Final Internal Audit Report
Greater London Authority
DMAG – Sundry Income
January 2009

This report has been prepared on the basis of the limitations set out on page 19.
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Executive Summary

Introduction

1. This audit forms part of the 2007/08 Internal Audit Plan, which has been approved by the Mayor and the Audit Panel. The plan entails a review of the current systems and controls operating over the generation, collection and recording of income received within the Data Management & Analysis Group (DMAG).

2. DMAG is a team of Statisticians and Researchers within Corporate Services dealing with various types of socio-economic and demographic data, its management, and analysis. They offer a range of professional and technical skills in the fields of statistics, research, demography, data presentation, and computing.

3. DMAG provides through its statistical analysis work, a source of income to the Authority. The budgeted income target for 2007/08 was valued at approximately £339,000.

4. Samples of prime source documents pertaining to the financial year 2007/08 have been selected and tested to evaluate the effectiveness of the controls in operation. A summary of the findings is contained within the following paragraphs.

Corporate Objectives and Business Planning

5. Corporate Objectives relating to DMAG income have been established within the GLA’s corporate plan and thus monitored by the Assembly’s budget monitoring and sub committees on a quarterly basis. Furthermore, DMAG’s annual budget forms part of the Corporate and Business plan, which is reviewed and revised on an annual basis.

6. Discussion with management highlighted that the GLA’s approved general fees and charges policy as per the MAF document (MA 2941) is used as a guide in terms of setting the fees and charges within DMAG. Examination of the approved documented policy identified that it specifically excluded fees and charges associated with income relating to contracts with external agencies; from which most of DMAG’s income is generated.

7. A detailed annual work plan for all the income areas with the exception of the LASS income was obtained. The annual work plan details the role of the team, 2007/08 work priorities and how the work programmes will be achieved. Whilst there is no documented business/annual work plan for the LASS income, it should be noted that this is a recently acquired service. Although the sole aim of DMAG is not to make profit, but to provide essential information to the public, audit examination of the MA2867 (approval for the transfer of LASS service from GOL to the GLA) identified the necessity for the service to develop a robust business plan including a charging policy for new developments. Development of a business plan, which is kept up to date, will help ensure that DMAG is able to effectively strategise how to go about attracting new clients, expanding its database and devising new and better ways of providing services to its clients.

Two recommendations have been raised as a result of our work in this area.
Operational Policy and Procedures

8. Our testing confirmed the existence of an operational procedure document that has been established to support the administrative practices specific within DMAG. This manual is accessible to members of the team via the shared drive.

9. Whilst audit identified that the GLA Financial Regulations and Finance Manual are used as a definitive guideline to support the generation, collection, recording and monitoring of income received by DMAG, as mentioned earlier we do recommend that DMAG develop a specific departmental operational policy manual.

One recommendation has already been raised as part of Corporate Objectives and Business Planning, and no further issues were identified.

Ad hoc Income

10. DMAG is commissioned to undertake both ad-hoc jobs and longer-term projects, which they use to help generate income. The income raised from these jobs is referred to as DMAG core (or main) income. Agreements are in place between the Authority and the client to ensure that all Service Provision income is agreed prior to provision of the service and is monitored to confirm receipt in a timely manner. The largest example of DMAG core income is projecting school rolls, used for forward planning. Twenty two London Boroughs have currently signed up to receive this service. Another source of DMAG core income is from annual contracts entered into with functional bodies, some of which include Coventry Partnership and Royal Borough of Windsor and Maidenhead to provide demography services.

11. All DMAG main income is identified on the DMAG income spreadsheet, which is used to identify the estimated gross and net income expected over the financial year.

12. Once the work/project requested by the customer has been completed, DMAG raises an invoice requisition, which is signed off by an authorised signatory within the department and then sent to Finance for processing as part of the sundry debtor procedures, which forms part of a separate internal audit.

13. A copy of the invoice requisition is sent to the DMAG Co-ordinator who retains the document within the department’s filing system. Any outstanding income should be chased for payment initially by the Finance Team and then by DMAG. The estimated income for 2007/08 and the actual income received is recorded on a spreadsheet and monitored to help ensure that the department is meeting its income target.

14. We were informed at the time of audit that there was no outstanding income at that time, however following discussions with Finance, a number of outstanding balances were identified dating back to 2005; in total nineteen invoices had income outstanding as at 3rd July 2008.

