

Meeting of the

# AUDIT COMMITTEE

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Thursday, 18 September 2008 at 6.15 p.m.

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## A G E N D A

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### VENUE

MEETING ROOM M71, SEVENTH FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE CRESCENT, LONDON, E14 2BG

<b>Members:</b>	<b>Deputies (if any):</b>
<b>Chair:</b>	
<b>Councillor Helal Abbas</b>	Councillor Azizur Rahman Khan, (Designated Deputy representing Councillor Stephanie Eaton)
<b>Councillor Stephanie Eaton</b>	Councillor Abdul Matin, (Designated Deputy representing Councillor Stephanie Eaton)
<b>Councillor Denise Jones</b>	Councillor Harun Miah, (Designated Deputy representing Councillor Abjol Miah)
<b>Councillor Abjol Miah, (Leader of the Respect Group)</b>	Councillor Tim O'Flaherty, (Designated Deputy representing Councillor Stephanie Eaton)
<b>Councillor Joshua Peck, (Lead Member, Resources and Performance)</b>	
<b>Councillor Muhammed Abdullah Salique</b>	

If you require any further information relating to this meeting, would like to request a large print, Braille or audio version of this document, or would like to discuss access arrangements or any other special requirements, please contact: , Democratic Services  
Tel: 020 7364 4881, E-mail: [daniel.hudson@towerhamlets.gov.uk](mailto:daniel.hudson@towerhamlets.gov.uk)

# LONDON BOROUGH OF TOWER HAMLETS

## AUDIT COMMITTEE

Thursday, 18 September 2008

6.15 p.m.

### 1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

### 2. DECLARATIONS OF INTEREST (Pages 1 - 2)

To note any declarations of interest made by Members, including those restricting Members from voting on the questions detailed in Section 106 of the Local Government Finance Act, 1992. See attached note from the Chief Executive.

	<b>PAGE NUMBER</b>	<b>WARD(S) AFFECTED</b>
<b>3. UNRESTRICTED MINUTES</b>	<b>3 - 10</b>	

To confirm as a correct record of the proceedings the unrestricted minutes of the ordinary meeting of the Audit Committee held on 30<sup>th</sup> June 2008.

### 4. DEPUTATIONS AND PETITIONS

To receive any deputations or petitions.

### 5. FEEDBACK PRESENTATIONS - NIL/LIMITED ASSURANCE

To receive presentations from Children's Services, Communities, Localities & Culture and Development & Renewal in relation to the reasons for Nil/Limited Assurance judgements made in the last Internal Audit Annual Report.

Issue was raised at the 30<sup>th</sup> June 2008 meeting, Item 9.1.

### 6. UNRESTRICTED AUDIT COMMISSION REPORTS FOR CONSIDERATION

<b>6 .1 Audit Progress Report</b>	<b>11 - 20</b>
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Audit Commission report attached.

**6 .2 Annual Governance Report**

Audit Commission report to follow.

**7. UNRESTRICTED TOWER HAMLETS ITEMS FOR CONSIDERATION**

**7 .1 Quarterly Internal Audit Assurance Report**

**21 - 48**

To consider and agree the recommendations detailed in the report.

**8. ANY URGENT UNRESTRICTED BUSINESS**

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# Agenda Item 2

## DECLARATIONS OF INTERESTS - NOTE FROM THE CHIEF EXECUTIVE

This note is guidance only. Members should consult the Council's Code of Conduct for further details. Note: Only Members can decide if they have an interest therefore they must make their own decision. If in doubt as to the nature of an interest it is advisable to seek advice **prior** to attending at a meeting.

### Declaration of interests for Members

Where Members have a personal interest in any business of the authority as described in paragraph 4 of the Council's Code of Conduct (contained in part 5 of the Council's Constitution) then s/he must disclose this personal interest as in accordance with paragraph 5 of the Code. Members must disclose the existence and nature of the interest at the start of the meeting and certainly no later than the commencement of the item or where the interest becomes apparent.

You have a **personal interest** in any business of your authority where it relates to or is likely to affect:

- (a) An interest that you must **register**
- (b) An interest that is not on the register, but where the well-being or financial position of you, members of your family, or people with whom you have a close association, is likely to be affected by the business of your authority more than it would affect the majority of inhabitants of the ward affected by the decision.

Where a personal interest is declared a Member may stay and take part in the debate and decision on that item.

**What constitutes a prejudicial interest?** - Please refer to paragraph 6 of the adopted Code of Conduct.

**Your personal interest will also be a prejudicial interest in a matter if (a), (b) and either (c) or (d) below apply:-**

- (a) A member of the public, who knows the relevant facts, would reasonably think that your personal interests are so significant that it is likely to prejudice your judgment of the public interests; AND
- (b) The matter does not fall within one of the exempt categories of decision listed in paragraph 6.2 of the Code; AND EITHER
- (c) The matter affects your financial position or the financial interest of a body with which you are associated; or
- (d) The matter relates to the determination of a licensing or regulatory application

The key points to remember if you have a prejudicial interest in a matter being discussed at a meeting:-

- i. You must declare that you have a prejudicial interest, and the nature of that interest, as soon as that interest becomes apparent to you; and
- ii. You must leave the room for the duration of consideration and decision on the item and not seek to influence the debate or decision unless (iv) below applies; and

- iii. You must not seek to improperly influence a decision in which you have a prejudicial interest.
- iv. If Members of the public are allowed to speak or make representations at the meeting, give evidence or answer questions about the matter, by statutory right or otherwise (e.g. planning or licensing committees), you can declare your prejudicial interest but make representations. However, you must immediately leave the room once you have finished your representations and answered questions (if any). You cannot remain in the meeting or in the public gallery during the debate or decision on the matter.

## LONDON BOROUGH OF TOWER HAMLETS

**MINUTES OF THE AUDIT COMMITTEE  
HELD AT 7.30 P.M. ON MONDAY 30<sup>TH</sup> JUNE 2008  
MEETING ROOM M71, SEVENTH FLOOR, TOWN HALL, MULBERRY PLACE, 5  
CLOVE CRESCENT, LONDON, E14 2BG**

### **Members Present:**

Councillor Joshua Peck (Lead Member, Resources and Performance)  
Councillor Helal Abbas  
Councillor Denise Jones  
Councillor Stephanie Eaton (Leader Liberal Democrat Group)

### **Other Councillors Present:**

None

### **Officers Present:**

Chris Naylor – Corporate Director, Resources  
Tony Qayum – Head of Audit Services  
Minesh Jani – Service Head Risk Management  
Richard Parsons – Service Head Procurement & Corporate Programming  
Steve Lucas – Audit Manager, Audit Commission  
Steve Vinnall – Service Manager, Deloitte  
John Hayes – District Auditor, Audit Commission  
Daniel Hudson – Democratic Services, Chief Executive's

## **1. APPOINTMENT OF CHAIR**

The Members of the Committee were asked to appoint a Chair.

