

Audit and Pensions Committee

Additional Documentation

Thursday 15 March 2012

7.00 pm

Courtyard Room - Hammersmith Town Hall

At its meeting on 9 December 2010, the Committee agreed that limited and nil assurance audit reports, and the appendices for the items on risk management and internal audit, be circulated to members separately to the main agenda. The relevant papers are attached, and are also available with the main agenda online.

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Reports on the open agenda are available on the [Council's website](http://www.lbhf.gov.uk/Directory/Council_and_Democracy):
[http://www.lbhf.gov.uk/Directory/Council and Democracy](http://www.lbhf.gov.uk/Directory/Council_and_Democracy)

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Date Issued: 06 March 2012

Audit and Pensions Committee


Additional Documentation

15 March 2012


<u>Item</u>		<u>Pages</u>
13.	RISK MANAGEMENT PROGRESS REPORT Appendices 1 and 2 attached.	1 - 25
14.	INTERNAL AUDIT QUARTERLY REPORT FOR THE PERIOD 1 OCTOBER TO 31 DECEMBER 2011 Limited assurance reports attached.	26 - 51

HFBB CORPORATE RISK & ASSURANCE REGISTER APPENDIX 1


Key Risks (refer to note 1)

No.	Corporate Priorities	Risk	Consequence	Identified Control	Assurance	Likelihood (L)	Impact (I)	Exposure = L x I	Risk Rating	Responsible Officer – Group	Review
1.	Delivering high quality, value for money public services	<p>Business Resilience – Sub-risk</p> <p>IT resilience</p> <ul style="list-style-type: none"> Systems not joined up and connected in the event of a H & F or Tri-Bi Borough event Strategic Information technology framework not implemented effectively Lack of top tier response plans ISP version update to the infrastructure of the internet will have to move over to a new system, IPv6 previous versions not being compatible Electronic information storage capacity Mobile Communications technology provider service failure <p>Contractor Liquidity</p> <p>2012 Olympics delivery risks to H & F</p>	<p>If an event occurs</p> <ul style="list-style-type: none"> Customers face delays in service provision Time to recover power and IT Services could be between 6 & 8 weeks Loss of information Service interruption Loss of productivity Non compliance with statutory duties - indirectly Increased cost of resurrecting services (only partially insurable) Threat to life - indirectly Wasted resources & staff duplication in recovery phase Cost of additional data storage capacity <ul style="list-style-type: none"> Experian Financial checks Credit checking Business Continuity Planning Delays/ interruption to public transport system due to investment programmes in infrastructure Skills and resource shortage leading to commencement of the 	<ul style="list-style-type: none"> Joint BCP Officer with the Royal Borough commencing 2012 Corporate Incident Management Procedures incorporate Business Continuity Training has been delivered to local service plan leaders A corporate service resilience group has been formed and meet periodically Assistant Directors of Resources have been appointed as Departmental contact leads Local Service Plans have been compiled, reviewed and refreshed and quality checked by Emergency Services H & F Bridge Partnership have submitted a Local Service Recovery Plan and has worked with the council to undertake a formal risk assessment, a major incident process has been established by HFBB as part of the Service Desk Manual Data recovery is insured under the councils corporate insurance package (but limited) A threat assessment has been compiled Some ITC service has been 	<p>HFBB</p> <p>Audit and Pension Committee</p> <p>Service Resilience Group</p> <p>Competition Board</p> <p>Substantial Assurance report 2011/12 Emergency Planning</p> <p>Business Continuity Audit report 2008/09 (Limited Assurance) in, ICT Disaster recovery provisions</p> <p>Audit report 2009/10 (Nil Assurance) Data storage & back up audit Audit report 2009/10 (Substantial assurance)</p>	3	4	12	Medium 	<p>Lyn Carpenter (Corporate Business Continuity)</p> <p>Jane West (Insurance & H F Bridge Partnership contract monitoring)</p>	<p>Review</p> <p>December 2011</p>

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Page 2		Terrorist attack/Civil disturbance	<p>games</p> <ul style="list-style-type: none"> • Potential threat of a terrorist attack • Service interruption • Property loss or damage • Injury or harm 	<p>moved to East London</p> <ul style="list-style-type: none"> • The Business Continuity (BC) project now involves provision of IT BC for approximately 30 First Order applications as identified by H&F. The data is replicated from the primary data centre at East London to the secondary site at HTH. Additionally, there is local network switch resilience within HTH; resilience for the infrastructure elements such as profiles, home folders and printing; plus annual tests of parts of the BC solution. • User acceptance testing of the business continuity has established a small number of applications require further work but the project is effectively complete • Terrorism insurance cover <p>NOTE Please refer to BCP Risk Assessment for highlighted risks and controls</p>							
2.	Delivering high quality, value for money public services	<p>Managing projects</p> <p>Sub-risks</p> <ul style="list-style-type: none"> • Projects do not consider enough time to mobilise in the event services are awarded to the private sector • Project implementation is delayed due to protracted discussions regarding pensions transfer • The risk of challenge to contract awards may increase during the harsher economic climate • Large scale high risk high return projects are not led by a qualified or 	<ul style="list-style-type: none"> • Customers needs and expectations are not fully met when projects are delivered • Benefits of investment in creating toolkit not realised • Threat of overspend on projects • Benefits are not fully realised • Delays in mobilisation of services through revised contracts 	<ul style="list-style-type: none"> • The Royal Borough PMO for TriBorough activity • Project Management toolkit • Training of Officers has being delivered and is ongoing • Transformation Office in Finance & Corporate Services Department acts as a repository for project information and reports to HFBB but does not ensure compliance with any toolkit • Senior Managers have all been briefed about the Project Toolkit 	<p>The Royal Borough of Kensington & Chelsea Internal Audit</p> <p>Corporate Programme & project management audited in 2009 draft report issued (Limited Assurance)</p>	3	3	9	Low 	<p>Jane West lead – All Executive Directors</p> <p>Tony Redpath (RBKC Tri & Bi Borough)</p> <p>Marie Snelling (Tri Borough Portfolios)</p>	<p>Review</p> <p>December 2011</p>


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Page 3		<p>experienced project manager.</p> <ul style="list-style-type: none"> • Too many projects are undertaken with unrealistic or unachievable targets • Successful delivery of the World Class Financial Management Programme • Housing Regeneration, Borough Investment Plan. 		<ul style="list-style-type: none"> • Toolkit is available on desktop PC's • Monthly transformation reporting to HFBB (dashboard) • Competition Board monitor aspects of project management compliance • Procedures for TUPE transfer have been included in project management instructions • Programme and Portfolio governance arrangements are being formalised • Lessons learned report 	<p>Competition Board</p> <p>Transformation Board</p> <p>Audit Commission review of selected contract management scheduled 2010</p> <p>Internal Audit review of specific contracts under 2010/11 Audit Plan and of Use of Consultants (Nil Assurance) HFBB, Pension and Audit Committee</p>						
3.	<p>Delivering high quality, value for money public services, Providing a top quality education for all, Tackling crime & anti-social behaviour, A cleaner</p>	<p>Managing statutory duty</p> <p>Sub-risks</p> <p>Non-compliance with laws and regulations</p>	<ul style="list-style-type: none"> • Non compliance may result in prosecution or a Corporate Manslaughter charge • Financial compensation may be claimed • Injury or death to a member of the public or employee • A breach of information security protocols may result in fines, harm to reputation and personal liability of Directors 	<ul style="list-style-type: none"> • Nigel Pallace appointed lead Sponsor on HFBB for Health & Safety • Pro-active Health, Safety and Welfare culture across the council • TriBorough Health & Safety protocols are being discussed and established • Contractors are managed within CHAS regime • Insurance cover is in place in the event of a claim for breach 	<p>Health & Safety Internal Audit undertaken 2009/10 demonstrated improvements and substantial assurance</p> <p>Annual Assurance process</p>	3	4	12	<p>Medium</p> 	Derek Myers	<p>Review</p> <p>December 2011</p>

