



Audit Committee

Wednesday 27 June 2012 at 7.30 pm

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

Membership:

Members

Stephen Wood (Chair)

Councillors:

Al-Ebadi

Cummins

Van Kalwala

first alternates

Councillors:

S Choudhary

Ashraf

Harrison

second alternates

Councillors:

Pavey

Green

Hector

For further information contact: Anne Reid, Democratic Services Officer
(020) 8937 1359, anne.reid@brent.gov.uk

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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
1 Declarations of personal and prejudicial interests	
Members are invited to declare, at this stage of the meeting, any relevant financial or other interest in the items on this agenda.	
2 Deputations	
3 Minutes of the previous meeting	1 - 10
4 Matters arising	
5 Audit Commission Progress Report	11 - 28
The report from the Audit Commission is attached.	
Ward affected: Contact Officer: Simon Lane, Audit and Investigations	
All Wards Tel: 020 8937 1260 simon.lane@brent.gov.uk	
6 Annual Governance report - progress report on action plan	29 - 40
This report sets out progress against the recommendations in the Annual Governance Report.	
Ward affected: Contact Officer: Simon Lane, Audit and Investigations	
All Wards Tel: 020 8937 1260 simon.lane@brent.gov.uk	
7 Treasury activity update	41 - 44
This report updates members on recent treasury activity.	
Ward affected: Contact Officer: Martin Spriggs, Exchequer and Investment	

8 Corporate Risk Register and departmental risk registers 45 - 72

The purpose of this report is to present the Council's Corporate Risk Register and Departmental Risk Registers to be noted by the Audit Committee.

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

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

9 Final Internal Audit progress report 2011/12 73 - 140

This report summaries the work of Internal Audit and the Investigations Team and provides an update on progress since the previous report to this Committee on 22nd February 2012.

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

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

10 Annual Internal Audit Report 2011/12 141 - 152

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

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

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

11 Internal Audit Plan 2012/13 153 - 214

The purpose of this report is to advise the Audit Committee of the final Internal Audit Plan for 2012/13. 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 2011. The CIPFA Code of Practice on Internal Audit in Local Government requires the proper planning of audit work.

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

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 is scheduled to be held on 27 September 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 Wednesday 22 February 2012 at 7.30 pm

PRESENT: Mr Stephen Wood (Independent Chair) and Councillors Al-Ebadi, Ashraf and Van Kalwala

Also Present: Councillor S Choudhary

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 15 December 2011 be approved as an accurate record of the meeting subject to the following amendments:

In clause 5, delete the first and second sentences and replace with;

“Andrea White introduced the Tough Times report and circulated detailed recommendations of the Report that the Audit Commission was making to local authorities. The Report was a result of surveys undertaken”.

In clause 8 paragraph 5, insert “non IT” before “Project Management Framework”.

3. Matters arising

None.

4. Deputations

None.

5. Audit Commission Annual audit letter and governance report

The Committee received a report that set out progress against the recommendations in the Annual Governance Report. Mick Bowden, Deputy Director of Finance and Corporate Services in introducing the report provided updates for action plans as follows:

- (i) Review of financial reporting and year end closedown plan had been undertaken. Two key members of the Finance team involved in year-end process had attended the Audit Commission training course which had been followed by the Commission's presentation to finance staff on 2010/11 audit feedback audit and key issues for 2011/12.
- (ii) Timetables for central finance team, finance business partners and budget holders had been produced to ensure statutory timescales would be met.
- (iii) All relevant accounting requirements covered by final accounts plan had been provided and a review of the approach to the Heritage Assets with Audit Commission was well advanced.
- (iv) Robust closedown plan was shared with the Audit Commission and were being used as the basis for weekly review meetings between Council and Audit Commission officers.
- (v) Officers were currently reviewing the working paper requirements list provided by the Audit Commission.
- (vi) Although the latest review of PFI agreements (Jan 2012) had not identified changes a further review was planned for year end.
- (vii) Monthly reports to Strategic Finance Group (SFG) had continued and Audit Commission officers invited to attend the SFG meeting in March.
- (viii) Officers had completed the reconciliation of migrated balances in debtors and creditors and were now focussing on 2011/12 entries in advance of year end.
- (ix) Work on outstanding items had been completed and officers were now working on current entries as part of an on-going reconciliation process.
- (x) Bank balance reconciliation had been completed and as at 31 January 2012 the bank reconciliation difference was £46,000.
- (xi) Overall analytical review of debtor/creditor balances would be completed at year end.
- (xii) Currently in 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.
- (xiii) The latest requirements had been reviewed to identify changes. In some cases (eg. HRA subsidy changes), technical guidance was still awaited from CIPFA and would be incorporated when published.
- (xiv) The budget report to Executive had set out risks and a proposal to increase non-earmarked reserves by £1m in 2012/13.

- (xv) Audit Commission would review progress against action plan in March/April 2012.

In response to a query by the Chair, the Deputy Director confirmed that the timetable set for various activities was on schedule and that he would second resources to the schools' team to address the shortage being caused through staff turnover of staff in that team. Clive Heaphy, Director of Finance and Corporate Services clarified the methodology used in arriving at the £1million reserves to deal with medium term risks. He continued that as an added transparency, briefing notes were being made available to members through reports to the One Council Overview and Scrutiny Committee.

Andrea White, District Auditor expressed satisfaction with the processes and reviews including close down plans. However, she pointed out that capacity remained an issue and suggested a culture shift and "round table meetings". She added that this conclusion had been made clear in her progress report to the Committee. Paul Viljoen, Audit Manager confirmed that that he had been inputting into the weekly meeting to which the Deputy Director referred.

In bringing the discussion to a close, the Chair suggested that reports on further progress made be sent electronically to all members of the Audit committee and that briefing notes reported to One Council Overview and scrutiny be appended to reports for future meetings of this Committee.

RESOLVED:

- (i) that the progress report in relation to the action plan be noted;
- (ii) that the Annual Audit Letter reported to the Executive on 16 January 2012 be noted;
- (iii) that a further progress report made be e-mailed to members of Audit Committee around April 2012
- (iv) that the Audit Commission members' briefing notes be reported to the Budget and Finance Overview and Scrutiny Committee as and when they are published and are appended to the Commission's progress reports for future meetings of this Committee.

6. Audit Commission Reports: Progress Report 2010/11; Certification of Claims and Returns 2010/11; Audit Plans 2011/12

Members received a report that presented a number of reports from the Audit Commission. Paul Viljoen, (Audit Manager) of the Audit Commission in presenting the report informed members that the first audit was completed in January 2012 and focussed on updating documentation including key financial systems and monitoring progress on recommendations from the 2010/11 Annual Governance Statement.

He concluded that the arrangements in place for preparation and certification of grants were reasonable and not inconsistent with other London Boroughs and whilst the Council had made some considerable improvements in the quality of data this year there still remained some residual stock inaccuracies which needed to be addressed. He highlighted the recommendations arising from the certification and the actions agreed for implementation. He added that due to the complex case mix randomly supplied in the audit of housing, council tax benefit scheme and national non-domestic rates return his audit fee had increased to £92,000.

Andrea White, District Auditor (DA), in presenting the audit plan for 2011/12 drew members' attention to significant risks and audit responses to them highlighting in particular, close down arrangements, defined benefit pension liability, housing revenue account (HRA) reform and the treatment of assets for schools. In commenting on the Council's value for money, the DA referred to a recent CLG survey which identified the Council as the London Borough holding the lowest value of general fund reserves and welcomed the Council's plans to address the balances. She also undertook to monitor the Council's two significant capital projects; South Kilburn regeneration scheme and the new civic centre as the basis for future planned savings through more efficient ways of working.

The DA clarified the basis of the total audit fee of £439,200 in response to Councillor Choudhary's enquiry adding that if additional work was required to be undertaken, the audit fee would be increased but only after discussing it with the Director of Finance and Corporate Services. In concluding her presentation on the audit plan, the DA drew members' attention to the list of questions to which she required the Audit Committee to provide answers by 30 April 2012. The DA also gave a similar presentation on the pension fund accounts adding that she would review the basis of valuation and perform tests on detail of valuations.

Councillor Ashraf sought guidance on the timescale for submitting responses to the list of questions which the DA required members of the Committee to provide. Clive Heaphy undertook to send draft responses to members for comments by 31 March so as to ensure that the final response was sent to the DA by 30 April 2012.

RESOLVED:

that the progress report in relation to the action plan be noted.

7. 2012/13 Treasury Management Strategy and Annual Investment Strategy

Mick Bowden introduced the report that detailed the Treasury Management Strategy and Annual Investment Strategy for 2012/13. Members heard that due to a number of banks being downgraded by credit rating agencies officers had reacted to advice by suspending and removing those institutions from the lending list and reducing duration from one year to one month, leading to increased use of the debt management office at low yields. To address this, he proposed that additional money market funds of £5m (£12m previously) be added to the list and that overseas banks of the requisite credit quality in countries that had AAA/A+ credit ratings (Canada, USA and Australia) be added to the list.

In reference to the cash flow summary contained in the report, the Chair noted that the anticipated cash balances would be £21m and queried whether the figure reflected current situation. Mick Bowden corrected the figure to £11m but added that this reflected the longer term strategy to March 2013.

The Chair queried why the Strategy allowed 20% of funds to be invested for more than one year despite the fact that the report said that conditions were too volatile to invest any cash for this long. It was stated that such investments would not be made unless market conditions improved. Councillor Ashraf sought an update on the situation with the Icelandic banks. Clive Heaphy responded that in the case of Glitnir bank all deposits less legal fees would be received and for Heritable bank after a write off of 20%, about £8m would be received, adding that all receipts would accrue interests up to 2008.

RESOLVED:

that the 2012/13 Treasury management Strategy and Annual Investment Strategy be noted.

8. Future of local public audit

Clive Heaphy introduced the report which advised members of the proposal by the Audit Commission to appoint an interim auditor to cover the period 1 April 2012 to 31 August 2012. He advised members that the appointment was necessary to cover the period up to the point when the Audit Commission would award new contracts for the audit of local authorities following the disbanding of the audit practice arm of the Audit Commission. Members heard that the Audit Commission had proposed that Andrea White be appointed Interim Auditor for the period 1 April 2012 to 31 August 2012 and has written to the council accordingly. The Director added that the Council had no objections to the appointment of Andrea White as the District Auditor.

Andrea White clarified that by the end of her term as the Interim Auditor, the Commission would have selected a new contractor for a three or five year period, covering the 2012/13 accounts onwards. The length of appointment would 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 would 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. She continued that once the legislation had been passed and decisions reached on the appointment term for the initial replacement for the Audit Commission contracts in 2012, the council would need to prepare a timetable for the appointment. This would include the establishment of the Independent Audit Appointment Panel, independently chaired.

In welcoming the proposals by the Audit Commission, Councillor Ashraf requested that regular updates be sent to members of the Audit Committee.

RESOLVED:

that the appointment of Andrea White as interim auditor for the council for the period 1 April 2012 to 31 August 2012 and the Government's response to the consultation on the Future of Local Public Audit be noted.

9. **Third internal audit progress report**

Simon Lane, Head of Audit and Investigations introduced a report that set out a summary of the work of Internal Audit for the period from 1 April 2011 to 31 January 2012 and the Investigation Team for the period 1 April 2011 to 31 December 2011. He informed members that a number of systems audits had 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) were in the process of being completed. He continued that a number of planned audits including 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 had been removed from the plan due to delays in the implementation of the projects to which they related. He added that the number of days allocated for BHP was increased to take account of previously unplanned work and that computer audit work had progressed. Members noted that more limited assurances were made.

He highlighted a number of weaknesses identified in relation to school health and safety and Adult Social Care pre-paid cards and added that the recommendations made to address them, as set out in the report, would be implemented. Clive Heaphy explained that the Adult Social Care team had been restructured to a more focussed team and systems had been put in place to ensure that the problems encountered did not recur. He undertook to provide further updates on progress.

Phil Lawson, (Deloitte) drew members' attention to the summary of the findings from the follow-up work completed since the previous meeting of the Committee, excluding any BHP recommendations. He added that where any of the recommendations had been partly implemented or not implemented at all, further actions had been raised with management. In his view, the robust management plan put in place in response to the recommendations was positive.

The Chair noted that the overall picture presented in the report remained quite positive despite the difficult times.

RESOLVED:

that the progress made in achieving the 2011/12 Internal Audit Plan and the review of fraud work be noted.

10. Verbal update on progress of strategic risk register & civic centre project risk register

Clive Heaphy introduced a report that provided the committee with an example of a Project Risk Register (Civic Centre) as requested at the last meeting of the Committee on 15 December 2011. He highlighted some of the key risks that could impact upon the delivery of the civic centre and set out the mitigation strategy as follows:

Site access during the Olympic Games would be determined and written into the contract. In order to overcome the possibility of the main sub-station not being made available by December 2011, every support would be given to QED in their negotiations with UK Power networks. As any disruption on site during the 2012 Olympic Games could delay construction, delivery and occupation of the building, early discussions would be held with the London Olympic Committee of the Olympic Games (LOCOG). He added that officers would also monitor closely, exceptionally adverse weather conditions and its impact on the civic centre.

The Director continued that although the civic centre project was ahead of its original schedule and on budget, officers would closely monitor all key risks with robust risk framework and each departmental risk assessed and collated for Corporate Management Team (CMT) and the Executive.

During discussions, the Chair expressed concern at the lack of progress in the Risk Management Strategy and related registers. He pointed out that deadlines were continually missed pointing out that for example, risk registers had been promised at two previous meetings and were again not available. Clive Heaphy explained that the Chief Executive wanted the register to be approved by the Corporate Management Team (CMT) prior to going to the Audit Committee but there had not been time to achieve this. Councillor Butt, Deputy Leader and Executive Member for Corporate Services assured the committee that he would work with senior officers to ensure that the opportunity to see the register was not missed again. The Chair suggested the inclusion of the corporate risk register and the mitigating steps taken on the agenda for the next meeting.

RESOLVED:

- (i) that the Committee's concern on the lack of progress on the Risk Management Strategy and Risk Register be brought to the attention of the CMT;
- (ii) that the update on the civic centre project risk register be noted.

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

Simon Lane, Head of Audit and Investigations, introduced the report that set out the Draft Internal Audit Plan ("the Plan) for 2012/13 and an update on the Audit Needs Assessment ('ANA'). He advised the Committee that the final audit plan would continue to be delivered through a partnership of the Council's in-house team and

Deloitte & Touche Public Sector Internal Audit Limited. The finalised audit plan would be presented for formal approval at the next scheduled meeting of the Audit Committee in June. He added that the Brent Housing Partnership (BHP) Plan would be presented separately to their Audit & Finance Sub-Committee for approval.

He drew members' attention to the table that set out 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 was known. Simon Lane advised that whilst all areas of the Council's operations were potentially subject to internal audit coverage, given resource constraints, not all areas could be audited on an annual basis. He continued that for 2012/13, the Internal Audit Team would attend Departmental Management Team (DMT) meetings. Phil Lawson concurred with the presentation.

In response to the Chair's enquiry for a specific allocation to be made for risk management, Simon Lane replied that the Internal Audit team would be monitoring submissions on risk via the quarterly scorecard information collated through Strategy, Partnership and Improvement. The Committee requested that an additional specific piece of work on the risk management process be built into the audit plan. This was agreed.

Clive Heaphy added that given the increased levels of changes taking place nationally and across the Council, the approach to formulating the Plan had been further strengthened through a formal Audit Needs Assessment (ANA). In order to help ensure that all key risk areas including new and emerging risks were identified, the ANA had been focused around a set of internal and external risk factors as set out in the report.

RESOLVED:

- (i) that the approach being taken to formulate the plan for the 2012/13 financial year and the content of the draft plan, in line with the Committee's role, as defined in the Constitution be noted;
- (ii) that approval be given to 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.

12. Any other urgent business

None.

13. Date of next meeting

The date of next meeting would be confirmed after the Annual meeting of the Council in May 2012.

The meeting closed at 9.40 pm

S WOOD
Chair

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Audit **Committee** **update**

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 obtained sufficient assurance on emerging issues.
- 3 If you require any additional information regarding the issues included within this briefing, please 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
27 June 2012

Progress report

Financial statements

Interim audit

5 We are nearing completion of our interim audit, which includes:

- documentation of key financial systems;
- walkthroughs of transactions in key financial systems; and
- review of management arrangements in place to mitigate significant risks facing the Council.

6 Subject to our final review processes, there are no significant findings to report to the Committee at present.

Preparation of the 2011/12 financial statements

7 We have worked together with finance officers to follow up our recommendations from the 2010/11 Annual Governance Report, particularly to monitor closely the arrangements for preparing the 2011/12 financial statements. This has been a beneficial process to both parties and will assist in mitigating the risk of unforeseen problems emerging later in the accounts preparation and audit process. The work has involved:

- holding weekly meetings, focusing on progress against the Council's detailed closedown plan;
- monitoring the Council's progress on managing the bank reconciliation. We have completed our audit of the main bank reconciliation at 31 March. This work did not identify any issues;
- reviewing work on clearing old debtors and creditors balances which are not recoverable or payable;
- issuing audit working paper checklists early (in January) and disclosure checklists to assist the Council's in its preparation of its accounts and working paper; and
- confirming with management that there are no significant changes to accounting for the Council's PFI schemes.

8 Overall, the Council's arrangements to prepare the 2011/12 financial statements demonstrate significant improvement in comparison with 2010/11. We hope that this will lead to a much more straightforward audit than in the previous year.

9 Monitoring of closedown plans indicates that the Council are on track to produce a complete set of financial statements by 30 June. However, there are a couple of key areas that the Council is still working on at the time of writing, which need to be completed:

- internal valuations of housing PFI assets; and
- resulting PFI and lease accounting entries.

Officers are confident that these should be resolved.

Other Final Accounts Audit Work

10 We have also taken the opportunity to undertake some early 'post-statements' auditing to reduce the workload on auditors and officers in July and August. This has involved:

- substantive testing of expenditure transactions up to the end of December 2011;
- substantive testing of non-grant income transactions up to the end of December 2011; and
- carrying out (in line with our cyclical testing strategy) a full test for ownership and existence of the Council's property, plant and equipment.

The income and expenditure work is complete, subject to finalising our internal review processes. There are no material errors to report.

We have completed approximately 80% of the testing on property, plant and equipment. We have requested that the Council provide us with the remaining evidence at the start of the final accounts audit. No issues have been identified to date.

Technical accounting issues

11 We have also worked with finance officers on the following areas with new or complex accounting. We have discussed each below:

- componentisation of housing stock; and the Council's continued use of the Major Repairs Allowance (MRA) as a proxy for depreciation on the housing stock;
- accounting treatment and ownership of foundation and academy school assets;
- accounting for self-financing of the Housing Revenue Account; and
- proposed accounting entries for the Movement in Reserves Statement (MiRS)..

On depreciation of the housing stock, the Council has provided us with accounting advice from SECTOR to justify their usage of MRA as a proxy for depreciation. We have asked for further evidence before we can conclude that no material misstatement will arise.

The Council has taken the decision to remove foundation schools from the balance sheet, as well as two secondary schools that have achieved academy status during 2011/12. We agree with the Council's proposed approach, but will need to review the accounting entries as part of our final accounts audit work.

The Council is aware of accounting requirements for self-financing, and were notified of their £198m settlement from the Secretary of State in March 2012.

The MiRS was an area of significant weakness for the Council in 2010/11, but officers have made significant progress in improving arrangements for

2011/12. We have reviewed proposed accounting entries for the MiRS, and based on the information presented to us, they comply with CIPFA guidance in this area.

Work on these issues continues, but we have made good progress to date. This underlines the importance of working to resolve key technical issues in advance of the main audit.

VFM conclusion

12 Our work on the Council's arrangements to secure economy, efficiency and effectiveness for 2011/12 is underway and will be reported in our Annual Governance Report in September. There are currently no issues to report.

Other areas of work

Correspondence

13 The main focus of recent correspondence to us has been the Council's policy on restructuring library services. We are seeking clarifications from officers on those issues raised which fall within our responsibilities as external auditor, and will respond to local correspondents accordingly.

Grant claims

Housing and Council Tax Benefits

14 We have recently completed follow up work on qualification issues arising from the Council's 2010/11 housing and council tax benefits claim.

15 The Department for Work and Pensions (DWP) asked us to follow up an issue where the Council had incorrectly classified overpayments where claimants had deceased as 'eligible' rather than technical overpayments. This misclassification meant that the Council received more subsidy.

16 We tested an additional 40 cases in line with DWP guidance. We combined our findings with those from our initial audit. As a result, we recommended that £38,060 be reallocated from eligible overpayment cells to technical overpayment cells. The financial impact of this change is a reduction in subsidy of approximately £15,000.

17 We have commenced testing samples of cases as part of our work on the Council's 2011/12 benefits claim, to minimise the volume of work required in October, immediately before the change of external auditor.

18 The auditor deadline for this claim is 30 November.

Other grant claims

19 We also need to complete certification work on the following grant claims in advance of our 31 October transfer to KPMG:

- CFB06 (Pooling of Housing Capital Receipts) – auditor deadline 28 September;

- LA01 (National Non-Domestic Rates) – auditor deadline 28 September;
- PEN05 (Teachers’ Pensions Return) – auditor deadline 30 November;
and
- HOU01 (HRA subsidy) – auditor deadline 30 December.

20 We will be discussing with officers the practicalities of advancing this audit work.

Audit Team Change

21 Your Audit Manager, Paul Viljoen, has recently left the Audit Commission, and Martin Searle, Senior Audit Manager, has replaced him, and will be in attendance at the meeting.

Update on outsourcing the work of the Audit Practice

22 Following the award of geographical contracts for the audit of principal local authorities and NHS bodies, the Audit Commission has held meetings in each contract area to introduce the winning firms to audited bodies.

23 It has in parallel commenced consultation on the appointment of auditors to individual bodies with a view to making those appointments at its Board meeting on 26 July 2012. Firms will take up audit appointments for the 2012/13 audit year from 1 September 2012 when the interim appointment of the current auditor will come to an end.

24 Following consultation with audit suppliers, the Audit Commission has put in place arrangements to facilitate the smooth transfer of any part-completed 2011/12 work from the Audit Practice to incoming audit firms so that they can maximise reliance on the work of the Audit Practice and complete the work expeditiously.

Update on the residual Audit Commission

25 The Audit Commission is reducing and reshaping its workforce so that it can deliver its remaining core functions of audit regulation, contract management and sector support.

26 The Department of Communities and Local Government has advertised for a new Chairman of the Audit Commission to lead through the period of transition and downsizing. The new Chairman will take up post following the end of the term of office of the current Chairman in September 2012.

Other matters of interest

2012/13 audit fees

Fee scales for 2012/13 audits of local government and NHS bodies

27 Following a consultation exercise, the Audit Commission has agreed the work programme and fee scales for 2012/13 audits of local government and NHS bodies. It sent out letters notifying organisations of the new fees on Wednesday 11 April 2012.

28 As previously advised, the outsourcing of the Audit Commission's in-house Audit Practice means that these fees will be fixed for a five-year period, irrespective of the rate of inflation.

29 The scale fees and changes for the London Borough of Brent are as follows:

	2012/13 (£)	2011/12 (£)	% Change
Main audit	263,520	439,200	-40
Certification of grant claims	39,500	84,336	-53

Fee scales for 2012/13 National Fraud Initiative

30 The Audit Commission's consultation on its proposals for the 2012/13 National Fraud Initiative (NFI) work programme and scale of fees ended in March 2012 and the results of this exercise were published on 30 May 2012.

31 The Commission did not propose to introduce any new mandatory data matches in the NFI for 2012/13, so the main work programme will remain unchanged from 2010/11.

32 In recognition of the financial pressures that public bodies are facing in the current economic climate, the scale of fees for mandatory participants will also remain the same as for NFI 2010/11. For Brent the fee is £4,150.

2010/11 National Fraud Initiative

33 In May 2012 the Audit Commission published the results of the NFI for 2010/11.

34 The NFI is a data matching exercise which is hosted on a secure website. It compares information held by around 1,300 organisations including councils, the police, hospitals and 77 private companies. This helps to identify potentially fraudulent claims, errors and overpayments.

35 When there is a 'match', there may be something that warrants investigation and examples of the data matches the NFI undertakes are set out in the Table below.

Table 1: **Examples of data matches covered by the NFI**

Data Match	Possible fraud or error
Pension payments to records of deceased people.	Obtaining the pension payments of a deceased person.
Housing benefit payments to payroll records.	Claiming housing benefit by failing to declare an income.
Council tax records to electoral register.	A council taxpayer gets single person discount whilst living with other countable adults and thus being ineligible.
Payroll records to other payroll records.	An employee is working for one organisation while being on long-term sick leave at another.

36 The latest NFI in England identified almost £229 million of fraud, overpayments and errors. This is made up of £139 million for 2010/11 plus £90 million not previously reported from earlier exercises. Over the same period, £47 million was identified in Scotland, Wales and Northern Ireland, raising the UK-wide total to £275 million.

37 The highest value categories identified in England continue to be pensions (£98 million), council tax single person discount (£50 million) and housing benefit (£31 million).

38 The latest report is accompanied by a series of case studies from the private and public sectors and a briefing for elected members. The briefing includes a series of questions that members can put to officers.

39 Since the initiative's start in 1996, the programme has helped detect £939 million, taking it a step closer to achieving a £1 billion payback to the public purse.

Public Sector Internal Audit Standards

40 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (IIA) announced a formal collaboration in May 2011.

41 This collaboration has recently led to the formation of the UK Internal Audit Standards Advisory Board, which will provide oversight and challenge to the development of UK-wide Public Sector Internal Audit Standards.

42 The new unified set of internal audit standards is yet to be issued but will be based on the mandatory elements of the IIA's International Professional Practices Framework and it is proposed that they will apply across the UK to central and local government and the NHS (excluding foundation trusts).

Payment by results

43 The Audit Commission published *Local payment by results* on 5 April 2012. This is a briefing paper which considers potential issues arising from local authorities using payment by results (PbR) as a method of commissioning and paying for services.

44 PbR is a new approach, where commissioners pay service providers according to how well they achieve specified outcomes, rather than by outputs or volumes of service. These outcomes may be social, economic, financial, or a combination of all three. PbR is not the only contract type that rewards good performance, and commissioners should always consider other options alongside PbR to choose the most suitable approach.

45 What sets PbR apart from other contract types is that a significant amount of payment is withheld until the results are delivered. The payment is directly related to the level of success.

46 National PbR schemes are developing quickly. Some early schemes include reducing reoffending; diverting young offenders from custodial sentences; helping the unemployed to find work; preventing children from being taken into care; keeping frail older people in their own homes; and improving the management of chronic health conditions.

47 The briefing sets out to help councils understand what PbR might entail. As most schemes are at an early stage, the Audit Commission has identified a range of issues that local commissioners should consider if they are to use PbR successfully, drawing on some national and international examples.

48 The briefing suggests that there are five principles that any PbR scheme needs to meet if it is likely to succeed:

- a clear purpose;
- a full understanding of the risks;
- a well-designed payment and reward structure;

- sound financing; and
- effective management and evaluation.

49 The Audit Commission has sent the briefing to council chief executives and other key stakeholders.

The rights of local electors

50 The Audit Commission has published an updated version of *Council accounts: a guide to your rights*. The publication aims to help local electors by explaining their rights and how to engage with auditors in relation to the accounts. It also points electors to other sources of advice and more information where they have concerns that are not about the accounts.

51 The publication is accompanied by a Notice of an Objection form designed to assist electors wishing to present their objection to an item or items of accounts to the auditor.

52 Members of the Audit Committee may find it helpful to familiarise themselves with the document which can be found on the Audit Commission's website.

NAO role in local VFM studies

53 The NAO currently carries out around 60 VFM studies on central government initiatives and programmes each year. From next year, it will produce an increasing number of studies focusing on the local government sector.

54 A new Local Government Reference Panel has been set up to give councils an input to the NAO's programme of local government value for money studies. The panel, which will meet twice a year, includes representatives from nine local authorities as well as from CIPFA, Community Service Volunteers and the University of Birmingham.

55 The programme comprises three studies in 2012/13, the first being communication between central and local government, rising to four in 2013/14 and six in 2014/15.

56 Subject to Parliamentary approval, the NAO eventually expects to assume the Audit Commission's role in setting the framework for local audit, through a code of audit practice.

CIPFA's brief guide to Local Government Finance reforms

57 As the Local Government Finance Bill enters its concluding stages in the House of Commons, CIPFA has published a guide to some of the proposed changes.