### **RESOLVED**

That Councillor Joshua Peck be appointed Chair of the Audit Committee for the municipal year 2008/09.

Councillor Joshua Peck in the Chair.

**2. APPOINTMENT OF VICE CHAIR**

The Members of the Committee were asked to appoint a Vice-Chair.

**RESOLVED**

That Councillor Denise Jones be appointed Vice-Chair of the Audit Committee for the municipal year 2008/09.

**3. APOLOGIES FOR ABSENCE**

**RESOLVED** that apologies for absence be received on behalf of Councillors Abjol Miah and Abdus Salique.

**4. DECLARATIONS OF INTEREST**

No declarations of Interest were made pursuant to the Member Code of Conduct.

**5. UNRESTRICTED MINUTES**

**RESOLVED** that the unrestricted minutes of the meeting held on Wednesday 12<sup>th</sup> March 2008 be approved subject to the following amendments:

**Page 4, Item 5, Audit Committee Terms of Reference and Membership**

The word Chairman be replaced with Chair.

**Page 5, Item 6, Annual Audit and Inspection Letter**

Second paragraph, second sentence to read as:

The Committee noted these aims which accorded to political priorities and noted measures where in place to address these issues.

**Page 6, Item 7, External Audit 2007/08 – Progress Report**

Fifth paragraph:

Common Area Assessment be replaced with Comprehensive Area Assessment.



## 6. AUDIT COMMITTEE TERMS OF REFERENCE AND MEMBERSHIP

**RESOLVED** that the Terms of Reference and Committee Membership be agreed.

Members of the Committee expressed concern that the Conservative Group had not nominated a Member to this and other Committees of the Council.

## 7. DEPUTATIONS AND PETITIONS

None were received.

With the technical section of the agenda completed the Chair welcomed all to the meeting and asked all in attendance to introduce themselves.

## 8. UNRESTRICTED AUDIT COMMISSION REPORTS FOR CONSIDERATION

### 8.1 Audit Progress Report

Following a brief introduction from Steve Lucas (Audit Manager, Audit Commission) it was **RESOLVED** that the report be noted.

**ACTION BY:** Steve Lucas (Audit Manager, Audit Commission)

### 8.2 Audit and Inspection Plan 2008/09

John Hayes (District Auditor, Audit Commission) presented the report and in reply to a question raised by the Chair he elucidated upon the work to be completed in relation to the proposed audit and inspection of the Pension Fund and how this would differ to previously undertaken audits.

In reply to points raised by Councillors Jones and Eaton, he stated that Councillor Jones membership of the ALMO Shadow Board would not effect her position on the Audit Committee and referring to Councillor Eaton's point the existing partnership arrangements with the PCT had raised no concerns and thus indicated no reason for an Audit. However, if this position was to change then an Audit could be proposed for future years.

Councillor Abbas welcomed the reductions in fee charges and noted the comments of John Hayes (District Auditor, Audit Commission) as to the positive impact of a good CPA score upon the level of required audits.

Finally, it was **RESOLVED** that the report be noted.

**ACTION BY:** John Hayes (District Auditor, Audit Commission)

## 9. UNRESTRICTED TOWER HAMLETS REPORTS FOR CONSIDERATION

### 9.1 Internal Audit Annual Report

Following an introduction from Minesh Jani (Service Head Risk Management) Members of the Committee expressed concern at the number of Nil and Limited Assurances given.

Richard Parsons (Service Head Procurement & Corporate Programming) clarified the issues (failure to authorise statements, use of non approved suppliers etc) that had been identified in relation to the control and monitoring of purchasing cards and the actions that had already been undertaken (cancellation of purchase cards, reminders relating to the need to ensure Value for Money when purchasing etc) to resolve these issues and the rationale for the proposed relaunch of the purchasing cards system in the autumn 2008.

Chris Naylor (Corporate Director Resources) added that purchase cards were a very useful tool which support numerous functions undertaken by the Council. They were extremely auditable and had greatly reduced the bureaucracy that had previously surrounded Council purchasing.

With regard to the Limited Assurance (Extensive) given to Waste Disposal Contract Monitoring and S.106 Planning Obligations and the concerns raised by Members of the Committee he outlined the work being undertaken with the Directorates involved and made specific reference to the possible future allocation of S.106 monies.

While noting this the Committee expressed the view and **RESOLVED** that where a Nil Assurance and Limited Assurance (Extensive) judgement had been reached then in future the Corporate Director and Service Head of the service involved should be called before the Committee to give a detailed explanation.

In relation to the Limited Assurance (Extensive) given to Waste Disposal Contract Monitoring and S.106 Planning Obligations it was **RESOLVED** that due to the importance of the services involved the Corporate Directorates and Service Heads involved come to the next meeting to explain the background to the Limited Assurances given and the actions proposed to resolve these.

Regarding the Limited Assurance for Right to Buy it was **RESOLVED** that the Audit Report be forwarded to the Lead Member Housing and Development.

Councillor Abbas raised concern at the number of schools that had received Limited Assurance (Moderate) and Substantial Assurance (Moderate) judgements and while noting the comments of Chris Naylor (Corporate Director Resources) as to the nature of these judgements it was **RESOLVED** that the Corporate Director Children's Services provide a note to Members of

the Committee as to the financial and governance expertise support given to the schools involved.

In reply to a question posed by the Chair, Minesh Jani (Service Head Risk Management) clarified the work undertaken in relation to control issues regarding Unauthorised Occupancies.

Finally, and having due regard to the actions indicated above it was **RESOLVED** that the report be noted.

**ACTION BY:** Minesh Jani (Service Head Risk Management)  
Corporate Directors Children's Services,  
Communities, Localities and Culture & Development  
and Renewal  
Democratic Services (DH)

## **9.2 Annual Anti Fraud Report 2007/08**

Members of the Committee welcomed the report and in reply to points raised Tony Qayum (Head of Audit Services) clarified the key results of the outcomes of the National Fraud Initiative which were detailed in section 5.9. The on-going level of Council Tax Single Person discount overpayments could not be clarified as this was the first year that this type of overpayment had been fully identified. He confirmed that a communication strategy had been planned to publicise the fraud investigation work and the outcomes achieved. Finally, he noted the comments of Councillor Jones in relation to the need to change some of the terminology/language used in the report.

Therefore, it was **RESOLVED** that the report be noted.

