

REPORT TO: Audit Committee	DATE 12th December 2012	CLASSIFICATION Unrestricted	REPORT NO.	AGENDA NO. 5.2
REPORT OF: Corporate Director, Resources ORIGINATING OFFICER(S): <i>Head of Risk Management and Audit</i>		Revised Internal Audit Plan for 2011/12 Ward(s) Affected: N/A		

1. SUMMARY

- 1.1. This report provides an update of audit activity planned for this financial year and reflects changes made to the original internal audit plan as a result of changing priorities of the authority and the resources available to perform audit work.

2. RECOMMENDATIONS

- 2.1 The Audit Committee is asked to endorse the revised 2011/12 internal audit plan attached at Appendix 2.

3. Background

- 3.1 The original internal audit plan was prepared at the start of the current financial year and was presented to the Audit Committee for endorsement in March 2011. The internal audit plan was formulated using the governance model whereby four key areas were assessed for all operations of the Council and prioritised. Details of the governance based Audit Assessment methodology, Audit Strategy and Internal Audit Terms of Reference are attached at Appendix 3.
- 3.2 In line with the internal audit strategy, the plan has been refreshed and some changes made to the original annual audit plan. The reasons for this are as follows:
- 1 Requests from officers to perform audits that were not originally planned;
 - Requests from officers to increase the scope of audits which has resulted in higher allocation of audit days;
 - 1 Requests from Chief Officers to defer audits due to service restructuring and/or changes made to existing systems and the need to allow a period of bedding in;
 - 1 Make use of days provided in the original plan that had not been allocated to specific audits;
 - 1 To avoid duplication of work with either the external auditor or other assurance provider; and
 - 1 Additional commitment to unplanned work.
 - Long term sickness within the Audit team.

4. Updated Internal Audit Plan for 2011/12

- 4.1 Appendix 1 summarises audits that have been added to or deferred from the original internal audit plan. Appendix 2 shows the updated internal audit plan following the changes and provides for provision of unallocated days which could be used for specific audits at the request of Directorates, thus retaining some flexibility in the plan. The summary below shows how the plan has changed.

Number of days originally planned	1,488
Plus: Additional audits added to the plan (Please refer to Appendix 1)	234
Less: Use of previously Unallocated days to specific audits	165
Less: Audits to be considered as part of 2012/13 Audit Plan (Please refer to Appendix 1)	69
Number of days per the amended plan	1,488

5. Comments of the Chief Financial Officer

- 5.1 Any financial implications arising from this report are contained within the body of the report.

6. Concurrent Report of the Assistant Chief Executive (Legal Services)

- 6.1. The Council is required to ensure that it has a sound system of internal control that facilitates effective exercise of the Council's functions and includes arrangements for the management of risk. The Council is also required to maintain an effective system of internal audit of its system of internal control in accordance with proper practices. One of the functions of the Audit Committee under the Council's Constitution is to review internal audit findings. The consideration by the Audit Committee of this report is consistent with the Council's obligations and is within the Committee's functions.

7. One Tower Hamlets Considerations

- 7.1 Each audit activity within the revised audit plan provides a link with the Council's corporate and strategic plan priorities including that of One Tower Hamlets.

8. Anti-Poverty Considerations

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

9. Risk Management Implications

9.1. The revised audit plan should pick up some of the key areas of risk exposure to the Council and audit reviews of these areas should provide a source of assurance to those charged with governance.

9.2.

10. Sustainable Action for a Greener Environment (SAGE)

10.1 There are no specific SAGE implications.

**LOCAL GOVERNMENT ACT 1972 (AS AMENDED) SECTION 100D
LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT**

Brief description of "background papers"

Name and telephone number of holder
And address where open to inspection

Minesh Jani, 0207 364 0738

A Summary of Changes to the Internal Audit Plan – 2011/12

Auditable Area	Directorate	No. of days
Audits Added / Amendments to the Original Plan		
Health and Safety Governance	CLC	10
Overtime	CLC	12
Case Management	CLC	15
Grant Certification audits	CLC	10
Life Long Learning and Skills Funding Agency (increase in scope)	CLC	5
Cash Incentive Scheme (additional testing)	D&R	6
Contract Management	AHW	15
Bank Reconciliation (additional testing)	RES	5
S.17 Payments	CFS	5
Staff hospitality and gifts (increased level of testing)	Corporate	2
HR Self service (increased level of testing)	Corporate	6
Staff Recruitment (brought forward from last year)	Corporate	15
Management of Efficiency Programme	Corporate	15
Agency Staff (for Audit Committee)	Corporate	10
Asset Registers at Schools	CSF	15
Procurement – Analysis of trend and category management	CSF	20
Core Assessment	CSF	15
Review of the CLC organisational structure	CLC	15
Contract Review - GLL	CLC	15
Assistance and Advice – Corporate Governance	Corporate	23
Service Charges	D&R	13
Sub Total		247
Audits to be considered as part of 2012/13 Audit Plan		
Localisation	CLC	10
Trading Standards	CLC	10
Victoria Park	CLC	8
Freedom of Information Act	ACE	10
Accommodation for Homeless	D&R	11
Commissioning of Home Care	AHW	10
Commissioning of Older People services	AHW	10

Sub Total		69
Use of Unallocated days	Resources	65
Management Requests	Corporate	113
Sub Total		247

London Borough of Tower Hamlets 2011/12 Internal Audit Plan

	Audit Days	Pages
Corporate systems and Council-wide reviews	163	2-4
Chief Executives'	10	5
Children, Schools and Families	170	6-7
Communities, Localities & Culture	107	8-9
Tower Hamlets Homes	131	10-11
Development & Renewal	71	12-13
Adult, Health and Wellbeing	75	14-15
Resources & core financial systems	200	16-18
Information technology audits	91	19
Building contract management	50	19
Value for money	95	19
Follow up, management and reactive fraud provision	405	21
Total Provision	1,488	-

INTERNAL AUDIT PLAN – 2011/12

Auditable System	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Corporate Systems & Council Wide Reviews</u>					
Control and Monitoring of Hospitality and Gifts	This audit will provide assurance that Council has sound policy and procedures for staff hospitality and gifts and that the policy and procedures are complied with in practice across the organisation.	H	11	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Asset Management and Disposal	This audit will examine systems for managing the assets of the Council to ensure that its strategic objectives and priorities are achieved including arrangements for controlling and accounting for disposal of assets.	H	10	Directorate Risk Register DR0005 & DR0006	One Tower Hamlets Working efficiently and effectively as One Council
HR Improvement – Self Service and Claims	The Council requires the submission of overtime claims and the reimbursement of travel expenses and subsistence through HR Self Service system. The review will examine the controls for the submission, approval and payment of such claims.	H	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Management of Transformation Projects	This review will provide assurance that adequate controls are in place to manage and monitor the delivery of transformation projects across the Council.	H	15	Strategic Risk Register PPM0003	One Tower Hamlets Working efficiently and effectively as One Council
Construction Professional Services Framework contract	This audit will provide assurance around the use and control of the framework contract for commissioning professional services such as Quantity Surveying.	H	10	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council