15. Sample testing undertaken during the audit for the school rolls projection identified that all income due to DMAG was being identified in a timely manner, with sufficient details to support the source of income, which was evident on the signed service level agreements and invoice requisition sent to finance to raise the invoices.
16. However, sample testing undertaken during the audit for the demography services provided, identified that whilst signed contracts with the functional bodies existed, an instance was identified where an agreed contract was not obtainable for one of the sample selected. Further examination of the contracts available identified that the contracts were drawn up by the clients and signed by the Head of DMAG. There was also no evidence to show that these contracts in question have been reviewed by the GLA’s legal department. It is essential that either DMAG develops a standard contract in conjunction with the GLA’s legal team or refer the contracts developed by the client to the legal team to review and approve before signing. This will help ensure that services provided by DMAG are in line with the Mayor’s objectives and that there are no legal loopholes that may be detrimental to the Authority in the future.

One recommendation has been raised following our review of this area.

Ordnance Survey Income

17. The GLA and Functional Bodies have entered into a contract with Ordnance Survey (OS) to purchase mapping data, organised by DMAG with support from the GLA’s Legal and Procurement teams. The GLA purchases the data on behalf of the London Development Agency (LDA) and Transport for London (TfL) as a tri-partite consortium.

18. DMAG recoup the majority of the expenditure by re-charging LDA and TfL and the income received is identified on the DMAG income spreadsheet, which is used to identify the estimated gross income, expected over the financial year. TfL have agreed to cover the majority of the cost with a contribution of 85.83% of the total OS charge. The GLA has agreed to contribute 7.42% and the LDA has agreed to pay 6.75%.

19. Audit testing confirmed there to be a licence agreement in place for mapping and/or data products provided by OS to the GLA, LDA and TfL which was found to be signed by all parties. The original agreement was valid until March 2008, and since this time two extensions have been agreed and signed by all parties; the first valid until September 2008, and the second valid until March 2009. Both extensions were found to have received Mayoral approval.

20. Audit testing further confirmed there to be an agreed memo of understanding between the GLA, LDA and TfL stating the terms and conditions of the contract with the OS, the agreed percentage split as mentioned above, the frequency of payments, the functions of each party etc. The memo of understanding is valid for the same duration as the license agreement with OS.

21. Audit testing identified there to be quarterly meetings held with the Client and the functional bodies in order to monitor the contract.

22. An examination of the amount recharged to LDA and TfL confirmed that the right amount was recharged to both TfL and LDA based on the agreed percentage split as stipulated in the Memo of Understanding. In addition, audit identified a robust procedure to be in place over the processing of invoices received from OS, to include evidence of supporting documents e.g. purchase order reference number, sales requisition form, valid invoice and covering letter sent to TfL and LDA.
No recommendations have been raised following our review of this area.

Census Consortium Income

23. The National Census of Population, organised by the Office for National Statistics (ONS) is taken every ten years and provides a wealth of data about London, and the next national census is due in 2011. The Census statistics are the basis of the population projections produced by the GLA and ONS which are essential to providing an accurate picture of London’s present and future populations, and determining their needs.

24. The GLA formed a consortium with the Functional bodies and the London Borough Councils to purchase the 2001 Census data from ONS as it was more cost effective. DMAG was responsible for handling the consortium purchase and licensing arrangements and also the distribution of data in the appropriate formats to consortium client.

25. The estimated cost of the 2001 Census purchase, including the data, hardware, software, training, advice, and SASPAC license, etc, was agreed in advance and as part of the consortium agreement. The GLA was responsible for providing these services to the various Borough Councils and Functional bodies. The GLA entered into a signed agreement, formalising the arrangements, charges to be paid for the services provided etc, and audit testing confirmed there to be documentary evidence of signed agreements on file. The total income of £435,000 due from the various Borough Councils and £215,000 to be paid between the GLA and Functional Bodies was received between the 2002/3 and 2003/4 financial year and every year the income is drawn down to provide the required services and any surplus is shown as a reserve in the GLA annual budget.

26. A review of the management account confirmed that the income due from the Borough Councils and Functional Bodies had been received in advance to be used for the 10 year duration to 2011 when the next population census will be conducted by ONS. This being the case, no income target was set for 2007/08 financial year, but the surplus income carried forward from the last financial year is recorded as a reserve that is drawn down until depletion. Therefore, no testing has been conducted in this area in relation to income generation.

No recommendations have been raised following our review of this area.