58 CIPFA's *Brief Guide to Local Government Finance Reforms* seeks to answer some common questions that local government officers and elected members may have surrounding the localisation of support for council tax and business rate retention.

59 The guide explains the purpose of the proposals and their impact. It includes simplified examples of the proposed changes. At the time of writing, all the legislation and guidance has yet to be published, so the guide represents the latest known position. CIPFA will publish additional guidance once the detail becomes known.

Key considerations

60 The Audit Committee may wish to consider the following matters in respect of the issues highlighted in this briefing paper.

- Has the Committee considered the questions set out in the Audit Commission's NFI briefing for elected members? (see paragraph 39 above)
- Have officers considered the Audit Commission's briefing paper on local payment by results agreements?

Contact details

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

62 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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June 2012

	<p style="text-align: center;">Audit Committee 27 August 2012</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Services</p>
<p style="text-align: right;">Wards Affected: ALL</p>	
<p>Annual Governance Report – progress report on action plan</p>	

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.

3.0 Detail

- 3.1 At the Committee's meeting on 22 February 2012 it received a report on progress against the Annual Governance Report from the Audit Commission regarding the 2010/11 accounts.
- 3.2 Given the importance of the activity being undertaken between the February and June meetings the Committee requested that an interim update on progress be circulated its members. The update provided on 27 April 2012 is set out below.

General

The overall approach to managing the process continues as reported to the Committee in February. Weekly status review meetings are being held, including attendance by officers from the Audit Commission. The overall project is still on track for completion within the timescale.

Specific Issues from Annual Governance Report

I set out below an update on the areas that proved problematic and time consuming in last year's audit:

1. Bank Reconciliation – the reconciliations for the three main accounts as at 31 March 2012 have been completed. They have been reviewed and tested by the auditors and no issues have been raised.
2. Migrated debtors/creditors – these have been cleared and the work shared with the auditors. Audit testing is complete but subject to review by audit managers. There are no outstanding issues.
3. Internal income and expenditure – this work is still ongoing as part of the closing of accounts but the position as at February 2012 has been reviewed by the auditors. The auditors will carry out further work once the final position has been produced.
4. Movement in Reserves Statement (MiRS) – the Council's proposed approach has been reviewed by the auditors who are happy with the approach being taken. The final MiRS statement will be prepared as part of the production of the financial statements. Audit will then review the transactions and movement in the MiRS.

Summary

The information above is based on the work undertaken to date and incorporates the findings of the Audit Commission's interim audit review work. Progress to date has been encouraging in that the key problems we had last year are being addressed. There is still much work ahead to produce the financial statements for the final audit work at the end of June and we are focussing on ensuring that this will happen.

- 3.3 A further report on progress on each recommendation is set out in Appendix 1. There has been considerable progress made to date. The weekly meetings including Audit Commission and Council officers have proved to be particularly effective in enabling issues to be addressed and ensuring the timetable has been adhered to.

- 3.4 At the time of drafting this report the final quality control processes are being undertaken and the working papers are being prepared in advance of the start of the audit process.

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 – Progress Report on Action Plan – Report to Audit Committee 22 February 2012

9.0 Contact Officer

Mick Bowden
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CLIVE HEAPHY
Director of Finance and Corporate Services

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Appendix 1 Action Plan with June 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.
Update June 2012	Clear evidence that the improvements reported in February 2012 have yielded significant improvements in the closedown process have been seen through a successful interim audit report Further review to be undertaken after 2011/12 accounts have been completed to identify further improvements.
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.

Update June 2012	Although some individual tasks had fallen behind schedule, corrective action was taken such that the overall project has been delivered on time and to the required quality and, as a result, the Council is on target for completion of draft accounts by deadline of 30 June 2012.
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Recommendation 3

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

Responsibility	Deputy Director of Finance
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.
Update June 2012	All accounting entries will be incorporated in the statements provided for audit including the Movement in Reserves Statement (MiRS) which has been produced within the main financial system to ensure a clear audit trail. The Heritage Assets disclosure has been completed in line with the approach agreed.

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.
Update June 2012	Weekly closedown review meetings have continued throughout the closedown period with the opportunity to raise issues with the Audit Commission and identify and agree solutions. These focus on the detailed

closedown plan and the achievement of activities within the timescales set out.

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.
Update June 2012	Working papers have been collated through the closedown period and are ready for the audit inspection process. The final working paper files are being prepared in advance of the start of the audit. Quality assurance has been undertaken using peer review.

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.
Update June 2012	The year end review has been undertaken and the PFI model remains unchanged. The accounts will reflect activity during 2011/12.

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.
Update June 2012	Monthly reports continued to SFG through to the year end. The Audit Manager from the Commission attended the March meeting which included a review of internal control processes.

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.
Update June 2012	The interim audit has reviewed this area and not identified any outstanding issues. The review of 11/12 entries was undertaken as part of the quality control review.

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
Update June 2012	The reconciliations of the three main bank accounts as at 31/3/12 have been audited and no issues have been raised. At that stage there were only verifiable reconciling items and this remains the case in the 2012/13 financial year.

Recommendation 10

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

Responsibility	Head of Finance Service Centre
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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.
Update June 2012	The reconciliations of the three main bank accounts as at 31/3/12 have been audited and no issues have been raised. Further systems work is being undertaken during 2012/13 on the reconciliation of the largest bank account to improve the efficiency of the process.

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.
Update June 2012	Overall review (including debtors and creditors) undertaken as part of closedown process.

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.

Update June 2012	The accounts have been produced on the basis of the proposals set out to the Audit Commission with regard to housing depreciation and foundation schools.
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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.
Update June 2012	Technical updates have been produced on Icelandic deposits and HRA changes and these have been incorporated into the statement of accounts.

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.
Update June 2012	Budget proposal to increase reserves approved by full Council.


Recommendation 15

Review progress against action plan agreed with officers from 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
Update June 2012	Will form part of Audit Commission value for money opinion for 2011/12

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	<p style="text-align: center;">Audit Committee 27 June 2012</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Services</p>
<p style="text-align: right;">Wards Affected: ALL</p>	
<p>Treasury Activity - Update</p>	

1. SUMMARY

- 1.1 This report updates members on recent treasury activity.

2. RECOMMENDATIONS

- 2.1 The Audit Committee is asked to note the report.

3 DETAIL

- 3.1 Appendix 1 sets out deposits outstanding as at 31st March 2012. Members will note that:-
- a) Although Glitnir Bank has repaid the £5m deposited in 2008, currency restrictions prevent conversion of Icelandic krone into sterling without permission from the Icelandic Central Bank. Currently £1m is held in an escrow account paying 3.4%, that is legally the property of Brent Council, in Iceland.
 - b) The administrators for Heritable Bank continue to make regular quarterly (quarterly) payments as they recover amounts owed to Heritable. A further payment has been received since March (£379,000), reducing the deposit outstanding to £2,831,000. It is anticipated that between 86% and 90% of the original £10m deposit will be recovered, possibly more.
 - c) The value of deposits is higher than expected as a result of the early receipt of Education grants (£23m) due in 2012/13.
- 3.2 Financial markets were calmer during the period to March 2012 as a result of funding from the European Central Bank (ECB) to financial institutions, and agreement on the restructuring of Greek debt. The ECB package has eased the credit shortage caused by USA banks refusing to lend to European banks and allowed commercial banks to place funds with their national banks, thus reducing funding pressures. Stock markets have continued to rise during the period. Demand for UK government gilts has fallen marginally, allowing prices

to fall and rates to rise. PWLB rates rose slightly during the period to March 2012.

- 3.3 Bank rate continues to be 0.5%, with the Bank of England reluctant to raise rates during a period of fiscal squeeze and low economic growth. It appears that inflation is finally falling, but the slow rate of fall is preventing any further Quantitative Easing (QE). It is expected that base rate will not rise for at least two years.
- 3.4 Since March, the Office for National Statistics (ONS) has confirmed that UK is in recession as Q1 2012 was the same as Q4 2011, registering a fall of 0.3% in Gross Domestic Product. Growth in the eurozone has also been very slow, with only Germany (0.5%) showing real progress. USA growth has also slowed. As fears about Greek, Spanish and Italian debt have resurfaced, worries about the European banking sector and stock markets have resumed. Once again, money has flooded into safe havens, so that favoured countries are enjoying record low interest rates. In the UK, 10 year gilt rates are currently below 2%, and 20 year rates below 3%. The Public Works Loans Board is charging 1.9% for 10 year loans repaid by equal instalments.

Lending

- 3.5 As planned, the Brent Treasury Lending List has been extended to include some banks from Australia, Canada and USA. However, turmoil on the markets from April has led to a number of banks being suspended from the List. These include Santander UK and JP Morgan Chase Bank. At present, when making deposits, maturity dates are kept short and available balances are loaned to other local authorities, held in money market funds or with the Debt Management Office.

Borrowing

- 3.6 The 2012/13 treasury management budget assumed that the council would borrow long term around October 2012 to fund the capital programme. However, the Council sought to take advantage of the current low rates and borrowed £10m from the PWLB in May, and a further £10m in June. The May loan was taken at 1.99% for ten years, and the June loan at 2.62% for twenty years, with £1.5m to be repaid in equal instalments each year for the next ten years, and £0.5m each year for the following ten years. It was felt that rates were very low following the flight to safety to UK markets outlined above, and that the loan would protect the council should the wholesale market become more difficult.
- 3.7 It is anticipated that the council will require additional long term loans (around £30m - £40m) later in the financial year, depending on the progress of the capital programme. The treasury consultant, Arlingclose, is monitoring markets to seek opportunities. Although rates are at record lows, the market turmoil over the eurozone, the impact of the QE programmes, and the possibility of the treasury reducing the margin paid above gilts for PWLB loans are encouraging patience, especially as there is a high margin between

loans taken on the short term market (0.3%) and long term borrowing (2.6% for 20 year loans).

Prudential Indicators

- 3.8 The Council has complied with its various 2011/12 Prudential Indicators, such as interest rate exposure, maturity structure for fixed rate borrowing, and authorised limit and operational boundary for external debt.

Budget implications

- 3.9 The treasury budget was underspent in 2011/12 as a result of lower interest rates, delays in the capital programme and reduced long term borrowing. A complete report on the Outturn for the financial year will be issued in August.

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 March 2012** 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	3.2	0.0	15.08.08	14/11/08
Glitnir (escrow account)	1.0	3.4	15.09.08	12/12/08
Isle of Wight	5.0	0.3	30.03.12	05.04.12
Santander UK	10.0	0.52	30.03.12	05.04.12
London Borough of Merton	5.0	0.30	30.03.12	02.04.12
UK Debt Management Office	<u>9.5</u>	0.25	30.03.12	03.04.12
Total	<u>43.7</u>			

	<p style="text-align: center;">Audit Committee 27 June 2012</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Services</p>
<p style="text-align: right;">Wards Affected: ALL</p>	
<p style="text-align: center;">Corporate Risk Register and Departmental Risk Registers</p>	

1. Summary

- 1.1. The purpose of this report is to present the Council's Corporate Risk Register and Departmental Risk Registers to be noted by the Audit Committee.

2. Recommendations

- 2.1. Audit Committee to review and note the contents of the Corporate Risk Register and Departmental Risk Registers.

3. Detail

- 3.1. The council's risk management strategy and policy was agreed by CMT in September 2011 and endorsed by the Audit Committee in December 2012. A number of refinements have since been made to the process which is set out below:
 - Directors will ensure that a risk register is in place for all their areas of responsibility utilising the council's risk template.
 - Registers will be forwarded electronically to Audit and Investigations on a quarterly basis to coincide with the deadline for performance scorecards.
 - CMT will develop and maintain (with support from Audit and Investigations) a register of the council's highest level strategic risk. These will be held on a Corporate Risk Register. CMT will consider these risks along with those submitted by Directors and incorporate appropriate operational risks into the Corporate Register. The operational risks will remain separately identifiable on this register.

- 3.2. The Corporate Risk Register has been developed through consultation with Directors and review by the Director of Finance and Corporate Services and Head of Audit and Investigations. This document was approved by CMT on 26th April 2012 and is attached as appendix 1. It has also been approved by the Executive at its meeting on 18th June 2012.
- 3.3. For ease of reference the register has two sections, one detailing the strategic or cross cutting risks which are considered to be the most important for the council to manage and the key operational risks. The operational risks are shown by department.
- 3.4. Departmental risk registers are attached as follows:
- Appendix 2 Finance and Corporate Services
 - Appendix 3 Regeneration and Major Projects
 - Appendix 4 Strategy, Partnership and Improvement
 - Appendix 5 Customer and Community Engagement
 - Appendix 6 Legal and Procurement
 - Appendix 7 Children and Families
 - Appendix 8 Environment and Neighbourhood Services
 - Appendix 9 Adult Social Services

4. Legal Implications

- 4.1. The Accounts and Audit Regulations (England) 2011 section 4(1) require the council to *“ensure that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes arrangements for the management of risk.”*
- 4.2. Further section 5 (1) (4) (i) requires that the Director of Finance and Corporate Services determines accounting control systems which include adequate measures to ensure that risk is appropriately managed.

5. Financial 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

CORPORATE STRATEGIC RISKS

ID	CAT.	RISK IDENTIFICATION (Describe risk and underlying cause)	IMPACT (Consequences of risk maturing)	Risk Owner	Inherent (raw) risk			Existing Controls	Sources of Assurance	Residual (net) risk			Movement Indicator	Further Actions	Deadline	Responsible Officer
					Impact	Likelihood	Risk Score			Impact	Likelihood	Risk Score				
S1	Political	Failure to recognise and plan for coalition government's future vision for Local Government - Greater role in partnerships and strategic commissioning; diminishing role in direct service provision (e.g. Education, joint health and social care services; removal of responsibility for housing benefit delivery.	Inadequate planning for reduced direct service provision role and increased commissioning role may lead to poor service outcomes for users, increased complaints, poor value for money. Large scale reductions in resources, forced shared services / amalgamation, creation of a small commissioning core, reduced local political accountability, potential for London / local government restructure. Opportunities for improved services and lower cost through effective partnerships and integration not exploited.	Gareth Daniel - Chief Executive	6	4	24	Ensure members and senior officers have a good understanding of central government policy and possible intentions through briefings. Relevant officers and members maintain close links with DCLG, respond to consultation where necessary and seek to influence future policy through LGA and London Councils and any other lobbying route. Ensure opportunities for partnership and shared services are considered	Reports to PCG, CMT. One Council programme	6	3	18				
S2	Political / Reputational	1st April 2013. Start date for multiple service changes, new Civic Centre, new way of working and self-service, new legislation. i.e. benefit caps, local council tax rebate, retention of business rates	Potential for major IT / customer service failure	Gareth Daniel - Chief Executive	6	5	30	Regular reporting either through CMT or PMO on status of projects and adequate risk management within projects and risk escalation if appropriate.	CMT reports PMO reports	6	5	30				
S3	Economic/ Political/ Socio Cultural	Income loss due to various factors including budget reductions, change in legislation, economic recession, lack of external investment	Failure to meet statutory service demand / council objectives	Clive Heaphy - Director of Finance and Corporate Services	6	6	36	Economic monitoring and market contact		6	6	36		Ongoing economic monitoring and market contact	On-going	Andy Donald
S4	Economic / Socio Cultural	Economic recession / demographic change and welfare reform agenda including localised council tax benefit resulting in increase in need for council services.	Increased demand for council services / accommodation / crime / anti-social behaviour	Phil Newby Director of Strategy, Partnership and Improvement	6	6	36	Lobbying of Central Government. Partnership working with NHS		6	6	36				
S5	Legal / Political	The Council fails to comply with legal/statutory obligations including consultation and equality duty in implementing policy changes or failure to comply with	Increased dissatisfaction with council, increase in number of legal challenges and Judicial Reviews resulting in cost of defence and delay	Toni McConville - Director of Customer & Community Engagement Fiona Ledden Borough Solicitor	6	4	24	Area Consultative Forums; Brent Citizens Panel; User Consultative Forums; Equalities issues reported to CMT on a quarterly basis. Regular monitoring by CMT. Equalities Statement	Consultation Board.	6	3	18		Contentious issues flagged up through surgery system. New guidance on Equalities to be issued.	Dec-12	Christine Collins - Community Engagement Manager
S6	Technological	Inability to deliver technological changes to meet customer requirements and demand	Damage to reputation. Service delivery failure. Impact on savings already identified in FCS project	Toni McConville - Director of Customer & Community Engagement	6	5	30	Regular monitoring by PMO and Brent Customer Services Board.	PMO and Brent Customer Services Board.	5	3	15		CMS (content management system) specification and prototype developed and reviewed by Customer Services Board. Governance arrangements agreed by Customer Services Board. Web enhancement project to be implemented to address limitations of current CMS.	Dec-12	Jenny Dunne - Project Manager, Future Customer Services Project
S7	Economic	Reduced ability to / reduction in scope to recruit and retain sufficient numbers of skilled staff in key areas/services. Fewer people having to work harder and do more.	Service delivery will be impacted. Increase in stress related sickness/absences. Costs and human implications.	Clive Heaphy - Director of Finance and Corporate Services	6	4	24	Robust Performance Management framework for managers & staff; Effective HR policies; Management Development Programme; Development & Learning opportunities available for managers and staff; Investors in People; Succession Planning; Staff benefits (flexible working etc.). Equalities Act	Performance Management Data; LLD Attendance; Appraisals.	6	3	18		Development of better management skills amongst managers. Better monitoring of performance.	On-going	Tracey Connage - Asst Director, People & Development.
S8	Legal / Reputational	Significant failure to comply with Health & Safety requirements.	Accidents in the work Place. Death/injury to staff and public. Increase in sickness absence. Potential for corporate and personal criminal liability.	Gareth Daniel - Chief Executive; Sue Harper - Director of Environment & Neighbourhood	6	6	36	Corporate Health & Safety Policy; Health & Safety Advisory Team; Accident & incident reporting and investigations; Risk assessments; advice ; promoting positive health & safety culture;	Heath & Safety Inspections; Training for staff. Consumer & Business Protection.	6	3	18		N/A	N/A	N/A
S9	Economic	Financial and performance failure; bankruptcy of major service	Inefficiencies from service overlaps due to duplication; gaps in service provision.	Gareth Daniel - Chief Executive;	6	6	36	Risk analysis of key partnerships; formal control and monitoring;		6	4	24		N/A	N/A	N/A

KEY OPERATIONAL RISKS																	
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Regeneration and Major Projects																	
RMP1	Reputational	Civic Centre Project (over run in completion) and / or Move to Civic Centre (systems failure).	Risk to Council's reputation. Delays in realising expected savings. Disruption to some services where leases have been terminated. Business Continuity arrangements.	Aktar Choudhury - Assistant Director Major Projects & Civic Centre	6	5	30	Programme Governance/ Civic Centre Programme Board/ Master Programme of Works - progress is monitored on an on-going basis. New governance arrangements have now been put in place with a new Programme Manager appointed to manage the move to the Centre. A task Register has also been set up with named officers assigned with specific tasks.	Regular Progress Reports provided to Project Board.	6	4	24		Move to Civic Project Governance embedded. Detailed communication plan in place for all staff.	December 2012 / April 2013	Aktar Choudhury / Caroline Rainhan	
RMP2	Ecomonic / Socio Cultural	Lack of external investment in regeneration of the borough	Reduced income receipts from business rates; reduction in housing supply within the borough. Increase in levels of poverty, unemployment and increased levels of deprivation within the borough.	Andy Donald - Director of Regeneration & Major Projects	6	6	36	De-risking by assisting with planning permissions etc. on behalf of developers; Maintaining dialogue with investors / developers. Reviewing other sources of capital finance.	Regular economic monitoring. Regular market contact.	6	6	36		Ongoing economic monitoring and market contact	On-going	Andy Donald	
Children and Families																	
CF1	Legal/ Political / Socio Cultural / Reputational	Inability to meet demand for School places.	Council unable to discharge statutory duty to provide education. Reputation damage, legal challenge, increased health and safety risks	Krutika Pau - Director of Children & Families	6	6	36	Lobbying Central Govt for additional funding; funding of £25m secured from central govt. to provide additional school places; Temporary expansions and Projects established to address shortfall; Regular reports to PCG & CMT to agree prioritisation of use of capital funding; Strategy Board meets on a regular basis ; Standing Agenda Item in Overview & Scrutiny Committee Meetings.	Regular monitoring by Overview & Scrutiny Committee; PCG & CMT.	6	4	24		Continued lobbying and work with London Councils and Schools.	On-going	Rik Boxer - Assistant Director, Achievement & Inclusion (Children & Families.	
CF2	Reputational / Political	Vulnerable children not adequately safeguarded.	Abuse, Death or injury of vulnerable persons. Reputational damage to Council.	Graham Genoni - Assistant Director, Social Care Division, Children & Families.	6	5	30	Safeguarding of Children & Adults Teams deal with child/adult protection and safeguarding issues; Brent Local Safeguarding Children's Board; Safer Recruitment & Training; Whistleblowing; publicity; raising of awareness at Schools & community in general; Children & Young Persons Plans; Child Protection Arrangements; Strong partnership working with relevant agencies; High level monitoring meetings with Chief Executive; Corporate Parent Group; Auditing arrangements; Range of monitoring arrangements to track progress; Children & Families Overview & Scrutiny; Performance Information (quarterly scorecards); Timely reviews of Looked After Children;	Ofsted Inspections; Internal Service User Surveys; Internal Audit.	6	4	24		Continuous Monitoring & Development; Safeguarding & Looked After Children Inspection Action Plan; Continued collaboration with relevant agencies.	On-going	Graham Genoni - AD Social Care Division	
Adult Social Services																	
ASC1	Legal/ Political /Socio Cultural / Reputational	Vulnerable persons (older persons; persons with physical & learning disabilities; mental health and other vulnerable adults) are not adequately safeguarded.	Abuse, Death or injury of vulnerable persons. Reputational damage to Council.	Alison Elliot - Director Adult Social Care/ Liz Jones - Assistant Director, Adult Social Care	6	4	24	Safeguarding of Adults Teams deal with safeguarding issues. Safer Recruitment; training; Multi - Agency Policies and Procedures for Adults; ASC Transformation Programme; Reablement. Appointeeships/Deputyship arrangements in place after client needs have been assessed.	Care Quality Commission Inspections; Carers Survey; Internal Audit; Office of Protection.	6	3	18		None	N/a	N/a	

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ASC2							0					0					
Environment and Neighbourhood Services																	
ENS1	Environmental / Economic	Effects of Climate Change not adequately planned for. Environmental Targets not met. Failure to understand and plan to mitigate the impact of and adapt to climate change. Failure to cope with severe weather events.	Negative impact on health & wellbeing of residents. Increase in energy costs and fees paid to the Environment Agency on Carbon Reduction Commitment Regulations and reputational risks for being at the bottom of the league table. Increase expenditure to make further adaptations and other levies.	Sue Harper - Director of Environment & Neighbourhood	6	4	24	Climate Change Strategy & Action Plan; Travel Plans; Recycling Schemes; Civic Centre, Climate Change Pledge; Waste Strategy, Carbon Management Programme and the Council's Green Charter.	Internal Audit - CRC Readiness Report. Audit by Environment Agency. Progress on Green Charter is reported to members	6	3	18		N/A	Ongoing	Sue Harper - Director of Environment & Neighbourhood	
ENS2	Legal / Reputational / Environment	Major or large scale incident (accident; natural hazard; riot) business interruption affecting Council's resources and its ability to deliver critical services. Risk to safety of staff / Loss of staff.	Service delivery disruption and impact on the Council's ability to deliver critical services.	Gareth Daniel - Chief Executive; Sue Harper - Director of Environment & Neighbourhood	6	5	30	Community Resilience; Civil Contingencies Register; Emergency Planning	Emergency Planning & Business Continuity	6	3	18		Regular review and assessment of robustness of plans	Ongoing	Martyn Horne - Head of BCP, Env & Neighbourhood	
Corporate Services																	
CS1	Economic / Reputational	Increased acts of significant fraud or corruption due to economic down turn.	Financial Loss and damage to Council's reputation.	Clive Heaphy - Director of Finance	6	4	24	Anti-Fraud Framework; Whistleblowing Policy; Staff Code of Conduct; Audit & Investigations Unit; Conflicts of Interests Policy; Gifts and Hospitality Policy;	Audit & Investigations Reports / Investigations. NFI; Audit Commission	6	3	18		Anti-Fraud Culture promotion; fraud training across the Council and to external organisations.	Ongoing	Simon Lane - Head of Audit & Investigations	
CS2	Technological/ Reputational	ICT systems failure/ severe or prolonged failure of ICT capability across the Council / breach of IT security either external or significant data loss by staff. Denial of Access. Proximity of new Civic Centre to Wembley Stadium - would take a major threat at the Stadium to have a significant impact on the Council's ICT capabilities.	Service delivery disruption. Financial penalties. Serious damage to Council's reputation.	Clive Heaphy - Director of Finance.	6	5	30	ICT Strategy; Disaster Recovery Plans place; ICT projects to improve technical infrastructure (info store; OnePrint etc.); Information Governance ; S Access to Information Policy. IT Steering Group.	Test Results from Disaster Recovery Plans. IT Audits. Incident management process	6	4	24		Security Policies & Protocols in need of review and revision.;	Ongoing	Stephan Conoway - AD, Information Technology.	

