

MINUTES OF THE CORPORATE COMMITTEE MEETING HELD ON THURSDAY, 15 SEPTEMBER 2022, 7PM-9.40PM

PRESENT:

Councillors: Amin, Mark Blake, Rossetti, Abela, Adje, Culverwell, Diakides (chair), Dogan (vice-chair), Jameson, Mahbub, and Simmons-Safo

ALSO ATTENDING:

Kaycee Ikegwu (Head of Finance & Housing), Minesh Jani (Head of Audit & Risk Management), Tim Mpofu (Head of Pensions & Treasury), Claire McCarthy (Assistant Director of Strategy, Communications, & Collaboration), Barry Phelps (Head of Procurement), Benita Edwards (Assistant Head of Legal Services), Ray Gard (external assessor), and Jack Booth (Principal Committee Co-ordinator).

1. FILMING AT MEETINGS

The chair referred to the notice of filming at meetings and this information was noted.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Mason, Hannah Parker from external auditors Mazars, and David Eagles external auditor for BDO.

3. URGENT BUSINESS

There was no urgent business.

4. DECLARATIONS OF INTEREST

There were no declarations of interest.

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

There were no deputations.

6. MINUTES

The chair made a motion for items 12 and 13 on the agenda to be taken after item 7. This was seconded by the vice-chair and agreed by the committee.

The committee noted the action tracker which tracked actions from the previous meeting. The Principal Committee Co-ordinator was asked to go through the minutes of the last two years to find any outstanding actions (**Action: Jack Booth**).

RESOLVED

- a. That the minutes of the Corporate Committee meeting held on 21 July 2022 be confirmed and signed as a correct record.
- b. To move agenda items 12 and 13 up the agenda, so they became agenda items 8 and 9.

7. PROCUREMENT INTERNAL AUDIT UPDATE 2020/21

The Head of Procurement gave an update on the three audit reports about procurement that were assigned limited assurance from the internal audit for 2020/21. The following was outlined:

- There was limited progress that had been made on the audit reports. This was primarily because of a dependency on the current procurement system, which would be updated and improved with the new procurement system that was due to be introduced;
- The new procurement system would cover the following areas:
 - o Procurement activity;
 - o Contract management and performance; and
 - o Payments.
- The implementation of the new procurement system was delayed. The council were in the process of tendering for this system, which would be in-line with audit recommendations. The council were unable to implement recommendations due to either significant cost or the inability of the current procurement system to meet the recommendations suggested.

In response to questions the Head of Procurement and Head of Audit & Risk Management gave the following responses:

- Regarding the process of credit checking for contracts, he assured the committee that the Procurement Team did credit checks routinely for all procurements above £160,000. Contracts below £160,000 were managed within the services, the Procurement Team did not have direct oversight of how these procurements were followed;
- The Procurement Team were looking at bringing in a revised operating model that would bring in a lower value spend giving greater oversight on smaller sized contracts;
- The assumption that the new procurement system would not be implemented until the end of 2023 was correct;
- Audit areas that were assigned with limited assurance would be followed up on to ensure that controls had been established;
- The gaps in the council's current procurement technology were created through completing certain processes manually. These would be resolved with the new procurement technology through automating these processes. For example, credit checks were currently carried out manually, with the new system this process could be automated.
- Implementation of procurement technology had been delayed partially due to difficulties in the procurement of the procurement technology. The Procurement Team were now tendering across the whole of the market;
- In terms of financial delegation this was handled through the scheme of delegation outlined in the council's constitution. In terms of ensuring the

appropriate level of sign off, approvals were conducted within the council's current procurement system;

- The Procurement Team were beginning to engage with co-production. Recently they had engaged with residents around a procurement process, this would be built upon as this mechanism developed in the service;
- The Head of Procurement did not have the information to hand regarding the number of contracts that had three quotations or the number of contracts that had over a single bidder **(Action: Barry Phelps)**;
- The service would ensure that the cabinet member responsible for procurement, Councillor Williams, was informed of developments around the procurement of the new procurement system;
- At appendix 1 in the table titled 'Arrangements for letting contracts', a committee member noted that the wording should be active not passive to provide committee members with additional assurance. For example, to use 'ensure' rather than 'consider' **(Action: Barry Phelps)**;
- There were a number of local authorities looking at new procurement systems, it was a process that had been discussed with the Heads of Procurement London wide. The service was looking to adopt best practice, integrating elements of the existing system with the new system where possible;
- For procurements above £160,000 the Head of Procurement had a considerable amount of oversight. For procurements under £160,000, there were still checks and balances, these were limited since it was not possible to have the degree of oversight needed on these procurements. Hopefully, the new system would lower the amount of risk in these lower value procurements;
- The chair summarised the discussion, stating that serious problems had been highlighted. Cuts in funding in local government had caused issues outlined. However, audits suggested there was more that the council could be doing and that the answers given in the report could be improved upon, as they appeared both vague and dismissive, with an over reliance on technological solutions. He felt that suggestions around more input from councillors and residents would provide additional safeguards in the system, while mitigating unwarranted criticism. It was suggested that an informal group be set up with the Head of Procurement, the Head of Audit & Risk Management, and the CEO to ensure that issues around procurement were resolved in a timely manner **(Action: Minesh Jani)**;
- The chair asked the Head of Procurement if it would be useful to have a committee/ sub-committee that were involved in significant procurement contracts over a certain level. The chair underlined that he would rather a group of councillors, than a single councillor decide these contracts. The Head of Procurement felt that it was important to have the parameters of a procurement established before it went out to tender. The Assistant Head of Legal Services relayed that it was important for members to be involved in decision making particularly for key decisions, which were defined as contracts with a value of over £500,000. The terms of reference for the Corporate Committee did not include decision making on procurement. It was noted that councillors could discuss with senior officers particularly contracts that they wished to understand more about; and
- The committee asked the Head of Procurement to assess the feasibility of setting up internal contracts register by the end of 2022. Additionally, to look into bringing any other actions forward, where possible, before the planned

implementation date of the procurement software at the end of 2023 (**Action: Barry Phelps**).