INTERNAL AUDIT PLAN – 2011/12

Auditable System	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Corporate Systems & Council Wide Reviews</u>					
Agency Staff and Consultants	To review systems for procuring and controlling agency staff and consultants	H	10	Audit Committee	One Tower Hamlets Working efficiently and effectively as One Council
Fees and Charges	To provide assurance that Council has a clear policy on levying fees and charges for services it provides to external customers across the Council and that fees and charges are annually reviewed and correctly charged to customers in accordance with Financial Regulations.	H	20	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
CRB Checks	The audit will focus on the Council's arrangements for managing and controlling the CRB checks ensuring that the legislative requirements and good practice standards are complied with.	H	9	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Central Purchasing Contracts	This audit will review systems for managing and monitoring contracts procured by the Central Purchasing unit.	H	10	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Performance Management	The objective of this audit is to provide assurance over the Council's systems for managing and monitoring performance of its key services to ensure that the delivery of the strategic priorities of the Council are managed and monitored effectively	H	10	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council

INTERNAL AUDIT PLAN – 2011/12

Auditable System	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Corporate Systems & Council Wide Reviews</u>					
Corporate Governance	This generic review will incorporate the preparation and validation of the Annual Governance Statement and provide assurance on the progress made in improving controls around those specific governance issues reported within the AGS	H	10	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Management of Asbestos and Water Installations	To provide assurance that the Council has sound arrangements for asbestos control and for management of legionella within the administrative and direct service s buildings.	H	8	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Management of Efficiency Programme	To review systems and controls for managing the Council's efficiency savings and programmes	H	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Staff Recruitment	To review systems for managing staff recruitment	H	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
RIPA Compliance	The Regulation of Investigatory Powers Act 2000 came into force on 2 nd October 2000. It places a requirement to authorise certain types of covert surveillance during planned investigations. The review will examine the Councils compliance with RIPA and guidance issued under the Act.	H	5	Management Request	One Tower Hamlets Working efficiently and effectively as One Council

INTERNAL AUDIT PLAN – 2011/12

Audit Name	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Chief Executive's</u>					
Consultancy and Advice – Council wide	Audit has an important role to play in advising management on an ad-hoc basis on a range of issues affecting services. This provision is used to offer advice and assistance throughout the year. Example of this include work around future sourcing, commissioning systems	-	20	Management request	One Tower Hamlets Working efficiently and effectively as One Council
Members Enquiries	The objective of this audit is to provide assurance that systems and procedures for dealing with and managing and monitoring enquiries raised by elected members of the Council are sound and secure	H	10	Audit needs analysis	One Tower Hamlets Working efficiently and effectively as One Council

INTERNAL AUDIT PLAN – 2011/12

Audit Name	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Children, Schools and Families</u>					
Schools Admissions and Exclusions	This review will examine the key controls in place for managing schools admissions and exclusions.	H	10	Audit needs analysis	<p>A Prosperous Community</p> <p>Support lifelong learning opportunities for all.</p>
Payments Control – S.17 of Children’s Act 1989	The audit will provide assurance for controlling and monitoring Section 17 social care payments to children in need and their families.	H	15	Audit needs analysis	<p>A Safe and Supportive Community</p> <p>Focus on Early Intervention</p> <p>Empower older and vulnerable people and support families</p>
Contract Audits	A sample of building contracts will be selected to test the arrangements for administering and managing these contracts to provide assurance on cost and programme control.	H	15	Audit needs analysis	<p>A Prosperous Community</p> <p>Support lifelong learning opportunities for all.</p>
Quality Assurance Systems for Child Protection cases	This audit will examine systems and procedures for quality assurance around child protection.	H	10	Audit needs analysis	<p>One Tower Hamlets</p> <p>Working efficiently and effectively as One Council</p>

INTERNAL AUDIT PLAN – 2011/12

Audit Name	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Children, Schools and Families</u>					
Contractors Final Accounts incl LAD's & Claims	The review will examine the key controls in relation to the controlling, monitoring, reviewing and approving the contractor's final accounts prior to the release of retention.	H	12	Audit needs analysis	One Tower Hamlets Working efficiently and effectively as One Council
Control of Special Education Fees Payments	To provide assurance that systems and controls for paying fees to special schools for children in their care are sound and secure.	M	9	Audit needs analysis	A Safe and Supportive Community Focus on Early Intervention
Schools' Probity Audits	School visits are undertaken using a risk based approach to review mainly the arrangements for school governance, budget planning and control, accounting and financial control, purchasing, personnel/payroll administration and control, IT Security and asset management.	H	90	From Audit Needs Assessment	A Prosperous Community Support lifelong learning opportunities for all. One Tower Hamlets Working efficiently and effectively as One Council
Payments to Claims Based Staff	To review systems and controls for making and approving pay claims made by various claims based staff such as mother tongue tutors, youth workers etc.	H	8	Audit needs analysis	One Tower Hamlets Working efficiently and effectively as One Council

INTERNAL AUDIT PLAN – 2011/12

Audit Name	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Communities, Localities and Culture</u>					
Case Management of Prosecution Cases for Trading Standards, Food Safety and Licences	The review will examine systems for managing prosecution cases for the three services.	H	15	Management Request	A Healthy Community. Reduce differences in people's health and promote healthy lifestyles
Management of Anti Social Behaviour	The scope of this review will include the system for managing and enforcing Anti-Social Behaviour Orders	H	8	Audit needs analysis	A Healthy Community. Reduce differences in people's health and promote healthy lifestyles
Life Long Learning	This audit will review the Council's arrangements for Adult Education to ensure that systems and controls are sound and adequate and in accordance with statutory requirements.	M	13	Audit needs analysis	A Prosperous Community Support lifelong learning opportunities for all.
Vehicle Removal – Contract Management	The scope of the review will include the control of the vehicle removal contract to ensure contract control and management arrangements are sound and secure.	M	10	Audit needs analysis	A Great Place to Live Improve the environment and tackle climate change

