



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

Contents

Page No

Executive Summary	1
Detailed summary of work undertaken	5
Follow-Up of Previously Raised Recommendations	47
Appendix A – Definitions	48
Appendix B – Audit Team and Contact Details	50






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.

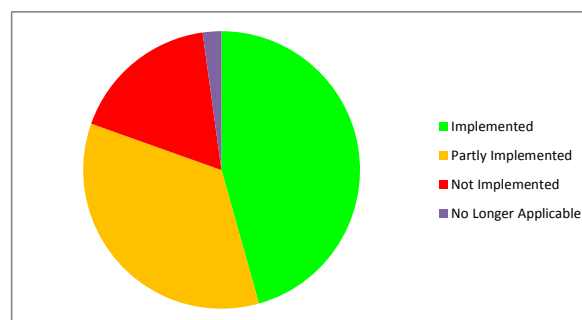
For the Committee's reference, the definitions of the assurance opinions and direction of travel assessment are included at Appendix A.

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



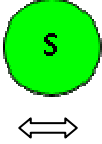



Year	Average Overall Rating
2009/10	4.1
2010/11	4.7
2011/12	4.3



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

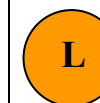
For all Limited Assurance reports, we have included a brief rationale, together with details of any **priority 1** recommendations raised, including the agreed actions to be taken and deadlines for implementation. These are the key audits and recommendations which the Committee should be focusing on 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.

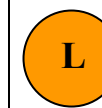
In addition, a number of surgeries and briefing sessions took place throughout 2011/12 and awareness and understanding of the new financial processes amongst staff across the Council appear to have improved throughout the year. This was evident from discussions with SA finance officers. Given that the 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:

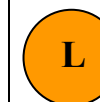
- The level of gross outstanding items have reduced significantly from over £400m (as indicated in the External Auditor's Annual Governance Report presented to the Audit Committee in September 2011) to £5m as indicated in the reconciliation dated 8th March 2012. The £5m is a gross figure and includes 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:

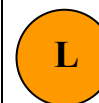
- Duty of LA to advise, assist and befriend Child;
- The LA shall carry out an assessment of need;
- The LA shall prepare a Pathway Plan;
- The LA shall keep the Pathway Plan under regular review; and
- The LA shall arrange for each child to have a Personal Advisor.

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

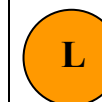
BTS are responsible for two key areas: provision of transport and fleet management.

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 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</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.



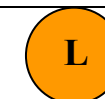
Recommendation	Management Response / Responsibility / Deadline for Implementation
Management should investigate with the suppliers, Tagish Ltd, a solution to the bug on the iCasework application that resets user access permissions on the system.	<p>Agreed:</p> <p>The users with these excess permissions 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.



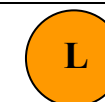
Church Lane PRU

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.



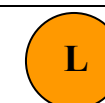
Poplar Grove PRU

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.

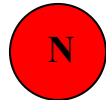

Conflict of Interests (Employees)

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


Settled Homes Initiative

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

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).	 
---	--

Repairs and Voids (Accuserv Stock Module)

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

NON ASSURANCE WORK

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

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		