SASPAC Income

27. SASPAC is specialist software, developed primarily to interrogate the decennial census population undertaken by the UK Census Agencies, thus, helping to address the Mayor’s objectives and the needs of the GLA, Functional bodies and other London users.

28. The Improvement and Development Agency Government Management Board (IDeA), currently own the Intellectual Property Rights to the SASPAC software but the GLA manage and develop the software on their behalf. The GLA manages the support, maintenance and development of the SASPAC software project on behalf
of its users. These include the GLA, London Borough Councils, Health Authorities and a large majority of local authorities throughout the UK.

29. Presently, the SASPAC software is used to interrogate the 2001 decennial census population and it receives its funding directly from its users through an annual subscription fee. SASPAC has a development fund that is built-up during periods of high subscription (during the publication of the decennial census results) and drawn upon during periods of low subscription (the inter-census period).

30. DMAG receives income for any licence subscriptions made, upgrades and provisions for support and training. The income raised from licence subscriptions regarding SASPAC software is referred to as SASPAC income. Agreements are in place between the Authority and the clients to ensure that all SASPAC income owed is agreed upfront and received in a timely manner. During the course of the audit and discussions with the SASPAC Co-ordinator, it was noted that the annual subscription fees have not been subject to review since the software was developed to interrogate the 2001 decennial census.

31. Discussion with management identified that sales invoice requisitions were raised for all annual subscribers and new subscribers were required to sign a memorandum of commitment detailing the terms and conditions of the services. Audit testing confirmed the existence of completed and signed memos and that sales requisition forms were raised and authorised by the appropriate officer for all the samples selected and tested.

32. In terms of the SASPAC training provided by the SASPAC Co-ordinators, it is a requirement that booking forms are completed and sent over to DMAG prior to the provision of the training. This is to help ensure that the clients and DMAG are aware of what is expected of them, the content of the training and the terms and conditions of the training to be provided. Audit testing identified that only four sessions of training have been provided between April 2007 and the time of audit and in three of those cases booking forms had been maintained. Discussions with management noted that the completed booking form had actually been faxed through and that this had probably been filed in the wrong place or mislaid.

33. Whilst a monitoring spreadsheet maintained by the SASPAC Co-ordinator was evident for income planned and received, an examination of the spreadsheet identified that the information contained within the sheet was not clearly detailed therefore audit was unable to reconcile the information contained within it back to the summarised information maintained by the Business Coordinator and Finance. Furthermore, the spreadsheet did not clearly total the amount relating to new and existing subscribers and outstanding payments from last financial year and this year.

34. SASPAC services have been running for a considerable time now, and no formal agreements regarding the collection of income have been established in that time. Three recommendations have been raised following our review of this area.

**LASS Income**

35. The Local Analysts Support Site (LASS) service has been transferred from the Government Office for London (GoL) to the GLA with effect from 1st April 2007.
LASS provide a secure, internet-access database that holds London crime and community safety data together with some Census data. The service maintains the database by collating, standardising and cleansing data and making it available to analysts across London.

36. The LASS service is supported by core funding from the GLA group and provides a basic service, free of charge, to the Borough Councils.

37. However, it was identified that whilst the LASS service is provided free of charge, there are enhanced services which can be commissioned, for which a charge is incurred.

38. At the time of the audit, it was noted that prior to the transfer of LASS to DMAG, GoL had already agreed to provide enhanced services to two clients. We were unable to obtain documentary evidence relating to the agreement of the provision of the enhanced services to these clients. However, it should be noted that the MA 2867 that agreed the transfer of LASS to the GLA mentioned the existence of these clients.

One recommendation has been raised in this area following our review of this area.

Separation of Duties

39. Adequate separation of duties has been established within the operational procedures for the identification of income, request/raising of debtor invoices, and receipt of income. The DMAG department raises the initial income requisition, this is then authorised by a separate authorised signatory within the department. The invoice is sent to Finance who process the invoice on the open accounts system and receipt any payment due.

40. Sample testing undertaken during the audit identified that adequate separation of duties has been established and the effectiveness of the separation of duties is clearly apparent within all of the various income source administration roles identified.

No recommendations have been made following our review of this area.

Management Monitoring and Reporting

41. The Business Co-ordinator maintains an income summary on an excel spreadsheet to track the planned, receipted and outstanding income.

