change initiative around the Model Office.	Political or stakeholder relationship	Feb-11	Civic Centre team	4	3	Amber	Recommend topslicing of budget to ensure full take up. In terms of IT devices, pooled solution proposed.	26/08/2011 - Issue raised at Commercial Workstream meeting 18.08.2011, ITU to consider this. 04/04/11 - Met with ITU on 16.02.2011 to discuss technical feasibility of pooled solution for IT devices - queries over whether this is possible as Becrypt does not have full functionality currently and encrypted laptops must be physically returned to ITU to be reconfigured for a different set of users. Discussions ongoing with finance and ITU. Becrypt pilot being restarted following assurances from supplier on functionality	A C o s s e y	A k t a r C h o u d h u r y	Apr-11	Open	Imminent (0 - 1 Month)

R024	Move to the Civic Centre	REPUTATIONAL: Potential £4m savings target that has been communciated externally is very challenging to meet.	Political or stakeholder relationship	Sep-11	Civic Centre team	1	3	Green	Ensure One Council programmes undertake process reviews for all services in the Civic Centre. Resources engaged in income generation activity are appropriate to the aspirations of the type of function/event we are trying to attract. Operate on a principle of charging for all spaces occupied by partners and contractors.	C	A	Open	Distant (12 Months+)
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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 COUNCIL' in a circular arrangement.</p>	<p>Audit Committee 22 February 2012</p> <p>Report from the Director of Finance and Corporate Services</p>
For Information * delete as necessary	Wards Affected: ALL
<p>Report Title: Draft Internal Audit Plan & Audit Needs Assessment for 2012/13</p>	

1. Summary

- 1.1. This report sets out the Draft Internal Audit Plan ("the Plan) for 2012/13 and an update on the Audit Needs Assessment ('ANA') the output of which has been used to formulate the Plan.
- 1.2. All Local Authorities are required to make proper provision for Internal Audit in line with the 1972 Local Government Act and the Accounts and Audit Regulations 2003 (as amended). The CIPFA Code of Practice on Internal Audit in Local Government requires the proper planning of audit work.
- 1.3. The final audit plan will be presented for formal approval at the next scheduled meeting of the Audit Committee.

2. Recommendations

- 2.1. The Audit Committee note the approach being taken to formulate the plan for the 2012/13 financial year and the content of the draft plan. This is in line with the Committee's role, as defined in the Constitution: *To consider the strategic and annual audit plans, and consider the level of assurance these can give over the Council's corporate governance and risk management arrangements.*
- 2.2. The Audit Committee approve the commencement of work against the Annual Internal Audit Plan for the 2012/13 financial year, from 1 April 2012 with the final plan to be approved at the next scheduled meeting.

3. Detail

- 3.1. The Internal Audit Service is delivered through a partnership between the Council's in-house Audit & Investigations Team ('the in-house team') and Deloitte & Touche Public Sector Internal Audit Limited ('Deloitte'). The total plan days for 2012/13 are 1,200 days of which 905 are allocated to Deloitte and 295 to the in-house team.
- 3.2. The report sets out the following:
 - How the total plan days has been determined;
 - The proposed breakdown of individual audits split across departments;;
 - An update on the Audit Needs Assessment;
- 3.3. All areas 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.
- 3.4. 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 knowledge of the Council's operations and risk profile and awareness and experience of risks being faced within other Local Authorities, as well as across the wider public sector;
 - 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.
- 3.5. In order to help ensure that all key risk areas are identified, including new and emerging risks, as in the previous financial year, the Audit Needs Analysis for 2012/13 is focused on 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:

- Legislative change
 - Economic;
 - Regulatory; and
 - Fraud Risk.
- 3.6. Changes in the external environment are likely to have an impact on the internal risk factors. This holistic approach is therefore considered to be robust. However, it cannot be guaranteed that this exercise will necessarily anticipate and identify all future emerging risks. This has always been the case and the plan has to be flexible and reviewed throughout the course of the year, with amendments made to the areas of coverage, as appropriate.
- 3.7. For the 2012/13 financial year, the Internal Audit Team will be attending DMT meetings between now and the end of the current financial year to seek further input from Directors and Assistant Directors to seek further input from Directors and Assistant Directors.
- 3.8. The revised ANA is documented in nine tables, one at a corporate level and one for each of the departments. The tables are attached at Appendix B. The Plan itself has been formulated on the basis of the ANA, with the relevant links highlighted as appropriate.
- 3.9. Two final points to note are as follows:
- As in previous years, Internal Audit has also been liaising with the Audit Commission regarding the content of the Plan. This provides further input of knowledge with regards to key risk areas, as well as helping to ensure that the work is co-ordinated, thereby helping to avoid both gaps and duplication in coverage; and
 - Given the need to focus on risk, as well as the outlined elements of the ANA process, the Plan is also linked to the Council's risk management framework. Developments in this area are currently also being taken forward by the Head of Audit & Investigations.