INTERNAL AUDIT PLAN – 2011/12

Audit Name	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Communities, Localities and Culture</u>					
Overtime	To review systems for claiming and approving overtime.	H	12	Management Request	One Tower Hamlets Working efficiently and effectively as One Council
Control & Monitoring of PCN Income	Penalty charge notices generate a substantial level of income. We plan to perform a review in this area with particular emphasis on how the Council collects and accounts for the income.	M	10	Audit needs analysis	One Tower Hamlets Working efficiently and effectively as One Council
Parking Appeals	This audit will provide assurance that systems for processing parking appeals are sound and secure.	M	9	Audit needs analysis	One Tower Hamlets Working efficiently and effectively as One Council
Grant Certification	To review and check 2 grants claims	H	10	Management Request	One Tower Hamlets Working efficiently and effectively as One Council
Waste Management Strategy	The review will examine the Waste Strategy Procurement Project and evaluate the systems of control to ensure that the project is being delivered on time and within budget	H	10	Strategic Risk Register CLB0001	A Great Place to Live Improve the environment and tackle climate change
Health and Safety - Governance	To review the governance arrangements for Health and Safety across the Council.	M	10	Management Request	One Tower Hamlets Working efficiently and effectively as One Council

INTERNAL AUDIT PLAN – 2011/12

Audit Name	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Tower Hamlets Homes</u>					
Management of TMO's	This review will examine arrangements for controlling and monitoring TMOs.	H	25	Audit needs analysis	One Tower Hamlets Working efficiently and effectively as One Council
Housing Repairs	This audit will examine systems for managing and controlling repairs to housing dwellings managed by THH. Arrangements for monitoring the performance of the repairs contractors will also be reviewed.	M	13	Audit needs analysis	One Tower Hamlets Working efficiently and effectively as One Council
Financial Systems	This audit will review the key financial systems as part of the annual assurance over the soundness of financial control across THH.	H	12	Audit needs analysis	One Tower Hamlets Working efficiently and effectively as One Council
Budgetary Control	Systems for planning controlling and monitoring budgets will be examined in this audit.	H	5	Audit Needs analysis	One Tower Hamlets Working efficiently and effectively as One Council
Risk Management	This audit will review the ALMO's risk management arrangements and the embedding of this in service planning. We will take account of the findings arising from the Audit Commissions inspection undertaken in November 2010.	H	7	THH Risk register THH010028 and Audit Needs analysis risk register	One Tower Hamlets Working efficiently and effectively as One Council

INTERNAL AUDIT PLAN – 2011/12

Audit Name	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
Voids Management	This review will seek to provide assurance on the arrangements in place for managing void dwellings managed by THH	H	12	Audit Needs analysis	<p>A Great Place to Live</p> <p>Provide affordable housing and develop strong neighbourhoods</p>
Plan for continuous Improvement	To assess progress of the THH Plan for continuous improvement following Audit Commission inspection.	H	5	Management Request	<p>A Great Place to Live</p> <p>Provide affordable housing and develop strong neighbourhoods</p>
Building Contracts Audits	A sample of building contracts will be selected to test the arrangements for administering and managing these contracts to provide assurance on cost and programme control	H	18	Audit Needs analysis and Risk Register THH010009	<p>A Great Place to Live</p> <p>Provide affordable housing and develop strong neighbourhoods</p>
Follow Up Audits	We will carry out follow up audits to ensure that recommendations made are progressed and implemented.	H	18	Audit Needs analysis	<p>A Great Place to Live</p> <p>Provide affordable housing and develop strong neighbourhoods</p>
Reactive work required by management for Finance and Audit Committee		H	16		<p>A Great Place to Live</p> <p>Provide affordable housing and develop strong neighbourhoods</p>

INTERNAL AUDIT PLAN – 2011/12

Audit Name	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Development and Renewal</u>					
Overcrowding Strategy	The review will focus on the planning, management, control and monitoring of the Council's Overcrowding strategy to ensure that key objectives and priorities are achieved	H	10	Audit needs analysis	A Great Place to Live Provide affordable housing and develop strong neighbourhoods
Community Building Portfolio Management	The objective is to provide assurance over the management and control in relation to the Council's Community Building Portfolio.	H	9	Directorate Risk register DR0001	One Tower Hamlets Working efficiently and effectively as One Council
Homelessness Assessment	The audit will review the Council's arrangements for assessing homelessness in line with statute	M	10	Audit needs analysis	A Great Place to Live Provide affordable housing and develop strong neighbourhoods
Cash Incentives	To review systems and controls for applying, processing and paying cash incentives to council tenants.	M	12	Audit needs analysis	A Great Place to Live Provide affordable housing and develop strong neighbourhoods
Management of FM Contracts	This audit will examine systems for managing and monitoring facilities management contracts.	H	15	Audit needs analysis	One Tower Hamlets Working efficiently and effectively as One Council
BSF – Current & Post Contracts	Building contract audits will be carried out on the building works at the non-sample schools in the BSF programme	H	15	Audit needs analysis	A Prosperous Community

INTERNAL AUDIT PLAN – 2011/12

Audit Name	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
Service Charges	<p>to provide assurance that cost and programme controls are adequate during the currency of the contract.</p> <p>Post contract audits will be carried out on completed sample schools to provide assurance that objectives of the building programme have been achieved, final accounts audited and lessons learnt are factored into the future development work.</p> <p>The purpose of this audit is to review management arrangements to levy, monitor and recover service charges due to the authority.</p>	H	13	Audit needs analysis	<p>Support lifelong learning opportunities for all.</p> <p>One Tower Hamlets Working efficiently and effectively as One Council</p>

INTERNAL AUDIT PLAN – 2011/12

Audit Name	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Adults, Health and Wellbeing</u>					
Income Control	To provide assurance that the assessed charges for social care services are levied and recovered in accordance with procedures.	H	10	Audit needs analysis	One Tower Hamlets Working efficiently and effectively as One Council
Personal Budgets/Direct Payments	Through the Personalisation Agenda, direct payments made to clients for their care provisions will increase. This audit will review the arrangements for managing and controlling this area.	H	15	Strategic Risk Register AH0019 & Directorate Risk Register AHW0020001	A Safe and Supportive Community Empower Older and Vulnerable People
Contract Management and Monitoring	To review systems for managing and monitoring a sample of commissioning contracts.	H	15	Audit needs analysis	A Safe and Supportive Community Empower Older and Vulnerable People
Court of Protection (Receivership)	This audit will review systems and controls for those individuals who are subject to Court of Protection.	H	10	Audit needs analysis	A Safe and Supportive Community Empower Older and Vulnerable People