42. Monthly outstanding debtors reports are issued by Finance for the Business Co-ordinator to compare against the information held within DMAG spreadsheet records, and in order that corrective action can be implemented. However, it was identified that the outstanding debtor report was not always sent through to DMAG and examination of the report highlighted some variances between the outstanding debtor report and the information maintained by DMAG, which could not be confirmed as identified and resolved. Recommendations relating to the monitoring of outstanding debt have not been raised in this report as this has been covered in the Sundry Debtor Audit 2007/08.
43. In addition to the outstanding report sent over to DMAG from Finance, the Financial Accountant produces monthly financial reports to identify all income that has been received during the month from each of the four cost centres, and identified any income outstanding. The DMAG Co-ordinator meets on a monthly basis with the Financial Accountant to discuss performance during the month and identify outstanding debtors where necessary.

44. Audit testing identified that monthly financial reports were being produced and an overall report was being presented to the Head of DMAG containing a summary of the total DMAG income received and due. It was evident from the reports that achievement of projected income targets was being monitored on a regular basis.

No recommendations have been made following our review of this area.

Audit Opinion – Substantial Assurance

Evaluation Opinion: While there is a basically sound system there are weaknesses, which may put some of the system objectives at risk.

Testing opinion: There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Observations and Recommendations

The recommendations from the report are presented here as a table to assist you with the implementation of change.

In order to assist management in using our reports, we categorise our recommendations according to their level of priority.

**Priority 1** - major issues for the attention of senior management.

**Priority 2** - other recommendations for local management action.

**Priority 3** - minor matters.
## Corporate Objectives and Business Planning

**1. DMAG Fees and Charges**

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Rationale</th>
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<tbody>
<tr>
<td>DMAG should develop a fees and charging policy specific to those elements of DMAGs service’s that are not addressed within the GLA’s approved fees and charges policy.</td>
<td>The existence of a fees and charging policy will enable a clearer and more consistent approach towards fees and charges agreed with the various clients/functional bodies. Furthermore, a documented fees and charges policy will enable DMAG to budget its expected income more effectively.</td>
</tr>
<tr>
<td>The drafted policy should be formally approved and made accessible to staff members.</td>
<td>We found that there was no centralised charging policy within the DMAG team to provide guidance for the collection of income for the provision of services and goods for all external agencies or functional bodies. In the absence of a documented fees and charges policy, there is an increased risk that charges may be raised inconsistently and not in a timely manner. Ultimately there is an increased likelihood of financial loss being experienced by the Authority.</td>
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<tr>
<td>The policy should be subject to annual review to ensure that it is fit for purpose and relevant.</td>
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</table>

### Management response: Head of Data Management and Analysis Group

I don’t accept the rationale. There is a GLA Fees and Charges policy easily accessible on the GLA intranet. It indicates a flat hourly rate for DMAG staff undertaking ad hoc work, and a 100% concession for all core programme work produced for London Boroughs and Functional Bodies. Conversations with the Head of Financial Services have confirmed that he is keen to avoid separate local schemes, while supportive of a degree of fine tuning to meet DMAG needs. (For instance, some tenders need to demonstrate a difference between differing grades of staff. In the case of the long-established school rolls projection work, the charges are governed by a formula as additional subscribers join the scheme.)

The principles of what concession should be made to FBs and LBs are currently under review at a high level. When the results are clearer, an updated GLA policy should be posted. For now, the policy is adequately clear and accessible, and meets the concerns of the Head of Financial Services.

#### Additional Internal audit comment

The proposal to review the current policy and to have one centralised policy is agreed.

**Implementation date: August 2009.**
## 2. Business Plan for LASS Agreement

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<tr>
<th>Recommendation</th>
<th>Rationale</th>
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<tr>
<td>DMAG should develop a robust business plan for the LASS service. The business plan should be subject to formal approval and annual review.</td>
<td>The existence of a robust business plan will help ensure that DMAG is able to plan its resources towards achieving the corporate objectives and meeting its income target. It will also enable the team to focus on key qualitative factors. Currently, there is no documented business plan / annual work plan for the LASS income, due to it being a recently acquired service. In the absence of a robust business plan within DMAG, there is a risk that management may not effectively monitor its performance or waste time performing inefficient operations.</td>
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### Management response: Head of Data Management and Analysis Group

There is a clear work plan that has been presented to the LASS steering group. It is accepted that the financial elements need to be improved before it could be viewed as a full business plan. It is proposed that such a plan, once prepared, would be annually presented to the steering group for formal approval. However, this may need to wait until the present reviews are completed, and the implications for LASS of the new administration’s priorities on crime data and crime mapping become clear.