4. Financial Implications

- 4.1. None

5. Legal Implications

- 5.1. None

6. Diversity Implications

6.1. None

7. Background Papers

7.1. None

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
2012/13 Internal Audit Plan
London Borough of Brent
February 2012



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Executive Summary

Introduction	This report sets out the Internal Audit Plan for the 2012/13 financial year. As per the previous five 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.
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Total Plan Days	The Plan is based on a total of 1,200 days, the breakdown of this being shown in the table on the following page. <table border="1" data-bbox="736 491 1771 715"><thead><tr><th>Source</th><th>2012/13 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>Total</td><td>1,200</td></tr></tbody></table>	Source	2012/13 Number of Days	In-House Team	295	Deloitte	905	Total	1,200
Source	2012/13 Number of Days								
In-House Team	295								
Deloitte	905								
Total	1,200								

Formulating the Plan	<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>All areas 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. '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> <p>In recent years, the Plan has been formulated on the basis of the following:</p>
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- 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.

In the previous year (2011/12), whilst the above steps had been followed, given the increased levels of changes taking place nationally and across the Council, the approach to formulating the Plan was 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 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.

For 2012/13, the Internal Audit Team is due to attend DMT meetings between now and the start of the year and in the meantime, ANA has been revised based on any changes which have taken place during 2011/12 and also any changes which are expected to occur in the near future.

The revised ANA is 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	2012/13 Days
Cross Council / Corporate Audits	80	45
Finance & Corporate Services	128	185
Information Technology	132	132
Children & Families	48	35
School Audits ¹	190	228
Environment & Neighbourhood	95	67
Customer & Community Engagement	28	25
Adult Social Services	60	70
Legal & Procurement	23	35
Regeneration & Major Projects	60	80
Strategy, Partnership & Improvement	30	33
Brent Housing Partnership	135	135
Follow-Up	55	55
Consultation, Communication and Reporting	55	55
Contingency	81	20
Total	1,200	1,200

¹ Includes 4 Pupil Referral Units

<p>Types of Work</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"> • General risk based systems audit / compliance based audit; • IT audit; and • Contract audit. <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 2010/11 and 2011/12 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>Ensuring the ongoing relevance of the Plan</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 2012/13 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
CROSS COUNCIL / CORPORATE AUDIT (45 Days)					
One Council Project	Successful implementation of One Council Project will be a key in achieving the Council's corporate priorities and objectives.	30	Potential areas of coverage include: <ul style="list-style-type: none"> Income Maximisation; and Any other One Council Review which Service Areas request. 	To be confirmed	Qtr 1/2
Comensura	The Council has a contract in place for the provision of temporary/agency staff and given that all Service Areas are required to use Comensura to meet any temporary staffing needs, it is key that the arrangement works in an efficient manner and that value for money is achieved as intended.	15	This work will assess the arrangement in place between the Council and Comensura for the provision of temporary and casual workers.	To be confirmed	Qtr 1/2
FINANCE & CORPORATE SERVICES (317 Days)					
Council Tax	Key Financial Audit – annual coverage. The contract with Capita is now operating under new service delivery arrangements following the review of the contract.	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
	It is key that the collection and recovery rate is maintained whilst savings are achieved from the reduced contract fee and changes to the staffing arrangements.				
Reform of National Non Domestic Rates (NNDR)	With the reform of NNDR, the Council will be required to review the arrangements in relation to the new NNDR regime.	5	This work will assess the Council's preparedness for the new business rates regime.	Paula Buckley – Head of Client Team, Revenue & Benefits	Qtr 1/2
National Non Domestic Rates (NNDR)	Key Financial Audit – annual coverage. As per Council Tax, the contract with Capital is now operating under new service delivery arrangements following the review of the contract. 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
Reform of Council Tax Benefits	Under the proposed reform on Council Tax Benefits, a number of strategic decisions will need to be made and new processes will need to be designed.	5	Exact scope to be determined through discussion with management.	David Oates – Head of Benefits	Qtr 1
Housing & Council Tax Benefits	Key Financial Audit – annual coverage. Some changes were introduced in April 2011 at national level and Service are currently dealing with the	20	Annual systems audit focussing on key controls and any systems changes.	David Oates – Head of Benefits	Qtr 3