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Page 4	greener borough, Promoting home ownership.	Breach of duty of care	<ul style="list-style-type: none"> Inadequate level of service Poor satisfaction with statutory services Potential claims involving failures in Social Care (Stamford House) 	<ul style="list-style-type: none"> of duty of care and in respect of financial claims Legislative changes are adopted and reflected in amendment to the council's constitution, budget allocation through MTFS (Now unified business & financial planning process) Training and guidance packages and newly agreed performance management indicators Periodic reporting to HFBB Briefings for Senior Managers on Corporate Manslaughter have been undertaken Health & Safety week promoted the theme of risk assessment Health & Safety guidelines have been reviewed, refreshed and communicated Promotion of the Occupational Health Service and Workplace Options Employee Assistance Scheme Housing and Regeneration have rolled out personal safety training to over 130 staff through the Suzy Lamplugh Trust Training 	Assurance required that actions are being taken to ensure compliance with the law and regulations HFBB, Audit and Pension Committee Education Committee Safety Committee							
		Departmental assurances										
		Corporate Parenting	<ul style="list-style-type: none"> Harm to reputation, potential harm or injury to individual 	<ul style="list-style-type: none"> Local Safeguarding Childrens Board, Unannounced Safeguarding Inspection, Ofsted , Local and London Child Protection Procedures 								
		Carbon reduction commitment	<ul style="list-style-type: none"> The Climate Change Act 2008 sets a statutory carbon reduction target of at least 80% by 2050 for the 	<ul style="list-style-type: none"> Carbon reduction manager Staff energy survey Travel survey 	Carbon Reduction Management Project Board							

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		Equalities	<p>UK</p> <ul style="list-style-type: none"> Increased complaints, Ombudsman involvement, judicial review, prohibiting order, mandatory order, declaration, injunction, damages, challenge to budget 	<ul style="list-style-type: none"> Parking survey Procurement policy Advice on sustainable planning applications Committee Services compliance check EIA's via Cabinet key decision reports HFBB signed off a revised assurance framework 	<p>Substantial Assurance report 2010/11 Carbon Reduction Commitment</p> <p>Limited Assurance report 2010/11 Single Equality Scheme</p>						
5. Page 5	Delivering value for money	<p>Managing budgets</p> <p>Sub-risks</p> <ul style="list-style-type: none"> Austere financial settlement from government is not favourable. The council is seen as a floor authority. Impact of a double dip recession and cascade effect on social budgets * link to revenue forecast Demand led services may occur mid year resulting in unanticipated additional costs HMRC VAT claims regarding partnering activities Grant application is incorrectly calculated Unplanned growth Failure to achieve VFM Accruals & reconciliations 	<ul style="list-style-type: none"> Pressure on the authority to manage overspends Departments have to manage cost pressures Pressure to meet target savings and Administrations commitment to cut Council Tax HMRC recovery of VAT from the council affecting cash flow Repayment of Grants CEDAR 5.1 will no longer be supported by the product supplier 	<ul style="list-style-type: none"> High risk & volatile budget areas identified by H & F Finance E-Learning package for Finance Managers now live Collaborative Planning system now live with supported training for budget holders Medium Term Financial Strategy and Business Planning Processes have been combined and is re-modelled MTFS Officer & Member Challenge Efficiency programme management in place identifying statutory v discretionary services Leader's monthly monitoring reports Financial Strategy Board 	<p>Annual Audit Letter</p> <p>Select Committees are given the opportunity to fully scrutinise budgets during January.</p> <p>Assurance required that complete and accurate accounting records are being maintained *</p> <p>HFBB,</p>	2	4	8	<p>Low</p> 	Jane West lead – All Executive Directors	<p>Review</p> <p>December 2011</p>

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		<ul style="list-style-type: none"> Planned savings not implemented Creditworthiness of some contractors may be downgraded as a result of the economic downturn Increase in social welfare services as a result of the economic downturn may impact on projected spend. Insufficient budgetary provision and/or budgetary under/overspend * Incomplete/inaccurate accounting records linked to the World Class Financial Management Programme Upgrade of CEDAR Financial System to Version 5.3 from 5.1 		<p>(FSB) periodically evaluates the effectiveness of the financial management arrangements</p> <ul style="list-style-type: none"> Partnership activity now includes a VAT trace and has been raised at FSB Grant Claims & returns record is tracked at FSB Monthly corporate revenue & capital monitoring to cabinet Reports to the Leader identify where spend levels exceed a tolerable level during the year Credit check of contractors is being undertaken through the Competition Board Disposal of Assets Applications upgrade path CEDAR Planning and preparation work will begin 7 months before the start of the actual implementation, so as to ensure that there is sufficient time to carry out work thoroughly. This timescale also includes slippage time of two months, in case of unforeseen complications. CEDAR User acceptance training Sponsorship and advertising opportunities risk & reward exercise 	<p>Audit and Pension Committee, External Audit</p> <p>Cabinet Members Decision report on CEDAR upgrade</p> <p>Internal Audit Substantial Assurance report 2011/12 Cedar pre implementation</p>						
6.	Putting residents first, Setting the framework for a healthy borough	<p>Successful partnerships & Major Contracts</p> <p>Sub-risks</p> <ul style="list-style-type: none"> Partnering activity with other boroughs and the NHS may blur the lines of responsibility, accountability or liability in 	<ul style="list-style-type: none"> Joint objectives are not met Community expectations are not met Relationship deteriorates Threat of overspends and 	<ul style="list-style-type: none"> Governance arrangements are in place Performance monitoring reports reported to Select Cttee's 	H & F Bridge Partnership Assurance process	4	3	12	Medium 	Derek Myers	Review December 2011



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		the event of service failure <ul style="list-style-type: none"> Plans to remodel the PCT's and delivery of health services through GP's as per the White Paper – Liberating the NHS Local Housing Company 	underspend	<ul style="list-style-type: none"> H & F Bridge Performance Monitoring Financial creditworthiness checks at Competition Board 	Internal Audit Substantial Assurance report 2011/12 Partnership Governance Competition Board HFBB, Audit and Pension Committee						
7.	Delivering value for money	Maintaining reputation and service standards Sub-risks <ul style="list-style-type: none"> Multiplicity of external forces and initiatives Breach of Officer or Member code of conduct Information Management and Governance Inappropriate Data released Poor data quality internally or from third parties, breaches of information protocols, information erroneously 	<ul style="list-style-type: none"> Threat to the status of the council Failure to deliver plans & savings. Ability to effectively lead and resource the transformation agenda is diminished Service delivery deteriorates Potential adverse media reporting Potential adverse media reporting Potential fine for loss of data Quality and integrity of data held in support of Performance Management & Financial systems leads to under or over estimation 	<ul style="list-style-type: none"> A review of the corporate governance arrangements has conducted by Internal Audit and a revised Local Code of Corporate Governance has been produced Annual Complaints review report April 2010 to March 2011 produced to Committee New Information Management Security Protocols published on the Intranet Regular reporting on Security Incidents by the Information Management Team Combined Business Planning & MTFS processes Risk & assurance registers have been developed for all departments and divisions Performance statistics are scrutinised by Select Committee's, HFBB & DMT's Corvu Performance Management System is able to pick up anomalies 	Cabinet Ofsted, Care Quality Commission, Annual Audit letter HFBB, Audit and Pension Committee, Overview and Scrutiny Board ITSOG Data quality review conducted by Internal Audit and a Management Letter has been issued with low level recommendations	4	3	12	Medium 	All Executive Directors	Review December 2011


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		<p>sent to third parties.</p> <ul style="list-style-type: none"> Auto forwarding of information (Information control and threat of leakage) 									
Page 8	Delivering value for money	<p>Managing fraud (Internal & External)</p> <p>Sub-risks</p> <p>Misappropriation of assets *</p> <p>Appointeeship/custodian or guardian</p> <p>Contracting</p> <p>Gifts & Benefits Manipulation of performance data, collusion, billing</p> <p>Misrepresentation of Personal Circumstances</p> <p>Payroll</p> <p>Cheque</p> <p>Imprests or petty cash</p> <p>Grant award</p> <p>Treasury</p> <p>Tenancy or Benefit</p>	<ul style="list-style-type: none"> Loss of reputation Financial loss Loss of asset Adverse regulatory /audit report Inadequately resourced fraud unit 	<ul style="list-style-type: none"> Corporate Anti Fraud Service has been established CAFS team now use a risk assessment to assist in targeting and workload prioritisation New model being piloted to collate information from fraud cases and disseminate the recommendations through risk & assurance registers Literature and training has been delivered to all levels of the authority Information and guidance has been published on the corporate intranet Level of fraud is being tracked through FSB Close working relationship is established with the Police Bribery Act Policy 	<p>Audit and Pension Committee receive quarterly reports on Fraud</p> <p>Deloitte Fraud Survey 2008</p> <p>Substantial Assurance report 2010/11 Personal Budgets, Housing Benefits</p> <p>Substantial Assurance reports 2010/11 Contract Management, Management & Monitoring of Contractors(Env.)</p> <p>HFBB</p>	2	3	6	Low 	Jane West lead – All Executive Directors	Review December 2011
	Delivering value for money	<p>Successful cultural change</p> <ul style="list-style-type: none"> Right staff not available for this work due to 	<ul style="list-style-type: none"> Potential internal uncertainty re: staff morale Change consumes more resource than VFM/efficiency gains realise Uncertainty leads to low staff morale and lower 	<ul style="list-style-type: none"> Esprit de Corps Tri Borough Group Transforming the way we do business, Market Management and other Portfolio Transformation Programmes Effective communications 	<p>Staff survey</p> <p>Corporate Workforce Group</p> <p>HFBB, Audit and</p>	3	3	9	Low 	Jane West	Review December 2011