**ACTION BY:** Tony Qayum (Head of Audit Services)

## **9.3 Annual Anti Fraud Plan 2008/09**

Tony Qayum (Head of Audit Services) introduced the report and clarified the rationale behind giving additional support to Tower Hamlets Homes.

In reply to questions raised by Councillor Eaton regarding Data Control management, Minesh Jani (Service Head Risk Management) reported upon the work undertaken by Deloitte in respect of this matter. A level of assurance comfort had been given to the Council although notwithstanding this it was accepted that this matter could be looked at in greater detail in the future.

Subsequent to this it was **RESOLVED** that the report be noted.

**ACTION BY:** Tony Qayum (Head of Audit Services)

#### 9.4 Anti Fraud and Corruption Strategy

Subsequent to a succinct introduction from Tony Qayum (Head of Audit Services) it was **RESOLVED** that the report be noted.

**ACTION BY:** Tony Qayum (Head of Audit Services)

#### 9.5 Progress on Follow up Audits

Minesh Jani (Service Head Risk Management) concisely introduced the report.

Making reference to section 6.1 of the report (Escalation Procedure) the Chair, supported by Councillor Eaton, welcomed the proposals and added that copies of the escalation reports should also be sent to the Lead Member Resources and Performance and if deemed appropriate 'offending' officers be asked to attend future meetings of the Audit Committee to explain why Audit recommendations had not been fully actioned.

Therefore, and having due regard to the above, it was **RESOLVED** that the escalation procedures set out at section 6.1 of the report be welcomed and endorsed.

**ACTION BY:** Minesh Jani (Service Head Risk Management)

#### 9.6 Annual Governance Statement for the 2007/08 Accounts

Following an introduction from Minesh Jani (Service Head Risk Management) it was **RESOLVED** that:

- (i) the process and findings set out in paragraphs 4.1 – 7.4 of the report be approved subject to Contract Management Arrangements being added to paragraph 7.4; and
- (ii) the Annual Governance Statement for the financial year 2007/08 and as set out at Appendix 3 of the report be approved.

**ACTION BY:** Minesh Jani (Service Head Risk Management)

#### 9.7 Draft Statement of Final Accounts 2007/08

Alan Finch (Service Head Corporate Finance) introduced the report and an Addendum report was circulated which clarified a number of matters detailed in the main report.

Having noted and welcomed the more robust processes used this year to produce the draft statement the Committee **RESOLVED** to:

- (i) approve the draft final Statement of Accounts for the financial year ending 31<sup>st</sup> March 2008; and
- (ii) note that the Accounts will now be submitted for audit.

Copies of the Statement were signed by the Chair.

**ACTION BY: Alan Finch (Service Head Corporate Finance)**

**10. ANY URGENT UNRESTRICTED BUSINESS**

None was raised.

The meeting ended at 8.36p.m.

Chair,  
Audit Committee

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# **Progress Report**

**London Borough of Tower Hamlets**

**Audit 2007/08**

**18 September 2008 Audit Committee**

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

### **Status of our reports to the Council**

Our reports are prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. Reports are prepared by appointed auditors and addressed to directors/members or officers. They are prepared for the sole use of the audited body, and no responsibility is taken by auditors to any director/member or officer in their individual capacity, or to any third party.

### **Copies of this report**

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# Summary

## Introduction

- 1 The purpose of this progress report is to brief the Audit Committee on work completed by the Audit Commission since the Audit Committee meeting in June 2008 and to inform the Committee of work currently being planned or undertaken. In addition, we draw to Members attention recent relevant Audit Commission publications.

## 2007/08

- 2 We prepared and agreed the 2007/08 Audit and Inspection Plan with officers in April and presented it to the Audit Panel in July 2007. A summary of the work programme and progress to date is shown in Appendix 1 but, in summary, since the last Audit Committee meeting, we have:
  - published the corporate assessment report;
  - completed our work on the Council's financial systems;
  - completed a majority of the work on the Council's financial statements;
  - prepared the annual governance report; and
  - started the audit of the Council's grant claims and returns.
- 3 The annual governance report is a separate item on the agenda and contains the key messages arising from the audit of the financial statements.
- 4 There are no issues arising to date from our work on grant claims we need to bring to the attention of the Audit Committee.

## 2008/09

- 5 The 2008/09 audit plan, was presented to the Audit Committee at the June 2008 meeting and the key outputs are shown in Appendix 2. Since that meeting, we have:
  - started the work on data quality management arrangements and the detailed audit of individual performance indicators;
  - received the Council's self assessment for the value for money element of Use of Resources, held a set up meeting and started the initial work; and
  - arranged set up meetings to agree project specifications regarding our work on homelessness and around housing arrangements, where we aim to follow up our previous report including progress towards meeting the Decent Homes Standards.

## Recent Audit Commission publications

### Better Budget management Toolkit (August 2008)

- 6 The Audit Commission has launched a new toolkit aimed at helping authorities identify areas of good budget management and areas that can be improved.
- 7 The toolkit aims to raise standards of financial management, specifically in the area of budget management. It will do this by helping the audited body to identify areas of good financial management and areas for improvement. It will provide an evidence base that the organisation can use to challenge its processes and attitudes to financial management.

### Consultation on Comprehensive Area Assessments (July 2008)

- 8 The Audit Commission, with its partner Inspectorates, have published a second consultation regarding the introduction of Comprehensive Area Assessments which are due to start in April 2009. The consultation asks for views on 15 questions with the first question "Do you broadly agree with our proposals for the overall CAA framework".

### Consultation on the approach to Use of Resources scoring (July 2008)

- 9 In parallel with the joint inspectorates' consultation on proposals for Comprehensive Area Assessment the Audit Commission is also consulting on proposals for scoring Use of Resources (UoR) assessments for 2008/09.

### Code of data matching practice (July 2008)

- 10 The Audit Commission's Code of Data Matching Practice 2008 was laid before parliament in July. The Code will govern the Commission's data matching exercises conducted under its new statutory powers which came into effect in April this year. The new powers, as conferred by the Serious Crime Act 2007, allow the Commission to build on previous exercises by making it available to a wider range of bodies.
- 11 The Commission's Code of Data Matching Practice helps ensure that all those participating in data matching exercises, both auditors and bodies supplying data for matching, comply with the law when sharing and matching personal data. The Code also aims to promote good practice in data matching and includes guidance on the process for letting individuals know why their data is matched and by whom, the standards that apply and where to find further information.