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
	<p>transition for service users that have been affected by the changes.</p> <p>Annual Fraud Indicator published by National Fraud Authority in January 2011 indicates that housing benefit fraud is on increase and it is the largest area of loss within the benefit system.</p>				
Treasury Management	<p>Key Financial Audit – cyclical coverage.</p> <p>With cuts in the settlement and also with the HRA Self Financing Reform, it will be key that the Council's financial resources are maximised whilst ensuring that risks are kept within the acceptable level.</p>	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.	20	Annual systems audit focussing on key controls and any systems changes.	John Lee – Operations Manager	Qtr 3
Accounts Payable	<p>Key Financial Audit – annual coverage.</p> <p>Function is now centralised within the Finance Service Centre (FSC), following the Finance Modernisation Project.</p>	15	<p>Annual systems audit focussing on key controls and any systems changes.</p> <p>Given the changes that have taken place with the introduction of the FSC and the single accounting system (Oracle), further to our 2010/11 and 2011/12 work, there will be a focus on the extent to which the newly implemented controls are being fully complied with.</p>	Petrina Peters – FSC Payments Team Leader	Qtr 3/4
Accounts Receivable	Key Financial Audit – annual coverage.	15	Annual systems audit focussing on key controls and any systems changes.	Sade Adedoyin –	Qtr 3/4

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
	Function is now centralised within the Finance Service Centre (FSC), following the Finance Modernisation Project.		Given the changes that have taken place with the introduction of the FSC and the single accounting system (Oracle), further to our 2010/11 and 2011/12 work, there will be a focus on the extent to which the newly implemented controls are being fully complied with.	FSC Income Control, Invoices and Cash Team Leader	
General Ledger	Key Financial Audit – annual coverage. Function is now centralised within the Finance Service Centre (FSC), following the Finance Modernisation Project.	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 and 2011/12 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
Cash and Banking	Key Financial System. In the economic downturn, it will be key that all income due to the Council is collected promptly and properly accounted for.	15	This work will focus on the Council's process around income receipting, recording, reconciliation, and banking.	Sade Adedoyin – FSC Income Control, Invoices and Cash Team Leader	Qtr4
Pension Fund Administration	The contract with London Pension Fund Authority (LPFA) has now transferred to Capita for the management of pension fund.	20	This work will consists of two parts; <ul style="list-style-type: none"> • Hand over of the contract from LPFA and Capita, including transfer of data; and • The new arrangement over the administration of pension fund. With regards to the administration of	Andy Gray – Head of Pensions	Qtr1

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
			the pension fund we will focus on the administration over starters, leavers, deaths and retirements, transfers, amendments, additional voluntary contributions, contributions to the Brent pension fund, payments, and contract monitoring. It should be noted that the work will assess the process operated by both the Council and Capital.		
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.	15	This work will assess the process in respect of savings target setting process as well as the monitoring and reporting of achievement against the savings targets.	Mark Peart – Head of Financial Management	Qtr 2
Information Technology	See separate IT Plan at Table 2	132	See separate IT Plan at Table 2		
CHILDREN & FAMILIES (263 Days)					
School Audits – Primary/Junior Schools	Schools are audited on a cyclical basis (every three years).	144	Completion of audits for 12 primary schools. With the Department for Education's (DfE) decision to discontinue the Financial Management Standard in Schools (FMSIS) and the introduction of the Schools Financial Value Standard (SFVS), schools are no longer required to be independently assessed against the financial	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
			<p>standards set by the DfE. However, Internal Audit programme will be reviewed and revised as required to cover the standards set out in SFVS. Any gaps against SFVS and other weaknesses in Internal Controls will be reported to the Director of Finance who will be required to sign off the annual return to DfE.</p> <p>Estimation at this stage is for an allocation of 12 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.</p>		
Schools – Secondary Schools	Secondary schools are audited every two years.	84	There are currently nine secondary schools in Brent (excluding Academies). Seven will be visited in 2012/13 and the remaining two will be scheduled under the 2013/14 plan.	Mustafa Salih – Assistant Director, Finance & Performance	Across the year
Safeguarding of Children	The Council has a statutory obligation to safeguard children and this is one of the key priorities as set out in the Borough Plan.	15	Exact scope to be determined through discussion with management. However the focus will be on the controls around safeguarding of children.	Graham Genoni – Assistant Director Social Care Jacquie Burke – Head of Safeguarding	Qtr1/2