INTERNAL AUDIT PLAN – 2011/12

Audit Name	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
Occupational Therapy Service	This audit will review systems and controls for OT services to ensure that key aims and objectives are achieved.	M	7	Audit needs analysis	A Safe and Supportive Community Empower Older and Vulnerable People
Older Peoples Day Centres	This will be a regularity audit of a sample of day centres for older people.	H	8	Audit needs analysis	A Safe and Supportive Community Empower Older and Vulnerable People
Payments – Framework I	To review systems and controls for managing payments on the Framework I system	H	10	Directorate Risk register AH0014	One Tower Hamlets Working efficiently and effectively as One Council

INTERNAL AUDIT PLAN – 2011/12

Audit Name	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Resources</u>	Reviews of key financial systems to provide assurance to management in preparing in the annual statement of accounts and to support the authority's "managed" audit approach.				One Tower Hamlets Working efficiently and effectively as One Council
Bank Reconciliation		M	10		
Treasury Management		H	7		
HR/Payroll		H	15		
General Ledger		M	10		
Creditors/R2P		H	15		
Debtors		M	10		
N.N.D.R.		M	7		
Council Tax		M	10		
Capital Programming & Accounting (testing		m	8		
Cashiers		H	8		
Pensions		M	5		
HB Overpayments & Recovery		H	8		
Housing & Council Tax Benefit		M	15		
Housing Rents		M	10		

INTERNAL AUDIT PLAN – 2011/12

Audit Name	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Resources</u>					
Medium Term Financial Plan	The authority has in place a medium term financial strategy. Our review will examine key components of the strategy and assess the impact of potential costs pressures arising from unplanned demand for services	M	8	Audit Needs analysis	One Tower Hamlets Working efficiently and effectively as One Council
Occupational Health	This audit will review systems for controlling and managing Occupational health services.	H	10	Audit Needs analysis	One Tower Hamlets Working efficiently and effectively as One Council
Approved List, Rotation & Selection of Contractors	This review will seek to provide assurance over the soundness and adequacy of the Council's competitive tendering arrangements for procuring works, goods and services.	H	8	Audit Needs analysis	One Tower Hamlets Working efficiently and effectively as One Council
Budgetary Control	Sound financial management is a critical area for any organisation, but is particularly important when there are significant budgetary pressures taking place, Our review will assess the budgetary control arrangements operating within Resources and ensure these are in line with the best practice.	H	10	Audit Needs analysis	One Tower Hamlets Working efficiently and effectively as One Council
Management & Control of Mobile Phones	This review will focus on the Council's arrangements for procuring and managing mobile phones, ensuring that the arrangements meet the criteria of economy, efficiency	M	10	Audit Needs analysis	One Tower Hamlets Working efficiently and effectively as One Council

INTERNAL AUDIT PLAN – 2011/12

Audit Name	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
Grant Claim - Teachers Pensions Return	and effectiveness This is an annual audit which will examine the deduction, processing and payment of teachers' pensions contribution to provide assurance to the Audit Commission certifying the Grant Claim.	M	7	Audit Commission requirement	One Tower Hamlets Working efficiently and effectively as One Council
Establishment Control – Follow UP	To follow up implementation of recommendations from the full audit agreed last year	M	8	Audit Needs analysis	One Tower Hamlets Working efficiently and effectively as One Council

INTERNAL AUDIT PLAN – 2011/12

Audit Name	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Information Technology Audits</u>					
To be determined from operational risk analysis / management consultation	A separate Computer Audit Plan has been put in place based on the computer audit strategic plan. The plan will include application reviews encompassing the key financial systems.	-	91	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council.
<u>Contract Audit Reviews</u>					
	These audits will examine sample capital and revenue contracts to ensure that required works/services are carried out and provided and that payments made were in line with the contract obligations.	H	50	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
<u>VFM</u>					
Energy Management	To review Council's arrangements for energy management to ensure that energy is used efficiently and effectively.	H	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Asset Registers at Schools (CSF)	Internal audit have identified control weaknesses in the records of inventory at schools. This audit will review arrangements at a sample of schools and develop best practice.	H	15	Management Request	One Tower Hamlets Working efficiently and effectively as One Council
Procurement – Analysis of trend spend and category management	This audit will be carried with support from the school support team, and will entail an examination of nursery	H	20	Management Request	One Tower Hamlets Working efficiently and

INTERNAL AUDIT PLAN – 2011/12

Audit Name	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
(CSF)	and secondary school expenditure to better understand the spend pattern. It is envisaged this information will be extrapolated to assist the schools deliver better value for money.				effectively as One Council
Core Management (CSF)	The purpose of this audit is to review the arrangements in place within CSF to assess the robustness of key controls.	H	15	Management Request	<p>One Tower Hamlets</p> <p>Working efficiently and effectively as One Council</p>
Departmental Review of Communities, Localities and Culture	This audit was requested by the Ass. Chief Executive and entails a review of CLC's governance arrangements.	H	15	Management Request	<p>One Tower Hamlets</p> <p>Working efficiently and effectively as One Council</p>
Contract Review – GLL	This audit was requested by the Ass. Chief Executive and entails a review of GLL's arrangements to respond to its contract with the Council and in particular, its assessment of profit sharing arrangements.	H	15	Management Request	<p>One Tower Hamlets</p> <p>Working efficiently and effectively as One Council</p>

INTERNAL AUDIT PLAN – 2011/12

Audit Name	Broad Scope	Priority	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Other</u>					
Management Requests	A provision for servicing various management requests for advice and other systems development work.		42		One Tower Hamlets Working efficiently and effectively as One.
Follow Ups	Follow-up of reviews carried out in 10/11 to ensure implementation of audit recommendations		120		One Tower Hamlets Working efficiently and effectively as One.
Reactive Fraud	A provision for work carried out on investigating and reporting upon reported irregularities and fraud		100		One Tower Hamlets Working efficiently and effectively as One.
Management time	This is a provision for management time required to direct, control and monitor the work of the audit team.		50		One Tower Hamlets Working efficiently and effectively as One.

Governance-based Audit Assessment Methodology

Assessment Categories

The Risk Assessment model takes account four assessment categories to produce a risk index for each auditable area. The auditable area is scored in each category using assessment criteria to gauge the degree of risk or materiality associated with the particular area. The table below summarises the proposed four assessment categories and what each is intended to measure.

Assessment Category		Measure
A	Corporate Importance – Objectives/Priorities	Corporate materiality
B	Corporate Sensitivity – Impact	Reputational materiality
C	Inherent Risk	Inherent vulnerability
D	Control Risk	Control effectiveness

The full definition for each category and the scoring criteria are described below.