## **Tougher at the top? (July 2008)**

- 12 A discussion paper published by the Audit Commission, examines factors influencing the job market for local authority chief executives. The findings identify an increasing tendency for local authorities to recruit existing chief executives from other authorities. Over a three-year period, the number of vacancies at single tier authorities and county councils filled by a chief executive from another authority more than doubled: from nine in 1999-2001 to 21 in 2005-2007.
- 13 The research found that the talent pool that authorities use is shrinking, while the demands of the role are increasing. The current trend towards recruiting existing chief executives, particularly by poorer performing authorities, has meant that recruitment costs and wages have risen.

## **Don't stop me now? – preparing for an ageing population (July 2008)**

- 14 The Audit Commission report looks at the challenges and opportunities facing England as its population gets older. Don't stop me now - Preparing for an ageing population, finds that councils in England, particularly those which have the fastest ageing populations, are not ready to meet the needs of older residents, who will make up more than a third of the population by 2009.
- 15 The report also looks at the government's 2005 strategy for older people, Opportunity Age, and finds that although it has the potential to improve the lives of an ageing population, so far it hasn't delivered those benefits to older people across the country.

## Appendix 1 – Detailed Progress on 2007/08

**Table 1 Progress on 2007/08 outputs**

Product	Tower Hamlets lead	Audit Commission lead	Timing	Current position
<b>The Accounts</b>				
Work on financial systems	Alan Finch	Steve Lucas/ Paul Jacklin	January – July 2008	Detailed work completed and the results have fed into work on the financial statements.
Financial statements; <ul style="list-style-type: none"> <li>• opinion;</li> <li>• ISA 260 report; and</li> <li>• opinion memorandum</li> </ul>	Alan Finch/ Chris Naylor	Jon Hayes/Steve Lucas/ Paul Jacklin	July - September 2008	Detailed work nearly complete. Draft Annual Governance Report is a separate item on the agenda and the audit opinion is expected to be given by 30 September 2008.
<b>Use of resources</b>				
Best value performance plan	Martin Smith	Kash Pandya/ Steve Lucas	July - December 2007	Audit conclusion issued in December 2007. Plan met requirements.
VFM arrangements	Alan Finch	Sarah Evans	May – August 2007	Work completed and report finalised.
Housing arrangements	Maureen McEleney	Tim Campbell	April - October 2007	Work completed and report finalised.
Procurement	Chris Naylor /Richard Parsons	Neil Foss	September – December 2008	Review to be started in October 2008.

<b>Product</b>	<b>Tower Hamlets lead</b>	<b>Audit Commission lead</b>	<b>Timing</b>	<b>Current position</b>
<b>Use of resources (Contd)</b>				
Value for money conclusion	Martin Smith/ Chris Naylor	Jon Hayes/ Steve Lucas	August 2007 - September 2008	Detailed work in progress and conclusion to be given by 30 September 2008.
Data quality arrangements Performance Indicators	Lucy Sutton	Steve Lucas/ David Howson	June - November 2007	No reservations given on 6 key indicators audited. Report issued on findings.
Use of resource judgements	Martin Smith/ Alan Finch	Kash Pandya / Steve Lucas/ Carolyn Shoosmith	August - November 2007	Work completed and scores included in CPA 2007. Report issued and agreed with officers.
<b>Inspection and CPA</b>				
CPA/ Direction of Travel	Martin Smith/ Alan Steward	Kash Pandya / Steve Lucas/ Carolyn Shoosmith	October 2007 - January 2008	Results published by the Audit Commission in February 2008.
Corporate Assessment	Martin Smith	Barbara Conradi	February – May 2008	Report published in July 2008.
<b>Overall</b>				
Annual Audit and Inspection Letter	Martin Smith/ Chris Naylor	Jon Hayes / Steve Lucas	December 2008 - February 2009	
<b>Grant claims</b>				
Claims for year ended 31 March 2008	Alan Finch/Akrom Miah	Steve Lucas/Paul Jacklin	April - December 2008	Grant audit currently in progress.

## Appendix 2 – Detailed Progress on 2008/09

**Table 2 Progress on 2008/09 outputs**

Product	Tower Hamlets lead	Audit Commission lead	Timing	Current position
<b>The Accounts</b>				
Work on financial systems	Alan Finch	Steve Lucas/ Paul Jacklin	January – July 2009	
Financial statements; <ul style="list-style-type: none"> <li>• opinion;</li> <li>• ISA 260 report; and</li> <li>• opinion memorandum</li> </ul>	Chris Naylor/Alan Finch	Jon Hayes/Steve Lucas/ Paul Jacklin	July - September 2009	
<b>Use of resources</b>				
Homelessness	Jackie Odunoye	Vipul Thacker/ Steve Lucas	September – November 2008	Set up meeting planned for 15 September 2008
Housing arrangements	Jackie Odunoye	Vipul Thacker/ Steve Lucas	September – November 2008	Set up meeting planned for September 2008
Governance arrangements in partnerships	To be confirmed	To be confirmed	To be confirmed	

10 Progress Report | Appendix 2 – Detailed Progress on 2008/09

<b>Use of resources (Contd)</b>				
Value for money conclusion	Martin Smith/ Chris Naylor	Jon Hayes/ Steve Lucas	August 2008 - September 2009	
Data quality arrangements Performance Indicators	Lucy Sutton	Steve Lucas/ Neil Whalley	June - November 2008	Detailed work commenced on data quality arrangements and audit of individual performance indicators.
Use of resource judgements	Martin Smith/ Chris Naylor/Alan Finch	Jon Hayes/ Steve Lucas/ Rama Krishnan/ Paul Jacklin	August - November 2008	Work commenced on Value for Money theme.
<b>Inspection and CPA</b>				
CPA/ Direction of Travel	Martin Smith/ Alan Steward	Jon Hayes / Steve Lucas/	October 2008 - January 2009	
<b>Overall</b>				
Annual Audit and Inspection Letter	Martin Smith/ Chris Naylor	Jon Hayes / Steve Lucas	To be determined	
<b>Grant claims</b>				
Claims for year ended 31 March 2009	Alan Finch/Akrom Miah	Steve Lucas/Paul Jacklin	April - December 2009	



<b>REPORT TO:</b>  <b>Audit Committee</b>	<b>DATE</b>  <b>18 September 2008</b>	<b>CLASSIFICATION</b>  <b>Confidential</b>	<b>REPORT NO.</b>	<b>AGENDA NO.</b>
<b>REPORT OF:</b>  <b>Corporate Director of Resources</b>		<b>Quarterly Internal Audit Assurance Report</b>		
<b>ORIGINATING OFFICER(S):</b>  <b>Service Head Risk Management</b>		<i>Ward(s) Affected: N/A</i>		

## 1. SUMMARY

- 1.1. This report summarises the work of Internal Audit for the period June to August 2008.
- 1.2. The report sets out the assurance rating of each audit finalised in the period and gives an overall assurance rating. The quarterly assurance report feeds into the annual internal audit opinion which will be produced at the end of the financial year.