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		increasing workloads while also downsizing and restructuring.	productivity.	programme <ul style="list-style-type: none"> Staff Survey undertaken in 2009 and follow up actions are being delivered Career development discussions Smartworking 	Pension Committee Transformation Board						
10.	Putting residents first	Managing the Business Objectives (publics needs and expectations) Sub-risks <ul style="list-style-type: none"> A successor integrated financial and business planning process is not delivered 	<ul style="list-style-type: none"> The Public or section of the public may not receive the service that they need or to the quality they expect Reputation of the service may be affected Services are delivered in an unplanned way Services start to do their own thing Maverick decisions Inconsistencies in service delivery start to emerge Lack of transparency Duplication of effort Communication of objectives and values is lost Target and Objective setting is diminished reducing the effectiveness of the performance management regime for officers 	<ul style="list-style-type: none"> Implementation of Lean Thinking principles putting the voice of the customer at the heart of service design Robust Financial Business Planning regime revised for 10-12 incorporating fully the Medium Term Financial Strategy Performance monitoring and feedback through local media Customer experience and satisfaction surveys 	Cabinet Members Scrutiny Cttee review performance Ofsted Care Quality Commission	3	3	9	Low 	All Executive Directors	Review December 2011
11.	Delivering value for money	Market Testing of Services (refer to Competition Board Roadmap) Sub-risks <p>Tri Borough or Bi Borough procurement risk appetite may vary</p>	<ul style="list-style-type: none"> Increase in threat of legal challenge on contract awards Officers time away from other projects Timescale of project is tight Insufficient numbers of Officers designated to the project Benefits are not realised Data Quality (Accuracy, timeliness of information) results in variation to original contract spec 	<ul style="list-style-type: none"> Revised TOR's for Competition Board Lean thinking exercise of procurement processes to make them slicker and more efficient Consultation with other boroughs Project managing the process Separation or joining of projects to maximise benefit potential Realistic timetables agreed 	Competition Board Transformation Board HFBB Audit review conducted for Use of Contractors Internal Audit	3	3	9	Low 	All Executive Directors	Review December 2011

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				and reviewed at Competition Board <ul style="list-style-type: none"> Market Testing progress report to HFBB Programme & Project Management – Risk Logs being maintained, periodic risk reviews 	Substantial Assurance reports 2011/12 Market Testing H & F News, BTS, Legal Services Full Assurance report 2011/12 Market Testing Out of Hours Service						
Page 10		Scrutiny of Public Health Service	<ul style="list-style-type: none"> Department of Health is creating a governing body (Public Health England) where a joint appointment of a Director with the Council – would be necessary. Currently the appointment is jointly with the NHS trust Maintaining an audit trail of financial expenditure Monitoring of financial spend against performance targets to achieve financial credit or top ups Mayor of London seeks increased responsibility for some Public Health work areas in competition to Local Authorities that could reduce the amount allocated to the Council Setting up a Health and Wellbeing Board attendees would need to include Councillors and managing their time demands Three Boroughs merged services may result in functions being delivered to support the new responsibilities jointly H&F currently jointly fund the Director of Public Health 	<ul style="list-style-type: none"> Director of Public Health attends Housing, Health and Adult Social Care Select Committee Dedicated officers implementing the setting up of a Health & Well Being Board Pilot council before full delivery which is due (start April 1st 2013) HM Government Healthy Lives Healthy People Nov 2010 Joint meetings with K & C & Westminster Officer meetings with Department of Health 	HFBB Education Select Committee	3	3	9	Low 	Derek Myers, Director of Public Health	Review December 2011


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Page 11			post, RBKC don't fund Westminster to jointly fund • Deprivation statistics could affect the distribution of financial settlement unevenly • Public Health budgets will be ring fenced however local authorities seek unringfencing of the monies • Commissioning of services responsibilities for some health inequalities (healthy eating, smoking cessation, immunisation, screening, air pollution, drugs and alcohol, teenage pregnancy) • Provision of audit and resilience services i.e. managing environmental hazards and emergency planning								
	OPPORTUNITY RISKS										
2.11	Delivering high quality, value for money public services	Merging of education services with Westminster Council and the Royal Borough of Kensington and Chelsea	Savings due to removal of duplication across the councils	<ul style="list-style-type: none"> • Tri Borough Mandate approved for Childrens Services at Cabinet 05-12-11 • Appointment of a single Director of Childrens Services for the Three Boroughs • Appointment of Director of Finance for Tri Borough Childrens Services • Appointment of Tri Borough Director of Schools Commissioning • Appointment of Tri Borough Tri-borough Youth 	Cabinet Transformation Board Education Select Committee External Audit (Audit Commission review 2012)	2	4	8	Low 	Andrew Christie	Review December 2011

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Page 12				<p style="text-align: center;">Offending</p> <ul style="list-style-type: none"> • Report to Cabinet 10-01-2011 updated members on progress. including the establishment of <ol style="list-style-type: none"> 1.A joint commissioning unit and the establishment of an arm's length delivery unit for education services across the three LAs by September 2012, with an interim merged service in place for the new academic year in September 2011. 2. For the exploration, in the second phase, of possible different models for the delivery of services - options may include market testing or a social enterprise. 3. That agreement be given for the development of shared provision for the Local Children's Safeguarding Board, Fostering and Adoption services and Youth Offending services by September 2011, subject to agreement by WCC and RBKC Councils. 4. With a view to the implementation in line with these timescales, that the Director of Children's Services be authorised to : <ol style="list-style-type: none"> i) reach agreement with fellow Directors of Children's Services on reorganisation proposals on a service by service or part service basis, with a view to agreeing the future scope of such services; management arrangements; the staffing structures for such services; the advisability of harmonising terms and conditions across boroughs; 							


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Page 13				<p>and the implementation of a joint commissioning strategy;</p> <p>ii) consult with affected staff and unions on the basis that any sharing of services will initially take place by affected staff either being seconded to work with staff at other boroughs or will be transferred to the employment of a host borough depending on the detail of the agreement to be reached with other boroughs on a service by service or part service basis;</p> <p>iii) implement the sharing of the services</p> <p>to agree the terms of any secondment either to or from the Council; to agree any necessary changes to staffing structures; and to authorise any resulting redundancies in accordance with the Council's usual procedures and to do everything necessary to give effect to the above.</p> <p>5. That it is agreed that the implementation of these proposals and any future proposals in relation to Children's Services be aligned with the requirements and timescales for the wider development of shared services across the three LAs.</p> <ul style="list-style-type: none"> Report to Cabinet 20th June 2011 updated Members on the business case as a basis for moving forward. 							
3.	Delivering high quality, value for	Merging of services with Westminster & RB Kensington and Chelsea	Savings due to removal of duplication across the council	<ul style="list-style-type: none"> Tri Borough Mandates for Adult Social Services and Libraries approved by Cabinet 05-12-11 	Cabinet Overview & Scrutiny Board	2	4	8	Low 	Derek Myers, Mike More, All Executive Directors	December 2011

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Page 14	money public services	<p>Sub-risks</p> <p>ICT provision to ensure a seamless transition to TriBorough working in support of services</p> <p>Appropriate accessible information and data security and governance</p> <p>Co-ordinated procurement strategies in readiness for commissioning of services</p> <p>Programme Management</p>		<ul style="list-style-type: none"> • Monthly Tri Borough Portfolio risks and issues summary report • Review of corporate and back office functions • Review of opportunities with contracts • Risk Registers compiled and presented to the Programme Management Office • Programmes being managed consistently from the Royal Borough PMO including the ICT Programme • TriBorough Portfolio Management Office responsibilities established including the lead programme contacts. • TriBorough Programme Management Officer Appointed • Terms of reference produced for the Members Steering Group • Senior Officer appointments made on a Bi Borough and/or Tri Borough basis including; <p>1. Governance, Appointment of Joint Chief Executive and Head of Paid Service and Executive Director of Finance & Governance</p> <p>2. Adult Social Care, TriBorough Executive Director, Director of Finance, Director of Procurement & Business Intelligence, Director of Operations, Director of Provider</p>	External Audit (Audit Commission review 2012)						