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
Fostering and Adoption	One of the key service objectives is to provide a stable, consistent and caring environment to children. Whilst ensuring that the children's needs are fulfilled through fostering and adoption where required, it will also be key that robust controls are in place to manage the foster care and adoption payments so to ensure that the financial resources are spent efficiently and effectively for the intended purposes.	20	Exact scope to be determined through discussion with management. However, potential areas of coverage are as follows: <ul style="list-style-type: none"> • Foster and Adoption payments; • System for fostering and adopting children. 	Graham Genoni – Assistant Director, Social Care	Qtr1/2
ENVIRONMENT & NEIGHBOURHOOD (67 Days)					
Key Controls Assessment	Environment & Neighbourhood have undergone a major restructure in 2011/12.	20	This work will assess adequacy and effectiveness of the newly formed units within Environment & Neighbourhood. Exact scope to be discussed further with management.	Sue Harper – Director of Environment and Neighbourhood Michael Read – Assistant Director of Environment and Neighbourhood	Qtr1/2
Parking Enforcement	With the contract due to be tendered in 2012, it will be key that the service specification is robust and cover all	20	This work will assess the controls over parking enforcement process including the new management information.	Michael Read – Assistant	Qtr3

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
	key controls.			Director of Environment and Neighbourhood David Thrle – Head of Safer Street	
Libraries	There has been a major reduction in the number of library managers. Libraries operations remain high profile in the community's agenda.	15	This work will assess the controls over the management of libraries.	Jenny Isaac – Assistant Director Neighbourhood Services Sue Mckenzie – Head of Libraries, Arts and Heritage	Qtr3
One Council Reviews of transport, SEN, and Adult.	One Council Projects include reviews of SEN, and Adult transport and these also have impact on the operation of Brent Transport Service.	12	Exact scope to be discussed further with management.	Sue Harper – Director of Environment and Neighbourhood Michael Read – Assistant Director of Environment and Neighbourho	

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
				od	
CUSTOMER AND COMMUNITY ENGAGEMENT(25 Days)					
Community Engagement	With the big society agenda and also with a number of significant changes affecting the Council's operation, it is key that the Council is fully engaged with the community.	15	Exact scope to be determined through discussions with management.	Christine Collins – Engagement Service Manager	Qtr2
Mayor's Office	The Mayor has many civic and ceremonial responsibilities and has an ambassadorial role to promote Brent locally and nationally. The Mayor also participate in, and help initiate activities that help the economic social, cultural and environmental wellbeing of Brent and its residents.	10	This work will focus on the controls around Mayor's activities including expenses and charitable events.	Saskia Woolloff-Business Manager Rhiannon Leary/Elly Cook – Mayor's Office and Member Development Manager	Qtr1
ADULT SOCIAL SERVICES (70 Days)					
North West London Mental Health Trust	The Council has a partnership agreement with North West London Mental Health Trust to deliver social care for Brent residents with mental health issues.	20	This work will assess the following: <ul style="list-style-type: none"> • Partnership arrangement; • Assessment; • Early Intervention; • Provision of Social Care; • Review of Clients; • Performance Management; and 	Senel Arkut – Head of Service, Care Management and Review	Qtr1

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
			<ul style="list-style-type: none"> Budget Monitoring. 		
Home Care	Whilst the introduction of personal budget will bring self directed support provision, the Council will still continue providing home care through the contracted care providers for some clients. It is key that the services provided continue to meet the clients' needs and that robust process is in place to administer the contract.	15	This work will focus on the management of home care contract.	Allison Elliot – Director of Adult Social Services	
Appointeeship and Receivership	Mental Capacity Act. As a result of the work undertaken by the Investigations Team.	15	This work will assess the process around appointeeship, receivership, and controls around protection of clients who lack the mental capacity of making their own decisions.	Ken Wilson – Client Finance Manager	Qtr2
Personalised Budgets and Direct Payments	The drive to increase the number of people receiving direct payments and on personalised budgets.	20	<p>Exact scope to be determined through discussion with management. However, potential areas of coverage will include:</p> <ul style="list-style-type: none"> Arrangements in place for providing advice to clients and their carers including legal matters such as tax, employment, employer's liability insurance, and rights to work in the UK; Eligibility assessment in respect of receiving direct payments; Processing of direct payment; Reviews; Budget Monitoring and Control; Financial Monitoring; and 	Allison Elliot – Director Adult Social Services	Qtr1/2