## 2. RECOMMENDATION

- 2.1. The Audit Committee is asked to note the contents of this report and to take account of the assurance opinion assigned to the systems reviewed during the period.

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### LOCAL GOVERNMENT ACT 1972 (AS AMENDED) SECTION 100D

#### *LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT*

Minesh Jani, 0207 364 0738  
4<sup>th</sup> Floor, Town Hall, Mulberry Place

### 3. Background

- 3.1. Since April 2005, we have assigned each review one of four ratings, depending upon the level of our findings. The ratings we use are: -

<b>Assurance</b>	<b>Definition</b>
<b>Full</b>	There is a sound system of control designed to achieve the system objectives, and the controls are being consistently applied;
<b>Substantial</b>	While there is a basically sound system there are weaknesses which put some of the control objectives at risk or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk;
<b>Limited</b>	Weakness in the system of controls are such as to put the system objectives at risk or the level of non-compliance puts the system objectives at risk;
<b>Nil</b>	Control is generally weak leaving the system open to significant error or abuse, or significant non-compliance with basic controls leaves the system open to error or abuse.

- 3.2. In addition, each review is also considered in terms of its significance to the authority in line with the previously agreed methodology. The significance of each auditable area is assigned, based on the following factors: -

<b>Significance</b>	<b>Definition</b>
<b>Extensive</b>	High Risk, High Impact area including Fundamental Financial Systems, Major Service activity, Scale of Service in excess of £5m.
<b>Moderate</b>	Medium impact, key systems and / or Scale of Service £1m- £5m.
<b>Low</b>	Low impact service area, Scale of Service below £1m.

### 4. Overall Audit Opinion

- 4.1. Overall, based on work performed in the year to date, we are able to give a **substantial level** of assurance over the systems and controls in place within the authority.

## **5. Overview of finalised audits**

5.1. Since the last Assurance Report that was presented to the Audit Committee in June 2008, 14 final reports have been issued. The findings of these audits are presented as follows:

- The chart below summarises the assurance rating assigned by the level of significance of each report.
- Appendix 1 provides a list of the audits organised by assurance rating and significance.
- Appendix 2 provides a brief summary of each audit.

5.2. **Members are invited to consider the following:**

- The overall level of assurance provided (para 5.3-5.5).
- The findings of individual reports. The Audit Committee may wish to focus on those with a higher level of significance and those assigned Nil or Limited assurance. These are clearly set out in appendix 1.

5.3. The chart ranks the overall adequacy and effectiveness of the controls in place. This assurance rating will feed into Internal Audit's overall assessment of the adequacy of governance arrangements that is required as part of the Accounts and Audit Regulations 2003 and the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.

(Please refer to the table on the next page).

Chart 1

SUMMARY		Assurance				
		Full	Substantial	Limited	Nil	N/A
Significance	Extensive		5	2		
	Moderate		5	2		
	Low					
<b>Total 100%</b>		<b>0</b>	<b>10</b>	<b>4</b>	<b>0</b>	<b>0</b>

- 5.4. From the table above it can be seen that seven finalised audits focused on high risk or high value areas; five were assigned Substantial Assurance and the remaining two, Limited Assurance. A further seven audits were of moderate significance and of these, all but two were assigned Substantial Assurance.
- 5.5. Overall, 71% of audits resulted in an adequate assurance (substantial or full). The remaining 29% of audits have an inadequate assurance rating (limited or nil). Work in progress is shown in appendix 3.

## **6. Performance Indicators**

- 6.1. At the start of the year, two performance indicators were formulated to monitor the delivery of the Internal Audit service as part of the Chief Executive's Monitoring process. The table below shows the actual and targets for each indicator for the period June to August 2008.

<b>Performance measure</b>	<b>Target</b>	<b>Actual</b>
Percentage of Audit Plan completed in year to date	100% (full year) 29% (to Aug)	28%
Percentage of Audit Recommendations implemented by Auditees at six monthly follow up audit stage	95%	79%

- 6.2. The table above shows that the proportion of internal audit work completed to August 2008 which is broadly in line with the plan. The target for the year is to complete 100% of the plan.
- 6.3. The percentage of recommendation implemented at the follow up stage has remained the same as previously reported.

## **7. Comments of the Chief Financial Officer**

- 7.1. The comments of the Corporate Director of Resources have been incorporated into this report.

## **8. Concurrent Report of the Assistant Chief Executive (Legal Services)**

- 8.1. There are no immediate legal implications arising from this report.

## **9. Equal Opportunity Considerations**

- 9.1. There are no specific Equal Opportunities issues arising from this report.

## **10. Anti-Poverty Considerations**

- 10.1. There are no specific Anti-Poverty issues arising from this report.

## **11. Risk Management Implications**

- 11.1. The implications arising from failure to control and manage risks could result in vulnerability to the systems of control that may be exploited. This report identifies areas of risk for management to mitigate.

## **12. Sustainable Action for a Greener Environment (SAGE)**

- 12.1. There are no specific SAGE implications.

Assurance level	Significance	Directorate	Audit title
<b>LIMITED</b>	<b>Extensive</b>	Housing (now Tower Hamlets Homes)	Service Charges – systems audit
		Resources	Business Continuity Planning – IT audit
	<b>Moderate</b>	Resources	Officers' Travel and Subsistence Allowances – Follow Up audit
		Assistant Chief Executive's	Document Imaging Systems – IT audit
<b>SUBSTANTIAL</b>	<b>Extensive</b>	Resources	Control and Monitoring of CRB checks – Follow Up audit
		Resources	Capital Accounting – Systems audit
		Children's Services	Fostering – Systems audit
		Resources	Sundry Debtors – Systems audit
		Resources	Internet and e-mail – IT audit
	<b>Moderate</b>	Tower Hamlets Homes	Management and control of Tenant Management Organisations (TMOs) – Systems audit
		Adult, Health and Wellbeing	Receiverships – Systems audit
		Adult, Health and Wellbeing	Income Collection and Banking – Systems audit
		Resources	Management of Corporate Complaints – Systems audit
		Assistant Chief Executive's	Data Protection – IT audit