Assessment Process

Assessment was based on professional judgement after careful consideration of the key risks to the authority with the Executive Directors and other key officers, a review of current and previous audit plans and strategic issues facing the authority. The following steps were followed in performing the risk assessment:

Step	Action
1	Select the System and Corporate Controls to be risk assessed, to ensure a clear and unambiguous understanding of the area under review. This is normally called the Auditable Area.
2	Select the most appropriate assessment criterion and therefore the score in each assessment category
3	Record the scores.
4	Compute the risk index by reference to the following section

Calculation of the Audit Risk Index

Internal Audit risk is the product of risk and materiality. In valuing materiality it is appropriate to add the constituent assessments of Corporate Importance and Corporate Sensitivity to generate a Materiality Factor on a scale of 100.

Total Risk is the product of inherent and control risk. For the purposes of simplicity in this model Inherent Risk is assessed on a scale of 5-10 and Control Risk on a scale of 2-10. The minimum Risk Factor is produced by multiplying these components is therefore 10% (2 x 5).

The Audit Risk Index for each auditable area is, therefore, the Materiality Factor multiplied by the Risk Factor.

Results of the Audit Risk Assessment

The structured list of auditable areas with illustrative assessment scores is recorded and the summarised scores used to give the Risk Factor and Materiality Factor and the resultant Audit Risk Index.

The list of auditable areas is then ranked by reference to the Audit Risk Index and grouped as high, medium or low priority. The top third are considered to be high priority, the next medium priority, and the bottom third low priority.

Internal Audit Risk Assessment Matrices

A CORPORATE IMPORTANCE This aspect considers the effect on an organisation of any inability to achieve management defined service objectives should the system or process fail. This aspect also takes into account the financial exposure or materiality of the area. The consequential impact, either directly or indirectly, on other systems and processes is also relevant to the assessment. Overall it is a measure of the extent to which the organisation depends on the correct running of the system to achieve its strategic objectives.

Score	Risk to Department, Corporate and/or Service Objectives		Operational Risk Exposure		Financial Risk Exposure
10	Negligible impact on achievement of service objectives. This would still be achieved with minimum extra cost or inconvenience.	or	Minor inconvenience	or	Under 2% of total operating income or net assets.
20	Service objectives only partially achievable without compensating action being taken or reallocation of resources.	or	Difficult to recover	or	Between 2% and 10% of operating income or net assets.
30	Unable to achieve service objectives without substantial additional costs or time delays or adverse effect on achievement of national targets / performance indicators.	or	Permanent loss of data	or	Between 10% and 30% of operating income or net assets.
40	Unable to achieve service objectives resulting in significant visible impact on service provision such as closure of facilities.	or	Unable to restore system	or	Between 30% and 50% of operating income or net assets.
50	Unable to achieve service objectives, resulting in inability to fulfil corporate obligations.	or	Organisation unable to function	or	Over 50% of total operating income or net assets

Internal Audit Risk Assessment Matrices

B CORPORATE SENSITIVITY This aspect takes into account the sensitivity / confidentiality of the information processed, or service delivered by the system, or decisions influenced by the output. It also assesses any legal and regulatory compliance requirements. The measure should also reflect any management concerns and sensitivities.

Score	Risk to Public Image		Risk of Adverse Publicity		Risk to Accountability		Risk of non-legal Compliance
10	Negligible consequences					or	No regulatory requirements
20	Some public embarrassment but no damage to reputation or standing in the community	or	Information would be of interest to local press			or	Minimal regulatory requirements and limited sensitivity to non-compliance
30	Some public embarrassment leading to limited damage	or	Information would be of interest to local MPs			or	Modest legal and regulatory requirements
40	Loss of credibility and public confidence in the service concerned	or	Incident of interest to National Press	Or	Incident potentially leading to the dismissal or resignation of the responsible functional manager	or	Extensive legal and regulatory requirements with sanctions for non-compliance
50	Highly damaging with immediate impact on public confidence	or	Incident of interest to the Audit Commission, government agencies	Or	Incident potentially leading to the resignation or dismissal of a Chief Officer	or	Possible court enforcement order for non-compliance

Internal Audit Risk Assessment Matrices

C INHERENT RISK This aspect considers the inherent risk of the system, service, process or related assets to error, loss, irregularity, inefficiency, illegality or failure. The particular service sector, nature of operations and the pace of change will also affect the level of inherent risk. Similarly the relative complexity of the system will influence the inherent risk or error. The inherent vulnerability of a system, service or process cannot be altered, only mitigated by the quality of controls considered in section D.

Score	Inherent Risk – Vulnerability		Risk of Error due to System Complexity		Risk resulting from Pace of Change		Risk to Asset Security
5	Low vulnerability		Simple system with low risk of error	or	No changes planned	or	Undesirable low value assets not at risk of fraud or loss
6	Medium or low inherent risk	or		or	Limited changes planned with reasonable timescale		
7	Medium vulnerability	or	Moderately complex system with medium risk of error	or	Moderate level of change over medium term		
8	Medium to high inherent risk	or		or	Significant level of change with restricted timescale		
10	Highly vulnerable	or	Complex system with high risk of error	or	Extensive changes planned with short timescale	or	Highly desirable assets exposed to high risk of fraud or loss

Internal Audit Risk Assessment Matrices

D CONTROL RISK This aspect assesses the level of control risk based upon the results of past audits of the control environment under review. This aspect also takes into account of the operating history and condition of systems and processes and knowledge of management controls to minimise exposure to risk. CRSA and extensive Control Risk Workshops under the leadership of the Council's Risk Manager could support evaluation.

Score	History of Risk Management Success		Management Risk and Control Environment		Condition of Risk Management Controls
2	No history of control weakness	or	There is effective risk management in place and adequate controls operated by risk-aware management	or	Effective controls and robust attitude to the management of all material risks. Embedded risk management culture
4	No history of significant weakness	or	Good management risk and control environment	or	Stable system with history of reliability and controls. Risk management issued considered regularly.
6	No high risk issues outstanding from the previous audit/investigation/best value/external review	or	No knowledge of management risk and control environment	or	Risk management and system controls not validated.
8	Some significant problems were identified and are known to be outstanding from the previous audit/review	or	Some significant concerns have been expressed by management (through Controls Risk Workshops)	or	Technical health of system of risk management and controls in doubt.
10	Major weaknesses in risk management and controls were identified and are known to be outstanding	or	Major concerns have been expressed by management (through Controls Risk workshops)	or	Obsolete system with history of problems and ineffective control. Little or no work undertaken on risk management.

Internal Audit Strategy

Introduction

What is Internal Audit?