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
			<ul style="list-style-type: none"> Verification of use of payments. 		
LEGAL & PROCUREMENT (35 DAYS)					
Procurement	One Council Gold Project. A significant saving is expected from the Strategic Procurement Review and a successful delivery of this review will be key in achieving the Council's overall savings target.	15	Exact scope to be discussed with Management	Paul Davies – Head of Procurement	Qtr 2/3
High Value Contracts	Whilst the Council's Blue Book is due to be reviewed and updated in 2012, it is key that any contracts let under the current arrangement have been let in line with the existing Blue Book to ensure that Value For Money was achieved.	20	This work will focus on the process for tendering and letting of high value contracts.	Paul Davies – Head of Procurement	Qtr1
REGENERATION & MAJOR PROJECT (80 DAYS)					
Capital Projects (contract audits)	A new Project Management Framework has been developed and this has been 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.	Andy Donald – Director of Regeneration & Major Project Ian Hamilton – Head of Regeneration Performance Management	Qtr 3/4
Civic Centre Project (contract audit)	One Council Gold Project. Audit work has been undertaken in 2009/10, 2010/11, and 2011/12 around the inception and	10	Ongoing contract audit work focusing on the controls in place around the management of the project. The specific scope varies depending on the	Aktar Choudhury – Assistant Director Civic	To be determined

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
	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.		stage of the works.	Centre Programme	
Regeneration Projects	The Council has a number of regeneration projects across the borough. This is one of the key corporate objectives and initiatives to drive economic regeneration and reduce poverty, inequality and exclusion in the borough.	10	Exact scope to be determined through discussion with management. However, the intention is to assess the arrangements in place to deliver various regeneration projects.	Andy Donald – Director, Regeneration and Major Projects	To be determined
Housing Solutions (Choice based letting)/ Housing Allocations)	With the introduction of the housing benefits cap, a number of residents requiring alternative housing provision will increase. In addition, in an economic downturn, the demand for social housing in Brent is expected to rise, creating an additional pressure on the housing provision.	15	Specific scope still to be discussed with management.	Kevin Coleman – Rehousing Manager/ Laurence Coaker – Head of Housing Solutions	Qtr1/2
Building Control and Enforcement	All local Authorities have a duty of care within their Districts, for public safety arising from dangerous buildings or structures.	15	This work will focus on the assessment of building applications, income collection, pre and post inspections and enforcement and appeals.		Qtr1
STRATEGY, PARTNERSHIP AND IMPROVEMENT (33 DAYS)					
Complaints	From April 2012 the Council will be offering a streamlined complaints process designed to make it simpler and quicker for complaints to be resolved. The Council will be moving	15	Specific scope still to be discussed with management.		Qtr3

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
	from a three stage to a two stage complaints process which will reduce the length of time it can take a complaint to be considered by 3 weeks.				
Partnership Management	The cuts in public spending will impact on the Council's ability to work in partnership with external organisations and other public sector organisations.	10	To be determined in discussion with management. This work will assess the process in place to manage the impact arising from the cuts in public spending and funds available for partners to deliver the services.		
Public Sector Reform – Policy and Key Legislative Changes	With major changes taking place nationally and a number of responsibilities being transferred to local authorities, it will be key that the Council's policies are in line with the legislative requirement.	8	This work will assess the process in place to identify key legislative changes arising from Public Sector Reform and the Council's arrangements in implementing these changes.		
OTHER					
Brent Housing Partnership (BHP)	See separate BHP Plan	135	Draft Annual Plan has been formulated and is being presented to BHP's Audit & Finance Sub-Committee for approval. The total number of days has increased slightly to take account of BHP's expanded role since the purchase of Granville New Homes.	N/A	N/A
Consultation, Communication	N/A	55	To cover: • Attendance by Deloitte	N/A	Throughout the year

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
and Reporting (Deloitte)			<p>management at meetings across the Council, for example Strategic Finance Group, Schools Causing Financial Concern, and Audit & Investigations Management meetings;</p> <ul style="list-style-type: none"> • Deloitte management attendance at Audit Committee meetings and the production of progress reports for these; • 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; • Day-to-day liaison with the in-house Audit Manager; and • General administration around the Deloitte element of the Plan, including the scheduling of work and monitoring of performance against the KPIs. 		