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Page 15				<p>Services appointments</p> <p>3. Libraries Service, TriBorough Executive Director</p> <p>4. Environment Services, Bi-Borough (RBKC and H & F) Executive Directors appointed. Appointments of Bi Borough (RBKC & H & F) Director of Environmental Health, Bi Borough (RBKC & H & F) Safer Neighbourhoods, Bi Borough (RBKC & H & F) Cleaner Greener & Cultural Services Head of Culture Head of Waste and Street Scene Head of Leisure and Parks Head of Community Safety Head of Business Support</p> <p>5. Appointment of Bi Borough (RBKC & H & F) joint lead for Human Resources</p> <p>6. Appointment of Tri Borough (Director of Pensions and Treasury)</p> <p>7. Portfolios, Appointment of Tri-borough Portfolio Director appointed</p> <p>8. TriBorough Managed Services Programme (Corporate Services)</p>							
4.	Delivering high quality, value for money public services	Regeneration of Shepherds Bush Market and former Shepherds Bush Library	Community benefits through improved market area, social housing and use of buildings	Section 106 possible funding and partnering with developer over scheme	0Cabinet	2	4	8	Low 	Mel Barrett	October 2011
5.	Delivering	Re-integration of H & F	Savings due to the removal		Cabinet	2	4	8	Low	Mel Barrett	October


HFBB CORPORATE RISK & ASSURANCE REGISTER APPENDIX 1

No.	Corporate Priorities	Risk	Consequence	Identified Control	Assurance	Likelihood (L)	Impact (I)	Exposure = L x I	Risk Rating	Responsible Officer – Group	Review
Page 16	high quality, value for money public services	<p>Homes</p> <p>Sub-risks</p> <p>There is an increased risk that staff will continue to apply legacy procedures from the ALMO.</p> <p>Where the HF Homes risk management framework is not effectively integrated into the Council's framework, this may lead to key risks being lost in the integration or duplication of effort where the same risk appears on multiple registers or against multiple risk owners.</p>	<p>of duplication in back office functions</p> <p>There will be some immediate savings of circa £700k that flow from the integration of the ALMO as a result of the deletion of vacant posts, which would otherwise be duplicated in the new structure, and the elimination of agency workers and contractors to whom TUPE does not apply.</p> <p>This may lead to key management tasks not being undertaken due to confusion over responsibilities</p> <p>A formal action plan for integrating the HF Homes risk management framework within the Council's framework should be established.</p> <p>The plan should include but not be limited to:</p> <ul style="list-style-type: none"> ● Adapting risk register templates; ● Identification of risk owners within the Housing and Regeneration Department; ● Reporting procedure for risks and their mitigation; ● Ensuring that risks are not lost or duplicated; and ● Appointing a Risk Management 	<p>Consultation exercise has demonstrated public opinion to re-integrate and a report recommending re-integration presented to Cabinet 10-01-2011.</p> <p>Appointment of development agent services to support the delivery of new affordable homes</p> <p>Briefings or training sessions are provided to line managers</p> <p>An individual has been identified to lead and respond on the risk management process.</p> <p>Representative of the department has been invited to</p>	<p>Internal Audit review of Integration September 2011 Final Substantial Assurance</p> <p>Corporate Safety Committee</p> <p>Housing and Regeneration DMT</p> <p>HFBB</p> <p>FSB</p>				●		2011

HFBB CORPORATE RISK & ASSURANCE REGISTER APPENDIX 1

No.	Corporate Priorities	Risk	Consequence	Identified Control	Assurance	Likelihood (L)	Impact (I)	Exposure = L x I	Risk Rating	Responsible Officer – Group	Review
			<p>representative for the department.</p> <p>The Housing and Regeneration Department should also appoint a representative to the Corporate Performance Group.</p> <p>Where a post integration communication strategy and channels of communication are not established, there is an increased risk that staff will not fully engage in the integration process. This may impact on the morale of staff from both HF Homes and the Council.</p>	<p>attend future Corporate Performance Group Meetings</p> <p>Post integration communication channels have been established to secure staff buy in into the integration.</p> <p>The communication channels enable staff to express concerns and seek advice on any issues in respect of them adapting the Council's working practices and culture.</p>							
6.	Delivering high quality, value for money public services	<p>Regeneration of King Street and Civic Offices</p> <p>Sub-risks</p> <p>GLA do not approve the proposals</p>	<p>The Town Hall extension has come to the end of its life and needs to either be demolished or refurbished. An estimated cost of around £18m in temporarily accommodating staff through a relocation to facilitate repairs</p> <p>New office accommodation at no cost is being provided in exchange for land</p> <p>A new modern building is also expected to save around £150,000 in energy costs</p> <p>Jobs will be created in King Street</p> <p>A new community-sized supermarket and a range of new restaurants and other retailers, alongside a council 'One Stop Shop', will draw more people down King Street</p>	<p>Hammersmith & Fulham Council has agreed to work with the GLA on a further independent rigorous assessment on viability</p> <p>Exhibition of 3 bid schemes 2007</p> <p>Statement of Community Involvement – Two public consultation exercises</p> <p>Private meetings with residents</p> <p>Stakeholder Forums</p> <p>Flyer to 15,000 homes</p> <p>Pre application meetings with GLA and local amenity groups</p> <p>1800 letters sent to individual properties in the wider area.</p> <p>Consultation with statutory groups; GLA, HAFAD, Port of London Authority, LFEPA, Metropolitan Police, English Heritage & Archaeology, Natural England, CAA, BAA Airports, Thames Water, Environment</p>	<p>Cabinet</p> <p>Planning Applications Committee</p> <p>Mayor of London</p> <p>Greater London Authority</p> <p>Port of London Authority</p> <p>English Heritage</p>	3	4	12	Medium 	Nigel Pallace	December 2011

HFBB CORPORATE RISK & ASSURANCE REGISTER APPENDIX 1

No.	Corporate Priorities	Risk	Consequence	Identified Control	Assurance	Likelihood (L)	Impact (I)	Exposure = L x I	Risk Rating	Responsible Officer – Group	Review
Page 18			and encourage more investment in the area Successful redevelopment would enable the council to terminate contracts for various costly leased buildings around the borough savings around £2 million a year.	Agency, TfL Residents Groups & Landowners; Thomas Pocklington Trust, Tesco, Quakers, Amenity Groups, Brackenbury Residents Assoc. The Georgian Group, HAMRA, the Hammersmith Soc. H & F Historic Buildings Group, Ravenscourt Action Group, Ashchurch Residents Assoc. Old Chiswick Protection Soc. Digby Mansions 39-58a Residents Assoc. For further detail please refer to Planning Applications Committee Agenda 30-11-11 Submitted by the Planning Applicant; Environmental Statement, Energy Statement, Flood Risk Assessment, Air Quality Assessment, Environmental Noise Assessment, Lighting Strategy, Equalities impact assessment Phase 1 Habitat Survey & ecological database search Telecommunications assessment							
	7.	Earls Court regeneration Sub-risks GLA do not approve the proposals	<ul style="list-style-type: none"> The comprehensive regeneration of three land holdings, Transport for London (freeholder of the Lillie Bridge Depot and Earls Court) - Capital & Counties (CapCo) leaseholders of Earls Court 1 and 2 and 	<ul style="list-style-type: none"> Capco will pay a fee of £15m on entering into the exclusivity agreement. £10m of this is refundable should a Conditional Land Sale Agreement not be possible and £5m is not refundable under any circumstances. 	Cabinet Housing, Health And Adult Social Care Select Committee Planning Applications Committee	3	4	12	Medium 	Mel Barrett	December 2011

HFBB CORPORATE RISK & ASSURANCE REGISTER APPENDIX 1

No.	Corporate Priorities	Risk	Consequence	Identified Control	Assurance	Likelihood (L)	Impact (I)	Exposure = L x I	Risk Rating	Responsible Officer – Group	Review
Page 19			<p>freehold owners of Seagrave Road Car Park - H&F, freehold owners of the West Kensington and Gibbs</p> <ul style="list-style-type: none"> • Green housing estates. offers the opportunity for the council to secure major estate renewal across the West Kensington and Gibbs Green estates as well as offering the opportunity to deliver substantial benefits for local residents and the wider community. This includes securing new modern homes for all existing residents of the West Kensington and Gibbs Green estates, • new additional affordable homes generating greater housing choice for Borough residents and in particular local families, • new efficient schools, leisure and health facilities, new open and play space and a significant increase in job opportunities. 	<ul style="list-style-type: none"> • Establishment of a formal West Kensington and Gibbs Green Steering Group, established by residents of the West Kensington and Gibbs Green estates, constituted by establishing a non-profit Company Limited by Guarantee to allow them to deliver their agreed objectives. • Earls Court project risk register initially compiled in 2009 • Development specification, Parameter plans, Community engagement report, Design and access statement, Design guidelines • Planning statement • Environmental Statement • Transport assessment • Retail and leisure assessment • Office assessment • Housing statement • Sustainability strategy • Energy strategy • Waste strategy 	<p>The Royal Borough Major Planning Development Committee</p> <p>The Royal Borough Planning Applications Committee</p> <p>Housing & regeneration DMT</p>						