Internal Audit is a review function within an organisation. Essentially it exists to perform the following roles:

- 1 review systems of risk management, internal control and governance to ensure that these are sound and effective.
- 1 to provide an assurance opinion on the soundness of the organisation's risk management and internal control frameworks.
- 1 to add value to the organisation's operational activities by recommending enhancements to systems and identifying potential efficiencies.

Perhaps the most succinct definition of Internal Audit is provided by the Institute of Internal Auditors – UK and Ireland (IIA-UK), as follows:

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Authority's Internal Audit Charter defines the function of Internal Audit, with specific reference to its role within the Authority, in the following way:

Internal Audit is an independent review function established as a service to Members, the Audit Committee and all levels of management. The Internal Audit Service is responsible for the independent assessment of the adequacy and effectiveness of the procedures and controls within systems operating within all of the Council's activities. It also has a responsibility to provide assurance to management that the Authority's risk management and corporate governance arrangements are satisfactory.

Why do we need an Internal Audit Strategy?

An Internal Audit Strategy outlines the means by which Internal Audit seeks to achieve its stated aims and objectives. The strategy is the plan for the effectively delivery of the Internal Audit service.

This document sets out Internal Audit's strategic approach, which should facilitate:

- 1 on an annual basis, the provision to the S151 officer of an overall opinion on the Authority's risk management, control and governance, to support the preparation of the Statement of Internal Control;
- 1 audit of the Authority' risk management, control and governance processes through periodic audit plans in a way which affords suitable priority to the Authority's objectives and risks;

- 1 improvement of the Authority's risk management, control and governance by providing line management with recommendations arising from audit work;
- 1 the identification of audit resources required to deliver an audit service which meets the CIPFA Code of Practice 2006 for Internal Audit in Local Government;
- 1 effective co-operation with external auditors and other review bodies functioning in the Authority; and
- 1 provision of assurance and consultancy services by Internal Audit.

The Role and Purpose of Internal Audit

The role of Internal Audit is to understand the Authority's key risks, and to review and evaluate the adequacy and effectiveness of the systems of internal control, risk management and corporate governance that are in operation at the Council, to ensure that they are sufficient for the purposes of mitigating risk.

It is a statutory requirement for Local Authorities to have an internal audit function, under S151 of the Local Government Act 1972. The Act also stipulates that Internal Audit should have unrestricted access to all information and records retained by the Authority. This enables Internal Audit to comprehensively review, appraise and report on the authority's functions as outlined in the Audit Charter.

Strategic Aims

Internal Audit exists to support the Council in the achievement of its corporate objectives. In particular:

- 1 Internal Audit will support the Authority's aim to provide quality public services, by evaluating and reporting on the standard of systems of internal control in Council service areas;
- 1 Internal Audit will support the Authority in working to the values set out in its corporate plan by providing the Head of Risk Management, the Director of Resources and the Audit Committee with reports on the extent of compliance with the Authority's Code of Corporate Governance;
- 1 Internal Audit will contribute to the delivery of the Authority's community aims through professional audit reviews and effective recommendations for improving systems that support the Council's organisational aims;
- 1 Internal Audit will assist the Director of Resources in the discharge of his statutory responsibilities for ensuring the proper administration of the Authority's financial affairs and will contribute to the Authority's aim of maximising and making best use of its financial resources through:
 - Risk based reviews of financial systems;
 - Advice on the adequacy and effectiveness of controls in new and developing systems;
 - Promotion of best practice across the Authority;
 - Advice on the prevention and detection of fraud affecting the Authority and investigation of waste or abuse within the Council systems.

Internal Audit & Risk Management

Risks are potential events or occurrences that may have an adverse effect on the organisation's ability to achieve its objectives. Risk Management is the process of identifying, evaluating and responding to risks in order to mitigate them. Risk Management is not the responsibility of Internal Audit. However, Internal Audit will use

the authority's risk management framework to focus its work by concentrating on those areas that are most critical to the authority. Consequently, Internal Audit will review the authority's risk registers on a six monthly basis and where necessary amend the internal audit plan to ensure audit resources are continually focused on areas identified by management where the objectives may not be achieved.

Dimension 4 from the CIPFA/SOLACE report on good governance highlights Risk Management as being an integral part of good governance. Internal Audit will therefore also examine the authority's risk management arrangements annually and in so doing, also fulfil the requirements of the CIPFA Code of Practice 2006 for Internal Audit in Local Government to report formally on the authority's arrangement for Risk Management.

Identifying Audit Coverage

In order to identify the auditable systems and establish the areas of risk or specific importance within the authority, Internal Audit will adopt an approach involving discussion and review of the current position. Information will be gathered by meeting key officers within the authority including Corporate Directors and Finance Managers, the Chief Executive and other key officers within the authority. Internal Audit will also discuss the requirements of the External Auditors and the requirements of the “managed audit” approach to ensure those areas upon which our external auditors would seek to place reliance on the internal audit work are included within the internal audit programme. Details of the “Governance” Based Strategic Planning are attached to this paper for information.

In compiling its work programme, Internal Audit will make use of information available within the authority to identify auditable systems, such as

- 1 the authority’s risk registers, to ensure risks are being managed properly;
- 1 background information obtained from previous audits and our discussions to date with the authority;
- 1 experience of issues raised at other public sector organisations after carefully considering key risks to the authority; and
- 1 current and previous audit plans and strategic issues facing the authority.

For each auditable system, Internal Audit will classify the systems into one of three risk bands according to the system’s significance to the authority: High (H), Medium (M) or Low (L). It is recognised and appreciated that Internal Audit cannot review all auditable systems within the authority each year as both financial and human resources are limited. Internal Audit will therefore seek to use the resources available to review those auditable systems that are most significant to the authority. Hence, all systems highlighted as being highly significant will always be included within the annual audit plan. A proportion of medium significance audits will also be included in the plan. In deciding which medium-significance auditable system to review, we will use our assessment of the system and discuss with management those areas that will add value. It is highly unlikely the resources will permit the inclusion of auditable units that are of low significance to the authority and therefore these auditable units will feature on the Internal Audit plan unless specifically requested by management.

Delivering the Strategy

The strategic internal audit plan will be compiled annually for each financial year and only comprise those systems due for review in that year. The strategic plan will therefore relate to one financial year and be subject to a formal six monthly review.

Internal audit will primary perform risk based audits, all exceptions to this will require prior agreement from the Head of Risk Management. The risk based approach entails examining the objective of the auditable system, the risks relating to the delivery of those objectives and an assessment of the adequacy and effectiveness of the control framework to achieve the desired objectives.

Audit Reporting

The reporting arrangements for Internal Audit are detailed in the Internal Audit Charter under “Reporting”.