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
Follow-Up	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
Contingency	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.	20	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 2013/14.	N/A – dependent upon work required	N/A – dependent upon work required
Total		1,200			

Table 2 – IT Plan

Audit	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
IT				
Full Application Audit Oracle Financials – Single Accounting System	12	This audit will cover the application controls for the Oracle Financial system. The areas covered in this audit include access controls, data entry, data processing, data output, interfaces, support and maintenance; and backup and recovery.	Conrad Chambers – Head of IT Service Delivery Jeb Suresh – Principle Oracle Consultant	To be confirmed
Operating System Audit Oracle Financials - Single Accounting System	8	To focus on the controls in place around areas including system wide security; user access; remote access; network sharing; updates and patches; backup and recovery; and maintenance and support arrangements.	Stephan Conaway – Assistant Director , Information Technology Conrad Chambers – Head of IT Service Delivery	To be confirmed
Northgate Sx3 – Housing Benefits System	10	This work will assess the control process built within Northgate Housing Benefits System.	Conrad Chambers – Head of IT Service Delivery Chris Shallis – Head of Applications	To be confirmed
Automated Customer Contact (One Council Project)	10	Exact scope to be determined through discussion with management. However this work will focus on the IT infrastructure relating to the implementation of Automated Customer Contract.	Stephan Conaway – Assistant Director , Information Technology	To be confirmed
Abacus	10	This audit will cover the application controls for the Abacus system. The areas covered in this audit include access controls, data entry, data processing, data output, interfaces, support and maintenance; and backup and recovery.	Conrad Chambers – Head of IT Service Delivery Chris Shallis – Head of Applications	To be confirmed

Audit	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
IT service Management (Information Technology Infrastructure Library, ITIL, V3 Gap Analysis)	15	The ITIL is a set of good practices for IT service management that focuses on aligning IT services with the needs of business. This work will assess the Council's current position against good practices and identify any gaps that need to be addressed to provide robust IT service management.	Stephan Conaway – Assistant Director , Information Technology Conrad Chambers – Head of IT Service Delivery	To be confirmed
Wireless Networks	15	This work will focus on wireless networks security.	Stephan Conaway – Assistant Director , Information Technology Conrad Chambers – Head of IT Service Delivery	To be confirmed
Virtual Desktop Infrastructure (VDI) Project – Audit presence	20	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.	Stephan Conaway – Assistant Director , Information Technology	Across the year
Civic Centre IT Controls	20	Exact scope to be determined through management. However, this work will focus on the planned IT controls in the new Civic Centre.	Stephan Conaway – Assistant Director , Information Technology	To be confirmed
Follow up of previous IT audits	12	Completion of follow-up work in order to determine the extent to which previously raised recommendations have been implemented.	N/A – dependent upon each internal audit to be followed-	Across the year

Audit	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
		This will be done as part of the rolling follow-up programme, into which all recommendations raised are added.	up	
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 £268m, forecast £270m, resulting in approximately £2m overspend. This will be met by the balance brought forward (including the contribution of £2.5m from the 2011/12 budget to this balance). The balance is approximately £10m and will result in approximately £8m to be carried forward into 2012/13 onwards. (Source: Report to Full Council 21 November 2011, First Reading Debate on the 2012-13 to 2015-16 Budget and medium Term Financial Plan)
- Savings required for the next four years are as follows:

	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Service Savings	2,617	2,617	2,617	2,617
One Council Programme Savings	8,841	14,755	14,755	14,755
Total	11,458	17,372	17,372	17,372

(Source: Report to Full Council 21 November 2011, First Reading Debate on the 2012-13 to 2015-16 Budget and medium Term Financial Plan)

- The cost of Civic Centre Project is 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.

Once Council Programme are split into four categories:

- *Cross-council projects;*
- *Multi-department projects;*
- *Single department projects; and*
- *Partnership projects.*

Cross-council projects consists of the following:

- *Structure & Staffing Wave 1 (Completed);*
- *Structure & Staffing Wave 2 (Awaiting closure);*
- *Finance Modernisation (Completed);*
- *Income Maximisation (Completed);*
- *Temporary Labour (Awaiting closure);*
- *Future Customer Service;*
- *Strategic Procurement Review;*
- *Review of Employee Benefits;*
- *Civic Centre (including Move to the Civic Centre);*
- *Review of Admin Support; and*
- *Project Athena – Phase 1 HR/Payroll.*

In addition to the above, there are West London Alliance Projects/Programmes as follows:

- *West London Procurement Board;*
- *ASC Efficiencies Programme;*

- *Children's Social Care Efficiencies Programme;*
- *WLA Transport Efficiencies Programme;*
- *West London Property and Asset Programme; and*
- *Housing Efficiencies Programme.*

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?

Localism Bill

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?

- *Current Budget approx £56.7m, forecast £56.8m, resulting in approximately £100k overspend.*
- *Ring fenced Dedicated Schools Grant (DSG) for 2011/12 was £236.5m. This is treated separately from the above.*
- *In addition to DSG, the Council is also responsible for allocating of Pupil Premium. For 2011/12, overall allocation for Brent was £5.258m.*

(Source: Report to Full Council 21 November 2011, First Reading Debate on the 2012-13 to 2015-16 Budget and medium Term Financial Plan)

- *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.