HFBB CORPORATE RISK & ASSURANCE REGISTER APPENDIX 1

No.	Corporate Priorities	Risk	Consequence	Identified Control	Assurance	Likelihood (L)	Impact (I)	Exposure = L x I	Risk Rating	Responsible Officer – Group	Review
				<ul style="list-style-type: none"> Utilities and services infrastructure strategy Cultural strategy Estate management strategy 							

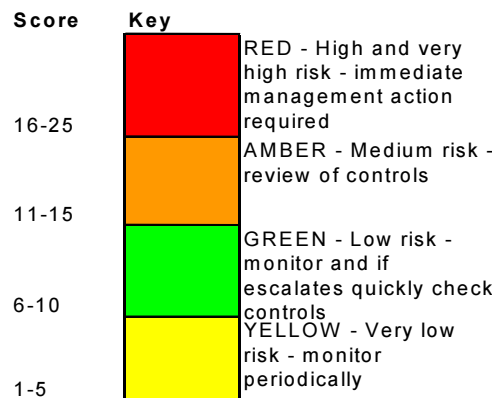
Note 1. All key risks have been extracted from(but not limited to) a number of sources for analysis by the Corporate Management Team. The sources include;

- i. Previous Corporate Risk & Assurance Register
- ii. Benchmarking with other Local Authorities on Identified Risks
- iii. Information identified from Departmental Risk Registers
- iv. Officers Knowledge and experience
- v. Tri-Borough Portfolio Summary report
- vi. Procurement exercises
- vii. Significant Weaknesses established from the Annual Assurance process
- viii. Audit Reports
- ix. Knowledge and experience of public sector risks from the Principal Risk Consultant
- x. Data Quality and Integrity
- xi. Transformation Management Office monthly report

Note 2. Categorised under the PESTLE methodology as published in the Hammersmith & Fulham Risk Standard. Compliant with Audit Commission/ ALARM/IRM/CIPFA best practice.

* **Derived from Deloitte’s Assurance Framework 2007/2008**

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APPENDIX 2 ITSOG highlight report: Information security management

January 2012

1 Information security incidents

A security incident is an event that has actual or potential adverse effect(s) on computer, network or user resources or is a compromise, damage or loss of such equipment or data. Each incident is allocated a sequential number, summary description and current status.

The Information Security Incident procedure and toolkit is available on the intranet:

http://theintranet.lbhf.gov.uk/Council_Business/Business_Technology/Information_security/.

1.1 Statistical summary of incidents

1.1.1 Incidents since 2009

The table below gives a breakdown of all incidents that have come to the attention of the Information Management Team since January 2009. This also includes current active cases, further statistics on which can be found in section 1.1.2:

Dept	2009			2010			2011		
	L	I	Sub-Total	L	I	Sub-Total	L	I	Sub-Total
CHS	9	1	10	12	7	19	3*	3	6
CSD	4	4	8	1	4	4	3*	1	4
Env	0	1	1	2	2	4	1	0	1
FCS	5	6	11	1	9	10	0	4	4
HFH/HRD	0	1	1	0	1	1	2	5	7
RSD	1	1	2	0	0	0	0	0	0
HFBP	1	0	1	0	0	0	0	0	0
All Depts	0	0	0	0	0	0	0	2	2
Unknown	2	0	2	0	0	0	0	0	0
Total H&F:	23	13	36	16	21	33	8*	15	23

Key:

- L = Loss/theft
- I = all other incidents, including DP and GC breaches
- *Where incidents involve more than one department this has been counted individually against each department involved, but as a single incident in the overall total for the council.

1.1.2 Current active incidents

The table below gives a breakdown by department of all current active incidents in 2011 to date on the H&F Incident Log:

Dept	Live	Open	Closed
CHS	1	4*	1
CSD	2	1*	1
Env	0	0	1
FCS	0	1	3
HRD	2	2	3
RSD	0	0	0
Cross-department	0	1	1
Total H&F	5	8*	10

To note:

Live = Active incidents with priority tasks still outstanding

Open = Priority tasks completed, residual risks being monitored

* Where incidents involve more than one department this has been counted individually against each department involved, but as a single incident in the overall total for the council.

From January 2012, any incidents with outstanding actions will be compiled and presented by the Information Manager to the next ITSOG meeting for escalation.

1.2 Top 5 risks

1. Potential for data to be sent via webmail with no method of monitoring.
MITIGATION – Webmail access to be switched off and staff to be informed via Message of the Day
2. Confidential waste service is not currently fit for purpose due to a lack of internal governance and contract with companies used:
MITIGATION - new framework agreement is about to be signed up to by H&F which provides lockable containers.
3. 3rd party and internal individuals inappropriately copied into emails containing personal data:
MITIGATION - planned preparation and roll-out of Data Protection online training plus “classroom” sessions in high-risk service areas.
4. Forwarding of potentially sensitive information via Councillors auto-forwarding emails sent to their council accounts over the internet to their webmail accounts:
MITIGATION – Councillors have signed their own Personal Commitment Statement and undertake to manage the risk by advising their constituents that auto-forwarding takes place. All newly elected or returning Councillors were trained in data protection and information security management as part of their induction.

5. Paper records and documents containing sensitive information stored insecurely for considerable periods of time whilst being prepared for transit:
 MITIGATION – data protection training, Offsite Records Storage Service standards and awareness raising that will be rolled-out as part of communication the new confidential waste arrangements.

2 Government Connect Project

2.1 GCSx mandatory information security awareness training

It has been brought to light, through the provision of statistics by Learning Pool, our e-learning provider, that as a result of personnel changes there has been a marked drop in the number of current staff within H&F who have completed this training. This is even taking into account the additional staff from the Housing and Regeneration Department (HRD) who have yet to complete this.

Percentage completion per department is as follows:

Department	% completion to date
Children's Services	44%
Community Services	48%
Environment Services	36%
Finance & Corporate Services	46%
Housing & Regeneration	2%
Resident Services Dept	71%
Grand Total	42%

To address the fall in figures, due to H&F reorganisation and high staff turnover, IMT, HR and Organisational Development will be rolling-out the e-learning to HRD in January 2012. This roll-out will focus on HRD in the first instance and act as a pilot for the roll-out across the remainder of the council by March 2012.

The intention thereafter is to ensure that all staff will complete refresher training every 2 years, with the e-learning also embedded into the induction process for new starters.

2.2 Personal commitment statement (PCS)

2.2.1 Existing staff

In light of the drop in the proportion of current staff who have completed the e-learning package (see 2.1), there will have been a concomitant and similar drop in the proportion of current staff who have signed the PCS. IMT are currently carrying out a gap analysis to ascertain the exact scale of this.

In order to ensure that all staff are captured going forward, a new round of PCS sign-ups will be incorporated into the roll-out programme for the e-

learning (see 2.1). HR have also committed to ensure that all new starters to H&F complete a PCS upon accepting a job offer from H&F.

2.2.2 Business partners (including the voluntary sector)

A new version of the PCS has been drafted for business partners. Moving forward we will need to ensure that all current business partners have signed this, focusing initially on areas involved in tri-borough work. This will also be added to all new contract procurement procedures.

3 Information security policy

The information security policy is in the process of being reviewed. As part of this process ITSOG, HR and other key stakeholders will be consulted prior to its submission to the Joint Management Group. The reviewed and updated policy will then be published on the Intranet to replace the current version: http://theintranet.lbhf.gov.uk/Council_Business/Business_Technology/Information_Security/159654_Information_Security_Policy_May_2011.asp

As part of the review of the information security policy, the communications plan (previous version attached below) will be updated. This will ensure that all officers are regularly advised of the policy's importance and applicability, through regular "message of the day" and email updates.