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KEY OPERATIONAL RISKS

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CS2	Technological/ Reputational	ICT systems failure/ severe or prolonged failure of ICT capability across the Council / breach of IT security either external or significant data loss by staff. Denial of Access. Proximity of new Civic Centre to Wembley Stadium - would take a major threat at the Stadium to have a	Service delivery disruption. Financial penalties. Serious damage to Council's reputation.	Clive Heaphy - Director of Finance.	6	5	30	ICT Strategy; Disaster Recovery Plans place; ICT projects to improve technical infrastructure (info store; OnePrint etc.); Information Governance ; S Access to Information Policy. IT Steering Group.	Test Results from Disaster Recovery Plans. IT Audits. Incident management process	6	4	24		Security Policies & Protocols in need of review and revision.;	Ongoing	Stephan Conoway - AD, Information Technology.	
CS3	Economic/Financial	Customer demand increases beyond forecast	Customer demand increases and outstrips our capacity	David Oates - Head of Benefits	6	3	18	Bacs payments. Texting for CTAX reminders.	To be confirmed	5	3	15		Implement efficiency and performance management plans.	Ongoing	David Oates - Head of Benefits	
CS4	Economic/Financial	Postal strikes - Postal strikes cause major disruption to HB, Ctax and NNDR services	Revenue implications, CTAX, NNDR and HB Overpayemny invoices will not be delivered.	Tim Ring - Revenues & Benefits Support Manager	6	3	18	Bacs payments. Texting for CTAX reminders.	To be confirmed	5	3	15		EBilling for Council Tax. Explore UPS etc delivery. eClaiming. - Investigate Landlord Portal.	Ongoing	Tim Ring - Revenues & Benefits Support Manager	
CS5	Reputational, Legal and Financial	Do not deliver unqualified accounts by 30 Sept 2012	Reputational damage to the Council, criticism from the Audit Commssion and additional audit costs	Mick Bowden - Deputy Director of Finance, F & CS	5	5	25	Development of clear action plan and implementation of robust project management arrangements	Weekly meetings including Audit Commission to review progress	5	3	15		Continue weekly review meetings - escalate issues and risks to DoF&CS as required	30/09/2012	Mick Bowden	
CS6	Reputational and Financial	Insufficient staffing to meet demands	Services from finance not valued; poor decision-making across Council; reduction in financial control	Clive Heaphy - Director of Finance	5	4	20	Monitor key pressure points and adopt a flexible approach to resourcing to best match with demands.	Feedback from customers	5	3	15		Longer term we need to consider the optimal approach to managing limited resources as part of one council review of corporate and business support	12/12/2012	Clive Heaphy - Director of Finance	
CS7	Financial	Inability to plan Council finances beyond 1/4/13 due to uncertainties in funding streams	Inability to take planned approach to managing Council's services in times of reduced funding and significant legislative changes	Mick Bowden - Deputy Director of Finance, F & CS	6	5	30	Existing medium term financial strategy has element of flexibility built in and increases reserves to manage risk	Existing MTFS approved by Council	5	4	20		Need to understand implications of various changes (NNDR, CTB etc) on Brent. Also need to revisit risk cover as part of refresh of MTFS	12/12/2012	Mick Bowden - Deputy Director of Finance, F & CS	
CS8	Financial, Reputational	Financial systems not fit for purpose - particularly Oracle R11	Increasing 'workarounds' employed leading to potential for errors and greater inefficiency	Mark Peart - Head of Financial Management, F & CS	5	5	25	Carefully review general IT developments to ensure no adverse affect on financial systems	Communication with IT	5	4	20		Engagement with wider ERP decision-making across the Council - including preparations for project Athena	31/03/2013	Mark Peart - Head of Financial Management, F & CS	
CS9	Financial, Reputational	Inadequate security within oracle systems	Potential for fraud	Mark Peart - Head of Financial Management, F & CS	5	3	15	Ongoing reviews of access rights ensuring appropriate	Oracle security reviews	4	2	8		Continued implementation of actions from last audit review	30/09/2012	Mark Peart - Head of Financial Management, F & CS	

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CS10	Financial, Reputational	Pension Fund valuation position does not improve	Increasing drain on Council resources	Mick Bowden - Deputy Director of Finance, F & CS	5	5	25	Strategic asset allocation review undertaken and recruitment of new Head of Service underway	Monitoring of fund manager performance	5	4	20		Implement actions from asset allocation review; swift induction of new HoS; effective performance management of fund managers	31/03/2013	Mick Bowden - Deputy Director of Finance, F & CS
CS11	Economic/Financial	Insufficient capacity to provide high level HR support to meet the needs of One Council Projects. Failure to deliver key projects such as Public Health Integration, Employee Benefits, Business Support & Systems Review and Move to Civic Centre due to lack of resources & planning	Failure of / delays in delivery of key One Council Projects. Project overruns, poor specifications resulting in CRs, requirements not properly defined; balancing of projects and BAU trade off; increase in level of customer complaints.	Cara Davani - Interim Head of HR, People & Development	4	5	20	Early discussion of resource requirements and timeliness. Project managers meet with AD & ? Prior to commencement of projects and agree HR resource requirements and detail these in PID.	None indicated - awaiting confirmation from Raj	2	1	2		None indicated	01/06/2012	Cara Davani - Interim Head of HR, People & Development, F & CS
CS12	Technical/Economic/Financial	HR Oracle Project Athena - Migration to new system; HR Oracle Project not completed within projected timeline (Oct 2012); and need to extend contracts for Payroll (Logica); Recruitment (I-grasp); and talent management (ETWEB) for additional period (5-6 months)	Incorrect payment to staff will land systems issues will impact on successful implementation. Financial implication of extending existing contracts could impact service delivery.	JL; Raj Soni-Alagh - Employee Services & Business manager; A; Andrew Walker - Project Manager	4	3	12	Not known - awaiting confirmation from Raj	None indicated - awaiting confirmation from Raj	2	1	2		Risk will need to be managed by Oracle Project manager. Review meetings scheduled to discuss future of existing contracts	30/10/2012	Andrew Walker - Project Manager
CS13	Economic/Financial	Investment in People (IIP) - IIP process not supported by key stakeholders at a senior level or by departmental management teams. Appraisal process continues to be inconsistently adhered to thus resulting in significant number of appraisals not being completed. Incomplete picture of staff engagement and engagement issues not addressed. No clear picture of values and future direction of organisation thus affecting staff engagement; performance & development planning. Processes and changes affecting Council in last 18-24 months and ongoing may negatively impact staff perceptions of the Council's people management arrangements and thus the IIP review.	Failure of Council to achieve IIP Gold Award	Cara Davani - Interim Head of HR; IIP Board & CMT	3	3	9	Processes to support and encourage completion of appraisals are in place; meeting with IIP assessor has been undertaken and a project arrangement is in place.	None indicated - awaiting confirmation from Raj	0	0	0		A report to be presented to CMT in May 2012 seeking support and decision for IIP accreditation in May 2012. The IIP Action Plan will address controls to mitigate risks and identify actions required to move from silver to gold.	01/04/2013	RC?
CS14	Reputational	Loss of Significant Amount of Client Personal Data	Reputation loss through the association of the Brent Council name with disreputable and unethical activities, potential law suits and potential fine from the Information Commissioner.	Raj Seedher	5	2	10	High level of security in operations, on-going in house user training, continued vigilance, continuous monitoring a reporting.	ITU Operational Management	4	1	4		Introduction of new Security Regime as part of the NBCC fit out. Continued attention to detail in security provision.	1.4.2013	S. Conaway
CS15	Reputational / Economic	Risk of not complying with Human Rights Act and Regulation of Investigatory Powers Act	Legal challenge, abuse of process claims, likely loss of case, adverse publicity, legal costs, possible cost award for breach of HR	Simon Lane	4	6	24	Regular monitoring Management overview within A&I RIPA procedures and training in place Corporate group ensures on-going compliance External audit by Office of the	Legal Services Audit OSC Reports Surveillance Log	4	1	4		None		
CS16	Operational	Failure to Plan for Single Fraud Investigation Service	Loss of staff leading to reduced ability to deal with fraud, changing policy and practice driven by DWP leading to perverse decisions, staff morale and performance issues	Simon Lane	4	4	16	Attendance at Security Operations Group to maintain oversight of DWP plans. Lobbying for future of LA fraud investigation through Fighting Fraud Locally oversight board	Reports by Head of A&I	4	3	12		None		
CS17	Reputational / Economic	DPA Compliance - either inappropriate access / release or data loss	Loss of sensitive data leading to reputational damage and possible fines by information commissioner.	Simon Lane	4	6	24	Standing instructions to staff regarding disclosure provisions. DPA training. Use of encryption. Compliance with data security standards. Regular reminders at team meetings	Staff completing DPA on line training. Team meeting minutes	4	1	4		None		

Movement since last

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CS18	Reputational	Corruption of member of staff	Serious damage to credibility of unit, affect on ability to continue to provide valued service	Simon Lane	6	2	12	Case supervision, management checks, initial employee vetting	Case notes from in case system, personnel files	6	1	6		None			
CS19	Reputational / Economic	Serious Assault on / Injury of member of staff	Detrimental effect on team morale and performance, possible claim against the authority	Simon Lane	3	4	12	Confrontation training, visiting procedure, comms equipment, protective equipment	Procedure notes, training files	3	2	6		None			
CS20	Legal / Economic	Audit Contractor Default	Inability to provide statutory minimum coverage, reputation loss amongst service areas/schools, repeat work required, costs of procuring additional coverage, service failure	Simon Lane	5	1	5	Use of recognised contractor, regular reviews and monitoring. Framework provision provides resilience	Contract documentation	2	1	2		None			
CS21	Reputational / Economic	Failure of audit to identify widespread irregularity	Reputation damage and loss of confidence in service	Simon Lane	3	6	18	Adequate training and briefing of staff, working paper review, supervision of internal and contractor staff	Audit working papers	3	4	12		Increase briefing sessions for Audit Staff	31st May 2012	Simon Lane	
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							0					0					

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KEY OPERATIONAL RISKS

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Regeneration and Major Projects																
RMP1	Reputational	Civic Centre Project (over run in completion) and / or Move to Civic Centre (systems failure).	Risk to Council's reputation. Delays in realising expected savings. Disruption to some services where leases have been terminated. Business Continuity arrangements.	Aktar Choudhury - Assistant Director Major Projects & Civic Centre	6	5	30	Programme Governance/ Civic Centre Programme Board/ Master Programme of Works - progress is monitored on an on-going basis. New governance arrangements have now been put in place with a new Programme Manager appointed to manage the move to the Centre. A task Register has also been set up with named officers assigned with specific tasks.	Regular Progress Reports provided to Project Board.	6	4	24		Move to Civic Project Governance embedded. Detailed communication plan in place for all staff.	December 2012 / April 2013	Aktar Choudhury / Caroline Rainhan
RMP2	Economic / Socio Cultural	Lack of external investment in regeneration of the borough	Reduced income receipts from business rates; reduction in housing supply within the borough. Increase in levels of poverty, unemployment and increased levels of deprivation within the borough.	Andy Donald - Director of Regeneration & Major Projects	6	6	36	De-risking by assisting with planning permissions etc. on behalf of developers; Maintaining dialogue with investors / developers. Reviewing other sources of capital finance.	Regular economic monitoring. Regular market contact.	6	6	36		Ongoing economic monitoring and market contact	On going	Aktar Choudhury/Dave Carroll
RMP3	Reputational/ Financial Economic / Socio Cultural	Inability to deliver social housing units in line with specified targets	Risk to councils reputation due to residents having to wait longer to be rehoused. May affect councils ability to generate new homes bonus	Aktar Choudhury - Assistant Director Major Projects & Civic Centre	4	5	20	Performance monitored quarterly at corporate level Closer links between Housing and Major Projects staff through restructure Clear planning policy Successful delivery of major residential developments	Regular Monitoring	3	4	12			On going	Dave Carroll
RMP4	Reputational; Economic / Socio Cultural	Inability to deliver enough school capacity through the Schools Capital Programme	Council in breach of its statutory duty. Increasing numbers of children having to be educated out of Borough	Richard Barrett Assistant Director Property and Asset Management	5	6	30	Work with Children & Families Dept. to identify alternative education solutions Scope to identify future funding/grant funding options	Schools Expansion Policy agreed by Executive	4	5	20			On going	Richard Barrett/Rajesh Sinha
RMP5	Financial Environmental	Inability to meet government set Carbon & Efficiency savings targets with funding/fines attached	Council having a reduced services budget	Richard Barrett Assistant Director Property and Asset Management	5	6	30	Ensure works with Carbon Management Group ensuring data is captured and is of good quality, but that other Departments co-operate, share skills an k knowledge and communicate effectively	Regular Monitoring	4	3	12			On going	Anis Robinson

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RMP5	Financial Socio-cultural	Increase in homelessness caused by high levels of service demand caused by housing and welfare reforms as well as the current economic climate, will result in an.	Council unable to manage budget within agreed limits. Major impact on children within homeless families	Perry Singh Assistant Director Housing	6	6	36	Delivery of the revised Accommodation Strategy Detailed budget monitoring arrangements in place Continue to focus resources on prevention of homelessness wherever possible Reduction in the use of high cost temporary accommodation and introduction of new more cost effective contracts to provide temporary accommodation Monitoring of temporary accommodation placements	Regular Monitoring			0			Mar-13	Laurence Coaker
RMP6	Reputational; Economic / Socio Cultural	Ability to deliver capital programmes and projects to time and budget, including affordable housing and schools, and also related corporate objectives in light of government cuts	Budget overruns, increased calls upon the Council's capital borrowing requirement	Andy Donald - Director of Regeneration & Major Projects	4	5	20	The use of the Capital Portfolio Office structures and methodology should drive forward the various capital projects with clear lines of reporting and ownership, and ease the decision making process	Regular monitoring by Portfolio Review Panel	4	3	12			Mar-13	Ian Hamilton
RMP7	Reputational; Economic / Socio Cultural	Department lacks project management skills / capacity to deliver projects	Major capital projects not managed to time or budget Poorly managed and implemented procurement	Andy Donald - Director of Regeneration & Major Projects	5	4	20	Capital Portfolio Office should ensure robust project management system, in turn delivering major capital projects on time Staff continuously up-skilled in project management techniques through training and secondment opportunities	Less outsourcing of project management	3	3	9		CPO to circulate Skills Profile questionnaire and establish training needs required Managers to incorporate into individual training and development plan	Mar-13	Andy Donald

KEY OPERATIONAL RISKS

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Strategy, Partnership & Improvement																
SPI1 (locally PP2)	reputational, operational, financial	failure to have service plans in place	lack of synergy between local and corporate objectives would result in failure to deliver the corporate strategy	Mary Stein	6	4	24	1. Departmental scorecard monitoring. 2. Quarterly performance and finance review. 3. High Level Monitoring review.	performance management framework	3	1	3		Quarterly scorecard monitoring	September 2012 (next update)	Mary Stein
SPI3 (CC1)	reputational	Maintaining the reputation of the complaints service as an effective one	adverse findings by the ombudsman to be kept to a minimum and fewer complaints upheld at final stage	Phillip Mears	6	3	18	1. Maintaining effectiveness of staff through regular training. 2. Annual complaints report sent to committee.	annual report, DMT updates, appraisals, key performance indicators	3	1	3		1. continuous reviewing training programme (complaints process to go to 2 stages only from April 2012)	July 2012 (next update)	Phillip Mears
SPI4 (CC2)	legal and statutory	risk of breaching Government Connect data security arrangements	large number of client files containing restricted and sensitive data which could be accessed by people who are not entitled to see the information due to inadequate file storage arrangement.	Phillip Mears	6	6	36	1. locking data away in lockable filing cabinets. 2. scanning all hard copy documents, all new complaints scanned. 3. more effective file management procedures	secure iCasework system	4	4	16		1. introducing file management procedures to reduce number of hard copy documents retained. 2. Investigating scanning hard copy documents (new ones scanned now, rest via infostore project). 3. introducing locked filing cabinets for as much of the data as possible. 4. Removal of all paper	July 2012 (next update)	Phillip Mears
SPI5 (CC4)	reputational	Risk of escalation to the Ombudsman of complaints from vulnerable people about the council's Community Care service	Damage to reputation of the council as a whole. (The Community Care service now provides data about complaints against their service)	Phillip Mears	4	4	16	1. Closer monitoring by corporate complaints manager of ASC complaints. 2. Improve the quality of ASC investigations through improved training programme.	Key performance indicators, appraisals and staff training programmes, annual report	1	1	1		1. Workshops to improve quality of ASC investigations underway.	July 2012 (next update)	Phillip Mears
SPI6 (SP4)	political & reputational	To help members of Overview and Scrutiny committees to deliver work programmes that engage all councillors with the One Council programme, performance matters and partnerships	Failure to engage committees will leave the Council vulnerable to accusations of inadequate levels of accountability and governance	Jacqueline Casson	6	3	18	Provide ongoing support to the administration to help shape and deliver the Overview and Scrutiny work programme	member surveys, scrutiny meetings, internal reports	6	1	6			Apr-13	Jacqueline Casson
SPI7 (PMO1)	Financial	There is a risk that projects will not deliver budgeted savings or cost more than budgeted	The council's budget strategy would not be delivered	Peter Stachniewski	6	5	30	1. Robust business cases and project Initiation Documents. 2. Regular progress reports through Project Status Reports 3. Monitoring of overall financial costs and savings at fortnightly meetings of the One Council Programme Board	Reports to Project Boards and One Council Programme Board	4	2	8		1. Control (outlined previously) monitored on a 2 weekly basis and reported to programme board	ongoing	Peter Stachniewski
SPI8 (PMO2)	Reputational	There is a risk that the impact of changes in the One Council Programme on external stakeholders is not managed.	A negative impact on the reputation of the council.	Peter Stachniewski	6	6	36	1. Effective project planning so that impacts are identified at early stage (concept, business case, PID) 2. All projects have communications plans and an allocated communications officer 3. Consultation where Equality Impact Assessments identify impact 4. Regular briefings/reports for	Reports to Project Boards and One Council Programme Board	6	3	18		1. A second round of recruitment completed (14 staff appointed: 1 project manager, 5x project delivery officers, 6x business analysts)	completed	Peter Stachniewski
SPI9 (PMO3)	Service delivery	There is a risk that the extent of change through individual One Council projects and through the One Council Programme as a whole impacts on staff morale and motivation	Project benefits do not get delivered	Peter Stachniewski	4	6	24	1. Individual project communication plans 2. Staff briefings and consultation as part of individual projects	Reports to Project Boards and One Council Programme Board	4	5	20		1. CEX now leading discussions with directors on comms messages around the overall change agenda. 2. A co-ordinated approach is being developed to managing communications and change management across One Council projects that affect the whole	30-Sep	Peter Stachniewski

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SP110 (CS1)	financial	Budget/external funding - failure of central government to continue funding	already 45% has been lost compared to previous financial year and are expecting to lose another 20% before March 2012. This is one of the 4 key community priorities in Brent	Genny Renard	6	6	36	Three new partnerships have been forged with Voluntary Sector additional agencies and some funding obtained however this is year on year precluding long term planning. 80% of staff have been training in commissioning and obtaining best value for money. Work is being developed to set up the Overview and Scrutiny panel look at partnership working and funding	internal, Committee reports, key performance indicators, external key performance indicators, national frameworks.	4	4	16	down	Work is ongoing to make best use of all funding opportunities . Working with the Police we are undertaking a neighbourhood crime and nuisance work to make sure we are achieving best value. Government funding has been secured to undertake a effectiveness and value for money review of DV services	September 2012 (next update)	Genny Renard
SP111 (CS2)	operational	Lack of skills set in the community safety team	Inability to deliver targets not met For imperative-high-risk targets and work additional budget demand	Genny Renard	6	6	36	1. Continuous mentoring and teaching sessions. 2. To keep training packages up to date due to legislative changes. 3. Seeking out all opportunities for training and shadowing.	internal, Committee reports, key performance indicators, external key performance indicators, national frameworks.	5	3	15	down	All staff have traing programme and work programme in place. Work with HR continues to make sure team format and skills meet the needs of the ecver changing agenda	September 2012 (next update)	Genny Renard
SP112 (CS3)	social & community, reputational, operational	Protection of visitors and residents during Olympic 2012 period	Other host cities have seen an increase in crime. Prostitution and trafficking of male and female sex trade workers increased exponentially and never returned to pre-game level. This has implications for safeguarding children, immigration and unaccompanied minors.	Genny Renard	6	6	36	1. Continuing to revisit the intelligence on the current sex-trade within Brent. 6 brothels have been closed to dampen down the existing trade to manage anticipated increase. Excellent contacts with UK border agency, landlords and community groups have been made to increase the levels of knowledge	internal, Committee reports, key performance indicators, external key performance indicators, national frameworks.	4	4	16		Currently making full use of all powers available, also developing support package for sex trade workers in appropriate languages	September 2012 (next update)	Genny Renard
SP113 (CS4)	operational	reduction in staff numbers in partner agencies	Increased partnership working is ameliorating some negative effect on influencing and the ability to deliver in terms of both the operational delivery and strategic planning. Political outcomes of mayoral elections have meant there has been not change policy, announcement anticipated regarding neighbourhood policing post olympics.	Genny Renard	6	6	36	1. Lobbying central government and London administration. 2. Working more closely with partners to ensure no overlaps and improving focus on key objectives (e.g. most vulnerable victims). Risks due to current staff changes in partner agencies. 3. looking for additional funding sources (every bid successful). 4.	internal, Committee reports, key performance indicators, external key performance indicators, national frameworks.	4	4	16		1. continuous bidding for additional funding. 2. skills audit ongoing (100% completed Jan 2012) with a view to skills sharing, expanded to partners Jan 2012. 3. service the new overview and scrutiny panel	September 2012 (next update)	Genny Renard
SP114 (CS5)	social & community	Increase in violence against women and girls (domestic violence) in Brent	also incorporates forced marriage, honour killings and genital mutilation. Possible increase due to economic downturn (expected).	Genny Renard	6	6	36	1. Working with GLA on a pan-London programme to identify and support those at risk of genital mutilation, particularly through education system. 2. working with mosques and other religious groups to elevate status of women and clarifying the law in this area. Collaboration with other boroughs	internal, Committee reports, key performance indicators, external key performance indicators, national frameworks.	6	4	24		1. training and information for enforcement officers (100% achieved). 2. DV agencies are monitoring current situation and asking inquisitive questions of women and girls entering refuge (50% achieved). 3. developing a training programme for GPs, midwives and health visitors (20%)	September 2012 (next update)	Genny Renard
SP115 (PA1)	community	Not having a sustainable Community Strategy	Lack of consistent performance management results in a failure to deliver our Sustainable Community Strategy - Brent Our Future 2010 - 2014	Joanna McCormick	6	4	24	1. Partnership Performance Management Framework introduced	key performance indicators, performance reports,internal audit reports, performance and finance review	4	4	16		1. Review and revise the framework in relation to changes in policy following elections	Sep-12	Joanna McCormick
SP116 (PA2)	operational	lack of public sector resources	Failure to align or pool resources of Brent partners effectively to provide the best outcomes for residents	Joanna McCormick	6	6	36	1.Revised structure of LSP and engagement with place based budgeting agenda (ON HOLD)	Performance and finance review	4	4	16		1. Identify priority areas where commissioning as a partnership will achieve greater impact and efficiency	Sep-12	Joanna McCormick
SP117 (PA3)	operational	Silo working by partners	Lack of engagement with shared priorities and service delivery as a result of public sector cuts	Joanna McCormick	6	6	36	1. Partners Executive Board implemented	performance reports	4	4	16		1. Agree an appropriate plan for each case	ongoing	Joanna McCormick
SP118 (PA4)	operational	Weak relationship with CVS Brent (Council for Voluntary Service)	Progress in development of partner organisation impede decision making and progress	Joanna McCormick	6	4	24	1. Input to Voluntary Sector Strategy Development. 2. Arrangement of support for CVS Brent. 3. Quarterly monitoring of grant agreement.	performance reports, feedback from service users, external advisors	4	4	16		1. Implement voluntary sector strategy. 2. Improve relationship with key individuals in Community and Voluntary Sector.	1. sep 2012 and 2. mar 2014	Joanna McCormick

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SPI19 (PA5)	community, reputational	Lack of community engagement	failure to ensure effective, coordinated community engagement by partners	Joanna McCormick	4	6	24	1. amended Engagement Strategy. 2. One Community, Many Voices implementation	complaints records, feedback from service users	1	3	3		1. implement action plan (CMT paper). 2. Revise voluntary sector partner memberships.	1. July 2012 and 2. Dec 2012	Joanna McCormick
SPI20 (PA6)	reputational	damage to council reputation	ineffective partnership working affects council reputation	Joanna McCormick	6	6	36	1. new partnership training being developed. 2. Advisory leads group action. 3. Voluntary sector officer group.	complaints records, feedback from service users	4	4	16		1. amendment of current website	Jul-12	Joanna McCormick
SPI21 (PA7)	financial, reputational	Project not delivered according to grant agreements	failure to ensure value for money delivery or projects funded with discretionary funding from the council	Joanna McCormick	6	6	36	1. new bidding process. 2. new monitoring process. 3. voluntary sector officer group.	key performance indicators, performance reports, internal audit reports, performance and finance review, complaints records, feedback from service users	4	4	16		1. quarterly budget monitoring. 2. quarterly performance monitoring. 3. voluntary sector liaison forum	1. May 2012, 2. Jul 2012, 3. July 2012	Joanna McCormick
SPI22							0					0				

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CORPORATE STRATEGIC RISKS

ID	CAT.	RISK IDENTIFICATION (Describe risk and underlying cause)	IMPACT (Consequences of risk maturing)	Risk Owner	Inherent (raw) risk			Existing Controls	Sources of Assurance	Residual (net) risk			Movement Indicator	Further Actions	Deadline	Responsible Officer
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S4	Economic / Socio Cultural	Economic recession / demographic change and welfare reform agenda including localised council tax benefit resulting in increase in need for council services.	Increased demand for council services / accomodation / crime / anti-social behaviour	Phil Newby Director of Strategy, Partnership and Improvement	6	6	36	Lobbying of Central Government. Partnership working with NHS		6	6	36				
S5	Legal / Political	The Council fails to comply with legal/statutory obligations including consultation and equality duty in implementing policy changes or failure to comply with	Increased dissatisfaction with council, increase in number of legal challenges and Judicial Reviews resulting in cost of defence and delay	Toni McConville - Director of Customer & Community Engagement Fiona Ledden Borough Solicitor	6	4	24	Area Consultative Forums; Brent Citizens Panel; User Consultative Forums; Equalities issues reported to CMT on a quarterly basis. Regular monitoring by CMT. Equalities Statement	Consultation Board.	6	3	18		Contentious issues flagged up through surgery system. New guidance on Equalities to be issued.	Dec-12	Christine Collins - Community Engagement Manager

KEY OPERATIONAL RISKS

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		(Describe risk and underlying cause)	(Consequences of risk maturing)		Impact	Likelihood	Risk Score			Impact	Likelihood	Risk Score				
Customer & Community Engagement																
CCE1	Reputational / Service Delivery	Failure to achieve delivery of Customer Services Project.	Residents unable to communicate with council / Failure of project objectives (i.e. consolidation of Civic Centre at Civic Centre)	Margaret Read - AD Customer Services	6	5	30	A - Regular monitoring of Project B - Strong Project management in place	1 - PMO Board and Brent Customer Services Board	6	4	24		1 - Continual monitoring required to ensure delivery of project meets deadlines. Consultant to be appointed to manage project for 1 day a week and dedicated Covic Centre Resource to be appointed.	Dec-12	Margaret Read - AD Customer Services
CCE2	Technical / Financial	Digital Post room not delivered in sufficient time to operate following move to Civic Centre	Financial impact of having to employ agency staff at the Post Room staff to handle paper post for a significant period of time after move to Civic Centre	Margaret Read - AD Customer Services	6	5	30	A - Robust project planning B - Resource (Civic Centre Project Manager & Consultant appointed to oversee project. AD for IT member os Civic Centre Project Board	1 - PMO Board and Brent Customer Services Board; Regular progress meetings between AD CS and Consultant to monitor progress.	6	4	24		1 - Detailed Project Plan 2 - Business case and PID to be considered by Civic Centre and Brent Customer Services Boards May 2012	Dec-12	Margaret Read - AD Customer Services
CCE3	Service Delivery/ Reputational	Insufficient operational capacity to deliver improvements to the Customer Services experience at the new Civic Centre	Residents unable to communicate with council / Failure of project aim (i.e. consolidation of Civic Centre at Civic Centre)	Margaret Read - AD Customer Services	6	5	30	A - Improvement plans and agreed protocols for Web and Digital Post Room teams	PMO Board and Brent Customer Services Board; Regular progress meetings between AD CS and Consultant to monitor progress.	6	4	24		1 - Digital Post Room business case in progress	Jul-12	Margaret Read - AD Customer Services
CCE4	Political / Reputational	Failure of Council to have an inclusive festivals programme	Increased dissatisfaction with the council by local residents and community groups / Impression of bias/favouritism towards a particular sections of the community	Cheryl Curling - Head of Communications & Marketing	6	4	24	Events strategy developed to support the four priorities of delivery of an inclusive events programme.		5	3	15		To be completed	To be completed	Cheryl Curling - Head of Communications & Marketing
CCE5	Economic / Financial/Service delivery	Failure of trading units to achieve income targets	Pressure on CCE budget & CCE budget overspend resulting in savings having to be found from elsewhere within the service.	Saskia Woolloff - Business Manager	6	5	30	A - monthly monitoring of budget reports with cost centre managers B - Reduction in income targets when budget setting to be more realistic	1 - Monthly budget reports sent to cost centre managers for amendment and review 2 - Quarterly budget meetings held and YTD	6	3	18		1 - Business Manager to maintain monitoring and liaise closely with Finance Business Partner to ensure budget breaks even	31-Mar-13	Saskia Woolloff - Business Manager
CCE6	Economic / Financial/Service delivery	Failure of Registration & Nationality Service to generate projected external income due to changes in government policy	Pressure on CCE budget if RNS income targets are not met / CCE budget overspend resulting in savings having to be found from elsewhere.	Mark Rimmer - Service Director, Registrars & Nationality Service	6	5	30	A - Close liaison with relevant government departments to ensure early notice of policy changes B - Advise HR/Finance that delays in recruitment will mean reduced ability to generate revenue	1 - Monthly budget monitoring 2 - Quarterly meetings with UKBA	6	4	24		1 - Continue liaison with government departments to ensure policy changes are known well in advance	31-Mar-13	Mark Rimmer - Service Director, Registrars & Nationality Service
CCE7	Financial	Failure of the CCE Civic Centre Move Action Plan causes business disruption during relocation to the Civic Centre premises	Loss of income and marketing opportunities / Disruption to RNS customer contact through close of reception at Town Hall	Saskia Woolloff - Business Manager	6	5	30	A - Monitoring the Action Plan B - communication updates to DMT	1 - Monthly reviews part of DMT workplan	6	3	18		On-going monitoring of work plan	31-Mar-13	CCE DMT & Saskia Woolloff - Business Manager
CCE8							0					0				

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CCE9							0					0				
CCE10							0					0				