Summary of Audits Undertaken

**Limited Assurance**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Service Charges Systems Audit	July 2008	<p>The objective of this audit was to provide assurance that sound systems are in place to support the proper and effective management of service charges to ensure that sums due to the Council from leaseholders are correctly identified, billed and recovered.</p> <p>We found some problems have been encountered in all areas of the service charge system with the exception of the Complaints/Dispute Resolution process. The underlying reason for these problems is due to the SX3 system and data migration issues. Senior management (both Council and Tower Hamlets Homes ) have identified the majority of these concerns and have been striving to remedy the issues by the implementation of an Action Plan. Although it is recognised that there are contractual issues with commissioning of SX3, which are being addressed, our concern however, is the risk of the Action Plan's key timescales not being achieved. To manage this risk, we have recommended that the Action Plan should be monitored regularly by Tower Hamlets Homes DMT and at the monthly client monitoring meetings between the Council and Tower Hamlets Homes.</p> <p>All findings and recommendations were agreed with the then Director of Housing Management (now Interim Chief Executive of Tower Hamlets Homes).</p>	<p>Extensive</p> <p>***</p>	<p>Limited</p> <p>**</p>



APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Service Charges (Cont) Systems Audit	July 2008	<p><b>Management Comment</b> - This issue is being actively addressed by Tower Hamlets Homes, the Development and Renewal client function and Corporate IT. A detailed specification of requirements has been prepared setting out the key business requirements to resolve outstanding data and functionality issues. This specification is currently subject to negotiation with the software supplier, with agreement anticipated by the end of September 2008. The project plan associated with this will be monitored by the joint IT Project Board and Tower Hamlets Homes DMT. Progress continues to be made with a number of areas now resolved.</p>		

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Business Continuity IT Audit	May 2008	<p>The objective of this audit was to seek assurances over the systems of control to ensure the Council's key services can continue to operate in case of interruption to its infrastructure. The audit noted that on the whole, although the Council has developed a mechanism for identifying threats and then developing systems to manage their impact, there is scope for the authority to strengthen its business continuity arrangements further. The main issues are summarised below:</p> <ul style="list-style-type: none"> <li>• Disaster Recovery priorities across the Council and critical recovery times have yet to be agreed for all services and IT systems and in some cases the prioritisation and critical recovery times for individual services within directorates are not identified within all directorate Business Recovery Plans.</li> <li>• Some critical business operations and systems have been identified in the Disaster Recovery Plan. However, some applications are not included within the Disaster Recovery Plans for applications based on the Intel environments e.g. the plans for the children's systems and the document imaging systems were being developed at the time of the audit.</li> <li>• Some recovery testing has been performed for systems however, this has yet to include all systems. Testing performed did not include representatives from the Council service to ensure the application will process data as expected.</li> </ul>	Extensive  ***	Limited  **

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Business Continuity (Cont.)</p> <p>IT Audit</p>	<p>May 2008</p>	<ul style="list-style-type: none"> <li>• The Council has work space for the use of 50 desks at the Disaster Recovery site and this is included in the contract with the off site provider. There is however limited planning on how these spaces will be used.</li> <li>• There is currently no process to regularly test back up data to ensure that back up tapes can be read and used to restore data in a disaster scenario.</li> <li>• Telephony is dependent on one member of staff. There is incomplete documentation of the telecommunications established for both voice and data. Disaster recovery plans for telephony have not been fully established.</li> </ul> <p>All findings and recommendations were agreed with the Service Head ICT.</p> <p><b>Management Comment</b> - Since the audit, the Council's Business Continuity Plan has been refreshed and re-published; the ICT Disaster Recovery plan has been aligned with BCP priorities and integrated as part of Major Emergency Plan. It forms part 4 of the Major Emergency Plan. The scope of the new Disaster Recovery contract with NDR has been extended to meet council's priorities and now covers additional infrastructure such as Storage Area Network (SAN) and additional departmental systems and applications. Three of the key audit recommendations have been implemented. The remaining three of the recommendations have been included in the Action Plan and progress will be monitored.</p>		

**Limited Assurance**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Officers' Travel and Subsistence Allowances Follow Up audit	June 2008	<p>This was a follow up review of an earlier full systems review which raised 12 key recommendations to improve the systems of control. The recommendations were agreed with the previous interim Head of HR. Our follow up testing showed that three recommendations have been fully implemented. The remaining nine recommendations relate to developing a clear policy on all staff travel arrangements which should be incorporated within the Council's proposed 'Green Travel Plan', and improving the control over petty cash and mileage claims made by staff together with their approval by senior officers.</p> <p>The Joint Director of Human Resources has agreed actions to implement the remaining recommendations.</p> <p><b>Management Comment</b> - Since the completion of the follow up review, five of the outstanding recommendations have been completed (Ref. Nos. 02.01, 02.04, 02.06, 02.07 and 02.09). Human Resources are continuing to work with colleagues in Communities, Localities and Culture on the 'Green Travel Plan' in order to action all remaining recommendations.</p>	Moderate  **	Limited  **

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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Document Imaging Systems IT Audit	May 2008	<p>Document imaging systems are increasingly being used to store and manage the flow of information within organisations. There are a number of document imaging systems being used within the Council at a departmental level to support existing applications and specific council business. The Childrens and Adult Health and Wellbeing Directorate use the TRIM system, Environmental Services use the IDOX system and Comino is used by the Council's Revenue and Benefit services for scanning and management of documentation to support the payment of benefits and Council Tax billing. The main issues are summarised below:</p> <ul style="list-style-type: none"> <li>• Document imaging requirements for the Council have not been defined. Individual departments have addressed the imaging requirements for their area of responsibility and this has meant that different systems have been implemented.</li> <li>• Interface requirements for documents that have been imaged are not defined at corporate or local level. Individual departmental Document Management systems interface with the business application they support, e.g. TRIM with Children's Services and IDOX with the Planning system.</li> </ul>	Moderate  **	Limited  **

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Document Imaging Systems (Cont) IT Audit	May 2008	<ul style="list-style-type: none"> <li>A Council wide document imaging policy has not been established. The use of the IDOX system is consistently used within the Environment Services for the support and scanning of planning applications. Documents are not consistently imaged on the TRIM document imaging system, as reliance is still placed on a number of paper documents. This is particularly the case in Adult, Health and Wellbeing.</li> </ul> <p>All findings and recommendations were agreed with the Service Head – ICT and the Information Governance Officer.</p> <p><b>Management Comment</b> – Since the issue of the report, the following actions have been taken: -</p> <ol style="list-style-type: none"> <li>We have invited consultants to tender for work around ensuring legal admissibility of all scanned material and moving us towards the achievement of BS10008, the British Standard in Legal Admissibility;</li> <li>The recommendations of the audit report have been incorporated into the Information Governance Action Plan reviewed by the cross-Council Information Governance Group; and</li> <li>Once legal admissibility has been assured, a strategic approach to document imaging will be developed and approved by Information Governance Group.</li> </ol>	Moderate  **	Limited  **