Quality

All internal audit work will be subject to rigorous review and quality assurance procedures. This will entail:-

- 1 planning the scope of the audit to ensure focus on areas of risks and concerns;
- 1 supervision of audit work by the Audit Managers;
- 1 a formal review and sign off of the audit report and audit file by the Audit Managers;
- 1 further formal reviews of all reports and sign off for issue to auditee by the Partnership Manager;
- 1 obtaining feedback and comments from the auditees and Directors;
- 1 seeking feedback from the external auditors; and
- 1 bench marking Internal Audit quality control procedures with other similar organisations.

The Internal Audit Process

The Pre-Audit Stage

Based on the audit timetable, which has previously been agreed, Internal Audit Team will give two weeks notice to the appropriate Corporate Director and Service Head (the Audit Owner) of an impending audit review and issue an Audit Brief. The Audit Brief will also detail how the audit relates to the agreed audit plan. The Audit Owner has an opportunity to comment on the Audit Brief and raise any areas of concern.

The Audit Owner will ensure that Internal Audit is provided with a written agreement or otherwise to the Audit Brief within two weeks following the receipt of the draft by the Audit Owner.

During the Audit

At this stage Internal Audit will keep the Auditee informed of key findings found during the course of the audit. Where an officer has not been able to provide information requested, Internal Audit will refer matters to the Audit Owner.

The Auditee will ensure that the auditor is provided with all the resources and facilities, including information requested, to facilitate the smooth progress of the audit, including responding to any auditor enquiries promptly.

Post Audit Stage

Upon conclusion of the audit field work Internal Audit will present a Draft Audit Report to be discussed at the audit exit meeting with the Audit Owner. At the audit exit meeting, the findings will be discussed, along with any recommendations for improvement.

Following the audit exit meeting, LB Tower Hamlets Internal Audit will issue a formal Draft of the Audit Report which includes a Management Action Plan of Recommendations to the Audit Owner within three weeks following the completion of the audit exit meeting.

The Audit Owner has three weeks to respond to the Draft Audit Report by completing the Management Action Plan of Recommendations, including listing responsible officers and proposed completion dates. Upon receipt of the agreed Action Plan, a Final Report will be issued to all parties concerned.

The Audit Owner will then enter the agreed management actions and target dates into the Audit Tracker System, and monitor the progress in implementing the recommendations.

The LB Tower Hamlets Internal Audit will present a Summary of Findings from recently issued Final Audit Reports to the Audit Committee. The Audit Owner will have the opportunity to add a response to the Summary of Findings before this report is presented to the Audit Committee.

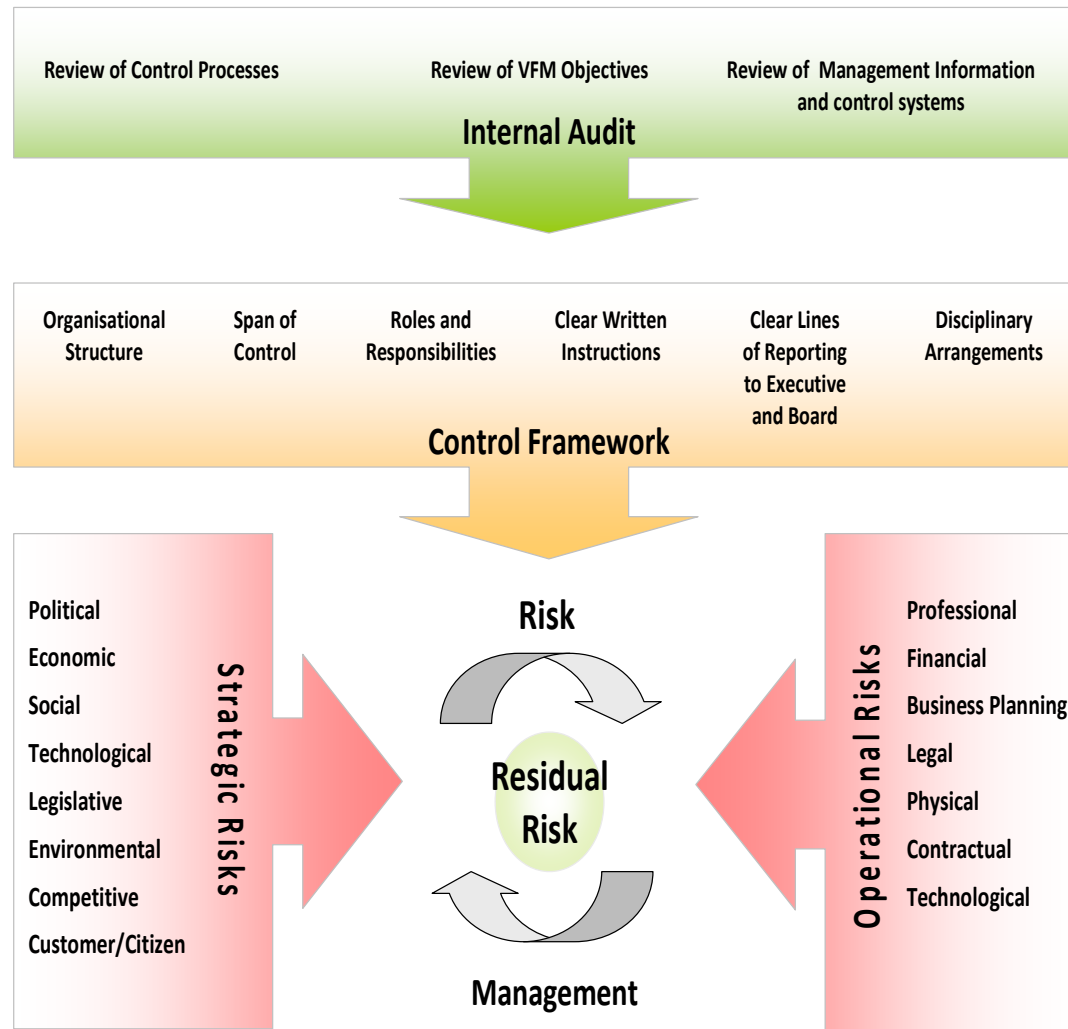
The Monitoring Process

Follow-up audits will be conducted six months after the issue of the Final Report, and a follow up audit report will be issued showing the progress on implementing the agreed recommendations.

Internal Audit recommendations are classified as follows:

- Category 1 – High Priority - 100% of recommendations to be implemented within six months
- Category 2 – Medium Priority – 95% of recommendations to be implemented within six months

Summary



Internal Audit: Will provide assurance that risk management processes and internal controls are operating effectively, ensure major business risks are being managed effectively, and that governance arrangements are operating effectively.