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Legal & Procurement																
LP1	Political/Compliance/Reputational	Corporate Governance - Non Compliance with Constitution, procedures, standing orders and breach of standards by members.	Reputational damage; bad publicity	Fiona Ledden - Director of Legal & Procurement / Peter Goss - Democratic Services Manager	6	3	18	Monitoring Officer attendance at Committee meetings and Full Council; legal advice to decision making committees such as Planning and Licensing; Training on standards for members; provision of guidance on standards for members	Internal Audits; Monitoring Officer reports ; Planning and Licensing training to members	6	3	18		Continued review of training and compliance with contract and financial standing orders. Changes to standards regime via Localism Act	Apr-13	Fiona Ledden - Director of Legal & Procurement
LP2	Legal/Reputational	Statutory timetable and requirements with regards to the maintenance and updating of the Electoral Register not met	Disenfranchising of residents and inability to vote in elections which may result in a legal challenge to election; financial loss of having to re-run elections; reputational damage which may result for bad publicity	Peter Goss - Democratic Services Manager and Sean O'Sullivan - Electoral Services Manager	6	3	18	Annual Review, proactive approach during canvass will be maintained	Percentage of returns continue to be over 95%	6	3	18		Proactively reviewing the register and continue to maintain returns over 95%	Feb-13	Peter Goss/ - Democratic Services Manager/ Sean O'Sullivan
LP3	Legal/Reputational	Committee Administration - statutory publication deadlines not met for agendas and forward plans; meetings delayed and thus key decisions; deadlines for submission of reports by departments not met.	Reputational damage if budget deadlines etc. are missed; financial cost of legal challenges; bad publicity resulting in reputational damage	Peter Goss - Democratic Services Manager	6	3	18	Agendas and forward plans agreed well in advance; Deadlines for submission of reports formally set and officers chased when there are delays.	Forward Plan monitored at CMT	6	3	18		Forward Plan monitored at CMT and Democratic Services Officers proactively to communicate with senior managers on the forward plan	Apr-13	Peter Goss - Democratic Services Manager
LP4	Financial / Reputational / Legal	Non-compliance with EU Procurement Regulations in the letting of Contracts	Financial loss from cost of Legal challenge from unsuccessful tenderers; reputational damage	Paul Davis - Head of Procurement	6	4	24	Contract Standing Orders; Blue Book Requirement; Involvement of qualified staff within Procurement Team in the letting of all significant contracts across the Council; training provided to departments on Procurement regulations etc.	Internal Audits of major contracts; regular advice from legal contracts team; regular liaison between procurement and legal contracts team	6	4	24		Training across the Council from procurement colleagues; updated and accessible information on the intranet site covering all aspects of procurement and tendering, category managers attending department management teams on regular basis	Apr-13	Paul Davies - Head of Procurement
LP5	Service Delivery/Financial/Reputational	Incorrect procurement process resulting in delay in procuring a contract	Inability to deliver relevant service; increased costs of having to re-tender; waste of resources; reputational damage	Paul Davis - Head of Procurement	6	4	24	Use of Contracts Register to ensure action on procurement undertaken early; Use of Category managers within the department to ensure compliance with procurement procedures and timescales	Reporting to Strategic procurement board	6	4	24		Regular reporting by category managers to DMT Directorate and to Head of Procurement; Provision of training across the council to ensure compliance	Apr-13	Paul Davies - Head of Procurement
LP6	Financial / Reputational / Legal	Failure to achieve best value in the letting of contracts and procurement of goods and services	Increased costs of goods and services for failing to negotiate on the most favourable terms for the Council	Paul Davis - Head of Procurement	6	4	24	Training on procurement activity, compliance with procurement practices with e-procurement activity; increased working with WLA on joint procurements	Controls through e-procurement, monitoring compliance through spend analysis	6	4	24		Further monitoring by category managers and use of category management plans to ensure procurement involved with relevant activities. Increased Joint Procurement activity with WLA colleagues	Apr-13	Paul Davies - Head of Procurement
LP7	Financial /Reputational	Failure to deliver or achieve the objectives of the One Council Procurement Project	Projected saving not achieved resulting in additional cuts to services;	Paul Davis - Head of Procurement	6	6	36	Monitoring through PMO Board and Strategic Procurement Board, involvement of all departmental management teams, use of category managers to identify opportunities	Financial spend data analysis, involvement of departmental management teams	6	6	36		Review of progress at Strategic Procurement Board and further attendance at Departmental Management Teams; Review of Contracts and procurement opportunities through contracts register and category management activity	Apr-13	Paul Davies - Head of Procurement
LP8	Legal/Reputational	Successful Judicial Challenge against the authority by way of Judicial Review or other litigation	Reputational risk to the authority and inability to progress with strategic objectives of the organisation; potential cost to the Council if costs order made against the authority	Fiona Ledden - Director of Legal & Procurement	6	4	24	legal advice given at CMT, Executive and PCG, clear advice given on potential areas of challenge and any litigation commenced	Advice given to members and involvement of legal department from commencement	6	4	24		Monitoring process of decision making to include proactive advice on issues such as equality impact analysis and considering how decisions are made, obtain expert advice on key problem issues as required.	Apr-13	Fiona Ledden - Director of Legal & Procurement

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LP9	Legal/Reputational	Risk of costs orders made against Local Authority in Child Protection cases where response time and filing of evidence not in accordance with Court Orders	Reputational risk to the authority, potential costs to the Council and risk of court requiring senior officer attendance to explain non-compliance	Fiona Ledden Director of Legal & Procurement /Fiona Alderman - Principal lawyer (Social Services & Education)	2	6	12	Raise awareness of issues with Social Services Department and Senior Managers, increased training, close monitoring of timescales for compliance with Court Orders	Advice given at Legal Planning Meetings and to social workers direct	2	6	12		Training provided to Social Workers on the likelihood of courts making punitive costs order for non-compliance with court orders, case list with details of court deadlines communicated to social works regularly	Apr-13	Fiona Ledden Director of Legal & Procurement /Fiona Alderman - Principal lawyer (Social Services & Education)
LP10	Legal/Reputational	Increased volume of employment law cases following increased activity in following employment procedures and taking appropriate action for performance issues	Reputational risk to the authority, risk of tribunal making compensation awards to individuals	Fiona Ledden - Director legal & Procurement/Andy Potts - Senior Employment Lawyer	4	4	16	Training undertaken with Senior Managers by legal and HR. Increased skills level for recording disciplinary hearings, and ensuring compliance with procedures including staff appeals and grievances	Advice given to staff appeals and at disciplinary hearings	4	4	16		Training provided for those undertaking investigations to include training on witness skills, legal advice to be provided to senior managers involved in disciplinary activities	Apr-13	Fiona Ledden - Director legal & Procurement/Andy Potts - Senior Employment Lawyer
LP11	Legal/Reputational	Risk of members not confirming to new Code of Conduct and register of interests	Reputation risk to the authority and to members with potential for criminal action where failure to comply with new regime on registering the interest	Fiona Ledden - Director of Legal & Procurement	4	3	12	Training, use of Standards Committee to bring in new Code of Conduct, circulation of monitoring officer advice notes to members, review of register of interests, availability of monitoring officer to give individual advice to members as needed	Audit of Register of Interests, Annual review of register	4	3	12		Training on the new Code of Conduct, individual sessions with new councillors and monitoring officers, recruitment of independent person to advice Standards Committee and members	Apr-13	Fiona Ledden - Director of Legal & Procurement
LP9							0					0				
LP10							0					0				
LP11							0					0				
LP12							0					0				

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CF1	Legal/ Political /Socio Cultural /Reputational	Inability to meet demand for School places.	Council unable to discharge statutory duty to provide education. Reputation damage, legal challenge, increased health and safety risks	Rik Boxer Assistant Director, Achievement & Inclusion	6	6	36	Lobbying Central Govt for additional funding; funding of £25m secured from central govt. to provide additional school places; Temporary expansions and Projects established to address shortfall; Regular reports to CMT& Executive to agree prioritisation of use of capital funding; Strategy Board meets on a regular basis ; Standing Agenda Item in Overview & Scrutiny Committee Meetings.	Regular monitoring by Overview & Scrutiny Committee; CMT & Executive.	6	4	24		Continued lobbying and work with London Councils and Schools.	On-going	Rik Boxer - Assistant Director, Achievement & Inclusion (Children & Families.
CF2	Reputational / Political	Vulnerable children not adequately safeguarded.	Abuse, Death or injury of vulnerable persons. Reputational damage to Council.	Graham Genoni - Assistant Director, Social Care Division, Children & Families.	6	5	30	Safeguarding of Children Teams deal with child protection and safeguarding issues; Brent Local Safeguarding Children's Board; Safer Recruitment & Training; Whistleblowing; publicity; raising of awareness at Schools & community in general; Children & Young Persons Plans; Child Protection Arrangements; Strong partnership working with relevant agencies; High level monitoring meetings with Chief Executive; Corporate Parent Group; Auditing arrangements; Range of monitoring arrangements to track progress; Children & Families Overview & Scrutiny; Performance Information (quarterly scorecards); Timely reviews of Looked After Children;	Ofsted Inspections; Internal Service User Surveys; Internal Audit.	6	4	24		Continuous Monitoring & Development; Safeguarding & Looked After Children Inspection Action Plan; Continued collaboration with relevant agencies.	On-going	Graham Genoni - AD Social Care Division
CF3	Socio Cultural/Reputational/Financial	Current economic climate and further reduction in funding levels leading to greater demand for services and potential inability to meet statutory responsibilities. Increase in family breakdown due to economic downturn	Increased in number of looked after children or greater demand for services for vulnerable and young persons. Certain key statutory responsibilities cannot be met.	Graham Genoni - Assistant Director, Social Care Division, Children & Families.	6	6	36	Improved budgetary controls; robust budget monitoring; improved commissioning arrangement. Services will be re-prioritised to meet the needs of the most vulnerable.	Management information reports track activity and identify trends, to which management are able to	4	6	24		Early help projects will begin to deliver efficiencies in 2012/13	ongoing	Graham Genoni - Assistant Director, Social Care Division, Children & Families.
CF4	Reputational	Security of data. Loss of confidential data for looked after children; Children at Risk and adopted children.	In a multiagency environment information sharing could result in data breaches.	Graham Genoni - Assistant Director, Social Care Division, Children & Families.	6	6	36	Data sharing protocols in place. Wherever possible data shared electronically. All teams have access to secure mail systems GCSX, CJSM and Egress. Staff required to complete on-line data protection, information sharing and FOI training. Padlocks and lockable bags available for transporting papers off site.	Revised policies and protocols on data sharing. Confidential reports no longer posted.	3	4	12		Developing use of secure electronic communication technology.	ongoing	Graham Genoni, Assistant Director, Social Care Division, Children & Families
CF5	Socio Cultural/Financial/Reputational	Disproportionate reduction to Council's general fund arising from academy conversions.	Impact on Council's ability to improve attainment of children & young persons.	Rik Boxer Assistant Director, Achievement & Inclusion	6	5	30	Participated in joint action with several other local authorities to challenge General Fund top slicing by Central government.		6	5	30		Modelling of schools budgets based on proposed new funding formula.	Ongoing	Rik Boxer Assistant Director, Achievement & Inclusion
CF6	Socio cultural & political	Changes to government policy/legislation	Changes in Welfare Reform. Influx of vulnerable families into the borough from other more expensive or inner London authorities	Anna Janes - Head of C&F Policy & Performance	6	6	36	Taking forward the Working with Families suite of One Council Projects. This will provide an effective Early Intervention Service which by multi-agency working will share the responsibility and ways in which this potential influx can be dealt.	Regular monitoring by Project Boards and overall Strategic Group	6	4	24		Initiate the Working with Families Project.	On-going	Anna Janes - head of Children & Families Policy and Performance.

ID	CAT.	RISK IDENTIFICATION (Describe risk and underlying cause)	IMPACT (Consequences of risk maturing)	Risk Owner	Inherent (raw) risk			Existing Controls	Sources of Assurance	Residual (net) risk			Movement Indicator	Further Actions	Deadline	Responsible Officer
					Impact	Likelihood	Risk Score			Impact	Likelihood	Risk Score				
CF7	Financial/ Reputational	Major fraud or financial mismanagement in schools.	Reputational damage; removal of financial delegation; increase resources required from LA to support school.	Mustafa Salih - AD Strategic Finance, C&F	6	5	30	There is a rolling-programme of school audits in place which is thorough and robust. Where significant financial issues and risks are identified then the Council has and will continue to take robust action. When issues are identified all schools are informed of major learning points and are offered support to put in place an action plan to address any major issues.		6	4	24		The audit process itself is robust and the fact that issues are being identified is evidence of this. A review of the audit process is therefore not recommended. Further training for schools is being developed, with school representatives, including a one day finance conference for all Brent Schools which will focus on explaining the key financial management requirements for schools and offer support and advice. It will clearly clarify what is expected of schools in Brent in terms of sound financial management and will take place in the autumn term 2012.	Ongoing	Mustafa Salih, AD Strategic Finance

KEY OPERATIONAL RISKS

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ID	CAT.	RISK IDENTIFICATION	IMPACT	Risk Owner	Inherent (raw) risk			Existing Controls	Sources of Assurance	Residual (net) risk			Movement Indicator	Further Actions	Deadline	Responsible Officer
		(Describe risk and underlying cause)	(Consequences of risk maturing)		Impact	Likelihood	Risk Score			Impact	Likelihood	Risk Score				
Environment and Neighbourhood Services																
ENS1	Environmental / Economic	Effects of Climate Change not adequately planned for. Environmental Targets not met. Failure to understand and plan to mitigate the impact of and adapt to climate change. Failure to cope with severe weather events.	Negative impact on health & wellbeing of residents. Increase in energy costs and fees paid to the Environment Agency on Carbon Reduction Commitment Regulations and reputational risks for being at the bottom of the league table. Increase expenditure to make further adaptations and other levies.	Sue Harper - Director of Environment & Neighbourhood	6	4	24	Climate Change Strategy & Action Plan; Travel Plans; Recycling Schemes; Civic Centre; Climate Change Pledge; Waste Strategy, Carbon Management Programme and the Council's Green Charter. Emergency and business continuity plans	Internal Audit - CRC Readiness Report. Audit by Environment Agency. Progress on Green Charter is reported to members	6	3	18		N/A	On-going	Sue Harper - Director of Environment & Neighbourhood
ENS2	Legal / Reputational / Environmental	Major or large scale incident (accident; natural hazard; riot) business interruption affecting Council's resources and its ability to deliver critical services. Risk to safety of staff / Loss of staff.	Service delivery disruption and impact on the Council's ability to deliver critical services.	Gareth Daniel - Chief Executive; Sue Harper - Director of Environment & Neighbourhood	6	5	30	Community Resilience; Civil Contingencies Register; Emergency Planning	Emergency Planning & Business Continuity	6	3	18		Regular review and assessment of robustness of plans	On-going	Martyn Home - Head of BCP, Env & Neighbourhood
ENS3	Service Delivery / Financial / reputational	Financial/ bankruptcy of major service provider/contractor i.e. waste, street cleansing, trees, parking. Performance targets not met.	Catastrophic failure in service delivery/disruption. Council unable to fulfil its statutory duties. Reputational damage and financial implications.	Sue Harper - Director of Environment & Neighbourhood	6	3	18	Robust Tendering & Contracting procedures with effective contract clauses when negotiating Contracts. The requirement for financial guarantee / bond / parent company guarantee. Effective Contract Management procedures & arrangements ; regular meetings with contractor; performance monitoring; action plans to address underperformance	Auditor's Reports; Internal Audit Reports; Performance Reports; Performance information.	6	2	12		N/A	On-going	Sue Harper - Director of Environment & Neighbourhood
ENS4	Financial/Service Delivery/Reputational	Contractual issues leading to ending of PFI contract with Webster (Streetlighting) and Lintum Willesden Limited (Willesden Leisure Centre)	Service delivery disruption and impact on the Council's ability to deliver critical services	Sue Harper - Director of Environment & Neighbourhood	5	5	25	Use of service credits and incentives; Robust Contract Management procedures & arrangements; regular meetings with contractor; performance monitoring; action plans to address under performance.	Auditor's Reports; Regular performance information and financial reports	4	2	8		N/A	On-going	Sue Harper - Director of Environment & Neighbourhood
ENS5	Financial/Reputational	Failure to meet Administration's recycling and composting target of 60% by 2014/15. This would mean higher disposal costs and savings target not being met.	Higher disposal costs currently at £93 per tonnes and unable to deliver saving agreed. Reputational risk of being at the bottom of the league table.	Sue Harper - Director of Environment & Neighbourhood	6	5	30	Communication plan to engage with residents to ensure effective use of the service on an on-going basis. Recycling and environment officers continue to monitor performance. The One Council 'Managing the Public Realm' project has work streams to minimise waste and improve recycling.	Robust and timely monitoring of performance by DMT and by Corporate Financial Steering Group . The OC project identify and report any concerns on waste through monthly Portfolio reporting to the PMO	5	3	15		N/A	On-going	Sue Harper - Director of Environment & Neighbourhood
ENS6	Financial/service delivery	Income targets for Parking, Licensing and Pest Control not met.	E&NS will have to reduce services to fund these income shortfalls and may be unable to balance its budget	Sue Harper - Director of Environment & Neighbourhood	5	4	20	Timely and robust budgets monitoring. Risks identified under the One Council 'Parking Transformation' project will be managed through the departmental monthly portfolio reporting and the PMO	High level financial monitoring by DMT and Financial Steering Group. The OC project identified and report any concerns on Parking through monthly Portfolio reporting to the PMO.	5	3	15		N/A	On-going	Sue Harper - Director of Environment & Neighbourhood

ID	CAT.	RISK IDENTIFICATION (Describe risk and underlying cause)	IMPACT (Consequences of risk maturing)	Risk Owner	Inherent (raw) risk			Existing Controls	Sources of Assurance	Residual (net) risk			Movement Indicator	Further Actions	Deadline	Responsible Officer
					Impact	Likelihood	Risk Score			Impact	Likelihood	Risk Score				
ENS7	Personal Safety	Risk to personal safety of officers undertaking enforcement action or during the course of their duties.	Serious harm to employees resulting in legal action against the Council ; reputational damage.	Sue Harper - Director of Environment & Neighbourhood	6	4	24	Training in personal safety for employees; risk assessment; safe working practices; lone worker guidance.	Audit of Training data, check by HOS on risk assessments	4	3	12		N/A	On-going	Sue Harper - Director of Environment & Neighbourhood
ENS8	Financial / Reputational / Legal	Lack of available funds for road maintenance; poor road conditions or deterioration in road conditions	Increase in the number of claims brought against the Council for damage to vehicles caused by pot holes and poor roads conditions which may result in traffic injury or increase in the number of accidents.	Sue Harper - Director of Environment & Neighbourhood	5	3	15	Prioritise work and minimise size of repairs. Review intervention level. Manage customer expectations, information on web site.	Monitoring of work programme	4	3	12		N/A	On-going	Sue Harper - Director of Environment & Neighbourhood
0 ENS9	Reputational	London Olympics 2012 -Transport infrastructure around the stadium and surrounding areas will be under severe pressure during the Olympics.	Staff and residents unable to get to work or around the borough; disruption to contractors; damage to reputation.	Sue Harper - Director of Environment & Neighbourhood	6	3	18	Business Continuity Plan, TFL transport plan and Olympic 2012 Operational Plan to identify and manage the risks	Emergency Planning & Business Continuity	4	3	12		Regular review and assessment of robustness of plans	Jun-12	Sue Harper - Director of Environment & Neighbourhood
ENS10							0					0				
ENS11							0					0				

KEY OPERATIONAL RISKS

ID	CAT.	RISK IDENTIFICATION (Describe risk and underlying cause)	IMPACT (Consequences of risk maturing)	Risk Owner	Inherent (raw) risk			Existing Controls	Sources of Assurance	Residual (net) risk			Movement Indicator	Further Actions	Deadline	Responsible Officer
		Impact	Likelihood		Risk Score	Impact	Likelihood			Risk Score						
Adult Social Services																
ASS1	Legal/ Political /Socio Cultural / Reputational	Vulnerable persons (older persons; persons with physical & learning disabilities; mental health, transitional young people and other vulnerable adults) are not adequately safeguarded.	Abuse, Death or injury of vulnerable persons. Reputational damage to Council.	Alison Elliot - Director Adult Social Care/ Liz Jones - Assistant Director, Adult Social Care	6	4	24	Safeguarding of Adults Teams deal with safeguarding adults issues. Safer Recruitment; training; Multi - Agency Policies and Procedures for Adults; ASC Transformation Programme; Reablement. Appointeeships/Deputyship arrangements in place after client needs have been assessed. Good links with with Childrens & Families and Legal to ensure robust adherence to sageguarding children's policies and procedures.	Care Quality Commission Inspections; Carers Survey; Internal Audit; Office of Protection. Children's Service, Ofsted, Internal Audit	6	3	18		None	N/a	N/a
ASS2	Financial / Economic	Fraud; misappropriation and financial mismanagement of personalised budgets and direct payments by clients.	Statutory obligation to provide clients with services even where funds have been misused.	Alison Elliot - Director Adult Social Care / Liz Jones, AD, Adult Social Care	6	4	24	Robust policies and procedures; In house Direct Payments Team; Prepaid cards and managed accounts; procedures in place for financial monitoring. Robust approach to Fraud in the form of an Anti-fraud Framework; Whistleblowing .	Internal Audit	6	3	18		Fraud / Safeguarding training for staff	31/03/2013	Elizabeth Jones, Assistant Director of Finance
ASS3	Social / Community	Failure to engage with key partners across the public sector and other external organisations to maximise opportunities for collaborative working and to reduce costs. Failure of key partnerships to deliver expected benefits, service improvements and targets. Risk of service delivery being adversely affected by failure or inability to integrate with Health as planned.	Inefficiencies from service overlaps due to duplication; gaps in service provision. Residents not met. Additional savings of £2.2m would need to be found by the Department. Pressure on resources and potential for additional cuts in staff and services.	Alison Elliot - Director Adult Social Care/ Phil Newby, Director of Strategy, partnership & Improvement.	6	6	36	A business case is currently being developed. The Shadow Health & Wellbeing Board oversees intergration.	Shadow Health & Welbeing Board,	6	5	30		Alternative savings strategy to be drafted	30/09/2012	TBA
ASS4	Political / Reputational / Legal / Financial						0			6	5	30		Further ongoing training for staff	31/03/2013	Senel Arkut, Head of Service
ASS5							0					0				
ASS6							0					0				

ID	CAT.	RISK IDENTIFICATION	IMPACT	Risk Owner	Inherent (raw) risk			Existing Controls	Sources of Assurance	Residual (net) risk			Movement Indicator	Further Actions	Deadline	Responsible Officer
		(Describe risk and underlying cause)	(Consequences of risk maturing)		Impact	Likelihood	Risk Score			Impact	Likelihood	Risk Score				
ASS7							0					0				
ASS8							0					0				
ASS9							0					0				
ASS10							0					0				
ASS11							0					0				
ASS12							0					0				

	<p style="text-align: center;">Audit Committee 27 June 2012</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Services</p>
<p style="text-align: right;">Wards Affected: ALL</p>	
<p>Final Internal Audit Progress Report 2011/12</p>	

1. Summary

- 1.1. This report summaries the work of Internal Audit and the Investigations Team and provides an update on progress since the previous report to this Committee on 22nd February 2012.

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. A total of 1187 days have been delivered against the overall Plan, made up of 905 Deloitte PSIA days and 282 in-house days. This represents 99% of the Plan and is a slight improvement on the previous year when 98% of the plan was delivered.
- 3.3. A summary report setting out the completed audit work is attached as Appendix 1. The status of all projects planned is set out in the table below:

Audit	Planned	Actual	Progress	Assurance/	Priority	Issue date
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	Days	Days		Direction of Travel	1	2	3	
Corporate/Cross Cutting								
Business Continuity Planning	10	10	Final Report	Limited	2	4	0	07/06/2012
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	15	Final Report	Substantial	1	1	0	13/04/2012
Change Management / Consultation and Communication	10	0	Withdrawn as not feasible due to the changes already taking place and this was not considered to add any value to the process. This has been replaced with an additional school.					
Absence Management	10	0	Replaced with additional time on Conflicts of Interest					
Oracle Security (from Cont. Days)		17	Final Report Requested by management	N/A			19/03/2012	
Conflicts of Interests (All Officers)	10	30	8 Reports issued (see below) – Additional Time taken from EIA Audit					
			Adult Social Services – Draft Report	Limited	6	6	1	30/03/2012
			Children & Families – Draft Report	Limited	7	5	1	30/3/2012
			Customer & Community Engagement – Final Report	Limited	6	5	1	30/3/2012
			Environment & Neighbourhood – Final Report	Limited	6	5	1	14/06/2012
			Finance & Corporate Services - Final Report	Limited	6	7	1	14/06/2012
			Legal & Procurement – Final Report	Limited	6	6	1	15/05/2012
			Regeneration & Major Projects – Final Report	Limited	6	5	1	17/5/2012
			Strategy, Partnership & Improvement – Final Report	Limited	6	6	1	15/5/2012
Corporate/Cross Cutting Total	80	97						
Finance and Corporate Services (FCS)								
Council Tax	15	15	Final Report	Substantial	2	9	0	07/06/12
National Non Domestic Rates (NNDR)	15	15	Final Report	Substantial	1	4	0	15/06/2012
Housing & Council Tax Benefits	20	20	Final Report	Substantial	4	4	3	25/01/2012
Treasury Management	10	0	Replaced with additional time on Conflicts of Interest. Included under 2012/13					
Payroll	15	15	Final Report	Substantial	2	3	0	10/01/2012
Accounts Payable	15	15	Final Report	Substantial	2	4	0	08/06/2012
Accounts Receivable	15	15	Final Report	Limited	4	4	0	11/06/2012
General Ledger	15	15	Final Report	Limited	2	2	0	11/06/2012
Pension Fund Investment	8	8	Draft Report	Substantial		3		15/06/12
FCS Total	128	118						
Children & Families								
School Audits Primary/Junior Schools	150	Total 250						

Audit	Planned Days	Actual Days	Progress	Assurance/ Direction of Travel	Priority			Issue date
					1	2	3	
Brentfield Primary		10	Draft Report	Limited	9	18	0	12/06/12
North West London Jewish		14	Final Report Increased to 12 days to cover additional work required on Trust Account	Limited	19	13	0	09/12/2011
Wykeham		10	Draft Report Head chased last week – to finalise following a meeting on 20/06/2012	Limited	8	18	0	14/5/2012
Mitchell Brook		14	Final Report	Limited	16	16	0	11/11/2011
Curzon Crescent		20	Final Report Requested by the Headteacher. Special review in addition to the School programme due to major issues.	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		12	Draft Report School requested to extend the management response deadline due to flooding at the School during the June half term.	Nil	26	8	0	29/05/2012
John Keble CE		12	Final Report	Limited	3	7	1	12/10/2011
Kensal Rise		12	Final Draft Report	Limited	6	6	1	11/06/2012
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 (Hold off chasing management responses due to the investigation)	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	Final Report	Substantial	3	5	1	14/12/2011
Malorees Junior		13	Final Report Additional days due to major issues.	Nil	13	24	1	17/01/2012
Mora		10	Final Report	Limited	6	15		25/5/2012
Wembley Primary		10	Final Draft Report	Limited	5	7	1	11/06/2012
Leopold		10	Final Report	Nil	7	8	3	21/05/2012
Salisbury		10	Final Report	Nil	11	10	0	08/06/2012
St Robert Southwell		10	Final Report	Substantial	1	7	0	03/04/2012
PRU (BETS)	10	10	Final Draft Report	Limited	5	10	0	11/06/2012
PRU (Stag Lane)	10	10	Final Report	Limited	10	13	0	15/06/2012
PRU (Poplar Grove)	10	10	Final Report	Limited	12	15	0	02/04/2012
PRU (Church lane)	10	10	Final Report	Limited	11	11	0	11/06/2012
Schools Thematic Reporting	8	8	Final Report	N/A				29/05/2012
Children Leaving Care	15	15	Final Report	Limited	2	5		19/04/2012
Out of School Support Services	10	3	See PRU (BETS) Days reduced as work was covered with PRU (BETS) audit					

