

	<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Change Management / Consultation and Communication	10	0	Withdrawn as not feasible due to the changes already taking place and this was not considered to add any value to the process.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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