Education Finance are currently in a process of consulting schools regarding the devolved funding formula and 2012/13 or 2013/14 will see some changes to how some funds area allocated across schools.

The responsibility for young people with disabilities will transfer to Adult Social Service at the age of 14 to enable the process of preparing for adulthood to begin sooner. This will require joint effort between Adult Social Service and Children and Families.

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 Phase 1 (Completed)– 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;***
- ***Early Years, Localities& Placements;***
- ***SEN Review Phase 2;***
- ***Children with Disabilities; and***

- **Review of School Improvement Service.**

In addition to the above, there are multi-department One Council Projects which affect Children & Families as follows:

- **Transitions into Adult Life; and**
- **Service for Young People.**

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.*
- *Related to above, it is becoming increasingly important for schools to manage their financial position due to budget constraints.*

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**
- **School Funding Reform**

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

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?

- *Current Budget approx £7.040m, forecast £7.240m, resulting in approximately £200k overspend.*

(Source: Report to Full Council 21 November 2011, First Reading Debate on the 2012-13 to 2015-16 Budget and medium Term Financial Plan)

- *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.*
- *Following the implementation of the customer journey programme, some service related tasks have now been transferred to One Stop Shop staff including initial assessment for customers applying for reablement 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?

- *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 consulting 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.*

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.

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?

- *Current Budget approx £39.95m, forecast £40.14m, resulting in approximately £200k overspend.*

(Source: Report to Full Council 21 November 2011, First Reading Debate on the 2012-13 to 2015-16 Budget and medium Term Financial Plan)

- *Veolia Contract (refuse collection, recycling and street-cleaning) – approximately £16m in 2010/11 and 2011/12, and this is expected to reduce to approximately £14m in 2012/13.*
- *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.*
- *Parking contract is due for re-tender in 2012/2013.*
- *Waste Management contract with Veolia has been revised following the completion of Waste Strategy Review. In order to achieve saving target, the revised contract brings reduced service level. It will be key that impacts on residents and local environment are closely monitored and actions are taken promptly to remedy any issues whilst sustaining the reduced cost.*
- *Policy, Information & Performance for Environment and Neighbourhood Service have now been transferred over to Strategy, Partnership & Improvement.*

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)*

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. 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.*

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 income.*
- *Fraudulent waiver/cancellation of PCNs.*
- *Misappropriation of membership fees for leisure/sports centres.*

Finance and Corporate Services

Audit and Investigation/ Exchequer and Investment/ Financial Management/ Financial Services Centre/ People and development / 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?*

- *Current Budget approx £14.36m, forecast £14.51m, resulting in approximately £150k overspend.*

(Source: Report to Full Council 21 November 2011, First Reading Debate on the 2012-13 to 2015-16 Budget and medium Term Financial Plan)

- *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.*
- *The responsibility of risk management has been transferred from Legal and Procurement.*

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'*
- *Changes made to Local Housing Allowance from April 2011*
- *Housing Revenue Account (HRA) Reform will impact on Treasury Management*

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.

Adult Social Services

Community Care/ Policy and Performance

Internal Risk Factors

Responsibility/Types of Services Provided

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 :

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.*

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.*
- *Disability Discrimination Act 2005*
- *Information/Guidance provided by Care Quality Commission*

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

- *Current Budget approx £91.97m, forecast £92.47m, resulting in approximately £500k overspend.*

(Source: Report to Full Council 21 November 2011, First Reading Debate on the 2012-13 to 2015-16 Budget and medium Term Financial Plan)

- *Adult Social Care Cost (Physical, Mental and learning disabilities, and older people)*
- *Client contributions*

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, Adult Social Service will be required to operate tougher filtering process particularly around people with moderate needs are likely to be affected.*
- *Closure of Day Centres.*
- *Responsibility of issuing blue badges has now been transferred to a company external to the Council from January 2012.*
- *Housing have now moved to another Service Area.*

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.*
- *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, Adult Social Service 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?

- *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?

- *Freedom Passes*
- *Fraudulent applications for social care*
- *False financial information provided for financial assessment*
- *Fraudulent claims from voluntary/private organisations.*
- *Inappropriate use of Direct Payments*

Legal and Procurement

Legal/ Procurement/ Democratic Services

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.