Audit	Planned Days	Actual Days	Progress	Assurance/ Direction of Travel	Priority			Issue date
					1	2	3	
Curzon Crescent Major Works	0	20	Final Report Requested by the new Headteacher. Post contract review and lessons learnt work completed for major works project.	N/A				01/12/2011
Personalisation / Children's Social Care	15	0	Withdrawn 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.					
Children & Families Total	238	333						
Environment & Neighbourhood (EN)								
Brent Transport Services	10	15	Final Report	Limited	3	10	1	20/01/2012
CRC Energy Efficiency Scheme	15	15	Final Report	N/A	0	3	0	07/06/2011
Libraries	15	0	Withdrawn Withdrawn from the plan due to judicial review and the delay in re-structuring the libraries in Brent.					
Transformation	20	0	Deferred to 2012/13 plan due to restructure.					
Waste Management	15	15	Final Report	Substantial	0	5	0	26/01/2012
Corporate Health & Safety	10	0	Deferred 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 once the new SLAs have been embedded.					
Land Charges	10	10	Final Report	Substantial	0	1	2	02/02/2012
EN Total	95	55	0					
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	5	0	This work has been replaced with Kilburn Square Investigation					
Customer & Community Engagement Total	28	23						
Housing and Community Care (HCC)								
(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)								
Financial Assessments of service users and recovering contribution	15	15	Final Report	Limited	3	3	0	18/01/2012
Safeguarding	15	2	Delayed due to staffing issues, scheduled to commence the fieldwork in May 2012. 13 days remaining to be delivered in 2012/13.					
Relationship Management with External Housing Bodies	10	0	To be deferred. Due to the delay in Act being passed and also with the other transformation taking place, we have agreed to defer until the position is clarified.					
Partnership working with NHS	10	0	To be deferred into 2012/13 plan Due to the delay in national wide decision making process, we have agreed to defer this until the decision has been made.					
Framework I Financial	10	3	Final Report	See IT Framework-i Financial Module				

Audit	Planned Days	Actual Days	Progress	Assurance/ Direction of Travel	Priority			Issue date
					1	2	3	
Module			Days reduced as the majority of the work was completed by IT audit.					
HCC Total	60	20						
Legal and Procurement								
Procurement (Compliance with the Blue Book)	15	0	To be deferred into 2012/13 plan The new Head of Procurement requested this to be deferred while the team worked on the review of the Blue Book.					
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	30	Draft Report Responses have been chased and are expected by 15/06/2012	N/A				01/06/2012
Civic Centre Project	15	15	Final Report	N/A				12/04/2012
RMP Total	60	60						
Strategy, Partnership, and Improvement (SPI)								
Domestic Violence	10	10	Final Report	Limited	1	3	1	19/03/2012
Brent Blue Print	10	0	To be deferred into 2012/13 plan To be considered for coverage as part of Partnership audit in 2012/13	N/A				
Data Quality	10	0	Replaced with Risk Management					
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	12	Final Report	N/A				30/05/2012
VDI Project - Audit presence	15	15	Complete	N/A - Senior Computer Audit Manager presence at project board meetings.				
IT Governance	10	10	Draft Report	Limited	0	2	3	14/06/12
CAS follow up	10	10	Complete					
Framework I- Application	10	12	Final Report The number of days increased due	Limited	2	4	1	25/10/2011

Audit	Planned Days	Actual Days	Progress	Assurance/ Direction of Travel	Priority			Issue date
					1	2	3	
			to the additional coverage requested by management.					
Bankline Payments	10	10	Final Report	Substantial	0	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	Final Report	Limited	1	8	2	08/02/2012
Software Licensing	10	10	Final Report	Substantial	0	3	3	01/12/2011
Axis Cash Receipting	10	0	Withdrawn This has been withdrawn to accommodate the work on Accuserv Stock Module (BHP) requested by management and to accommodate the two additional days required for Framework i – Application.					
Computer Audit Total	132	124*	*Plus 8 days delivered on Accuserv (BHP) Total Computer days = 132 days.					
Others								
Risk Management - Attendance at DMTs including CMT		22	Completed					
Risk Management - Production of Guidance notes		5	Completed					
Risk Management - Strategic Risk Register Preparation and In-House Team Time		30	Replacement for Libraries Audit & Data Quality & Follow-up					
Audit Plan for 2012/13 including Audit Needs Assessment		4	Complete					
Annual Governance Statement 10/11		6	Completed					
Consultation, Communication and Reporting	55	55	Completed					
Follow-Up	55	54	One day taken out to count towards Risk Management.					
Contingency	81	0	All used across additional works added to the plan. Days are now shown under the relevant audit.					
BHP								
Gas Servicing	12	12	Final Report	Full	0	0	0	24/10/2011
Leasehold Management & Service Charges	12	12	Final Report	Substantial	2	2	2	09/02/2012
Housing Rents	8	8	Final Report	Substantial	0	2	1	17/01/2012
Treasury Management	8	8	Final Report	Limited	1	1	0	06/12/2011
Kilburn Square Investigation	0	7	Replaced by EIA audit	N/A				
Governance & RM	10	0	Replaced by Voids Investigation below	N/A				
Repairs & Voids (Accuserv)	10	10	Final Report	Limited	2	0	0	14/06/2012
Accuserv Stock Module (IT)	8	8	Final Report	See above (Repairs & Voids Accuserv)				

Audit	Planned Days	Actual Days	Progress	Assurance/ Direction of Travel	Priority			Issue date
					1	2	3	
			See above.					
Contract Audit (Chapter Road)	11	11	Final Report	Nil	3	2	0	15/06/2012
Conflicts of Interests (Members & Employees)	12	12	(Employees) Final Report (Members) Final Meeting scheduled for 15/06/2011. This was the earliest available date after the cancellation of the meeting in May.	Limited	2	3	0	14/06/2012
Internal Financial Controls	10	10	Final Report	Substantial	0	5	2	15/05/2012
Settled Homes Initiative – Systems Audit	0	17	Final Report	Limited	5	4	0	15/06/2012
Voids Investigation	0	7	N/A – See G & R Management above	N/A				
Responsive Repairs & Maintenance	12	15	Final Report	Substantial		16		31/05/2012
Consultation, Reporting & Follow-Up	22	22	Complete	N/A				
BHP Total	135	159						
Total	1200	1187						

Delivery Status	
Total days in the plan	1200 days
Number of days delivered to date	1187 days
% of days delivered to date	99%
Days to be delivered (Work in Progress)	13 days
Total number of reports to be issued (excluding follow up reports and Committee reports)	84*
Number of reports issued to date	83
% of reports issued to date	99%
*Excludes Audit Committee Reports, Follow Up reports, Kilburn Square Investigation, and Voids investigation. 13 days and 1 report relate to Safeguarding.	

Anti-Fraud Strategic Update

- 3.4. The council has had a documented anti-fraud policy since 1997 and this was last refreshed in 2008. A new framework will be drafted for consideration by the committee later this year. The context within which counter fraud teams in local government work is changing rapidly. Fundamental changes are expected as a result of the introduction of Universal Credit, replacing housing benefit, the introduction of a new local council tax support scheme and changes to the way business rate income is distributed. These will mean a change in focus for the team moving into 2013 and beyond.
- 3.5. In addition to these major policy changes, the government has been focussing attention on the national anti-fraud agenda, with a task force under the direction of Francis Maude and the Cabinet Office. The task force has produced a Fighting

Fraud Together Strategy² which endorses collaboration between the public and private sectors to reduce fraud and sets out a plan of action under three headings: Awareness, Prevention and Enforcement (APE) to reduce losses due to fraud.

- 3.6. Within this overall national strategy the National Fraud Authority have been working with local government to produce a sector specific strategy to reduce fraud. This has recently been documented in the Fighting Fraud Locally publication³, which sets out the main fraud risks facing local government and a suggested approach to tackle these within the three strands of: Acknowledge, Prevent and Pursue (APP). The strategy contains an action plan and a set of commitments from central government to look at ways of enhancing local authorities' ability to reduce fraud.
- 3.7. There are a number of implications for local government within this document although it will be some time before it is clear how committed central government is to delivering on some of its promises, particularly around increasing powers for local authority staff and their ability to access information from other government departments and introducing incentives to investigate fraud.
- 3.8. The document excludes housing benefit fraud from its ambit due to this being viewed as a DWP problem. The key areas of fraud identified for local government focus are: Housing tenancy fraud, where the national loss is estimated at £900m; procurement fraud, estimated at £890m; payroll fraud, £153m and council tax fraud at £131m.
- 3.9. The council has already implemented, in some cases for a number of years, much of the approach endorsed by the NFA, including a commitment from the top of the organisation to support counter fraud work; maintaining a robust fraud response; developing an effective anti-fraud culture; and setting up a corporate team. The council's approach has been drawn out as an exemplar at both the launch of the strategy and within the publication's case studies. There are, however, a number of areas where work is needed. Particularly around assessing fraud risks and making better use of information and technology to prevent fraud. A full analysis of the implications of Fighting Fraud Locally and the establishment of the Single Fraud Investigation Service will be set out in a future report to the committee.
- 3.10. An analysis of fraud across the council for 2011/12 is attached at appendix 2

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*
2. Cabinet Office (2011). Fighting Fraud Together – The Strategic Plan to Reduce Fraud. Retrieved from:
<http://library.npia.police.uk/docs/homeoffice/fighting-fraud-together.pdf>
3. National Fraud Authority (2012). Fighting Fraud Locally – The Local Government Strategy. Retrieved from:
<http://www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/fighting-fraud-locally-strategy/>

8. Contact Officer Details

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Clive Heaphy
Director of Finance and Corporate Services

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**Internal Audit
Final Progress Report 2011/12
London Borough of Brent
June 2012**

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Executive Summary

Introduction	<p>This report sets out a summary of the work completed against the 2011/12 Internal Audit Plan, since the February 2012 meeting, including the assurance opinions awarded and any high priority recommendations raised.</p> <p>Those audits reported on at previous meetings have been removed, but reference can be made to the full list of assurance opinions in the cover report.</p>
Summary of delivery against the Plan	<p>The overall Internal Audit Plan for 2011/12 comprised 1,200 days, of which 905 days were allocated to Deloitte & Touche Public Sector Internal Audit Limited (Deloitte PSIA), and 295 to the in-house team.</p> <p>A total of 1187 days have been delivered against the overall Plan, made up of 905 Deloitte PSIA days and 282 in-house days. This represents 99% of the Plan and is a slight improvement on the previous year when 98% of the plan was achieved.</p> <p>The plan was kept under continuous review during the course of the year, so as to ensure that it remained relevant to the key areas of risk during times of change and transformation. A number of planned audits had to be removed due to delays in the implementation of the projects to which they relate. Examples include the planned review of libraries; transformation of support functions for Environment and Neighbourhood Services; relationship management with external housing bodies; partnership working with the NHS, and corporate health and safety. These will be covered in 2012/13, where appropriate. The number of days allocated to BHP was increased in order to undertake additional work at the request of the Council's Director of Finance and BHP's management.</p>
Summary of Work Undertaken	<p>A range of audits were undertaken during the course of the year, comprising both financial and non-financial systems; areas of transformation and new developments; IT audits; and work across the schools. Specialist input was utilised through Deloitte for the IT audits; contract audits (capital works); work around the security settings and segregation of duties set up on the Oracle financial system; and work around the CRC Energy Efficiency Scheme.</p> <p>The schools formed a significant part of the annual coverage, with 22 primary schools visited during the year. We have issued a summary report of common control weaknesses in schools to Children & Families. The report is intended to be distributed to the schools in Brent and to help Children & Families provide targeted assistance to schools in strengthening their internal control environment. The report also provides links to relevant sections of the SFVS and, whilst the list is not comprehensive, it is intended to help schools ensure that key controls are in place to complete their self assessment.</p>




Summary of Assurance Opinions and Direction of Travel

A summary of the assurance opinions and direction of travel assessments is as follows, as compared to the previous two financial years.

Assurance Opinions

	Full  	Substantial 	Limited 	None 
2009/10	-	61% (25)	39% (16)	-
2010/11	-	71% (29)	29% (12)	-
2011/12	-	43% (23)	49% (26)	7% (4)

Direction of Travel

	Improved	Unchanged	Deteriorated
2009/10			
2010/11	5	4	-
2011/12	5	4	2

Overall, for the work finalised for 2011/12 to date, there has been a negative movement in the spread of assurance opinions. It should be noted that all of the None assurance opinions and 8 of the Limited assurance opinions related to Schools/Pupil Referral Units/Children Centre.

Where applicable, the Direction of Travel assessment has been provided and the two areas where the control environment was assessed as 'Deteriorated' compared to the previous visit related to Payroll (reported in February 2012) and Business Continuity Planning (reported within this report under Limited assurance reports).

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.

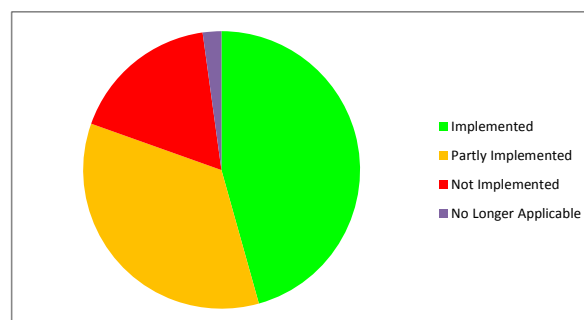
For the Committee's reference, the definitions of the assurance opinions and direction of travel assessment are included at Appendix A.

Follow-Up of Previously Raised Recommendations

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

The current level of implementation is as per the chart on the following page. Of the recommendations followed-up, 83% had either been fully or partly implemented, or are no longer applicable due to changes in the scope of operations. Of the priority 1 recommendations, 86% had either been fully or partly implemented.

Implementation of Recommendations



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

Customer

Satisfaction Ratings 1=Poor, 5= Excellent

Satisfaction







Year	Average Overall Rating
2009/10	4.1
2010/11	4.7
2011/12	4.3



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

Detailed summary of work undertaken

FULL / SUBSTANTIAL ASSURANCE REPORTS

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

Audit	Assurance Opinion and Direction of Travel
Financial Planning	
Housing & Council Tax Benefits	
Accounts Payable	
Council Tax	
SCHOOLS	
Carlton Vale Infants	
St Robert Southwell	

Audit	Assurance Opinion and Direction of Travel
BHP	
Internal Financial Controls	
Responsive Repairs & Maintenance	

LIMITED ASSURANCE REPORTS – General Audits

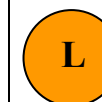
For all Limited Assurance reports, we have included a brief rationale, together with details of any **priority 1** recommendations raised, including the agreed actions to be taken and deadlines for implementation. These are the key audits and recommendations which the Committee should be focusing on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

Business Continuity Planning (BCP)

From conducting interviews with senior officers across the Council, we sought to ascertain the level of awareness and understanding of business continuity matters. In summary, although officers appeared to have a general understanding of the business continuity arrangements, the extent of awareness was inconsistent and management actions are required to address gaps in areas such as their respective responsibilities; the plans in place; and actions required when major disruption occurs.

In addition, the key information upon which responses would be based, as recorded in the standard Excel workbooks, is required to be reviewed and updated following changes to staffing and business structures and some broader concerns were also identified in relation to the Olympic Games; the Civic Centre; IT and remote access; and the co-ordination and prioritisation of services across the Council in the event of a major incident.

In the previous internal audit one priority 1 and four priority 2 recommendations were raised. Of the five recommendations raised, we have raised further actions as being required against four of these, including the priority 1 recommendation.



In previous audits it was evident that actions were progressing, although this was found to have slowed at the time of our 2010/11 audit and limited further progress has been made since then. As additional context, we understand that there have been some issues regarding staffing levels within the Emergency Planning Team.

Our previous assurance opinions had been based on the framework being put in place, whereas the work this year focussed more on the extent to which the framework has been embedded and the awareness of officers across the Council. The Direction of Travel provides a comparison with any prior audit visit. In this case the arrow indicates that the assurance opinion has deteriorated since the last audit visit.

Two priority 1 and four priority 2 recommendations were raised.

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>Management should determine the required approach to communicate plans and actions to stakeholders. As part of this, plans that are in place to address the concerns raised by officers should also be communicated.</p> <p>With regard to the development of the Civic Centre business continuity arrangements, specific actions, timeframes responsibilities and key requirements should be defined and agreed with senior management.</p> <p>The Civic Centre business continuity arrangement should, as a minimum include, but not necessarily be restricted to:</p> <ul style="list-style-type: none"> • Identification of key threats; • Identification of key services/operations and their respective priorities; • Formulation of a communications protocol, including key contacts; and • Any other key actions expected to be instigated. 	<p>Agreed.</p> <p>It is fully recognised that the move to the Civic Centre will require a different approach to approaching the key risks, notably that of the loss of, or extended loss of access to, the Civic Centre. Part of this is currently in the process of being addressed through the Civic Centre Project Board. With regards to addressing officers' concerns, the Head of Emergency Planning has already been meeting with senior officers across the Council in the recent months and this along with the communication from the Civic Centre Project Board should provide sufficient understanding of the steps taken by the responsible parties to put in place adequate Business Continuity arrangements for the Civic Centre. Once the arrangement for the Civic Centre is finalised, updates will be distributed by the Head of Emergency Planning to senior managers including Heads of Services.</p> <p>Head of Property and Asset Management, Head of Procurement, Asstant Director IT, and Head of Emergency Planning</p> <p>Already work in progress and to be finalised by June 2013 following the completion of the move to the Civic Centre.</p>
<p>All clauses added to contracts in relation to BCP should be agreed with the Head of Emergency Planning to ensure that messages are consistent.</p>	<p>Agreed.</p> <p>The recommendation has been implemented, at least in part.</p> <p>The Head of Emergency Planning will engage with Head of Procurement to</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
In addition, the process for monitoring the ongoing business continuity arrangements of suppliers / contractors / partners should be determined and implemented.	<p>determine the extent to which the recommendation has been adopted and any necessary actions that may be necessary</p> <p>Head of Emergency Planning and Head of Procurement</p> <p>Discussions to be held by the end of June 2012.</p> <p>Actions to be taken and deadlines for these to be agreed following the discussion.</p>

Accounts Receivable

Overall, management have continued to work with Service Areas (SAs), taking steps to embed and improve the control processes relating to income. Examples of improvement in the process include the introduction and support provided to SAs in respect of multiple invoices and the monitoring of invoice requests received from SAs, providing guidance to help reduce the level of invoices raised by the FSC Income Team so that the Team are able to focus on the other income related transactions that are required to be processed centrally.

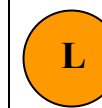
In addition, a number of surgeries and briefing sessions took place throughout 2011/12 and awareness and understanding of the new financial processes amongst staff across the Council appear to have improved throughout the year. This was evident from discussions with SA finance officers. Given that the issues in respect of officers' awareness and understanding were considered to be an overarching area of weakness at the time of our 2010/11 audit, it is positive to see the progress made.

Whilst noting the above, a number of key weaknesses still exist, including in relation to debtors for non-statutory services; E-forms; checking invoices raised by SAs; and credit note processes. On this basis, whilst acknowledging the steps taken, the assurance opinion reflects the key weaknesses.

The direction of travel indicates that, although the assurance level has remained the same since the last audit, we consider that the control environment has improved since the last audit visit.

Whilst the number of recommendations including those rated priority 1 has increased since 2010/11, this is due to the multiple issues being covered across the two priority 1 recommendations raised in 2010/11. These have now been split into separate recommendations to break down the action points and the priority 1 issues remain the same as before. Although the weaknesses relating to credit notes still exist and these now require prompt actions by management, the improvement in the control environment was evident as stated above.

Four priority 1 and four priority 2 recommendations were raised



Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>Further discussions should be held with IT in respect of linking e-forms for credit note and invoice requests to the work flow approval system.</p> <p>Until this is put into operation or if a decision is made not to link e-forms to the work flow system, alternative measures should be put in place to capture approval and an additional review process should be introduced to check whether each request is approved by the relevant authoriser.</p> <p>A list of authorised approvers should be maintained by the FSC and used to validate the approval. One of the possible ways to validate the approval may be to only accept credit notes requests from authorised approvers.</p>	<p>As noted above in Rationale, a request was made to IT but this has not been taken forward to date due to the technical and costs implication. The Head of FSC, Income Team Leader to hold further discussion with the Principal Oracle Consultant to determine the best way forward. In the meantime, the Income Team Leader will put in a compensating measure to validate the SA approval of each credit note.</p> <p>Income Team Leader End of July 2012</p>
<p>The process relating to invoices raised by SAs should be reviewed to determine the extent of checks required on invoices raised by SAs.</p> <p>This includes who should undertake the checks and how the completion of these should be captured.</p> <p>Where the above is not possible due to operational priorities, an alternative measure should be put in place. Possible alternative measures may include, but are not necessarily limited to, sample checks or a system to notify senior finance officers of the details of invoices raised.</p> <p>If sample checks are adopted, a sampling method, including responsibility, frequency and sample size, should be defined. If a notification system is adopted, relevant senior finance officers should be briefed on what they are expected to do with the notifications received.</p> <p>Management should ensure that the checks or alternative measures are designed to provide reasonable assurance in line</p>	<p>FSC will determine the best way forward to implement to address this recommendation. An initial review of the AR invoice data will be produced to assist us in determining the best way forward.</p> <p>Head of FSC/ Income Team Leader End of June 2012</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
with their risk appetite, and this should be reviewed to ensure that exposure to the residual risk continues to be within their tolerance.	
The ability to raise credit notes should be removed from Oracle users who are not FSC staff.	<p>Since the exceptions were communicated, the Income Team Leader had a discussion with the Principal Oracle Consultant and the ability to raise credit notes has now been removed from the Oracle users who are not FSC staff.</p> <p>Income Team Leader Implemented</p>
<p>Staff should be formally reminded of the following requirements:</p> <ul style="list-style-type: none"> • Retaining corresponding documents or Invoice Memo Requests to support the credit notes being raised; • Checking the reason for raising the credit memo; and • Confirming that the credit note amount fully agrees to the supporting evidence and reasons provided. <p>In addition, a sample check of credit notes should be undertaken to ensure that the above requirements are being met.</p> <p>Any exceptions identified should be followed up and resolved.</p>	<p>The Income Team Leader to action this implementation by a) reminding staff again, and b) appointing a senior Income Officer to undertake regular spot checks.</p> <p>Income Team Leader End of June 2012 and ongoing</p>

General Ledger

Overall, management have continued to work with Service Areas (SAs), taking steps to embed and improve the control processes relating to the general ledger. Examples of the improvements include the consistent journal processing approach adopted across SAs and the implementation of a new budget monitoring process. As was the case for the Accounts Receivable, a number of surgeries and briefing sessions took place throughout 2011/12 and awareness and understanding of the new financial processes amongst staff across the Council appear to have improved. This was evident from discussions with SA finance officers. Given that the issues in respect of officers' awareness and understanding were considered to be an overarching area of weakness at the time of our 2010/11 audit, it is positive to see the progress made.

Another area of a key improvements was seen in the progress made for bank reconciliation as follows:

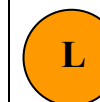
- The level of gross outstanding items have reduced significantly from over £400m (as indicated in the External Auditor's Annual Governance Report presented to the Audit Committee in September 2011) to £5m as indicated in the reconciliation dated 8th March 2012. The £5m is a gross figure and includes unreconciled receipts, payments, and journal entries and the majority of these are only one to two months old;
- The level of unexplained balance has also reduced significantly and this stood at approximately £24k on the 8th March 2012; and
- Bank reconciliation for Parking is now in full operation.

Whilst noting the above, a number of key weaknesses still exist, including in relation to further actions required on bank reconciliations and the review of journals that have been loaded and processed by a single Oracle user.

On this basis, whilst acknowledging the steps taken, the assurance opinion reflects the key weaknesses as indicated above.

The direction of travel indicates that, although the assurance level has remained the same since the last audit, we consider that the control environment has improved since the last audit visit. This is evident in the implementation of the previously raised recommendations where 100% have either been implemented or partly implemented.

Two priority 1 and two priority 2 recommendations were raised.



Recommendation	Management Response / Responsibility/ Deadline for Implementation
Journals uploaded and posted by a single Oracle user should be reviewed by an independent officer to ensure that any such	Since the audit fieldwork, discussions have taken place to transfer the processing of pensions journals and Bank Reconciliation. This process will move to the FSC and will

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>journals have been approved by an independent senior officer. It is acknowledged that the access to upload and post journals by a single Oracle user is required by a limited number of officers for operational reasons and there is a policy enforced control where the journal template relating to any such journals is required to be signed off by an independent senior finance officer. However, policy enforced controls require some form of compliance monitoring.</p>	<p>support the segregation of duties throughout. Handover and training commences in June 2012.</p> <p>The above will fall into line with the current processes and procedures already in place in the FSC.</p> <p>Head of FSC End of July 2012</p>
<p>Continuing efforts should be made to fully resolve the issues relating to the bank reconciliations for the main bank account and Adult Social Care bank account. These include:</p> <ul style="list-style-type: none"> • Further investigation of the remaining unexplained balance on the main bank reconciliation and commencing the monthly review and sign off process for the main bank account; • Obtaining information required from Adult Social Care and completing the reconciliation; and • Following up old unreconciled items. <p>N.B. As such, this recommendation is being raised for completeness given that these are key controls and have also been raised as issues by the Audit Commission.</p>	<p>Since the audit fieldwork, the Adult Social Care reconciliation was completed by the end of March 2012.</p> <p>The unexplained balance has now been confirmed to be as a result of technical issues relating to Oracle. The balance has been isolated whilst the issue is being resolved to allow the reconciliation process to progress for unaffected balances and the reconciliation was signed off by the Audit Commission on the 31 March 2012.</p> <p>Head of FSC/ Principal Oracle Consultant Completed</p>

Children Leaving Care

Under the Children (Leaving Care) Act 2000 local authorities (LA's) have a duty of care to safeguard, promote the welfare of, and support children leaving care, 'It is the duty of a LA looking after a child to advise, assist and befriend him with a view to promoting his welfare when they have ceased to look after him.'

Children leaving care fall into three categories, Eligible/Relevant/Former Relevant Child, for which the local authority have different responsibilities.

The Council are required to adhere to the following requirements for an Eligible Child:

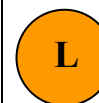
- Duty of LA to advise, assist and befriend Child;
- The LA shall carry out an assessment of need;
- The LA shall prepare a Pathway Plan;
- The LA shall keep the Pathway Plan under regular review; and
- The LA shall arrange for each child to have a Personal Advisor.

For Relevant and Former Relevant children, the local authority is still required to safeguard and promote the child's welfare and provide support unless they are satisfied that the child's welfare does not require such support.

The key weaknesses where priority 1 recommendations were raised related to the timeliness of production and review of Pathway Plans, and the appointment of a named Personal Adviser.

Whilst acknowledging that the appointment of a named Personal Adviser has not been possible for all young people due to resource constraints and that a 'duty officer' is appointed as a temporary measure, this requires urgent attention as the appointment of a named Personal Adviser is a statutory requirement. This is reflected in the assurance opinion.

Two priority 1 and five priority 2 recommendations were raised.



Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>Management should determine the course of actions to ensure the following are done in a timely manner:</p> <ul style="list-style-type: none"> • Undertaking needs assessments; • Completion of My Pathway Plans (PPs); and • Signing off PPs on FrameWork-I. 	<p>Agreed.</p> <p>Since the auditor's verbal feedback to the Head of Service, the following actions have been taken to address the concerns:</p> <ul style="list-style-type: none"> • A focused piece of work was completed by all managers and the data officers to ensure all information regarding PPs are up to date. The most recent report confirms an increase in the completion rate. • The Data Officer will provide managers and Business Support Officers

Recommendation	Management Response / Responsibility/ Deadline for Implementation
	<p>with the data of all those Young Person where a PP is due for the following month. E.g. On 01/05/2012 all the cohort of Young Person whose PPs are due for May and June were distributed to relevant officers; on 28/05/2012 return lists are submitted to the Data Officer who compiles a report for 31/05/2012 and distributes July's cohort. The current state of affairs will be reviewed by the Head of Service at a PP scheduled for 10/05/2012. The effectiveness of the rolling process will be evaluated at panels scheduled for July, August and September. Ongoing work under the Action Plan</p> <p>Head of Service Implemented on 1 April 2012*</p>
A Personal Advisor should be appointed to each Eligible, Relevant and Former Relevant child as per the Children (Leaving Care) Act 2000.	<p>A Business case has been submitted to create an additional post. This is still being considered by Senior Management.</p> <p>Head of Service Implemented on 30 April 2012 (Business Case)*</p>

* It should be noted that this was the response given by management and has not been verified by Internal Audit. This will be picked up as part of the rolling follow-up programme.

Brent Transport Services

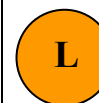
BTS are responsible for two key areas: provision of transport and fleet management.

Provision of transport – BTS provide home to school transport for children with Special Educational Needs (SEN) and home to day care centre transport for older people.