**Additional Internal audit comment**

A copy of the work plan has been obtained and evidenced. It is agreed this is a basis for a business plan, which is agreed to be prepared.

Implementation date: August 2009.
### Ad hoc Core Income

#### 3. Signed and agreed contracts

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<tr>
<th>Recommendation</th>
<th>Rationale</th>
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<tr>
<td>It is recommended that either DMAG develops a standard contract for all clients in conjunction with the legal team or refer the contracts developed by the client to the legal team for approval before agreeing to it. It is also recommended that an agreed contract is obtained from all clients prior to the provision of services.</td>
<td>The existence of a signed contract agreement with clear terms and conditions, ensures that there is clear and coherent understanding of the contractual arrangements. Audit testing identified that contracts were drawn up by clients and signed by the Head of DMAG without any evidenced input from the legal team. An isolated case was also noted where audit was unable to obtain a copy of the agreed contract between DMAG and the client. Where the contracts are not reviewed and agreed by the appropriate Officer with the required expertise, there is a risk that DMAG may be agreeing to inappropriate terms and conditions that are not in line with the corporate objectives of the Authority.</td>
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**Management response: Head of Data Management and Analysis Group**

Standard contracts have been investigated in the past, and found highly problematic. Not least, customers usually insist on their own form of contract. Most of our contracts are for small amounts, and will not sensibly bear a large overhead of legal input.

Given that risks to the GLA are minimal, the Head of Legal has expressed her satisfaction with the status quo, provided that copies of such contracts are given to Legal – which we have undertaken to do. The Head of Financial Services has also expressed his support for this approach, for small contracts up to £5k.

**Additional Internal audit comment**

It is agreed that review of contracts by Legal Services would mitigate the risk identified for contracts above £5k.

Implementation date: April 2009.
4. Collection of aged debts  (Priority 2)

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<tr>
<th>Recommendation</th>
<th>Rationale</th>
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<tbody>
<tr>
<td>It is recommended that DMAG assist Finance in the chasing of aged debts.</td>
<td>The involvement of DMAG in chasing aged debts may help to increase the volume of payments collected.</td>
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<tr>
<td>A responsible officer should be assigned for regular monitoring of such debts and liaison with Finance to help resolve payment issues.</td>
<td>At the time of audit we were advised by the Research and Statistical Analyst that no aged debts were outstanding for invoices raised. However following a meeting with Finance, it was identified that nineteen invoice dated in 2006 and 2007 were still owed to the GLA; eight of these were dated 2005 and 2006 without any input from the legal team. Without DMAG assistance in chasing aged debts, there is an increased risk that a greater volume of payments are not received, that debts which should be written off are not identified due to being irrecoverable, and that further services are provided for which payments are unlikely to be collected.</td>
</tr>
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</table>

Management response:  Head of Data Management and Analysis Group

DMAG does assist Finance in the chasing of aged debts. Any anomalies are probably attributable either to a failure by DMAG to inform Finance which SASPAC debts should be written off, or a failure by Finance to amend their records in response to such information. DMAG will ensure that such information is formally recorded as soon as confirmation is received from the debtor.

Implementation date: April 2009.
# SASPAC Income

## 5. SASPAC Booking forms

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<th>Recommendation</th>
<th>Rationale</th>
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<tr>
<td>It is recommended that completed booking forms and supporting documents confirming training to be provided are obtained and maintained on file.</td>
<td>Retaining completed booking forms will help to ensure that DMAG has access to the agreed terms and specific information relating to the client. Audit identified an isolated instance where the completed booking form from one client was not maintained on file. Where completed booking forms are not maintained on file, management may not be able to refer back to signed and agreed terms in the event of disputes.</td>
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### Management response: Head of Data Management and Analysis Group

This was, as the rationale states, an isolated incident and does not merit a specific recommendation. DMAG naturally recognises the importance of good record keeping, and will aim for 100% accuracy.