In addition to the above, Procurement Strategy 2010 – 2014 indicates the following targets:

- *£13.7m savings in 2011/12;*
- *£16.5m savings in 2012/13; Electronic invoicing implemented by the of financial year 2011/12;*
- *To re-design the way LBB trades with its suppliers to drastically reduce the number of invoices generated which costs LBB around £4m pa to process;*
- *A 50% reduction in overall supplier numbers by end of financial year 2011/12; and*
- *Implementation of a Category Management Approach aligned with departmental objectives.*

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?

- Current Budget approx £1.567m, forecast £1.704m, resulting in approximately £137k overspend.

(Source: Report to Full Council 21 November 2011, First Reading Debate on the 2012-13 to 2015-16 Budget and medium Term Financial Plan)

- 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 Head of Procurement was appointed in 2011
- During 2011/12, Procurement has undergone a restructure and rebranding and the Corporate Procurement Centre has been launched.

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 – The key aims and objectives of this review was to:
 - Establish a fully operational Corporate Procurement division that leads and supports procurement activities across the council and with other partners
 - Ensure that the council's compliance with procurement procedures and processes provides a framework for the council to carry out effective contract management and support service to deliver operational budget saving
 - Introduction of Procurement to Brent.

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.
- With 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.

- *There will be opportunities to review the contract to obtain cheaper prices/better deals due to increasing competition.*

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

- *Equality Act 2010 (due to the number of judicial reviews that the Council may be subject to)*
- *Academies Act 2010 (increased enquiries from Schools considering becoming academies)*
- *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.*

Regeneration and Major Projects

Civic Centre/ Housing/ 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 consist of six divisions including: Civic Centre; Housing; 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. In addition, Housing have moved from Housing & Community Care Directorate to Regeneration and Major Projects during 2011/12.

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.

As above, the department includes housing which oversees the quality of many private sector homes, give housing advice and support and provide for those who are in housing need.

The department is now also responsible for building control and planning.

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;*
- 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;*
- Work with private landlords to improve rented accommodation and bring unused property back into use;*
- 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*
- *The Housing Grants Act 1996*
- *Greater London Authority Act 2007*
- *Housing Act 2004*
- *Housing and Social Care (Community Health and Standards) Act 2003*
- *Homelessness Act 2002*

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

- *Current Budget and forecast are as follows:*

	<i>2011/12 Current Budget £'000</i>	<i>2011/12 Forecast £'000</i>	<i>2011/12 (Under)/Over spend £'000</i>
Housing	22.334	22.333	(1)
Regeneration & Major Projects	4.245	4.245	0
Regeneration & Major Projects Total	26.578	26.578	(1)

(Source: Report to Full Council 21 November 2011, First Reading Debate on the 2012-13 to 2015-16 Budget and medium Term Financial Plan)

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

- *Housing have joined Regeneration and Major Project during 2011/12.*
- *A number of inherited works exist following the restructure in 2010/11 and these are being reviewed and prioritised as these include large proportion of non statutory works.*
- *New Project Management Framework was launched during 2011/12 and this has been rolling out to all new projects.*
- *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. Whilst discretionary allowance will be used to fill the gap to some extent this is not a sustainable solution and alternative solution will need to be put in place.*
- *The Council's job cuts will impact on the employment agenda.*
- *Due to staff shortage, consultants may be relied upon in the procurement process.*
- *In an economic downturn, social housing needs will increase. In addition, with the introduction of the housing benefits cap, alternative housing provisions will be required for those who are unable to afford to meet the gap.*
- *Planning income from major application may also reduce if residents generally have less money.*
- *In an economic down turn, inward investment may reduce.*

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.*
- *Ineligible residents receiving social housing or conflict of interests in housing allocation.*

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.

Policy and Performance unit operate from within a 'hub and spoke' structure, with the Corporate Policy team located in the centre to maintain strategic alignment between local priorities and the corporate service planning framework. Individual specialist teams are also located within: Children and Families; Environment and Neighbourhood Services; Adult Social Services; and Regeneration and Major Projects.

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, as well as ensuring that key performance/management information aid decision making and service planning.

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?

- *Current Budget approx £4.5, forecast £4.5m, resulting in break even at the year end.*

(Source: Report to Full Council 21 November 2011, First Reading Debate on the 2012-13 to 2015-16 Budget and medium Term Financial Plan)

- *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. From April 2012, the Council will be offering a streamlined complaints process designed to make it simpler and quicker for complaints to be resolved. The Council will be moving from a three stage to a two stage complaints process which will reduce the length of time it can take a complaint to be considered by 3 weeks.*

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.*
- *Localism Bill*

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*

Appendix C – Audit Team and Contact Details

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