Fleet Management – BTS manage a fleet of vehicles including acquisition, maintenance, hire, and disposals.

The two key areas, for which priority 1 recommendations were raised, concern the need to confirm the status of vehicles in terms of their compliance with the London Emission Zone (LEZ); and approval of vehicle disposals and reconciliation of income received from the sale of vehicles.

Two priority 1, 10 priority 2, and one priority 3 recommendations were raised.



Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>BTS should re-check the list of vehicles identified as being non-LEZ compliant.</p> <p>For the exception identified and any other vehicles that are found to be 'Not Subject to LEZ' following the re-check, but have been marked for disposal or conversion, management should determine whether the decision should be reversed if the vehicle is fit to continue being used.</p>	<p>Agreed.</p> <p>The TfL website was constantly being amended and on occasions compliant vehicles were later found to be non compliant. Reliance of the TfL site was therefore unreliable and regular checks on the site were needed.</p> <p>The vehicle found as the exception (LEZ compliant but marked for disposal) was released to auction and sold.</p> <p>We have four vehicles at auction waiting to be sold and they have all been checked and confirmed as 'non compliant', the remainder have been converted and we have certificates to state they meet the LEZ.</p> <p>The next wave of LEZ compliance will be in 2018 by which time the vehicles will either be replaced or, as the service diminishes, the older vehicles will be sold ahead of the next round of LEZ compliance. If we retain the vehicles up to this point we will ensure vehicles are checked on a weekly basis with print off from the TfL site stating their status at the time.</p> <p>Head of Transport Service</p> <p>Implemented for January 2012 LEZ requirement and the next wave will be 2018</p>
<p>Authorisation should be obtained in future from the Director of Finance for any vehicles</p>	<p>Agreed.</p> <p>It is intended that all future vehicle sales and purchases will form part of collaboration</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>due for disposal.</p> <p>In addition, the vehicle asset register should be reviewed annually and the status of auction should be updated accordingly. The total sales value indicated in the register including any bulk sales value should be reconciled against the income actually received.</p>	<p>either via a tender process or under the West London Alliance work. This will have full financial, legal and procurement approval including reconciliation of income.</p> <p>Head of Transport Service</p> <p>When next disposal takes place</p>

Domestic Violence

Protecting the public from crime is one of the Council's highest priorities. In addition to working in partnership with external agencies to provide support to the victims of domestic violence, local authorities are also responsible for providing accommodation to the victims of domestic violence who have or may become homeless, as well as providing security to the Council's tenants who are victims of domestic violence. With the Children Act 2004, the leadership responsibility for children experiencing domestic violence now lies firmly with the director and lead member for children's services and Local Safeguarding Children Boards.

ADVANCE is a charitable organisation established to provide a front line Domestic Violence support service that is overseen by the London Borough of Brent. ADVANCE work towards a set of objectives that are set out in the Service Delivery Plan with an overall aim to establish a framework to help reduce the levels of domestic violence towards women and girls. A formal contract was established with ADVANCE in April 2008 for a fee of £255,000 with the option to extend the contract for 2009/10 and 2010/11. The contract has since been rolled forward into 2011/12 without a formal tender process.

A number of weaknesses were identified in relation to the on-going agreement the Council has with ADVANCE. As stated above, the contract with ADVANCE expired in March 2011 and was continued informally. Given that the contract has reached its term the service should have been re-tendered; this has not been completed. In addition, details of the initial tendering process could not be provided. Other issues related to lack of quarterly performance reviews of ADVANCE and not retaining a signed copy of the Multi-Agency Risk Assessment Conference (MARAC) Agreement.

One priority 1, three priority 2, and one priority 3 recommendations were raised.



Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>Management should liaise with Legal and Procurement to determine the required steps to renew or re-tender the agreement for the provision of support to victims of domestic violence.</p> <p>In addition, staff should be reminded of the need to comply with the Council Financial Regulations and Standing Orders.</p>	<p>Agreed.</p> <p>The job description of for the Domestic Violence Coordinator has been rewritten with a greater emphasis on maintaining compliance with the legal and procurement requirements.</p> <p>The Audit itself and the staff working on it on behalf of Deloitte have allowed the new manager who has taken over to put in place a robust system to manage the underpinning paperwork.</p> <p>Head of Integrated Community Safety March 2012</p>

Conflicts of Interests

(Customer & Community Engagement; Legal & Procurement; Regeneration & Major Projects; Strategy, Partnership & Improvement)

Highly publicised events in recent years have shown that standards of conduct in the public sector can sometimes fall below the expected levels. The maintenance of registers of interests of officers and members' and gifts and hospitality registers can play an important role in ensuring the maintenance of standards and in ensuring compliance with the Nolan Committee's seven principles of Public Life: i.e. Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty and Leadership.

The Council published its Code of Conduct for Employees which was updated in January 2010 and it embraces the core principles of honesty, integrity, and standards of behaviour of employees. The Council has in place both Conflict of Interests and Gifts and Hospitality Policies which set out policies with regards to employees' interests and gifts and hospitality.

Laws that govern the conduct of employees in respect of gifts and hospitality include:

- The Prevention of Corruption Acts 1889 - 1916 that make it an offence for any public employee to ask for or accept gifts or other rewards for showing favours in relation to the employer's business. According to the law any gifts and rewards are deemed to have been given and received corruptly unless the contrary can be proved. Any person convicted of an offence under the Acts may be liable to a fine or imprisonment or both, they must surrender the gift or reward and may lose their job and in some cases their pension rights.
- The Local Government Act 1972 (S117) makes it an offence for employees to accept any fee or gift or reward in connection with their employment other than their proper pay.
- The Bribery Act 2010 – The Act came into force in July 2011. The Act is designed to combat bribery and corruption in the public and private sector, and will mean that any incorporated organization, potentially including Councils, could be liable to severe penalties if they fail to implement adequate procedures to prevent bribes being paid on their behalf. The Act includes two general offences involving the offering or paying of bribes and the request or receipt of bribes. Under the new Act the offence applies not only to senior management but also to other staff and could even mean that an organisation could be guilty of an offence even if no one within the organisation apart from the individual defender knew of the bribery. Organisations could also be liable for the conduct of any person who performs services for or on behalf of the organisation (contractors and sub-contractors). There are serious penalties for offences committed under the Act, including a maximum jail sentence of 10 years for individuals engaging in bribery and potentially unlimited fines for organisations which fail to implement adequate procedures to prevent bribery. It is therefore vital that the Council should take essential adequate steps to minimise the risks from the new legislation. One way of doing this is to ensure that Council's ethical standards are robust and communicated to all employees.



Customer & Community Engagement Department

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>All employees in the Customer & Community Engagement Department should be required to complete declarations of interests using the most up to date form (this should include all employees in the Registration & Nationality Service who now form part of the Department).</p> <p>Temporary employees (including those employed through agencies) and covering for any permanent posts should be required to complete declaration of interests form on appointment.</p>	<p>Agreed. The Director's PA has prompted all CCE staff via email to complete an updated Conflicts of Interest form if any details have changed since their last response. The Business Manager will ensure that a record is kept of all CCE employees indicating whether a Conflicts of Interest form is held on their personnel file and the date the form was completed.</p> <p>Business Manager/ 30th June 2012</p>
<p>All employees should be required to complete their declaration of interests' forms in full with annotations of "None"; "Nil" or "Not Applicable" where they have no interests to declare.</p>	<p>Agreed.</p> <p>The Director's PA has prompted all CCE staff via email to complete an updated Conflicts of Interest form if any details have changed since their last response. The Business Manager will ensure that a record is kept of all CCE employees indicating whether a Conflicts of Interest form is held on their personnel file and the date the form was completed. The forms will be reviewed to ensure that they are completed in full.</p> <p>Business Manager / 30 June 2012</p>
<p>Managers should be reminded of the need to ensure that they review and discuss the possibility of any potential conflicts which may arise when assigning new duties or responsibilities to an employee.</p> <p>When assigning duties and responsibilities to employees, either on-going or new assignments (in particular those relating to contracts; projects etc.), management should:</p>	<p>Agreed.</p> <p>Business Manager to seek agreement from the CCE DMT for CCE managers to ensure Declaration of Interest forms are reviewed during appraisal process so that any new duties or responsibilities are reassessed for potential conflicts of interest.</p> <p>Business Manager / 31st May 2012</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<ul style="list-style-type: none"> • Review the employee's declaration of interest form; • Remind the employee to declare any new interests they may have; • Ask the employee to declare any potential conflicts of interests of which they are aware. 	
<p>All relevant line managers should be reminded of the need to ensure that all declaration of interests completed by their staff are reviewed in order to identify any potential conflicts of interests.</p> <p>Where an employee declares any interests on their declaration of interests form, managers should be reminded of the need to have discussions with the employee in order to determine whether any conflicts exist and where any exists appropriate action is taken to address the conflicts and mitigate the effects of the conflicts. Details of these discussions should be recorded together with the decisions reached regarding whether or not conflicts were identified and the action to be taken where applicable. The forms should also be signed off by the relevant manager as evidence of review; discussion and decision.</p>	<p>Agreed.</p> <p>All CCE managers to review their direct officers Conflicts of Interest forms by dating and countersigning signed copies of nil returns for personnel files. All employees with declared conflicts of interest to have a brief meeting with line managers during next 1:1 meeting and for both to sign the conflict has been discussed and reviewed with this signed copy being held on personnel files.</p> <p>CCE Managers / September 2012</p>
<p>Managers should be reminded to ensure that any employee wishing to take up secondary employment (paid or unpaid) outside of the Council or engage in a business should make a formal written request for approval prior to taking up these appointments or setting up a business.</p> <p>Prior to an employee taking up other work (paid or unpaid), appointment or business outside of the</p>	<p>Agreed.</p> <p>All new CCE officers to have a discussion at the outset of their employment and if to engage in secondary employment (paid or unpaid) to make a formal written request for approval to their line manager. The CCE manager is to assess the request and either approve or decline the request formally. These official requests are to be held on the personnel file along with the completed and signed Conflicts of Interest form.</p> <p>All existing CCE officers with declared secondary employment (paid or</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>Council formal written approval must be granted by the relevant line manager and departmental director.</p> <p>It is further recommended that if the secondary employment, appointment is considered to be likely to create conflicts of interest and duty, the relevant manager should determine whether the conflicts can be appropriately managed. If they cannot the employee should be required to choose between the outside involvement and council employment.</p>	<p>unpaid) are to make a retrospective formal written request for approval to their line manager. The CCE manager is to assess the request as above and signed copies to be held on the personnel file.</p> <p>All CCE officers (for requests)/All CCE managers (for assessment and approval)/Business Manager (to ensure appropriate copies are held on personnel files) / September 2012</p>
<p>Management in the Customer & Community Engagement Department should ensure that the centrally held gifts and hospitality register is maintained in the format prescribed in the Council's Gifts & Hospitality Policy and attached to the policy.</p> <p>All employees should be reminded that entries in the gifts and hospitality register should include gifts and hospitality offered and not just those accepted. All employees in the department should also be notified of where the register is maintained and by whom.</p>	<p>Agreed.</p> <p>In response to the audit the Director's PA created a new CCE Gifts and Hospitality Register active since 2 November 2011 which meets all the concerns raised as follows. This Register is maintained by the Director's PA.</p> <ul style="list-style-type: none"> • Maintained in the format prescribed in the Gifts and Hospitality Policy; • The register is pre-numbered; • The register includes all of the information indicated in the Gifts & Hospitality policy; • The register includes the name of the recipient of the gift or hospitality; • The monetary value and /or estimated monetary value of the gifts and hospitality is indicated in the register; • The register includes those gifts and hospitality accepted and refused; • The register of gifts & hospitality includes an indication of whether consent from a manager was sought and approved prior to acceptance. • Employees can now indicate on their entries the name of the manager who approved the receipt of the gift or hospitality. • Gifts and Hospitality Register added as a quarterly item for review to the CCE DMT meetings. • PA to Department Director / Implemented

Regeneration & Major Projects Department

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>All officers employed by the Regeneration & Major Projects Department should be required to declare their interests using the most up to date declaration of interests form.</p> <p>All new starters should be required to complete a declaration of interest form on appointment.</p> <p>Temporary employees (including those employed through agencies) and covering for any permanent posts should be required to complete a declaration of interests form on their appointment.</p>	<p>Agreed.</p> <p>All personnel files (including consultants) will be examined to ensure that a Declaration of Interests form has been completed.</p> <p>All declarations will be stored on the departments shared drive for managers to have access.</p> <p>Business Support Manager / 30th June 2012</p>
<p>All employees should be required to complete their declaration of interests' forms in full with annotations of "none"; "nil" or "Not Applicable" where they have no interests to declare.</p>	<p>It is recommended that all employees should be required to complete their declaration of interests' forms in full with annotations of "none"; "nil" or "Not Applicable" where they have no interests to declare.</p> <p>Business Support Manager / 30th June 2012</p>
<p>Managers should be reminded of the need to ensure that they review and discuss the possibility of any potential conflicts which may arise when assigning new duties or responsibilities to an employee.</p> <p>When assigning duties and responsibilities to employees, either on-going or new assignments (in particular those relating to contracts; projects etc.), management should:</p> <ul style="list-style-type: none"> • Review the employee's declaration of 	<p>Agreed.</p> <p>A communications strategy will be devised to inform both managers and officers.</p> <p>Business Support Manager / 30th June 2012</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>interest form;</p> <ul style="list-style-type: none"> • Remind the employee to declare any new interests they may have; • Ask the employee to declare any potential conflicts of interests of which they are aware. 	
<p>It is recommended that where the job description of employees or their roles and responsibilities change or where they have transferred from one department to another as a result of a restructuring or other reason, they should be required to complete a new declaration of interest form.</p> <p>It is further recommended that the personnel files of employees who have transferred from other departments to the Regeneration & Major Projects Department should be located as soon as possible and maintained within the department.</p>	<p>Agreed.</p> <p>New declarations will be completed for officers who have transferred from one department to another.</p> <p>Missing personnel files will be located and transferred over to the department.</p> <p>Business Support Manager / 30th June 2012</p>
<p>All line managers should be reminded of the need to ensure that declaration of interests' forms completed by their staff are reviewed in order to identify any declared interests and potential conflicts of interests which may result.</p> <p>Where an employee declares any interests on their declaration of interests form, managers should be reminded of the need to have discussions with the employee in order to determine whether any conflicts exist and where any exist appropriate action is taken to address the conflicts and mitigate the effects of the conflicts. Details of these discussions should be recorded together with the decisions reached regarding whether or</p>	<p>Agreed.</p> <p>As part of the review under Recommendation 1 all forms will be reviewed / renewed and signed by line managers.</p> <p>Business Support Manager / 30th June 2012</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>not conflicts were identified and the action to be taken where applicable. The forms should also be signed off by the relevant manager as evidence of review; discussion and decision.</p>	
<p>Managers should be reminded to ensure that any employee wishing to take up secondary employment, any appointment (paid or unpaid) outside of the Council or to engage in a business should make a formal written request for approval prior to taking up this employment, appointment or setting up a business.</p> <p>Prior to taking up other work (paid or unpaid), appointment or business outside of the Council formal written approval must be granted by the relevant line manager and departmental director.</p> <p>Where the secondary employment, appointment is considered to be likely to create conflicts of interest and duty; the relevant manager should determine whether the conflicts can be appropriately managed. If they cannot the employee should be required to choose between the outside involvement and council employment.</p>	<p>Agreed.</p> <p>As part of the communications strategy under recommendation 3, all managers and staff will be reminded of this requirement.</p> <p>Business Support Manager / 30th June 2012</p>

Legal & Procurement Department

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>All employees in the Legal & Procurement Department should be required to complete declarations of interests using the most up to date form.</p> <p>All new starters should be required to complete a declaration of interest forms on appointment.</p> <p>Temporary employees (including those employed through agencies) and covering for any permanent posts should be required to complete declaration of interests form on their appointment.</p>	<p>Agreed.</p> <p>In future all temporary staff who are appointed to the unit will complete the declaration of interest form. We will ensure that the Director views and signs off the forms of any new starters when the HR department have forwarded the employees file to the department.</p> <p>Senior Business Support Officer / Immediate</p>
<p>All employees should be required to complete their declaration of interests' forms in full with annotations of "none"; "nil" or "Not Applicable" where they have no interests to declare.</p>	<p>Agreed.</p> <p>Staff will be instructed to put a comment in boxes to that effect where no interests are to be declared.</p> <p>Senior Business Support Officer / Immediate</p>
<p>Managers should be reminded of the need to ensure that they review and discuss the possibility of any potential conflicts which may arise when assigning new duties or responsibilities to an employee.</p> <p>When assigning duties and responsibilities to employees, either on-going or new assignments (in particular those relating to contracts; projects etc.), management should:</p> <ul style="list-style-type: none"> Review the employee's declaration of 	<p>Agreed.</p> <p>Managers will be reminded that they should review employee's forms at the start of a new project or assignment. The office procedures manual should be amended to reflect this.</p> <p>Business Manager / April 2012</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>interest form;</p> <ul style="list-style-type: none"> Remind the employee to declare any new interests they may have. Ask the employee to declare any potential conflicts of interests of which they are aware. 	
<p>All relevant line managers should be reminded of the need to ensure that all declaration of interests completed by their staff are reviewed in order to identify any potential conflicts of interests.</p> <p>Where an employee declares any interests on their declaration of interests form, managers should be reminded of the need to have discussions with the employee in order to determine whether any conflicts exist and where any exists appropriate action is taken to address the conflicts and mitigate the effects of the conflicts. Details of these discussions should be recorded together with the decisions reached regarding whether or not conflicts were identified and the action to be taken where applicable. The forms should also be signed off by the relevant manager as evidence of review; discussion and decision.</p>	<p>Agreed.</p> <p>The Head of Legal and Procurement currently signs all Declaration Of Interests forms. She would already discuss any potential conflicts with the employee but in future we will ensure that any such conversations with line managers and employees are noted and recorded along with actions.</p> <p>Director of Legal & Procurement / Immediate</p>
<p>Managers should be reminded to ensure that any employee wishing to take up secondary employment, any appointment (paid or unpaid) outside of the Council or to engage in a business should make a formal written request for approval prior to taking up this employment, appointment or setting up a business.</p> <p>Prior to taking up other work (paid or unpaid),</p>	<p>Agreed.</p> <p>We will ensure that staff and managers are reminded of the need to request permission for secondary employment and that we record such requests and decisions. It is my belief that such discussions have taken place appropriately in the past but may not have been adequately recorded. We await HR/audit's response to a request for new procedures and forms.</p> <p>Director of Legal & Procurement & Managers / Immediate</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>appointment or business outside of the Council formal written approval must be granted by the relevant line manager and departmental director.</p> <p>If the secondary employment, appointment is considered to be likely to create conflicts of interest and duty, the relevant manager should determine whether the conflicts can be appropriately managed. If they cannot the employee should be required to choose between the outside involvement and council employment.</p>	
<p>It is recommended that the management in the Legal & Procurement Department should ensure that the gifts and hospitality registers maintained by all service units / teams within the department are maintained in the format prescribed in the Council's Gifts & Hospitality Register and attached to the policy.</p> <p>It is also recommended that officers should be reminded that entries in the gifts and hospitality register should include gifts and hospitality offered and not just those accepted. All employees in the department should be notified of where the register is maintained and by whom.</p>	<p>Agreed.</p> <p>The register needs to be in line with the format agreed by G & H policy. A book with numbered pages book will be obtained. The Procurement Team register will now be amalgamated with the current Legal and Democratic register. Staff will be asked to record offers of gifts/hospitality that have not been accepted. A member of the Business Support team will assume responsibility for the register and the office procedures manual will be amended accordingly.</p> <p>Business Support Manager / 31st May 2012</p>

Strategy, Partnership & Improvement

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>All employees in the Strategy, Partnership and Improvement Department should be required to complete declarations of interests using the most up to date form.</p> <p>All new starters should be required to complete a declaration of interest forms on appointment.</p> <p>Temporary employees (including those employed through agencies) and covering for any permanent posts should be required to complete declaration of interests form on their appointment.</p>	<p>Agreed.</p> <ol style="list-style-type: none"> 1. Notification will be sent to all staff that fall under Strategy, Partnerships & Improvement for completion of the most up to date declaration form, i.e. the version currently on the intranet. 2. We will also include all temporary employees, including those employed through agency, that are covering for any permanent posts. Also, in future, we will ensure all temporary and agency staff complete the form on their appointment. The Assistant Director, Policy to cascade this through the Heads of Policy meetings. 3. We will arrange for the transfer of all missing files for those teams that joined Strategy, Partnerships & Improvement. <p>Head of Finance & Administration / SPI Managers - Implemented</p>
<p>All employees should be required to complete their declaration of interests' forms in full with annotations of "none"; "nil" or "Not Applicable" where they have no interests to declare.</p>	<p>Agreed.</p> <p>This will be highlighted in the notification at point 1 (in recommendation 1).</p> <p>Head of Finance & Administration / SPI Managers - Implemented</p>
<p>Managers should be reminded of the need to ensure that they review and discuss the possibility of any potential conflicts which may arise when assigning new duties or responsibilities to an employee.</p> <p>When assigning duties and responsibilities to employees, either on-going or new assignments (in particular those relating to contracts; projects etc.), management should:</p> <ul style="list-style-type: none"> • Review the employee's declaration of interest form; • Remind the employee to declare any new 	<p>Agreed.</p> <p>Recommendation noted and a separate notification of guidance will be sent to managers highlighting these points.</p> <p>Departmental Management Team / Implemented.</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>interests they may have;</p> <ul style="list-style-type: none"> • Ask the employee to declare any potential conflicts of interests of which they are aware. 	
<p>Where the job description of employees or their roles and responsibilities change or where they have transferred from one department to another as a result of a restructuring or other reason, they should be required to complete a new declaration of interests form.</p> <p>The personnel files of employees who have transferred from other departments to the Strategy, Partnership & Improvement Department should be located or requested as soon as possible and maintained within the department.</p>	<p>Agreed.</p> <p>This will be picked up in the notification to managers, mentioned in Recommendation 3.</p> <p>Refer to point Recommendation 1 (Point 3).</p> <p>Departmental Management Team / Implemented.</p>
<p>All relevant line managers should be reminded of the need to ensure that all declaration of interests completed by their staff are reviewed in order to identify any potential conflicts of interests.</p> <p>Where an employee declares any interests on their declaration of interests form, managers should be reminded of the need to have discussions with the employee in order to determine whether any conflicts exist and where any exist that appropriate action is taken to address and mitigate the effects of the conflicts. Details of these discussions should be recorded together with the decisions reached regarding whether or not conflicts were identified and the action to be taken where applicable. The forms should also be signed off by the relevant manager as evidence of review; discussion and</p>	<p>Agreed.</p> <p>Departmental Management Team / Implemented.</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
decision	
<p>Managers should be reminded to ensure that any employee wishing to take up secondary employment (paid or unpaid) outside of the Council or engage in a business should make a formal written request for approval prior to taking up these appointments or setting up a business.</p> <p>Prior to taking up other work (paid or unpaid), appointment or business outside of the Council formal written approval must be granted by the relevant line manager and departmental director.</p> <p>Where the secondary employment, appointment is considered to be likely to create conflicts of interest and duty, the relevant manager should determine whether the conflicts can be appropriately managed. If they cannot the employee should be required to choose between the outside involvement and council employment.</p>	<p>Agreed.</p> <p>Departmental Management Team / Implemented.</p>

Finance and Corporate Services

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>All employees in the Finance & Corporate Services Department should be required to complete declarations of interests using the most up to date form.</p> <p>All new starters should be required to complete a declaration of interest forms on appointment.</p> <p>Temporary employees (including those employed through agencies) and covering for any permanent posts should be required to complete declaration of interests form on their appointment.</p>	<p>Agreed. All staff will be asked to complete a declaration of interests form.</p> <p>Assistant Directors (F &CS) / 31 July 2012</p>
<p>All employees should be required to complete their declaration of interests' forms in full with annotations of "none"; "nil" or "Not Applicable" where they have no interests to declare.</p>	<p>Agreed. The requirement to confirm nil returns will be made clear as part of R1 above.</p> <p>Assistant Directors (F &CS) / 31 July 2012</p>
<p>Managers should be reminded of the need to ensure that they review and discuss the possibility of any potential conflicts which may arise when assigning new duties or responsibilities to an employee.</p> <p>When assigning duties and responsibilities to employees, either on-going or new assignments (in particular those relating to contracts; projects etc.), management should:</p> <ul style="list-style-type: none"> • Review the employee's declaration of interest form; • Remind the employee to declare any new interests they may have; 	<p>Agreed. The requirement to review potential conflicts of interests when assigning new duties will be reiterated to managers.</p> <p>Abigail Hunt – Personal Assistant to Director of Finance & Corporate Services / 30 June 2012</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<ul style="list-style-type: none"> Ask the employee to declare any potential conflicts of interests of which they are aware. 	
<p>Where the job description of employees or their roles and responsibilities change or where they have transferred from one department to another as a result of a restructuring or other reason, they should be required to complete a new declaration of interests form.</p> <p>The personnel files of employees who have transferred from other departments to the Strategy, Partnership & Improvement Department should be located or requested as soon as possible and maintained within the department.</p>	<p>Agreed. This will be picked up in response to R3 above.</p> <p>Abigail Hunt – Personal Assistant to Director of Finance & Corporate Services / 30 June 2012</p>
<p>All relevant line managers should be reminded of the need to ensure that all declaration of interests completed by their staff are reviewed in order to identify any potential conflicts of interests.</p> <p>Where an employee declares any interests on their declaration of interests form, managers should be reminded of the need to have discussions with the employee in order to determine whether any conflicts exist and where any exist that appropriate action is taken to address and mitigate the effects of the conflicts. Details of these discussions should be recorded together with the decisions reached regarding whether or not conflicts were identified and the action to be taken where applicable. The forms should also be signed off by the relevant manager as evidence of review; discussion and decision</p>	<p>Agreed. The requirement to review potential conflicts, identify appropriate actions and record these on the form will be set out as part of R1 above.</p> <p>Assistant Directors (F &CS) / 31 July 2012</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>Managers should be reminded to ensure that any employee wishing to take up secondary employment (paid or unpaid) outside of the Council or engage in a business should make a formal written request for approval prior to taking up these appointments or setting up a business.</p> <p>Prior to taking up other work (paid or unpaid), appointment or business outside of the Council formal written approval must be granted by the relevant line manager and departmental director.</p> <p>Where the secondary employment, appointment is considered to be likely to create conflicts of interest and duty, the relevant manager should determine whether the conflicts can be appropriately managed. If they cannot the employee should be required to choose between the outside involvement and council employment.</p>	<p>Agreed. This will be picked up as part of R5 above</p> <p>Assistant Directors (F &CS) / 31 July 2012</p>

Environment & Neighbourhoods

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>All employees in the Environment & Neighbourhood Department should be required to complete declarations of interests using the most up to date form.</p> <p>All new starters should be required to complete a declaration of interest forms on appointment.</p> <p>Temporary employees (including those employed through agencies) and covering for any permanent posts should be required to complete declaration of interests form on their appointment.</p>	<p>Agreed.</p> <p>Heads of Service/ Business Support Teams & Line Managers – September 2012</p>
<p>All employees should be required to complete their declaration of interests' forms in full with annotations of "none"; "nil" or "Not Applicable" where they have no interests to declare.</p>	<p>Agreed.</p> <p>Head of Service / Business Support Teams / Line Managers – September 2012</p>
<p>Managers should be reminded of the need to ensure that they review and discuss the possibility of any potential conflicts which may arise when assigning new duties or responsibilities to an employee.</p> <p>When assigning duties and responsibilities to employees, either on-going or new assignments (in particular those relating to contracts; projects etc.), management should:</p> <ul style="list-style-type: none"> • Review the employee's declaration of interest form; • Remind the employee to declare any new interests they may have; • Ask the employee to declare any potential 	<p>Agreed.</p> <p>Head of Service / Business Support Teams / Line Managers – September 2012</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
conflicts of interests of which they are aware.	
<p>Where the job description of employees or their roles and responsibilities change or where they have transferred from one department to another as a result of a restructuring or other reason, they should be required to complete a new declaration of interests form.</p> <p>The personnel files of employees who have transferred from other departments to the Strategy, Partnership & Improvement Department should be located or requested as soon as possible and maintained within the department.</p>	<p>Agreed.</p> <p>Head of Service / Business Support Teams / Line Managers – September 2012</p>
<p>All relevant line managers should be reminded of the need to ensure that all declaration of interests completed by their staff are reviewed in order to identify any potential conflicts of interests.</p> <p>Where an employee declares any interests on their declaration of interests form, managers should be reminded of the need to have discussions with the employee in order to determine whether any conflicts exist and where any exist that appropriate action is taken to address and mitigate the effects of the conflicts. Details of these discussions should be recorded together with the decisions reached regarding whether or not conflicts were identified and the action to be taken where applicable. The forms should also be signed off by the relevant manager as evidence of review; discussion and decision</p>	<p>Agreed.</p> <p>Head of Service / Business Support Teams / Line Managers – September 2012</p>

Recommendation	Management Response / Responsibility/ Deadline for Implementation
<p>Managers should be reminded to ensure that any employee wishing to take up secondary employment (paid or unpaid) outside of the Council or engage in a business should make a formal written request for approval prior to taking up these appointments or setting up a business.</p> <p>Prior to taking up other work (paid or unpaid), appointment or business outside of the Council formal written approval must be granted by the relevant line manager and departmental director.</p> <p>Where the secondary employment, appointment is considered to be likely to create conflicts of interest and duty, the relevant manager should determine whether the conflicts can be appropriately managed. If they cannot the employee should be required to choose between the outside involvement and council employment.</p>	

LIMITED ASSURANCE REPORTS – Computer Audits

iCasework (Non Stop Gov)

iCasework is developed exclusively for the Local Government and provides an integrated eGovernment solution incorporating CRM, online forms, interactive e-bookings, e-payments, case management and business intelligence. The system is mainly used by the Freedom of Information (FOI), Environmental and Children's and Families teams and is supplied by Tagish Ltd. The application sits on an Oracle database that is managed internally by two database administrators.