Control Framework: A matrix of control mechanisms will be developed to ensure that every member of staff is aware of their responsibility in managing risk, and a reporting framework will ensure that the Senior Management Team and the Board have a clear view of the effectiveness of the controls in place.

Risk Management: The Risk Register will be reviewed on a periodic basis to reassess the residual level of risk for the strategic risks identified in the first year of operation; new risks added as they become evident.

Appendix 3: Risk Management Framework

Definitions

Risk “Any issue which could impact on an organisation’s ability to meet its objectives”

Risk Management Risk management is a planned and systematic approach to the identification, analysis and control of risks that challenge and threaten the achievement of the objectives of the organisation. Risk management makes it possible to determine whether the risks pose a large enough threat and the innovations a big enough opportunity, to implement mitigation techniques.

Objective Is to implement an effective risk management framework that ensures that risks are identified and managed to an acceptable level and that opportunities are fully exploited, whilst minimising, financial loss, service disruption, bad publicity, reputation loss, claims for compensation and threats to the public and staff.

Our Policy: We believe that by managing risks effectively, we at LB of Tower Hamlets will be in a stronger position to deliver our strategic and operational objectives. By taking advantage of opportunities and managing them well, we will be in a better position to improve services and give our stakeholders better value for money.

Objectives of Risk Management:

- Ensure that systems are in place to identify, track and report upon existing and emerging risks that could damage the interest of our business and our stakeholders.
- Ensure that risk management is embedded throughout the organisation, creating an environment where all staff assumes responsibility for managing risk.

These Objectives will be Achieved by:

- Establishing clear roles, responsibilities and reporting lines within the organisation for risk management;
- Providing opportunities for shared learning on risk management across the organisation;
- Developing and maintaining systems for identifying and evaluating all significant risks;
- Developing and maintaining a framework for allocating resources to identified priority risk areas;
- Reinforcing the importance of effective risk management as part of the everyday work of employees by offering training;
- Incorporating risk management considerations into Best Value and service reviews and business planning;
- Put in place review and monitoring arrangements to assess the effectiveness of our mechanisms and arrangements.

To Emphasise the Organisation's Working Commitment to Risk Management, the Risk Management Mission Statement is as Follows:

"London Borough of Tower Hamlets recognises that it has a responsibility to manage opportunities and risks in a structured manner in order that LB Tower Hamlets will better achieve its corporate objectives and enhance the value of services it provides to the Community".

The Audit Committee, Corporate Management Team (CMT) and the Directorate Management Team (DMT) will have overall responsibility for risk management and will be consulted and kept informed as to the progress of the implementation of the strategy on at least an annual basis.

Roles and Responsibilities

Audit Committee	The Committee's primary role is to review and conclude upon the adequacy and effectiveness of the Council's overall internal control system. In performing this role the Committee's work predominantly focuses upon the framework of risks, controls and related assurances that underpin the delivery of the Council's objectives.
Corporate Management Team	One of the roles of the CMT is to work on a cross-directorate basis to ensure that the Council has an effective risk management arrangement in place to achieve its objectives and to consider quarterly reports on the key strategic risks faced by the Council and how these risks are being managed and mitigated.
Corporate Director of Resources	As S.151 officer, the Corporate Director of Resources is responsible for the proper administration of the financial affairs of the Council. The requirement to have an Internal Audit function derives from S.151 of the Local Government Act 1972. As such the Corporate Director of Resources supports the Council and its departments in ensuring that the arrangements made for financial management, risk management and internal control systems are sound and secure.
Corporate Directors	The Corporate Directors have the operational responsibility for ensuring that there are sound procedures in place at Directorate level for effective financial management, risk management and internal control systems.

Risk Management Action Plans

One of the key risk management objectives is the effective management of the organisation's risks, both strategic and operational. This has been achieved by the sessions to identify and profile the organisation's significant strategic risks.

Once this task has been compiled, SMT and the Audit Committee will be asked to comment on these risks and the risk assessment process. In relation to the operational risks, each Director has facilitated and co-ordinated a similar risk assessment exercise in order that the significant operational risks have been accurately identified profiled and managed. The aim of such a process is that it will eventually form part of each Division's annual business planning process.

Coming out of this process, will be risk management action plans relating to the most serious significant risks, i.e. those where the existing levels of internal control are seen as inadequate. The above assessments (both strategic and operational) will be a yearly process with tracking and monitoring of risks on an annual basis.

The Director of Resources will receive copies of each Division's operational risk management action plans in order that any cross-departmental risks can be picked up and managed accordingly. The Director of Resources will also monitor the risk improvement strategy to ensure that progress is made against the key significant risks.

Similarly, the same risk assessment programme can be adopted when services are going through the Best Value programme. A risk management pack can be included in the Best Value documentation. It is generally accepted that each Directorate must be seen to be managing its risks in order to demonstrate Best Value.

Classification of Risk

Strategic Risks		Operational Risks	
Political Wrong strategic priorities Not meeting Government agendas Too slow to innovate/modernise Decisions based on incomplete information Unfulfilled promises to Council Failure to recruit a suitable CEO	Economic General economic problems Regional economic problems Treasury risk Missed business or service opportunities	Professional Failure to recruit/retain staff Lack of training Over-reliance on key officers Inefficient management processes Inability to implement change Lack of employee motivation Bad management of partners	Financial and business planning Failure of major project(s) Failure to prioritise, allocate appropriate budgets and monitor Failure to implement effective partnering contracts for property and estate services
Social Failing to meet the needs of disadvantaged Impact of demographic changes Employment challenges Lack of development of staff Failures in partnership working	Technological Obsolescence of technology Security policies Breach of confidentiality Failure in communications	Legal Not meeting statutory duties Breach of confidentiality/DPA Failure to comply with European Directives on procurement of works, supplies, and services Failure to implement new legislation	Physical Attacks on personnel Loss of tangible assets Non compliance with health & safety law Loss of physical assets Local and national emergencies
Legislative Judicial review Human Rights Act breaches Intervention by regulatory bodies Inadequate response to new legislation Poor response to Audit Commission	Environmental Impact of sustainability policies Noise, contamination and pollution	Contractual Over-reliance on key suppliers/contractors Failure of outsource provider Quality issues Non-compliance with procurement policies	Technological Failure of big technology project IT system crashes affect services Breaches of security of network and data Bad management of intranets and websites
Competitive Failure to show best value Failure of bids for government funds	Customer/Citizen Lack of appropriate consultation Bad public and media relations		