**Substantial Assurance**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Control and Monitoring of CRB Checks  Follow Up Audit	June 2008	<p>This was a follow up review of an earlier full systems review which raised 14 key recommendations to improve the systems of control. The recommendations were agreed with the previous interim Head of HR.</p> <p>Our follow up testing showed that 10 recommendations have been implemented. The four outstanding recommendations relate to developing a clear CRB policy and procedures in respect of the retention periods for disclosed information; reviewing the current CRB Counter signatory list to ensure its accuracy; ensuring that the Adults Social Care database maintained for the purposes of CRB checks is accurate and up to date; and revising current Guidance and Policy for CRB Disclosures to include the requirement for the Council to comply, in full, with any Assurance Checks or visits undertaken by Criminal Records Bureau.</p> <p>The Joint Director of Human Resources has agreed actions to implement the remaining recommendations.</p>	Extensive  ***	Substantial  ***

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Capital Accounting Systems Audit	July 2008	<p>This audit examined the systems in place for planning, monitoring, accounting and reporting of capital expenditure.</p> <p>Our review showed that there is an adequate level of corporate control in place over the planning and monitoring of capital expenditure. The accounting for capital expenditure is in line with the SORP requirements, but improvements are required in the Council's asset management arrangements. A comprehensive and complete asset register is at a developmental stage. The Corporate Asset Management Working Group's role and responsibilities in monitoring the Council's capital expenditure, its asset portfolio and asset disposals need to be strengthened. We noted that earlier on in the financial year, the projected capital receipts to fund Local Priorities Programme for 2007/08 have not been fully realised and consequently there is a risk of shortfall in this area which is included in the Risk Register. We have therefore, recommended that in future, projections of capital receipts should be prudent and in line with realistic valuations and time framework. We also recommended that the current £250k threshold for reporting capital overspends to the Cabinet be reviewed to exercise effective control and monitoring.</p> <p>All findings and recommendations were agreed with the Capital and Investment Manager and Service Head, Corporate Finance.</p>	£56M Capital Programme for 2007/08  ***	Substantial  ***



APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Fostering Systems Audit	July 2008	<p>This review sought to provide assurance over controls for managing the placement of children with approved foster carers in accordance with the appropriate legislative requirements, and that payment for such care is made in accordance with the Council's Financial Regulations and Procedures.</p> <p>The audit identified that there are clear policy and procedures in place for placing children with foster carers. Assessments are carried out for all children in accordance with set regulations and placements are made with approved foster carers. There is a range of performance management information available which is reported upwards and monitored at team and service level. The only weaknesses identified related to individual signed agreements not being in place for placements made with providers on the Pan-London directory and audit not being able to evidence visits undertaken in the first week of placements.</p> <p>All findings and recommendations were agreed with the Service Head – Resources.</p>	£15.9M ***	Substantial ***

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Sundry Debtors – Systems Audit	August 2008	<p>This audit examined the systems in place for raising debtors accounts, for collecting the debt and for recovering the income due from sundry debtors. The main issues arising are summarised below:</p> <ul style="list-style-type: none"> <li>• Procedures require an invoice to be raised within five working days following a formal request. Audit testing of 20 invoices showed that four had no documentation to support the reason the invoice was raised, as they were in the form of emails and attachments. Further, in two cases, invoices were raised over seven weeks after the original requests were received.</li> <li>• There is no policy for dealing with the year end balance so the Suspense Account can be cleared. The balance in the suspense account at the end of January 2008 was £63,079. Outstanding suspense account items are not removed at the end of a financial year, consequently the account held income from 2004.</li> <li>• We obtained advice from Legal Services on the status of the Council Bailiffs. The Council's Bailiffs are not officers of the Court as implied on the documentation served on the debtor. There is, therefore some risk of misrepresentation to the public.</li> <li>• Generally, all the procedures supporting the operations of sundry debt management require to be updated.</li> </ul> <p>All findings and recommendations were agreed with the Service Manager – Revenue Services.</p>	Extensive ***	Substantial ***

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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Internet and e-Mail IT Audit</p>	<p>May 2008</p>	<p>Nine recommendations were raised as a result of this audit, however no priority 1 issues were raised. The main issues are summarised below:</p> <ul style="list-style-type: none"> <li>• The E-mail &amp; Internet policy is not included as part of the induction training, and users are not provided with a copy of or an electronic link to the policy. Users are also not required to acknowledge policy updates, e.g. through the use of voting buttons to confirm acknowledgement.</li> <li>• There is an agreement with an external company which provides 24/7 maintenance cover of the internet. However these arrangements have not been tested to ensure that they could be recovered in the event of a disaster.</li> <li>• Intrusion detection has not been implemented for internet use.</li> <li>• There is no regular programme for penetration testing.</li> <li>• All staff have complete and unrestricted access to all un-blocked public sites on the Internet. Usage patterns and visits to non-business related sites are not monitored for appropriate use. Internet usage logs are produced but are only reviewed on request. The Council's Internet and E-mail Policy permits officers limited personal use of the Internet.</li> <li>• There are no facilities for testing changes to the Firewall.</li> </ul> <p>An action plan was agreed with the Service Head – ICT.</p>	<p>Extensive ***</p>	<p>Substantial ***</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Management and Control of TMOs Systems Audit</p>	<p>June 2008</p>	<p>This audit involved an examination of the systems in place for managing and monitoring TMOs set up under the Housing (Right to Manage) Regulations 1994. There are five TMOs within Tower Hamlets, however for the purpose of this audit, sample testing was undertaken at Bancroft, Dennis Co-operative and Stephen &amp; Matilda Co-operative. Our review identified that the Nomination and Lettings systems are satisfactory within the TMOs. Management allowances are generally correctly set down and calculated accurately. The TMO performance information returns compared favourably with LBTH for average relet times. However, we highlighted the following key issues:-</p> <ul style="list-style-type: none"> <li>• Management Agreements between LBTH and the individual Tenant Management Organisations (TMOs) require regular review.</li> <li>• There is a general lack of an overall strategy, supporting policy and local procedures.</li> <li>• Areas of responsibilities between LBTH and the Tenant Management Organisations, specifically, role and responsibilities of the Liaison Officer are not clearly defined, which increases the risk of gaps in expectations leading to dilution of control and accountability.</li> </ul>	<p>Moderate  **</p>	<p>Substantial  ***</p>

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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Management and Control of TMOs (Cont) Systems Audit	June 2008	<p>Housing Management have produced an 'Action Plan' for each TMO to address issues raised by this audit. It is recognised that some issues will need a longer time period to implement.</p> <p>All findings and recommendations were agreed with the Director of Housing Management (now interim Chief Executive of THH).</p>		