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Final Internal Audit Report 2011/12

London Borough of Hammersmith and Fulham Direct Payments – Use of Funds November 2011

This report has been prepared on the basis of the limitations set out on page 11

This report and the work connected therewith are subject to the Terms and Conditions of the Engagement Letter dated 14 April 2011 between London Borough of Hammersmith & Fulham and Deloitte & Touche Public Sector Internal Audit Limited under an arrangement agreed with Croydon Council. The report is confidential and produced solely for the use of London Borough of Hammersmith & Fulham. Therefore you should not, without our prior written consent, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

Introduction	<p>As part of the 2011/12 Internal Audit Plan, agreed by the Audit and Pensions Committee on 17 February 2011, we have undertaken an internal audit of Direct Payments - Use of Funds.</p> <p>This report sets out our findings from the internal audit and raises recommendations to address areas of control weakness and / or potential areas of improvement.</p> <p>The agreed objective and scope of our work is set out in the Audit Brief issued on 29 September 2011.</p>
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Audit Opinion & Direction of Travel	None	Limited	Substantial	Full
				

Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
			Priority 1	Priority 2	Priority 3
Contractual Arrangements			0	1	0
Payment Process and Monitoring			0	0	0
Amendments to Standing data			0	1	0
Quarterly Monitoring Returns			1	0	0
Communication with the Social Care Team			1	0	0
Management Information			1	0	0

Please refer to the attached documents for a definition of the audit opinions, direction of travel, adequacy and effectiveness assessments and recommendation priorities.

Key Findings	Background
<ul style="list-style-type: none"> • From a sample of ten cases tested: <ul style="list-style-type: none"> ○ One agreement was not signed by the social worker; ○ The contract was signed after the agreed start date in two cases; and ○ One contract was signed but not dated by the social worker. • Two instances were identified where requests for changes to bank account details were sent via e-mail with no evidence of verification of whether the e-mail address was from a valid source; • Quarterly monitoring returns are submitted by the recipient of direct payments. These returns were not always supported by receipts and bank statements and therefore no assurance was gained that returns were accurate and that expenditure was appropriate; • One case was found where private money had been paid into the direct payment bank account; • Investigation of cases where variances or unusual balances are identified are not always undertaken due to resource restrictions in the Adult Social Services Teams. Furthermore, a record of cases investigated was not maintained; and • Management information relating to the use of direct payments is not provided to the Assistant Director, Adult Social Care. 	<ul style="list-style-type: none"> • A direct payment is a cash payment made to a service user who chooses to arrange their own care package rather than have directly managed services; • There are 358 users that receive direct payments from the London Borough of Hammersmith and Fulham; and • The total payment cycle for the four weekly period ending on 11 September 2011 was £368,379.

Summary of Findings

Contractual Arrangements

Service users sign an agreement before they can be set up on the system to receive direct payments. The contract is countersigned by a social worker. The contract outlines the scenarios in which the direct payment can be suspended. From a sample of ten cases tested:

- One agreement was not signed by the social worker;
- The contract was signed after the agreed start date in two cases; and
- One contract was signed but not dated by the social worker.

We were informed that these packages may have been backdated, resulting in the agreement being signed after the start date; however we were unable to confirm that this is an acceptable practice.

One recommendation has been raised as a result of our work in this area.

Payment Process and Monitoring

Payment amounts are based on a purchase order value recorded in the Frameworki system. From a sample of ten cases tested, we found that the weekly payment on the system was higher than the maximum weekly payment on the purchase order in four cases. Further investigation identified that this was due to a change in direct payment rates which is not automatically updated on the Purchase Order and therefore no recommendation has been raised. We were further informed that the Frameworki system shows the maximum amount paid in any week, including back dated pay.

Direct Payment cycles cover a four week period. The Finance Officer extracts a list of payment amounts by service user from Frameworki and compares it to a separate manually maintained expenditure spreadsheet. Payments with variances on individual accounts of more than £1 are rejected. The payment cycle is released for authorisation and is authorised by the Senior Accountant within the Community Services Finance Team. The payment is automatically uploaded on OLAS for payment. Any variances and errors are communicated to the Finance Team and rectified before the payment cycle is processed.

Manual payments can be made in cases where a Purchase Order has not been set up on the system. These are signed as certified by a member of staff and authorised by a manager. All five cases tested were appropriately certified and authorised.

Monthly direct payments expenditure is discussed as part of the budget monitoring cycle within the Community Services Department and communicated to the Assistant Director, Adult Social Care.

No recommendations have been raised as a result of our work in this area.

Amendments to Standing Data

New service users provide bank details to the Corporate Finance Team and a designated member of staff has the responsibility for inputting the details onto the CedAr system. Any requests for changes to payment details, including the bank details, should come from the service users. In two of four relevant cases tested, the requests for changes were provided via an e-mail sent from a third party and there was no verification process to confirm that the e-mail address was valid. We were informed that this is acceptable as a family member may manage the funds on behalf of the service user. However, there was no evidence of additional checks being undertaken to verify the requestor's identity or authority to request changes.

One recommendation has been raised as a result of our work in this area.

Quarterly Monitoring Returns

Service users are required to complete a quarterly monitoring return stating their bank account balance. The quarterly monitoring returns examined were not always supported by receipts and bank statements as this is not currently a requirement and there are no other controls to monitor income and expenditure on direct payment accounts.

Where quarterly returns indicate that more than two months worth of direct payments are held in the bank account, these cases are passed to the social care teams for investigation.

There is a requirement that a separate bank account is opened and used solely for direct payments income and expenditure. In one of ten cases tested the service user had paid private funds into the direct payments account. There was no evidence of investigation of this case to confirm why private funds were being paid into the account.

One recommendation has been raised as a result of our work in this area.

Communication with the Social Care Team

Social Workers are required to investigate cases where there is more than two months income in the account or where no quarterly returns have been provided to the Finance team. A list of cases to investigate is sent out to Social Work Teams quarterly. Discussions with one of the Social Care teams established that the list is not always up to date and that not all cases are investigated due to resource limitations and restructuring within the Social Care Teams.

Although discussions established that Frameworki is updated following investigations, a record of cases investigated and action taken was not maintained by the two social work teams contacted. Furthermore, there is no formal process and timetable for information flows between the social care teams and the Finance Team.

One recommendation has been raised as a result of our work in this area.

Management Information

The Assistant Director of Adult Social Care receives information about monthly direct payment expenditure; however, management information relating to the use of funds is not produced.

One recommendation has been raised as a result of our work in this area.

Acknowledgement

We would like to thank the management and staff of the Finance team within CSD for their time and co-operation during the course of the internal audit.

1. Direct payment agreements

Priority	Issue	Risk	Recommendation	
2	<p>From a sample of ten agreements tested:</p> <ul style="list-style-type: none"> One agreement was not signed by the social worker; The contract was signed after the agreed start date in two cases; and One contract was signed but not dated by the social worker. <p>We were informed that the packages may have been backdated, resulting in the agreements being signed after the start date; however we were unable to confirm that this is an acceptable practice.</p>	Where agreements signed by both parties are not in place before the start date of the package, there is a risk that the service users cannot be held to the conditions within the agreement.	<p>Staff should be instructed that contracts should be signed and dated in all cases prior to the agreed start date. Consideration should be given to spot checking a sample of cases to confirm that agreements have been signed prior to the agreed start date.</p> <p>Any cases where packages have been backdated should be investigated and their validity confirmed.</p>	
Management Response			Responsible Officer	Deadline
Agreed.			Senior Accountant – Care Packages	31/12/2011

2. Amendments to bank details

Priority	Issue	Risk	Recommendation	
2	<p>Requests for changes to bank account details may be sent via e-mail without verification of whether the e-mail address is from a valid source.</p> <p>From a sample of four amendments to standing data tested, two cases were identified where a request to change bank details was submitted by a third party.</p> <p>We were informed that a third party, including a family member, can manage the funds on behalf of a service user in cases where the service user does not have the capacity to do so. However, there was no evidence of additional checks being undertaken to verify the requestor's identity or authority to request changes.</p>	<p>Where the origin of e-mails requesting changes to bank details are not verified, there is a risk that these are not valid. Details may be fraudulently changed and payment may be made to individuals not entitled to receive payment.</p>	<p>Requests for changes to personal details should be accompanied with proof of the requestor's identity or further checks should be undertaken to confirm that the request is genuine.</p> <p>The Senior Accountant (Care Packages) should liaise with the Payments team to agree a protocol for making changes to personal details.</p>	
Management Response			Responsible Officer	Deadline
Agreed.			Senior Accountant – Care Packages	31/12/2011