Implementation date: April 2009.
### 6. Annual Subscriptions  

**Recommendation**

<table>
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<tr>
<th>Recommendation</th>
<th>Rationale</th>
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<tbody>
<tr>
<td>There should be an annual review of SASPAC subscriptions.</td>
<td>The review of subscriptions annually will help to ensure they are appropriate for the services provided.</td>
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<td></td>
<td>The annual subscription fees have not been subject to review since the software was developed to interrogate the 2001 decennial census.</td>
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<td></td>
<td>Without an annual review of subscriptions, there is an increased risk of inadequate income being collected.</td>
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</table>

**Management response: Head of Data Management and Analysis Group**

The SASPAC subscription is reviewed regularly, at approximately annual intervals. We will ensure that from now on this is formally recorded in the minutes of our regular Census Strategy Meetings. However, the issues are rather more complex than the audit appears to recognise: the critical point is that there is a ten-year cycle to census work, and increasing the price now would be akin to raising the price of Xmas cards in mid-summer. Further, market considerations apply: there are alternative approaches (eg online services, other software) which wax and wane over the years, and we try to maintain user numbers in the quiet period, not only to generate income but to retain position and influence with ONS.

Implementation date: June 2009.
7. SASPAC monitoring sheet

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<th>Recommendation</th>
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<tr>
<td>It is recommended that the budget projection sheet is further developed into a working document that is clear and easy to follow.</td>
<td>This will ensure that the department is able to maintain an independent record that can be reconciled to the information provided by Finance to help ensure that all income is received in full. Whilst a monitoring sheet maintained by SASPAC Co-ordinator was evident, an examination of the spreadsheet identified that it could not be reconciled back to the information maintained by the Business Co-ordinator and the information provided by Finance. Furthermore, the spreadsheet does not separate the total balances for outstanding income, income relating to prior years, invoices raised in the current financial year and cancelled subscriptions. Where information contained within the monitoring sheet is not explicit, there is an increased risk that income is not fully identified and requisitioned.</td>
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**Management response: Head of Data Management and Analysis Group**

Agreed. It is worth adding however, that we can only do this now because we spend considerable time and effort tracking and recording every SASPAC invoice we raise.

Implementation date: April 2009.
## LASS Income

8. LASS Agreement

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<th>Recommendation</th>
<th>Rationale</th>
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<tr>
<td>It is recommended that the required supporting documents and agreements relating to the provision of the services are obtained and maintained.</td>
<td>Maintenance of original service agreements with all clients helps to ensure that management is aware of the terms and conditions of services to be provided and income due. Audit identified from the LASS Income Code that enhanced services have been provided to two clients, but we were unable to obtain documentary evidence detailing the terms of the agreement, the income charged and time scale. Discussions with the Business Co-ordinator identified that the LASS services have been transferred to the GLA from the GoL and the agreement to provide the enhanced services was already established before the transfer. Currently, DMAG does not have copy of these agreements. In the absence of a formal agreed document in place there is a risk that DMAG may not be able to verify and justify the level of services provided and income due in the event that a disagreement occurs.</td>
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### Management response: Head of Data Management and Analysis Group

There have been (and continue to be) regular meetings with the two clients concerned. Not only have they expressed general contentment with the way the project has gone, but they have also paid. We have, up until now, still been unable to secure the original documents from GoL, but will continue to attempt to set this straight. Any future DMAG/LASS contracts will ensure full documentation.

Implementation date: August 2009.
Appendix 1 - Audit Framework

Audit Objectives

The audit was designed to ensure that management has implemented adequate and effective controls over the administration and management of the DMAG – Sundry Income within the Authority.

Audit Approach and Methodology

The audit approach was developed by an assessment of risks and management controls operating within each area of the scope.

The following procedures were adopted:

- identification of the role and objectives of each area;
- identification of risks within the systems, and controls in existence to allow the control objectives to be achieved; and
- evaluation and testing of controls within the systems.

From these procedures we have identified weaknesses in the systems of control, produced specific proposals to improve the control environment and have drawn an overall conclusion on the design and operation of the system.

Areas Covered

Audit work was undertaken to cover controls in the following areas:

- Corporate Objectives and Business Planning
- Operational Policy and Procedures
- Ad-hoc Income
- Ordnance Survey Income
- Census Consortium Income
- SASPAC Income
- LASS Income
- Separation of Duties
- Management Monitoring and Reporting

Management should be aware that our internal audit work was performed according to the Institute of Internal Auditors - UK and Ireland standards which are different from audits performed in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board.

Similarly, the assurance/assessment gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.
Appendix 2 - Staff Interviewed

We would like to thank all staff that provided assistance during the course of this audit, and in particular:

Head of DMAG
DMAG Co-ordinator
Assistant Research and Statistical Analyst
SASPAC Co-ordinator
Central Finance Team
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

St Albans

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