Control weaknesses were identified in relation to the lack of a record or evidence of access requested by the supplier, the presence of a bug that resets user permissions on the system, the lack of adequate password settings, the lack of adequate roles and a process to review permissions on the system, the absence of a process to report and review security violations, inadequate accuracy input controls on the system, the lack of a documented interface, backup and restore procedures, the absence of integrity checks, the failure to evidence a formal disaster recovery plan, the lack of formal support arrangements and the lack of adequate patching and change controls on the Oracle database.

The direction of travel indicates that this area has remained unchanged since the last audit report.

One priority 1, eight priority 2, and one priority 3 recommendations were raised.



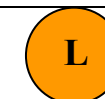
Recommendation	Management Response / Responsibility / Deadline for Implementation
Management should investigate with the suppliers, Tagish Ltd, a solution to the bug on the iCasework application that resets user access permissions on the system.	<p>Agreed:</p> <p>The users with these excess permissions are not aware that they have been granted these permissions. This is resulting from an application bug that auto allocates these permissions to users and this has been ongoing for a number of years.</p> <p>A service desk call has been logged with the suppliers Tagish (case ref: 90232) and it was found that a system configuration setting was required. iCasework has now been reconfigured and the issue is now resolved. The system has been checked to confirm that users now do not inadvertently inherit these permissions.</p> <p>Head of Applications (Applications Support & Development Team)</p> <p>Completed</p>

LIMITED/NIL ASSURANCE REPORTS – School/Pupil Referral Unit (PRU) Audits

Further details regarding this are set out within the cover report for June 2011/12. We have therefore not listed all agreed priority 1 recommendations in this section.

Mora

Six priority 1 and 15 priority 2 recommendations were raised as a result of this audit. All recommendations were agreed by the School.



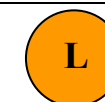
Church Lane PRU

11 priority 1 and 11 priority 2 recommendations were raised as a result of this audit. As the PRU has not had an Internal Audit review undertaken since its change from a Key Stage (KS) 4 unit to a KS2/3 unit, a direction of travel was not provided.



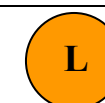
Poplar Grove PRU

Twelve priority 1 and fifteen priority 2 recommendations were raised as a result of this audit. All recommendations were agreed by management.



Stag Lane PRU

Nine priority 1 and thirteen priority 2 recommendations were raised as a result of this audit. All recommendations were agreed by the management.



Leopold

Seven priority 1, eight priority 2, and three priority 3 recommendations were raised as a result of this audit. All recommendations were agreed by the School



Salisbury


Eleven priority 1 and 10 priority 2 recommendations were raised as a result of this audit. The School is to confirm a date for a meeting with Governors, the Headteacher, Bursar and Internal Audit as they require further assistance to implement the recommendations.




LIMITED / NIL ASSURANCE REPORTS – BHP

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

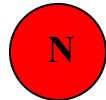

Conflict of Interests (Employees)

Final Report Reported separately to the BHP Audit & Finance Sub-Committee.	
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Settled Homes Initiative

Final Report To be reported separately to the BHP Audit & Finance Sub-Committee.	
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Contract Audit

Final Report To be reported separately to the BHP Audit & Finance Sub-Committee. Two assurance opinions were awarded, one for the Chapter Road development (Nil) and one for the Ander Close development (Limited).	 
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Repairs and Voids (Accuserv Stock Module)

Final Report Reported separately to the BHP Audit & Finance Sub-Committee.	
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NON ASSURANCE WORK

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

We have previously reported on the following works:

- Oracle Security – Segregation of Duties (Reported in February 2012);
- Lessons Learnt on the Project Governance and Contract Variations for Curzon Crescent Nursery and Children's Centre (Reported in December 2012);
- Project Management Framework (Reported in December 2012);
- CRC Readiness (Reported in December 2012)

A further three pieces of work were completed following the last Committee meeting in February 2012, the details of which are as follows:

Civic Centre Project (Contract Audit)

Introduction

This was the third interim audit of what is a 'watching brief' process, designed to report on the progress of the project from its inception to its commissioning and handover. The main audit contact is the Civic Centre Programme Director.

We have not provided an assurance opinion as part of each stage of our work. Instead, we have reported on our findings in respect of each of the agreed areas of scope, the focus of which has been changing as the project progresses. We have also not been raising formal recommendations. However, any areas of concern or potential improvement have been highlighted, together with suggested steps for management's consideration.

Overall summary of findings and areas for management's consideration

Overall, on the basis of the documentation provided to us and the discussions held, our previous observation regarding the apparent existence of effective governance arrangements continues to apply. As highlighted at the time of our previous audit, this is key to the success of the Civic Centre project.

There has been an ongoing review of the governance structure, with officers recognising the requirement for this to change in order to reflect the progress made over the last three years. Examples of continued good practice in respect of the management of the project include:

- The setting up of the "Move to the Civic Centre" sub group within the governance structure, the remit of which is to ensure, through a number of sub-projects, a seamless move to the new building. The governance structure reflects on the need for the building activities to link closely with the Move to the Civic Centre – as it will be the same Board and chair overseeing both projects. The number and level of reporting arrangements are seen as informative, with a high level review and update

process;

- There is senior management input within project groups and workstream meetings, in line with agreed requirements, and as supported by consultants;
- There is a framework in place to manage risks relating to the project; and
- At the time of the fieldwork, the construction programme and costs were reported to be on target.

Whilst highlighting the above, it should be noted that our work should not be taken as any form of guarantee as to the progress of the project, or whether it will be delivered on time, within budget and to the required standard. There are a range of internal and external factors which may affect this, and management are responsible for ensuring that these are identified promptly and in full, and that actions are taken to manage them, as appropriate.

We highlighted a number of areas in which further actions were needed, although it is noted that management were already aware of these and were determining actions to address them. It is also noted that, since the completion of our fieldwork, some elements should now have been completed. The areas were as follows:

- Work on the corporate brand had yet to be finalised. Steps were continuing to be progressed with the Director of Customer and Community Engagement convening a group of officers to work through the final stages of this. The key activity remaining is finalisation of the brand guidelines. The first draft of guidelines for the use of the new corporate brand had been issued and comments/amendments were being made to the draft. A more 'complete' version of the guidelines was due to follow. At the time of our fieldwork, we were informed that these would be subject to a further review prior to being reported to the Civic Centre Programme Board in March 2012. The final guidelines were then due to be signed off by the branding group on 26 March 2012.
- As a result of the London Organising Committee for the Olympic Games (LOCOG) security arrangements, there are cost implications for the Council which the Civic Centre Programme Director will attempt to recover from LOCOG. Skanska are unable to confirm the final cost and time implications until after the event, as it is possible that further restrictions may be required during the games period which haven't yet been anticipated / confirmed. It is noted that, within the consultant's monthly Highlight Report under 'Risks', the risk value associated with this is recorded as being £1m-£5m. Whilst it would appear that the Council have limited influence over these costs, management should:
 - Seek to formally log with LOCOG the probable financial consequences to Brent of any subsequent and future security arrangements;
 - Continue to involve the contractor so that arrangements can be made; and
 - Be mindful of the Contractor's contractual obligation of identifying any potential disruption to the works programme, especially when this is deemed within the critical path of the programme.
- We were advised that draft output specifications in respect of the Facilities Management (FM) had been written for the Civic Centre and the retained estate, and that the Council were seeking to go out to Government Procurement Services (GPS)

contract in March 2012. The earliest engagement of the new FM arrangements logged on the Office of Government Commerce (OGC) procurement website will be November 2012 and contingency measures are being looked into for FM involvement from September 2012 to allow for witnessing testing and commissioning processes. Management need to ensure that the appointment of the FM contractor is timed so that they are in a position to attend these key processes.

- The overall Business Case for the Civic Centre is dependent on a number of older buildings being released and on a number of assumptions regarding income generation opportunities through the new building. From both a financial and reputational perspective, these represent key risk areas and hence should be a continuing point of focus for both the overall Programme Board and the Commercial Workstream and Move to the Civic Centre Sub Group.

Capital Projects – Application of the Project Management Framework (Contract Audit)

Introduction

Earlier in 2011/12, we undertook an initial assessment of the adequacy of the controls making up the Council's new project management framework. The purpose of that work was to assist management to determine any revisions potentially needed at this stage, as opposed to waiting until the framework had been fully embedded. We drew upon examples of good practice with which we are familiar in other organisations, as appropriate.

The purpose of this second audit was to focus on the application of the new framework. As before, given that the framework is still in the early stages of implementation, we did not provide an assurance opinion on the adequacy and effectiveness of the control environment. Instead, we presented our findings in the style of a gap analysis, highlighting areas in which the framework does not appear to have been applied in full to the sample of projects. Where this was the case, we indicated the actions that should be taken to address this.

Overall Summary of Findings

The key areas where actions were raised relate to defining programme/project governance structures, programme/project tolerances and change controls; producing Project Initiation Documents (PIDs); defining Project Quality Products and producing them with supporting documents; and programme/project configuration.

We note that since the introduction of the Project Management Framework, both its use and competency in its use have increased over time as staff have become familiar with it. However, large elements of the framework remain unused. To some extent, this is due to some of the programmes/projects having been initiated prior to the framework coming into place. In other cases the delayed uptake may be due to the need for cultural change with regard to the way in which projects have traditionally been managed.

In certain areas staff have already learnt lessons that they have communicated to us and this is encouraging. This includes greater rigour being applied to the use of change controls from the earliest instance in the project lifecycle and a clearer definition of the project tolerances that they can work within.

In some cases, information is required to be duplicated due to the nature of programme/project management documentation and the traditional manner of reporting to the Executive. It is our experience that this issue is not uncommon across other organisations. An intelligent application of completing the necessary programme/project documentation and including the detail and supporting arguments and rationales by way of embedding other documents in the programme/project documentation needs to be applied to this issue. This typically occurs in early stage documents such as concept papers. We do not intend to address this issue as a result of this work as we believe it is better to embed the framework first and return to this issue when there is greater familiarity with it.

For those projects consisting of construction schemes, an intelligent application of the typical construction project lifecycle requires overlaying into the various stages/workstreams of the framework. There may be various lifecycles depending on scheme sizes and contract (risk management) strategies.

Looking forward, our next work in this area will be to take individual schemes through the project lifecycle verifying the scheme detail to the project status reports and logs in greater detail than has been possible to date.

We raised 14 action points as a result of this work.

Risk and Health Assessment Program for Active Directory (IT Audit)

Introduction

A Risk and Health Assessment Program of work in relation to the Active Directory environment at the Council was undertaken by Microsoft in 2010. The main focus of that work was to assess the health of the Active Directory infrastructure and to determine where areas of the Active Directory deviate from Microsoft best practice within the Council.

The overall objective of this work was to assess the extent of actions taken to address the issues raised by Microsoft. This work focused on the issues rated by Microsoft as 'High' or 'Medium'.

It should be noted that we did not undertake full sample testing in order to confirm whether the actions taken were fully in line with Microsoft best practices. However, the implementation status was verified and, where appropriate, evidence was obtained to confirm the action taken. As such, this work was limited to confirming that the recommended steps have been implemented, as opposed to assessing the effectiveness of their operation.

Overall Summary of Findings

We found that, of the 20 original High and Medium rated issues raised, all except one had been fully addressed. Overall, the status of implementation can therefore be considered positive.

Follow-Up of Previously Raised Recommendations

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

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

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

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





Audit Title	Priority 1			Priority 2			Priority 3			Total				Priority 1 Recommendations not implemented
	I	PI	NI	I	PI	NI	I	PI	NI	I	PI	NI	N/A	
Accounts Receivable	1	-	1	1	2	-	-	-	-	2	2	1		Access to raise credit notes*
General Ledger	4	2	-	-	2	-	-	-	-	4	4	-		
Accounts Payable	1	0	0	0	0	0	0	0	0	1	0	0		
Interact	-	-	-	2	3	-	2	1	-	4	4	-		
Northgate Revenues and Benefits Application	-	-	-	2	1	1	-	1	1	2	2	2	1	
PC and Laptop controls	-	-	-	3	1	1	2	-	-	5	1	1		
BCP	-	1	-	-	-	3	-	-	-	-	1	3		
NNDR	2	0	0	0	0	0	0	0	0	2	0	0		
Council Tax	1	0	1	0	2	0	0	0	0	1	2	1		Decision on long outstanding debts**
Total	9	3	2	8	11	5	4	2	1	21	16	8	1	

*Management indicated that since the exceptions were communicated, the Income Team Leader had a discussion with the Principal Oracle Consultant and the ability to raise credit notes has now been removed from the Oracle users who are not FSC staff. ** Management indicated that they will be liaising with the Finance Manager in order to agree the most appropriate course of action to take with these, as well as other old credits on accounts, this includes the option of "writing back" these amounts.

Appendix A – Definitions

Audit Opinions




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

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

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

Direction of Travel

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





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



Recommendation Priorities

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

Priority 1	Major issues for the attention of senior management and the Audit Committee.
Priority 2	Important issues to be addressed by management in their areas of responsibility.
Priority 3	Minor issues resolved on site with local management.

Appendix B – 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
			aina.uduehi@brent.gov.uk
			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		

Final Internal Audit Progress Report – Appendix 2

Anti-Fraud

1. Introduction

- 1.1. Fraud typologies 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 services support (direct payments), blue badge abuse and single person discounts. Internal investigations also include disciplinary matters which are not necessarily fraudulent but represent a serious breach of financial regulations or the code of conduct.
- 1.2. 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

2. Housing Benefit Fraud

- 2.1. 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. Council tax benefit is to be excluded from UC with separate schemes established and administered by each local authority.
- 2.2. 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 reflect DWP priorities, policy and procedure. The DWP intend to pilot a number of approaches to SFIS prior to the introduction of UC where DWP, HMRC and Local Authority staff will work together with the intention of investigating the current disparate benefits, i.e. HB, Income Support, Tax Credit as a single investigation. How this will work in practice is yet to be determined.
- 2.3. 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.
- 2.4. Until such time as SFIS is fully funded and resourced by the DWP, the council will continue to be responsible for the investigation of fraud in HB. The team continues to receive a very high volume of fraud referrals and, as with previous years, a high percentage of cases 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.

- 2.5. 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. Performance is slightly down due to moving staff from HB investigations to Housing Tenancy Fraud work following the receipt of additional funding from central government. Historical case load data and current performance is shown below:

HB Fraud	2008/09	2009/10	20010/11	20011/12
Referrals	723	672	757	612
Closed	832	744	675	597
Screened Out	511	423	386	339
% dropped	61%	57%	57%	57%
Investigated	321	321	290	258
Fraud Found	118	150	121	102
Hit Rate	37%	47%	42%	40%
Caution	7	5	1	3
Admin Penalty	46	40	20	28
Prosecution	31	36	50	30
Total Sanctions	84	81	71	61
Overpayment Only	21	73	47	40

Table 1 – HB Fraud Caseload 2008 to 2012

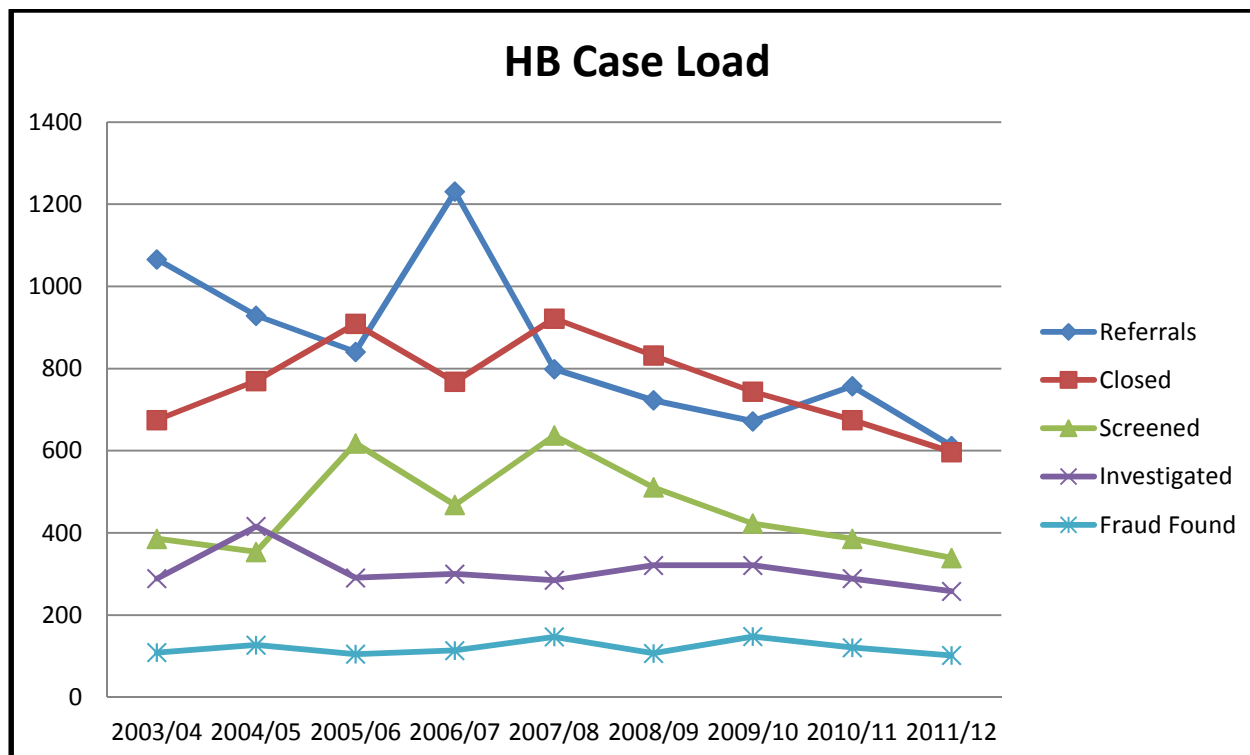


Chart 1 – HB Fraud Caseload 2003 to 2011

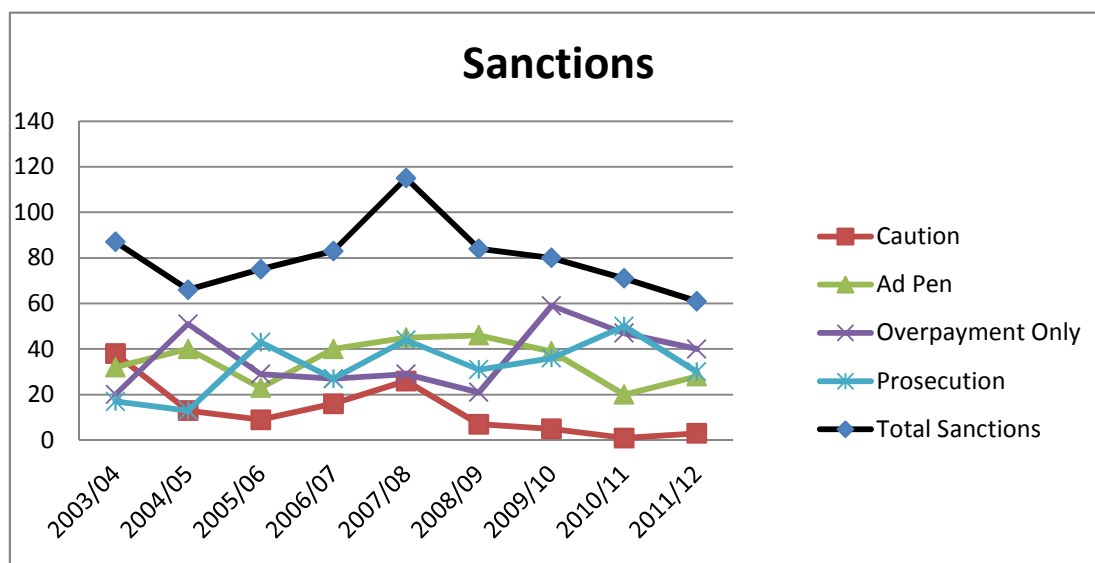


Chart 2 – HB Fraud Sanctions 2003 to 2011

- 2.6. 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	08/09 £	09/10 £	10/11 £	11/12 £
Housing Benefit	849,505	1,332,014	1,660,613	1,267,041
Council Tax Benefit	80,535	183,266	201,615	168,032
Income Support, Job Seekers Allowance, DLA, Other	371,713	411,909	660,546	302,679
Total	1,319,932	1,927,189	2,522,774	1,737,752

Table 2 – Fraud overpayment by benefit type and year

3. Housing Tenancy Fraud

- 3.1. Tenancy 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 340 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.

3.2. Caseload information is shown below.

Housing Fraud	2008/09	2009/10	2010/11	2011/12
Referrals	82	111	120	189
Closed	55	82	166	185
Screened Out	3	9	10	13
Investigated	52	73	155	172
Fraud Found	21	26	37	48
Recovered Property	21	26	34	47
RTB Stop	1	0	0	1
Application refused		0	2	0

Table 3 – Housing Fraud Caseload 2008 to 2012

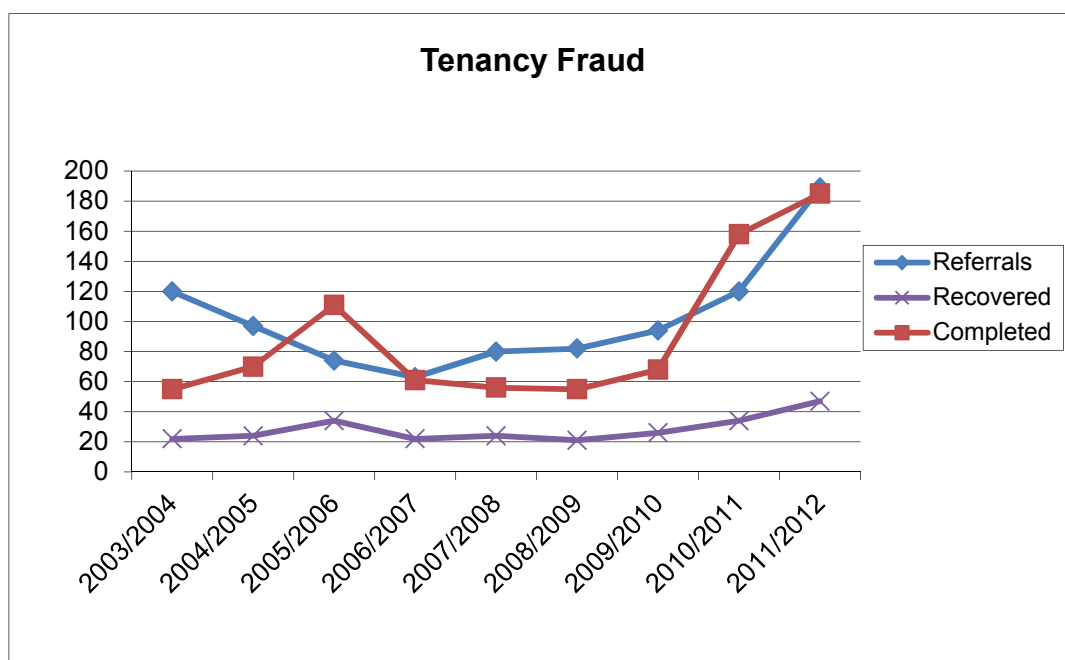


Chart 3 – Housing Fraud Caseload 2003 to 2011

3.3. 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.

- 3.4. 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 have been allocated to tenancy fraud work from HB fraud. The backfilling of these posts has proved problematic.

4. Blue Badge Fraud


- 4.1. 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.
- 4.2. 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. Three exercises have been undertaken in 2011/12 resulting in 40 badges being seized and a number of warnings issued.
- 4.3. There have been 27 new reactive referrals in 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 23 of 26 cases investigated. Most were dealt with by way of a warning letter from Older Peoples Services who issue the badges. Four members of staff were investigated for persistent misuse, three were dismissed or resigned, one received a warning.

Internal Fraud

- 4.4. 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.
- 4.5. Historic data and current year statistics are shown in the tables and charts below:

	2007/08	2008/09	2009/10	2010/11	2011/12
Internal					
Referrals	45	26	51	53	58
Closed	43	34	28	51	62
Screened Out	6	3	3	3	5
Investigated	37	31	25	48	57
Fraud / Irregularity	17	11	16	23	33
Dismiss / Resign	12	9	14	21	27
Warning	2	0	0	2	5

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

	<p style="text-align: center;">Audit Committee 27 June 2012</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Services</p>
<p style="text-align: right;">Wards Affected: ALL</p>	
<p>Internal Audit Annual Report 2011/12</p>	

1. Summary

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

2. Recommendations

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

3. Detail

- 3.1. The Accounts and Audit Regulations 2011¹, as amended, require the Council to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control. The role of internal audit is to provide an independent and objective opinion on the control environment within the Council. Internal audit work is undertaken in accordance with the CIPFA Internal Audit Code of Practice 2006² ("the code"). The code sets out a number of elements to be included in an annual report from the Head of Audit. These are:

- An opinion on the overall adequacy and effectiveness of the internal control environment
- Any qualifications to the opinion
- A summary of audit work undertaken
- Any issues particularly relevant to the Annual Governance Statement
- A comparison of the work undertaken against the plan and performance issues

- A comment on compliance with the CIPFA code

Opinion of the Head of Audit and Investigations

- 3.2. *"I have considered all of the work conducted by internal audit staff, the council's audit contractor, Deloitte and Touche Public sector Internal Audit Ltd and fraud investigation staff for the year ended 31 March 2012 and work undertaken post year end. This includes oversight of all internal audit reports and fraud investigations and personal conduct of specific projects. In my opinion, with the exception of those issues set out in paragraph 3.4, the controls in place in those areas reviewed are adequate and effective. Where weaknesses have been identified, these are being addressed by management and followed up by Internal Audit."*

Qualifications to the Opinion

- 3.1. *My opinion is qualified in relation to the effectiveness of financial and other controls in schools. Although it is hard to generalise, given the existence of some 80 establishments, which are not all audited on an annual basis, I have identified a significant number of schools where material issues have been detected through my audit work. I raised this issue in my opinion report last year and the number of limited and nil assurance reports has increased markedly this year. Although a number of steps were taken by the Children and Families Department, to try to address my concerns, these have not in all cases been sufficiently effective. This reflects in part on the Children and Families Department but also reflects an inappropriate attitude towards compliance and regulation of some head teachers and chairs of governors. I consider that, in many cases, internal audit recommendations and instructions from the Director of Children and Families and Director of Finance and Corporate Services have not been given due weight by schools and I have found that in some cases, valid recommendations made in previous audit reports have not been implemented. There are three main areas, although there are others, over which I have concern:*
- 3.2. *Despite explicitly raising concerns previously there remain significant issues with adherence to procurement rules. Value for money has not been obtained, or evidenced, for large sums of expenditure. This is not limited to leasing problems, which I have raised as a specific issue in a number of schools, but also to general procurement of supplies and services.*
- 3.3. *A number of schools have failed to adhere to the national legal requirements concerning teacher's pay, specifically in relation to the Headteacher's pay being outside the prescribed bandings determined by the school size. Whilst head teachers are being paid on the leadership scale, there are a significant number who are paid above the natural cap for the school size. Although, in certain circumstances schools are permitted to pay above this cap, I consider that in a number of cases these circumstances are unlikely to apply and were not considered or evidenced when decisions were taken to increase pay. I consider it likely that some governing bodies have used the full scale as a method of facilitating annual pay increases once the natural pay cap has been*

reached. Although the Children and Families Department and Director of Finance and Corporate Services have begun a programme of regularising any anomalies, it remains the responsibility of the head and governing bodies to comply with the law and the Financial Regulations for Schools will need to be strengthened to ensure compliance.