3. Quarterly Monitoring

Priority	Issue	Risk	Recommendation	
1	<p>Recipients of direct payments are requested to submit quarterly monitoring returns for their direct payment bank account including:</p> <ul style="list-style-type: none"> • Opening balance; • Direct payment income received; • Independent Living Fund Income received; and • Closing balance. <p>Quarterly monitoring returns examined were not always supported by receipts and bank statements as this is not a requirement. There were no additional controls in place to monitor the use of direct payments.</p> <p>From a sample of ten cases tested, one case was identified where the service user had paid private funds into an account that should be used only for direct payments. There was no evidence of investigation of this case to confirm why private funds were being paid into the account. In two further cases, the balance was significantly higher than expected but there was no record of this being investigated.</p>	<p>Where monitoring of the use of direct payments is not undertaken, there is a risk that payments may not be used in line with the terms of the agreement or that exploitation of vulnerable service users may not be identified.</p>	<p>Consultation with the Council's Legal Services team; the Corporate Anti Fraud Service and other local authorities should be undertaken to establish whether there are any legal restrictions to obtaining bank statements and receipts from the recipients of direct payments.</p> <p>Subject to this consultation, bank statements and, where it is considered practical, receipts should be requested from service users to facilitate monitoring the usage of funds.</p> <p>In addition, staff should be reminded to:</p> <ul style="list-style-type: none"> • Be aware of, and report, potential misuse of the direct payments account when undertaking their reviews; and • Document the results of any investigations. 	
Management Response			Responsible Officer	Deadline
Agreed.			Senior Accountant – Care Packages	31/01/2011

4. Investigating Cases

Priority	Issue	Risk	Recommendation	
1	<p>Social Workers are required to investigate cases with more than two months income in the account or where no quarterly returns have been provided to the Finance team. A list of cases to investigate is sent out to Social Care teams quarterly. Discussions with one of the Social Care teams established that the list is not always up to date.</p> <p>Although discussions established that Frameworki is updated with any action taken following investigations, a record of cases investigated and action taken was not maintained by the two Social Care teams contacted. Furthermore, there is no formal protocol, or timetable, for information flows between the Social Care teams and the Finance Team.</p> <p>Discussions with one Social Care Team also established that not all cases are investigated due to resource shortages and current restructuring within the Social Care teams.</p>	<p>Where there is no record of cases investigated by social work teams there is reduced assurance that all required cases have been investigated, corrective action taken and systems updated to reflect any changes required.</p> <p>Where investigation of unusual activity is not undertaken, there is a risk that payments are not being used in line with the terms of the agreement and this may not be identified.</p> <p>Where there is no agreed protocol between the Finance team and Social work teams, there is a risk that:</p> <ul style="list-style-type: none"> • Potential cases of misuse of direct payments may not be identified and investigated; • Corrective action may not be taken to address instances of misuse; and • System data may be inaccurate. 	<p>The potential risk of misuse of direct payments should be considered and cases should be prioritised for investigation.</p> <p>The Finance team and Social Work teams should formulate a protocol for communicating the results of investigations including the procedures and timescales for:</p> <ul style="list-style-type: none"> • Reporting cases showing unusual activity to social work teams; • Investigating cases and taking any corrective action required (such as making amendments to care plans or reporting suspicious activity); • Communicating the results of investigations to the finance team and ensuring that systems are updated; and • Fraud involvement and social worker responsibility in investigating misuse of funds should be agreed. <p>Where it is not possible to investigate all cases, agreement should be reached on an acceptable level of checks based on the risk of misuse. This may involve a system of prioritising which cases to investigate or incorporating these checks into the six monthly review process.</p>	
Management Response			Responsible Officer	Deadline
Agreed.			Assistant Director – Adult Social Care	31/01/2011

5. Management Information

Priority	Issue	Risk	Recommendation	
1	Monthly direct payment expenditure is reported to senior management; however, there is no formal reporting of investigations conducted and cases of suspected of misuse of direct payments.	Where information on investigations conducted and cases of suspected misuse of direct payments is not reported to Senior Management, there is reduced assurance that direct payments are being used for their intended purpose.	<p>A summary of investigated cases and respective outcomes should be collated and reported to the Assistant Director of Adult Social Care at least bi-annually.</p> <p>This should include:</p> <ul style="list-style-type: none"> • Number of cases investigated; • A summary of cases of misuse or suspicion of misuse; • Number of suspended and terminated direct payments on Frameworki and reasons; and • Any cases transferred to the Corporate Anti Fraud team for investigation. 	
Management Response			Responsible Officer	Deadline
Agreed.			Assistant Director – Adult Social Care	31/01/2011

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system. The assurance level awarded in our internal audit report is not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

Deloitte & Touche Public Sector Internal Audit Limited

London

November 2011

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Final Internal Audit Report 2011/12

London Borough of Hammersmith and Fulham Client Affairs (Property Protection) November 2011

This report has been prepared on the basis of the limitations set out on page 13

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Introduction	<p>As part of the 2011/12 Internal Audit Plan, agreed by the Audit and Pensions Committee on 17 February 2011, we have undertaken an internal audit of Client Affairs (Property Protection).</p> <p>This report sets out our findings from the internal audit and raises recommendations to address areas of control weakness and / or potential areas of improvement.</p> <p>The agreed objective and scope of our work is set out in the Audit Brief issued on 10 August 2011.</p>
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Audit Opinion & Direction of Travel	None	Limited	Substantial	Full
				

Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
			Priority 1	Priority 2	Priority 3
Referrals			0	2	0
Recording of Items			0	3	0
Safeguarding of Premises and Items			0	2	0
Disposal of Items			1	0	0
Cessation of Property Protection		*	0	0	0

*Weaknesses in this area are identified in the recommendations for the other areas

Please refer to the attached documents for a definition of the audit opinions, direction of travel, adequacy and effectiveness assessments and recommendation priorities.

Key Findings	Key Statistics			
<ul style="list-style-type: none"> Procedure notes do not include all relevant procedures such as disposal of items; Property Record Receipts detailing the items collected were completed in five of five cases tested but were only signed off by one staff member; The referrals and property spreadsheets recording case details were not updated for all relevant cases; Items are stored securely in 145 King Street where only the Client Team have access but a periodic check to confirm all items are still present is not undertaken; Case status was not evidenced as reviewed in three instances and last review, as documented on the referral spreadsheet, was July 2011 in 17 instances. We were informed these are informally discussed; and Disposals are not authorised by the Principal Client Affairs Officer and disposal procedures are not included in the policies and procedures. 	Number of referrals			
	Ref Type	2009/10	2010/11	2011/12*
	Funeral	34	40	10
	Hospital Funeral	9	12	6
	Property Protection	48	43	23
Store Property protection	6	12	4	
Grand Total	103	111	46	
* referrals to end of July for 2011/12.				

Summary Findings**of Referrals**

A referral form (RS108) was provided to the Client Affairs Section in all five cases tested. A referral spreadsheet is completed but it is not updated on a regular basis and does not include information of who referred the case.

One recommendation has been raised as a result of our work in this area.

Recording of Items

The Client Affairs Service Policies and Procedures were updated in July 2011 but these have not yet been formally reviewed. The procedure notes do not include all relevant procedures such as disposal of items.

The items collected at the client property are recorded on the property record/receipt which includes the names of two Client Affairs Officers. However, the property record/receipts were signed by one officer only.

In addition, photographs should be taken of properties where a health and safety risk exists but this process is not reflected within the procedure notes.

Recommendations have been raised as a result of our work in this area.

Safeguarding of Premises and Items

Items are stored at 145 King Street or at Ravenscourt Park Storage free of charge. Collected cash is paid into the cashiers and paying in slips are retained on file. Items in two of five cases tested were not found in the storage. Discussions established that these were returned to the client but this was not documented.

During the audit we identified that a property spreadsheet detailing the storage location for items under each case was not updated to also include the disposal date, status of the case and case number.

In addition, periodic checks to confirm that the items are still in storage were not being undertaken.

Recommendations have been raised as a result of our work in this area.

Disposal of Items

Items to be disposed are provided to a dealer who disposes of them on behalf of the Council. The valuation and disposal procedures are not documented in the policies and procedures. In addition, the disposals are not authorised by the Principal Client Affairs Officer and records of these are not kept.

The Client Affairs team do not obtain evidence from the dealer demonstrating how much each item was sold for. In addition, the team have used the same dealer for approximately 20 years and have not reviewed the arrangement to confirm that it continues to offer value for money.

In all five cases tested, there did not appear to be any high value items as per the property records/receipts.

One recommendation has been raised as a result of our work in this area.

Cessation of Property Protection

Items returned to the client were not recorded on the referral spreadsheet and the status of client accounts were not reviewed on a regular basis across all cases.

One recommendation has been raised as a result of our work in this area.

Acknowledgement

We would like to thank the management and staff of the Client Affairs team for their time and co-operation during the course of the internal audit.