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Receiverships Systems Audit</p>	<p>July 2008</p>	<p>The objective of this audit was to assure management that there are sound systems in place for managing Receivership cases for clients to prevent error, loss, or fraud and ensure compliance with governing legislation. The Court of Protection has appointed the Corporate Director – Adults, Health and Wellbeing as Receiver for the Council’s clients who lack the capacity to make decisions about aspects of their own welfare, property and financial affairs. Operationally, the financial affairs are managed on a daily basis by two Assistant Accountants, through two separate Barclays Bank Community Accounts.</p> <p>Our review found that generally there are adequate controls for administration of receivership cases. Clients’ financial transactions are managed through two Community Bank Accounts. The Corporate Director is the sole signatory to these accounts. Each client’s income and expenditure transactions are controlled through individual client accounts, and bank accounts are regularly reconciled with client accounts. However, there is no independent check/review of the work of the two accountants in managing client account transactions and the reconciliation process. Moreover, there are no detailed written procedures in respect of managing client account transactions and their reconciliation with bank accounts. There is also some scope to review the terms of bank accounts to earn higher level of interest on balances.</p> <p>All findings and recommendations were agreed with the Finance Manager.</p>	<p>Net balance of £1.2M</p> <p>**</p>	<p>Substantial</p> <p>***</p>

APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Income Collection and Banking Systems Audit	July 2008	<p>This audit examined the systems and controls in place for collecting, banking and recovering income due to the Council from clients and customers of Adults, Health and Wellbeing Directorate.</p> <p>From our review, we found that residents' contributions are assessed in accordance with the Department of Health guidance, with financial details of the clients' care packages and income being recorded on a Private &amp; Voluntary database. There are clear procedures for cash collecting officers, access to receipt books is controlled and the income officer monitored Cash &amp; Deposit returns. There are occasions where cash collecting officers does not always strictly comply with procedures resulting in delays in banking income. We also noted that some client files could not be retrieved from archive, and hence testing could not be conducted in these cases. There are a few arrears cases which needed to be followed up locally as the Council's central Income section is not used for raising accounts.</p> <p>Findings and recommendations were agreed with the Finance Manager.</p>	£1.4 M **	Substantial ***

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Management of Corporate Complaints Systems Audit</p>	<p>July 2008</p>	<p>The objective of this review was to assure management that there are sound systems in place for managing and monitoring complaints received by the Council. The audit also examined procedures for ensuring that the control failures/gaps identified during the investigation of complaints, have been addressed effectively to avoid recurrence.</p> <p>Our review identified that there are robust systems and procedures in place for managing and monitoring complaints received by the Council. There are clear policies and procedures for officers to follow. There are also clear procedures and guidance for residents and for the general public to follow. The systems for recording, administering and managing complaints are satisfactory. There is a system in place to ensure that complaints at various stages are monitored against set targets. However, we noted that the target for stage 1 complaints is not being achieved, and this is regularly reported to the CMT. Our review found some scope to improve the reporting of control failures/gaps leading to a complaint to individual DMTs and Service Heads to ensure clear accountability to improve controls to prevent recurrence. We recommended that the Corporate Complaints Unit should work jointly with Internal Audit and Risk Management teams to ensure that key risks are factored in for future audit reviews and in the service planning process at local level.</p> <p>All findings and recommendations were agreed with the Service Head – Customer Access.</p>	<p>Moderate **</p>	<p>Substantial ***</p>



Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Data Protection IT Audit	May 2008	<p>10 recommendations were raised as a result of this audit, however this did not include any priority 1 recommendations. The main issues are summarised below:</p> <ul style="list-style-type: none"> <li>• It was identified that the Information Governance Manager (Data Protection Officer) is not routinely consulted as part of any new systems development or procurement process to comment on any data protection implications of system development or use of data.</li> <li>• The LBTH website provides a section dealing with complaints of differing natures; however no details regarding the handling of data protection complaints could be found, e.g. contact details of the Information Commissioners Office. Similarly no printed leaflets which detailed the complaints handling procedures for data protection were available.</li> <li>• The current Data Protection Policy is in draft format and has not been formally approved.</li> <li>• It was identified that for purpose 5 &amp; 12 of the Council's data protection notification that data will be transferred worldwide via the internet, including personal information. However, Purpose 6 states that there will be no transfer outside EEA but transfers can be made via the internet e.g. Exam results.</li> </ul> <p>An action plan was agreed with the Information Governance Manager.</p>	Moderate  **	Substantial  ***

**Audit Plan 2008/09**

**Work in progress**

Audit Activity	Audit status
<b>Corporate Systems and Council-wide Reviews</b>	
Mapping of Material Systems	On-going
Project Management	Field work
Local Area Agreements	Draft Report issued
Procurement of Mobile Phones	Field work
BV Performance Indicators	Completed
<b>Assistant Chief Executive's</b>	
Communications Strategy	Field work
Members Code of Conduct – Follow up audit	Draft report issued
<b>Children's Services</b>	
Home to school Transport for Special Needs children	Exit Meeting
TR17 Grant Claim for Teachers Pensions for Opted out schools	Report issued
Independent Schools Fees – Follow up audit	Draft report issued
Contract Services Income Collection and Monitoring	Audit Brief stage

Audit Activity	Audit status
<b>Communities, Localities and Culture</b>	
Penalty Charge Notices – Follow Up audit	Draft report issued
Grounds Maintenance – Follow up audit	Field work
Street Lighting	Draft Report issued
Street Works	Draft report issued
<b>Development and Renewal</b>	
Monitoring of grants to voluntary organisations	Draft report being prepared
Management of Commercial Property portfolio	Field work
<b>Tower Hamlets Homes</b>	
Management of Voids	Draft report being prepared
Teesdale estate – concrete repairs and associated works, Current Contract Audit	Draft report issued
Unauthorised Occupancy	Draft report issued
Kerry House – Central Heating works, Current Contract Audit	Field work
Grounds Maintenance – Contract Monitoring Follow up audit	Field work
<b>Adult, Health and Wellbeing</b>	
Homeless Assessment	Exit meeting
Commissioning of Elderly services	Exit Meeting

APPENDIX 3

<b>Audit Activity</b>	<b>Audit status</b>
<b>Resources</b>	
Local Housing Allowances – system implementation	Draft report issued
Acting up and Honoraria payments – follow up audit	Draft report issued
Compensation claims – follow up audit	Draft report issued
Creditors	Draft report issued
Payroll	Draft report issued
Housing Benefits	Draft report issued
Procurement	Draft report issued