- 3.4. *I am concerned about the number of allegations I have received concerning the appointment of relatives of the head teacher. Whilst there are currently a small number of ongoing investigations into these allegations, the relevant Head's appear oblivious to the reputational risk, inherent unfairness and inevitable conflict of interest which exists in such appointments. Even if there is a formal recruitment process, the interest is declared and the Head is not directly involved in the process, I am not content that the conflicts which such appointments cause can be properly managed. Much clearer guidance needs to be issued in this regard."*

Summary of Work Undertaken - Audit






- 3.5. The 2011/12 Audit Plan was approved by the Audit Committee on 15th June 2011³. The plan allocated 1200 audit days across all areas of the council's operation, including 135 within Brent Housing Partnership.
- 3.6. At the end of March 2012, 1182 days had been delivered representing 99% of the audit plan. The outstanding 13 days, representing the 1% shortfall in delivery was due to the planned audit work for the Safeguarding Adults Audit not going ahead due to the appointment of a new manager to oversee that area which resulted in the audit start date being postponed. The 99% delivery rate represents a minor improvement on the 2010/11 audit plan for which 98% of the Plan was delivered.
- 3.8. Audit work focused on the reliability of the financial and operational information, management accounting controls, safeguarding of assets, economy and efficiency of operations and review of compliance with relevant statutes and Council regulations.
- 3.7. For each audit where controls have been analysed, an assurance statement is issued. This simple grading mechanism indicates the level of confidence we have in the controls within the area audited. Each category is defined below:

Full Assurance	There is a sound system of control designed to achieve the client's objectives. The control processes tested are being consistently applied.
Substantial Assurance	While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
Limited Assurance	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts

	the client's objectives at risk.
No Assurance	Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic controls leaves the processes/systems open to error or abuse.

- 3.8. There has been a significant change in the balance of assurance opinions as set out in the following table. However, the increase in limited and nil assurance reports is primarily due to the high numbers of those opinions across schools.

Assurance Opinions

	Full  	Substantial 	Limited 	None 
2009/10	-	61% (25)	39% (16)	-
2010/11	-	71% (29)	29% (12)	-
2011/12	-	43% (23)	49% (26)	7% (4)

- 3.9. The following table indicates the audits completed and relevant levels of assurance during the 2011-12 financial year.

Ref	Audit Area	Level of Assurance
1.	Council Tax	Substantial
2.	Payroll	Substantial
3.	NNDR (Business Rates)	Substantial
4.	Prepaid Cards (Service Users)	Substantial
5.	Financial Planning	Substantial
6.	Housing & Council Tax Benefits	Substantial
7.	Accounts Payable	Substantial
8.	Gladstone Park Primary School	Substantial
9.	Uxendon Manor Primary School	Substantial
10.	Kilburn Park Junior School	Substantial
11.	St Mary's RC Infant School	Substantial
12.	St Robert Southwell	Substantial
13.	Waste Management	Substantial
14.	Land Charges	Substantial
15.	Members Expenses & Allowances	Substantial
16.	Ward Working	Substantial
17.	Conflict of Interests (Members)	Substantial
18.	Resilience of Exchange/Outlook and Email	Substantial
19.	Bankline Payments	Substantial
20.	IDEAR – Pupil Management Application	Substantial
21.	Software Licencing	Substantial
22.	Carlton Vale Infants	Substantial
23.	Park Lane Primary	Substantial
24.	Lyon Park Infants	Substantial
25.	Pension Fund Investments	Substantial
26.	Accounts Receivable	Limited
27.	General Ledger	Limited
28.	Brentfield Primary School	Limited
29.	Wykeham Primary School	Limited
30.	Kensal Rise	Limited
31.	Stag Lane PRU	Limited
32.	Wembley Primary School	Limited
33.	Church Lane PRU	Limited
34.	Children Leaving Care	Limited

35.	Prepaid Cards (Staff)	Limited
36.	Business Continuity Planning	Limited
37.	Conflict Interests (Employees) – CCE	Limited
38.	Conflict of Interest (Employees) – L & P	Limited
39.	Conflict of Interest (Employees) – R &MP	Limited
40.	Conflict of Interests (Employees) – SPI	Limited
41.	Northwest London Jewish Primary School	Limited
42.	Mitchell Brook Primary School	Limited
43.	John Keble CE Primary School	Limited
44.	Princess Frederica Primary	Limited
45.	Mora Primary School	Limited
46.	BETS PRU	Limited
47.	Poplar Grove PRU	Limited
48.	Brent Transport Services	Limited
49.	Financial Assessments of Service Users	Limited
50.	School Health & Safety	Limited
51.	Domestic Violence	Limited
52.	Programme & Project Management Effectiveness	Limited
53.	Frameworkki Application	Limited
54.	Conflict of Interests (Employees) F & CS	Limited
55.	Conflicts of Interests (Employees) – ASS	Limited
56.	Conflicts of Interests (Employees) – E &N	Limited
57.	Conflicts of Interests (Employees) – C & F	Limited
58.	IT Governance	Limited
59.	Non Stop Gov (iCasework)	Limited
60.	Curzon Crescent Children Centre	Nil
61.	Malorees Junior School	Nil
62.	Leopold Primary School	Nil
63.	Islamia Primary School	Nil
64.	Salisbury Primary School	Nil
65.	Risk & Health Assessment Program for AD	Non Assurance Work
66.	Civic Centre Projects	Non Assurance Work
67.	Capital Project – Application of PM Framework	Non Assurance Work
68.	Project Management Framework	Non Assurance Work
69.	CRC Readiness	Non Assurance Work

70.	Oracle Security	Non Assurance Work
71.	School Thematic Report – Common Weaknesses	Non Assurance Work
72.	Curzon Crescent Major Works Lessons Learnt	Non Assurance Work
73.	Gas Servicing	BHP
74.	Leasehold Management	BHP
75.	Housing Rents	BHP
76.	Treasury Management	BHP
77.	Repairs and Voids - Accuserv	BHP
78.	Repairs and Voids – Stock Module IT	BHP
79.	Contract Audit – Chapter Road and Ander Close	BHP
80.	Conflicts of Interests (Employees)	BHP
81.	Internal Financial Control	BHP
82.	Settled Homes Initiative (Systems Audit)	BHP
83.	Responsive Repairs and Maintenance	BHP

Table 1 - List of completed audits for 2011/12 and levels of assurance

Summary of Work Undertaken - Fraud

- 3.10. In addition to internal audit work, the Audit and Investigations Team has responsibility for fraud and other investigation across the council. Fraud can impact upon the council's finances and may have implications for the systems of internal control.
- 3.11. Fraud affecting the council can be split between internal, committed by staff, or external, committed by third parties. As with all other large institutions in both the public and private sector, the council suffers from both.
- 3.12. The fraud case load is split over seven main areas. The 2011/12 case load statistics are shown in table 2 below.

Fraud Area	New Cases	Cases Closed	Cases Investigated	Fraud Identified
Housing Benefit*	612	597	258	102
Housing Tenancy Related	189	185	172	48
Blue Badge	27	36	26	23
Direct Payments	2	3	3	2
Council Tax	2	6	6	5
Other external / third party	19	15	14	8
Internal	58	62	57	33
Totals	906	916	544	219

Table 2 – Fraud Case Load 2011/12

- 3.13. In relation to housing benefit fraud the team completed investigations into 258 cases with fraud proven in 102 cases. The value of fraudulent overpayments (including DWP benefits) created as a result of investigations in 2011/12 was £1.74 million. Of this amount, £1.44 million relates to housing or council tax benefit.
- 3.14. There are a number of options available when considering disposal of housing benefit fraud cases. In all instances a fraudulent overpayment will be identified and the Revenues and Benefits Service will attempt to recover the full overpayment. In addition, a number of sanctions are available to the Council, these are: Formal cautions, administrative penalties and prosecution. The sanction sought is determined by a number of factors including the amount and duration of the offence, aggravating and mitigating factors.
- 3.15. A formal caution is issued by Local Authority staff at an interview with the claimant and is used for low level offences. An administrative penalty is a fine of 30% of the overpayment and is added to the recovery of the overpayment. This is used in mid-range cases. Prosecution is reserved for more serious cases and is either undertaken by the Council's Legal Service or the Solicitors Branch of the Department of Work and Pensions. In order to apply any of these sanctions, each case must be investigated, from its inception, to a prosecution standard. A total of 61 sanctions were applied to cases closed during 2011/12. These are summarised below:

Sanction	2011/12	2010/11
Prosecutions	3	50
Administrative Penalties	28	20
Cautions	30	1
Total	61	71

Table 3 – Housing Benefit Sanctions 2011/12 & 2010/11

- 3.16. In relation to housing tenancy fraud the team received 189 new referrals and completed investigations into 185 cases. As a result of these investigations the team recovered 47 properties. Including 5 managed by housing associations. The team conducts investigations into social housing fraud for five housing associations as part of a government funded initiative to identify social housing fraud. These recoveries have a significant financial impact on the housing revenue account and temporary accommodation budget.
- 3.17. Blue Badge fraud continues to be an issue for the council and, although is a relatively low value offence, it has a high profile with members of the public. This abuse takes a number of forms. The lowest level is misuse of a badge by a family member when the badge holder is not present. This abuse is normally dealt with by the parking enforcement team although the Audit and Investigation Unit co-ordinated 3 successful proactive exercises during 2011/12 which resulted in a number of badges being seized for misuse.
- 3.18. More serious offences such as persistent misuse, false applications for a badge, forged or counterfeit badges or misuse by a council officer are dealt with by Audit and Investigations. The team completed 26 investigations during the year resulting in 18 warnings. There were four cases involving staff, three of who were dismissed or resigned pending disciplinary, one was given a warning.
- 3.19. In relation to internal fraud there were 57 investigations completed during the year. Fraud or irregularity was established in 33 of these cases resulting in 11 dismissals at disciplinary, 16 resignations and 5 warnings.
- 3.20. During the previous four years, the Audit & Investigations Team have been involved in proactively verifying staff identities (ID) and their right to work in the UK. This work has been carried out in areas which are considered to be high risk i.e. where staff have access to vulnerable clients and there is a risk that their IDs'/ permission to work in the U.K may be irregular. The work undertaken has resulted in the removal of five staff.

Issues relevant to the Annual Governance Statement

- 3.21. Following the Copland School investigation changes were made to the internal audit programme to ensure all foundation schools were audited by the council. In addition the audit coverage in schools was changed to include an increased focus on leadership pay.
- 3.22. A number of significant procurement issues have arisen during routine audits of schools and specific investigations. Primarily these concern the procurement of photocopying, whiteboard and associated equipment and laptops through finance leases. The leases are possibly ultra vires in that they have not been approved by the Director of Finance and Corporate Services or Secretary of State. Furthermore, no proper alternative quotes have been obtained for individual procurements valued in excess of £20,000 and in some cases up to £500,000. The equipment leased could have been sourced

through government framework agreements at a fraction of the cost incurred by individual schools.

- 3.23. In addition to leasing arrangements there are examples of procurement where there is no evidence of quotes or tendering as required by the financial regulations for schools.
- 3.24. A review of leadership pay across all schools has indicated that there are a significant number who are paying above the correct point on the leadership scale according to the school size. Although there are provisions permitting this in certain circumstances, it is unclear whether those circumstances have been properly considered by the governing body or whether additional points are being awarded in ignorance of the conditions.

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

- 3.25. The CIPFA Code of Practice² is a non-statutory code. However, the Accounts and Audit Regulations 2011¹, require the Council to maintain an adequate and effective system of internal audit in accordance with proper internal audit practices. The guidance accompanying the Accounts and Audit Regulations specifies that proper practices are those contained within the CIPFA code. Internal Audit is, therefore, required to comply with the code.
- 3.26. The elements of the code are reflected in the Terms of Reference for Internal Audit which have previously been approved by this committee at its meeting on 29th September 2010⁴. The Internal Audit Team works in accordance with these standards and has a quality control mechanism which involves an internal quality review of all audit reports and ongoing supervision and appraisal of all staff.

4. Financial Implications

- 4.1. None

5. Legal Implications

- 5.1. None

6. Diversity Implications

- 6.1. None

7. Background Papers

- 1. Accounts and Audit Regulations 2011
- 2. Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 – CIPFA
- 3. REPORT FROM THE DIRECTOR OF FINANCE – INTERNAL AUDIT

PLAN FOR 2011-12, *Audit Committee – 15th June 2011.*


4. Report from the Director of Finance and Corporate Resources – Internal Audit Terms of Reference and Strategy, *Audit Committee – 29th September 2010.*

8. Contact Officer Details

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

Clive Heaphy
Director of Finance and Corporate Services

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	<p style="text-align: center;">Audit Committee 27 June 2012</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Services</p>
<p style="text-align: right;">Wards Affected: ALL</p>	
<p>Internal Audit Plan for 2012/13</p>	

1. Summary

- 1.1. The purpose of this report is to advise the Audit Committee of the final Internal Audit Plan for 2012/13. 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 2011. The CIPFA Code of Practice on Internal Audit in Local Government requires the proper planning of audit work.

2. Recommendation

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

3. Detail

- 3.1. The draft 2012/13 Audit Plan was presented to the committee and agreed at its meeting on 22nd February 2012¹. The appendix to this report sets out the finalised plan following full consultation with relevant departmental directors. There are some minor adjustments to the total days allocated to each department in the finalised plan. These reflect changes in risk and priority. The key additions to the plan, which members need to note, are the inclusion an additional 20 days for follow up work on schools with earlier limited assurance reports and the inclusion of 10 days for specific risk management work.
- 3.2. The audit plan for 2012/13 is attached at appendix 1.

4. Financial Implications

4.1 None.

5. Legal Implications

5.1 The Accounts and Audit Regulations 2011 (England) 2011 section 4(1) requires the Council to “*ensure that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes arrangements for the management of risk.*” The production of an annual audit plan is part of the overall internal control process.

6. Diversity Implications

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

7. Staffing/Accommodation Implications

7.1. None.

8. Background Papers

1. Report from the Director of Finance and Corporate Services – [Draft Internal Audit Plan & Audit Needs Assessment for 2012/13](#), Audit Committee 22nd February 2012.

9. Contact Officer Details

Simon Lane, Head of Audit and Investigations, Town Hall Annexe.

Telephone – 020 8937 1260

CLIVE HEAPHY

Director of Finance and Corporate Services

Internal Audit
2012/13 Final Internal Audit Plan
London Borough of Brent
April 2012



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Executive Summary

Introduction	This report sets out the draft Internal Audit Plan for the 2012/13 financial year.																		
Total Plan Days	<p>The Plan is based on a total of 1,200 days split between Deloitte and the in house team as shown below.</p> <table> <tr> <th>Source</th><th>2012/13 Number of Days</th></tr> <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> </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																		
Plan Days by Department	<p>The revised Audit Needs Analysis 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.</p> <p>The breakdown of the total days across the Departments is shown in the table below. The full Plan is attached at Appendix A.</p> <table> <tr> <th>Department</th><th>2012/13 Days</th></tr> <tr> <td>Cross Council / Corporate Audits</td><td>25</td></tr> <tr> <td>Finance & Corporate Services</td><td>212</td></tr> <tr> <td>Information Technology</td><td>132</td></tr> <tr> <td>Children & Families</td><td>35</td></tr> <tr> <td>School Audits</td><td>228</td></tr> <tr> <td>Environment & Neighbourhood</td><td>45</td></tr> <tr> <td>Customer & Community Engagement</td><td>20</td></tr> <tr> <td>Adult Social Services</td><td>65</td></tr> </table>	Department	2012/13 Days	Cross Council / Corporate Audits	25	Finance & Corporate Services	212	Information Technology	132	Children & Families	35	School Audits	228	Environment & Neighbourhood	45	Customer & Community Engagement	20	Adult Social Services	65
Department	2012/13 Days																		
Cross Council / Corporate Audits	25																		
Finance & Corporate Services	212																		
Information Technology	132																		
Children & Families	35																		
School Audits	228																		
Environment & Neighbourhood	45																		
Customer & Community Engagement	20																		
Adult Social Services	65																		

Types of Work		Legal & Procurement	35
		Regeneration & Major Projects	70
		Strategy, Partnership & Improvement	25
		Brent Housing Partnership	154
		Risk Management	10
		Follow-Up	55
		Consultation, Communication and Reporting	55
		Contingency	20
		Office Move	14
		Total	1,200
	<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</p>		

	<p>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>
Ensuring the ongoing relevance of the Plan	<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 the year, so as to determine whether any amendments are required, and will update Members at scheduled Committee meetings where any significant revisions occur.</p>

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 (25 Days)					
Non Comensura Temporary Staff	As part of the One Council Review, 52 individuals have been identified as potentially being a temporary staff not employed through Comensura and this does not comply with the Corporate requirement regarding the appointment of temporary staff.	10	<p>The coverage of this area will include:</p> <ul style="list-style-type: none"> • Justification for going outside of the Comensura framework; • Process for determining value for money; • Process for vetting the potential candidate on the qualification and other checks including references and CRBs; and • Compliance with Agency Worker Directive. 	Raj Soni-alagh – Employee and Business Services Manager James Frain – Senior Category Manager	Qtr 1
Comensura/Contractors/Consultant	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	<p>This work will assess the process operated by Comensura for the provision of temporary and casual workers.</p> <p>As part of the operational process we will also seek to determine the controls around verification of rates and validation of savings reported.</p>	Raj Soni-alagh – Employee and Business Services Manager	Qtr 1

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
FINANCE & CORPORATE SERVICES (344 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. 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.	15	Annual systems audit focussing on key controls and any systems changes.	Paula Buckley – Head of Client Team, Revenue & Benefits	Qtr 3
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	10	Exact scope to be determined through discussion with management.	David Oates – Head of Benefits	Qtr 1

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
	designed.				
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 transition for service users that have been affected by the changes. 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.	20	Annual systems audit focussing on key controls and any systems changes.	David Oates – Head of Benefits	Qtr 3
Treasury Management	Key Financial Audit – cyclical coverage. 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.	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	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	Petrina Peters – FSC Payments Team Leader	Qtr 3/4

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
			will be a focus on the extent to which the newly implemented controls are being fully complied with.		
Accounts Receivable	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.	Sade Adedoyin – FSC Income Control, Invoices and Cash Team Leader	Qtr 3/4
General Ledger	Key Financial Audit – annual coverage. Function is now centralised within the Finance Service Centre (FSC), following the Finance Modernisation Project.	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 	Andy Gray – Head of Pensions	Qtr1

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
			administration of pension fund. With regards to the administration of 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 Capita.		
One Council Project – Oracle HR Project	This project originated from the Brent Business Support/Review of Shared services idea. Phase 1 of this project is aimed at moving onto an integrated Oracle system for HR and Payroll processes.	10	Exact scope will be determined through discussion with management.	To be confirmed	To be confirmed
One Council Project - Customer Service	Successful implementation of One Council Project will be a key in achieving the Council's corporate priorities and objectives.	12	Exact scope will be determined through discussion with management.	Margaret Read – Head of Revenue and Benefits	To be confirmed
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		

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
CHILDREN & FAMILIES (263 Days)					
School Audits – Primary/Junior Schools	Schools are audited on a cyclical basis (every three years).	144	<p>Completion of audits for 12 primary schools.</p> <p>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 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>	Mustafa Salih – Assistant Director, Finance & Performance	Across the year
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, Strategic Finance CF	Across the year
Follow up work for the schools with	As requested by the Assistance Director Strategic Finance, we will	20		Mustafa Salih – Assistant	Across the year

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
Limited Assurance	follow up the implementation of the recommendations arising from the audit work undertaken in the previous year where the assurance rating was Limited.			Director, Strategic Finance CF	
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	This area was inspected by Ofsted in October 2011 and an action plan was developed on the basis of the inspection. Another inspection is expected in the next 12 months. We will consult the Head of Safeguarding to determine how best the Internal Audit work can assist in strengthening the control environment.	Graham Genoni – Assistant Director Social Care Jacquie Burke – Head of Safeguarding	Qtr1/2
ENVIRONMENT & NEIGHBOURHOOD (45 Days)					
Parking Enforcement	With the contract due to be tendered in 2012, it will be key that the service specification is robust and cover all key controls.	20	This work will assess the controls over parking enforcement process including the new management information.	Michael Read – Assistant Director of Environment and Neighbourhood David Thrale – Head of Safer Street	Qtr3
Olympics	Risk identified by Directorate	10	Work will assess preparedness for Olympic event	Sue Harper Director of ENS	Q1
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,	Qtr3

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
				Arts and Heritage	
CUSTOMER AND COMMUNITY ENGAGEMENT(20 Days)					
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.	8	This work will focus on the controls around Mayor's activities including expenses and charitable events.	Saskia Woolloff-Business Manager Rhiannon Leary – Mayor's Office and Member Development Manager	Qtr 1
Language Shop	Language Shop provides the translating and interpreting service for the Council and commissions all language services on behalf of service areas and also external clients. For service areas this is generally seen as a 'free' service as a sum was identified at the end of 2009/10 and vired across from service areas to fund the service rather than treated as a traded service. This service is demand led and the recent increase in demand is due to be reviewed. From operational control perspective, it is key that there is a robust system in place over the administration process including scheduling.	12	Exact scope to be agreed with management	Saskia Woolloff-Business Manager	Qtr 2

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
ADULT SOCIAL SERVICES (65 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 • Budget Monitoring. 	Senel Arkut – Head of Service, Care Management and Review	Qtr1
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	Exact scope to be discussed with the Head of Service.	Steven Forbes – Head of Service, Integrated Commissioning	Q3/4
Appointeeship, Receivership, and Power of Attorney	Mental Capacity Act. As a result of the work undertaken by the Investigations Team.	10	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.	Liz Jones – Assistant Director Finance, Adult Social Service	Qtr2
Personalised Budgets and Direct Payments	The drive to increase the number of people receiving direct payments and on personalised budgets.	20	Exact scope to be determined through discussion with management. However, potential areas of coverage will include: <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 	Liz Jones – Assistant Director Finance, Adult Social Service	Qtr1/2

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
			insurance, and rights to work in the UK; <ul style="list-style-type: none"> • Eligibility assessment in respect of receiving direct payments; • Processing of direct payment; • Reviews; • Budget Monitoring and Control; • Financial Monitoring; and • 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 (70 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 undertaking contract audits. However potential areas are as follows: <ul style="list-style-type: none"> • School Capital Projects; and 	Andy Donald – Director of Regeneration & Major Project Richard Barrett –	Qtr 3/4

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
			<ul style="list-style-type: none"> Willesden Capital Projects. 	Head of Property and Asset Management Ian Hamilton – Head of Regeneration Performance Management	
Civic Centre Project (Move to Civic Centre)	One Council Gold Project. This is one of the key agenda for the Council and it will be key that the Council is fully prepared for the move into the Civic Centre in 2013. Contract Audit work has been undertaken in 2009/10, 2010/11, and 2011/12 around the inception and development of project. As requested by the Director of Finance, the focus of work will be shifted towards areas indicated in the proposed coverage for 2012/13.	10	Exact scope to be determined through discussion with management. Exact scope to be discussed with management. However, potential areas are as follows: <ul style="list-style-type: none"> Targets; Timeliness; Budgets; and Change Control Process. 	Aktar Choudhury – Assistant Director Civic Centre Programme Caroline Raiham – Interim Programme Manager, Move to the Civic Centre	Qtr 1/2
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. Following the structure of the housing service area in 2011/12, a new	15	Specific scope still to be discussed with management.	Kevin Coleman – Rehousing Manager/ Laurence Coaker – Head of Housing Solutions Perry Singh – Assistant Director, Housing	Qtr4

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
	structure with two main teams: Accommodation; and People, will go on live from April 2012.				
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.	Chris Walker – Assistant Director Planning and Development	Qtr1
STRATEGY, PARTNERSHIP AND IMPROVEMENT (25 DAYS)					
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.	tbc	tbc
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.	15	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.	tbc	tbc
OTHER AUDITS FOR CONSIDERATION					
Future of Cashiers Function		0		Margaret Read – Assistant Director of Customer Service Sade Adedoyin – FSC Income Team Leader	tbc
Recruitment	The recruitment function was	0	Audit of recruitment processes	Cara Davani –	tbc

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
	restructured as part of the wider restructuring of P&D in 2011. The performance of and delivery models used within the recruitment team are subject to review in order to introduce a more effective service.		including CRB arrangements.	Interim Assistant Director People & Development	
HR	Efficient and effective management of work force is key to the successful operation of the Council from day to day functions and to implementation of key projects.	0	Exact scope will be determined through discussion with management. However, potential coverage includes sickness absence management.	Carla Assistant Director – People and Development	tbc
Employee Benefits	The review of employee benefits and introduction of one contract is a One Council project.	0	Audit of harmonisation of employee benefits council wide.	Carla Assistant Director – People and Development	tbc
Special Educational Needs (SEN)	In December 2010, the Once Council Programme Board commissioned a targeted specialist review of SEN to develop a business case for radical service improvement. The business case set out a number of short term and long term recommendations for improving SEN provision in Brent. Following this, phase 1 of this project has been completed in July 2011. Phase 2 of the project (focusing on long term improvement) is currently in progress.	0	Exact scope will be determined through discussion with management.	Carmen Coffey – Head of Communication & Support Services (CASS)	tbc
One Council Reviews of transport, SEN, and	One Council Projects include reviews of SEN, and Adult transport and these also have impact on the operation of	0	Exact scope to be discussed further with management.	Sue Harper – Director of Environment and	tbc

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
Adult	Brent Transport Service.			Neighbourhood Michael Read – Assistant Director of Environment and Neighbourhood	
Comensura	Following on from the work to be completed in Q1 in respect of the process operated by Comensura, it is equally important that the recruiting managers across the Council are following the required process and undertaking all necessary checks.	0	Exact scope to be discussed further with management.	Raj Soni-alagh – Employee and Business Services Manager	tbc
Key Controls Assessment	Environment & Neighbourhood have undergone a major restructure in 2011/12.	0	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	tbc

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.	0	<p>The Council's adoption service has been inspected in March 2012 and the fostering service is also due to be inspected in the next 12 months.</p> <p>We will consult the Interim Head of Replacement to determine how best the Internal Audit work can assist in strengthening the control environment. Exact scope is therefor to be determined through discussion with management. However, potential areas of coverage are as follows:</p> <ul style="list-style-type: none"> • Foster and Adoption payments; • System for fostering and adopting children. 	<p>Graham Genoni – Assistant Director, Social Care</p> <p>Hilary Brooks – Interim Head of Replacement</p>	tbc
OTHER					
Brent Housing Partnership (BHP)	See separate BHP Plan	154	<p>Draft Annual Plan has been formulated and is being presented to BHP's Audit & Finance Sub-Committee for approval.</p> <p>The total number of days has increased slightly to take account of BHP's expanded role since the purchase of Granville New Homes.</p>	N/A	N/A
Risk Management	In order to achieve the Council's objectives and priorities, it is key that a robust Risk Management process is embedded across the Council.	10			

Audit	Link to the ANA / Basis for Inclusion	Days	Proposed Coverage	Initial Key Contact	Proposed Timing
Consultation, Communication and Reporting (Deloitte)	N/A	55	<p>To cover:</p> <ul style="list-style-type: none"> • Attendance by Deloitte management at meetings across the Council, for example Strategic Finance Group, Schools Causing Financial Concern, and Audit & Investigations Management meetings; • 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. 	N/A	Throughout the year

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
Office Move	In preparation to the move to the new Civic Centre, some days have been put aside to deal with archiving files and new ways of working.	10		N/A	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.	24	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)*
- *Oracle HR/Payroll.*

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 legislation 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 I 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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