1. Review of Procedures

Priority	Issue	Risk	Recommendation	
2	<p>The Client Affairs Service Policies and Procedures were updated in July 2011, but these have not yet been formally reviewed.</p> <p>Furthermore, the following exceptions were identified:</p> <ul style="list-style-type: none"> The recording items process and the type of items that should be stored are not detailed within the procedure; Photographs were not taken in all cases as required by the Client Affairs Service Policies and Procedures. Photographs were only taken if the property was a health and safety risk assessment; The procedure states that items are stored for a month free of charge at Ravenscourt Park and then transferred to a central storage. This does not occur in practice, with three out of the five items tested having been stored up to 3 to 4 months and one out of five items for 7 months free of charge; and The disposal policies and procedures are not formally documented. 	<p>Where procedure notes are not regularly reviewed, updated and evidenced as such or do not contain guidance on all tasks undertaken, there is a risk that staff follow incorrect or out-of date working practices.</p>	<p>Procedure notes should be regularly reviewed and updated where appropriate. Evidence of this should be retained for example through the use of version control. The policies and procedures should be updated to include:</p> <ul style="list-style-type: none"> The correct procedure for taking photographs; The procedure for disposal of items, including retention periods and the nature of items to be retained; The requirement for two officers to sign off the property record/receipt where practical; How to complete the property receipt; How items should be recorded on the property spreadsheet; and Storage at Ravenscourt Park. 	
Management Response			Responsible Officer	Deadline
<p>Agreed. And all recommendations are implemented. The procedures have been updated and are attached. Details of the disposal of items are accessed via the referral register.</p>			Principal Client Affairs Officer	08/11/2011

2. Review of Referral Spreadsheet

Priority	Issue	Risk	Recommendation	
2	<p>Through examination of the referral spreadsheet, we identified the following exceptions:</p> <ul style="list-style-type: none"> • Columns that were not fully completed with current information; • Four out of five disposal dates were not recorded; and • Items returned are not recorded within the referral spreadsheet under the remarks column for all cases. 	<p>Where the referral spreadsheet is not updated, there is a risk that referrals are not processed promptly or at all. There is an additional risk that properties may not be secured promptly leading to a risk of theft, vandalism or hygiene issues with relation to perishable items.</p>	<p>The Client Affairs Officer should update the referral spreadsheet on a periodic basis for all relevant and required information.</p>	
Management Response			Responsible Officer	Deadline
Agreed... The recommendation is implemented.			Principal Client Affairs Officer	10/10/2011

3. Periodic review of property protection cases

Priority	Issue	Risk	Recommendation	
2	<p>Three out of the thirty one cases recorded on the referrals spreadsheet had no review dates recorded on the referral spreadsheet and the last review date was July 2011 in seventeen cases.</p> <p>Discussions established that all cases have been verbally discussed amongst the team on an ongoing basis but not formally documented within the referral spreadsheet.</p>	<p>Where referrals are not reviewed regularly, there is a risk that referrals are not promptly processed and premises are not secured.</p> <p>In addition, where review is not undertaken periodically, the need to cease property protection may not be identified.</p>	<p>Property Protection case review dates should be documented in the referral spreadsheet to evidence that a review has taken place.</p> <p>The cases should be reviewed on a monthly basis.</p>	
Management Response			Responsible Officer	Deadline
Agreed. The recommendation is implemented and the information can be accessed via the referral register.			Principal Client Affairs Officer	31/10/2011

4. Property record/receipt should be completed and signed by two Client Affairs Officers

Priority	Issue	Risk	Recommendation	
2	<p>For the five property protection cases tested, the following exceptions were identified:</p> <ul style="list-style-type: none"> Two of five property record/receipts tested were not completed by two officers. One of the cases (2693) relates to items that were brought in by a client but only verified by one officer. Another case (2681) had two visits but only one receipt form dated 13/07/2011. The visit on 27/05/2011 had an email confirmation of items found and was completed by one officer rather than two (case number 2681); and All five cases were signed by one Client Affairs Officer only. 	<p>Where it cannot be clearly demonstrated that items were recorded upon entering the premises by two officers, there is a risk that family members may accuse staff of stealing, damaging or failing to adequately secure items resulting in reputational damage and claims against the Council.</p>	<p>Two officers should be present when items are collected.</p> <p>Staff should be reminded that the property record/receipt should be signed by both Client Affairs Officers undertaking the visit / collecting items where practical.</p>	
Management Response			Responsible Officer	Deadline
Agreed & Implemented			Principal Client Affairs Officer	10/10/2011

5. Review of Property Spreadsheet

Priority	Issue	Risk	Recommendation	
2	<p>The five cases from the referral spreadsheet tested (2699, 2693, 2698, 2710 and 2681) could not be found on the Property spreadsheet.</p> <p>Discussions with the Principal Client Affairs Officer established that the spreadsheet may not have been updated with these cases. Two of these cases date back to May 2011.</p> <p>Furthermore, the property protection document was not password protected and was saved on the shared drive.</p> <p>It should be noted that information on property stored is recorded on individual property record/receipts.</p> <p>In addition, we could not establish the dates of when the items were stored in the cupboard, disposed and returned to clients.</p>	<p>Where the property spreadsheet is not kept up to date there is a risk that all items may not be accurately accounted for increasing the risk of loss or theft. Items may not be returned to clients appropriately or disposed of in a timely manner, which may result in reputational loss to the Council.</p>	<p>The property spreadsheet should be reviewed and updated to ensure all cases and property is recorded, including details of when the items were stored, disposed or collected.</p> <p>The document should be password protected to maintain integrity of the data and confidentiality of clients.</p>	
Management Response			Responsible Officer	Deadline
Agreed. & recommendation implemented. Can be accessed via the referral register.			Principal Client Affairs Officer	01/12/2011

6. Detailed case reports

Priority	Issue	Risk	Recommendation	
2	In two of the five cases, the items returned to the Social Worker or client could not be verified. Items were not present in storage and discussions established they had been returned; however this was not evident from the case report (cases 2699 and 2683).	Where case reports do not provide information on items collected or disposed of during the visit, there is a risk that items cannot be located and future family claims result in financial loss to the Council.	Staff should be reminded of the requirement to include a summary of items disposed of on the case report.	
Management Response			Responsible Officer	Deadline
Agreed. Now implemented. More detailed case reports being written.			Principal Client Affairs Officer	10/10/2011

7. Periodic checks on items within storage/cupboard

Priority	Issue	Risk	Recommendation	
2	Discussions established that periodic checks of items within the storage / cupboard against the Property spreadsheet records were not undertaken.	Where the items in storage are not periodically checked against the Property spreadsheet, there is a risk that stolen or moved items may not be identified promptly. This may lead to reputational loss where items cannot be returned to relatives.	Periodic checks of items within the cupboard/storage against the Property spreadsheet should be undertaken on a regular basis. Evidence of this check should be retained.	
Management Response			Responsible Officer	Deadline
Agreed. This has been implemented. With a review date in the referral register.			Principal Client Affairs Officer	01/12/2011

8. Item valuations and disposals

Priority	Issue	Risk	Recommendation	
1	<p>Items to be disposed of are provided to a dealer who disposes of the items and pays the Council the proceeds.</p> <p>Discussions established that:</p> <ul style="list-style-type: none"> Item disposals are not formally approved; The Client Affairs team do not obtain evidence from the dealer demonstrating how much each item was sold for; and The team have used the same dealer for approximately 20 years and have not reviewed the arrangement to confirm that it continues to offer value for money. <p>The team do not keep records of the items that have been disposed of.</p> <p>In all five cases tested, there did not appear to be any high value items as per the property records/receipts.</p>	<p>Where assets are not disposed of (sold/liquidated) in an appropriate manner, there is a risk that the maximum value of the items may not be realised or that these items should not have been disposed of.</p> <p>Where records of these disposals are not maintained, there is a risk that the Council may not be able to provide a full account of items that are no longer in storage.</p>	<p>Disposal of items and the disposal method should be subject to formal approval. Records of the items disposed of and disposal date should be maintained. This may be recorded on the Property Spreadsheet.</p> <p>Where items are to be sold through the dealer, a breakdown of item valuations should be requested and approved before proceeding with the sale.</p> <p>The arrangement with the current dealer should be reviewed to gain assurance that it continues to be an appropriate arrangement and offers value for money</p>	
Management Response			Responsible Officer	Deadline
Agreed. First two points of the recommendation. The arrangement with the dealer will be reviewed as part of the Tri-Borough Proposals in accordance with the Tri-Borough implementation timetable.			Principal Client Affairs Officer	1&2. 10/10/2011 3. 01/04/2013

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