RESOLVED

To note the updates on the action items from the 2020/2021 internal audits shown in Appendix 1.

8. DRAFT STATEMENT OF ACCOUNTS 2021-22 AND PROVISIONAL PLAN FOR AUDIT 2021-22

This item was previously item 13 on the published agenda.

The Head of Finance & Housing gave a verbal update on the Draft Statement of Accounts 2021-22 and the Provisional Plan for Audit 2021-22, outlining the following points:

- The audits of 2020-21 accounts have not been progressed;
- The audits of 2020-21 comprises of: the council's main audits; pension fund audit; and housing benefit audit.
- The service had agreed with their audit partner to allocate extra resources to complete the pension fund and housing benefit audits by November. It was planned that all audits would be completed before the end of 2022; and
- 2021-22 draft accounts were affected by the delayed publication of the 2020-21 draft accounts. Opening balances had been assumed from the previous year, and subsequently agreed with auditors. It was not common practice to go through draft accounts with auditors before publication; however, due to the situation the council were in the service would be going through the draft accounts with auditors in the coming weeks.

Committee members made comments on the verbal update. The following was noted:

- The chair summarised the importance of having the accounts signed off within timescales, underlining the importance of meeting agreed deadlines where possible;
- Committee members commented that verbal updates were not acceptable. All agenda items should have a report attached to them for accountability and transparency purposes, allowing members of the public to be able to understand the context and purpose of discussion;
- A committee member commented that the failure to sign off the accounts for 2020-21 was a failure of the district auditor, who could not audit the council's accounts. Therefore, the penalties that were incurred for local authorities for late submission of accounts, did not apply in this instance. This was because the failure to sign off the accounts was extraneous to the council. Haringey Council was also not alone in this situation;
- The chair relayed that he had received a letter from the district auditor which covered the points raised by the committee member. He suggested that this letter be circulated with committee members with the proviso that it was not shared beyond the committee (**Action: Kaycee Ikegwu**);
- A committee member asked that all officers presenting agenda items attend the meeting in person; and

- Committee members collectively stressed that the accounts should be signed off as soon as possible.

RESOLVED

To note the verbal update.

9. TREASURY MANAGEMENT QUARTER 1 2022-23 UPDATE

This item was previously item 12 on the published agenda.

The Head of Treasury Management gave an update on the Treasury Management Quarter 1. He relayed that the Council had adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) requires the Council to approve reports on the performance of the treasury management function at least twice yearly (mid-year and at year end). The Council's Treasury Management Strategy for 2022/23 was approved by Full Council on 1 March 2022. This report provides an update to the Committee on the Council's treasury management activities and performance in the three months to 30 June 2022 in accordance with the CIPFA Treasury Management Code of Practice.

In response to questions the Head of Treasury Management gave the following answers:

- The council were prepared for future potential economic instability through having regular meetings with the service's advisors. Loans taken last year were at a low interest rate. This meant that there was not need to add to existing borrowing. However, there was an increasing challenge if interest rates continued to remain at the current level, as this would affect future borrowing;
- The advice from advisors was that while interest rates were currently high, it was expected that they would decrease over the next 12-18 months. The way that the borrowing portfolio has been handled historically has inbuilt flexibility within the council's borrowing strategy. From a budgetary position the council were within budget in terms of borrowing. It was noted that the speed of capital programmes would impact the cash flow position of the council going forward;
- A committee member asked for the number of apprentices the council employed. The Principal Committee Co-ordinator followed up that this was an issue dealt with at a recent Staffing and Remuneration Committee meeting. He said that he would send the public minutes of this meeting to the committee member (**Action: Jack Booth**); and
- The cost of borrowing has increased through inflation and the rise in interest rates from central banks. If inflation stayed high, then interest rates would continue to rise, creating a challenging environment for borrowing in the future.

RESOLVED

- To note the Treasury Management activity undertaken during the three months to 30 June 2022 and the performance achieved which is attached as Appendix 1 to this report; and

- b. To note that all treasury activities were undertaken in line with the approved Treasury Management Strategy.

10. INTERNAL AUDIT PROGRESS REPORT

The Head of Audit & Risk Management highlighted that the report detailed 1.1 This report details the work undertaken by Internal Audit in the quarter ending 30 June 2022 and focuses on progress on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised – work undertaken by the external provider (Mazars). 2. Cabinet Member Introduction

In response to questions the Head of Audit & Risk Management gave the following answers:

- For Haringey schools the council carried out an audit of each school every four years. The areas looked at included: financial management; financial control; accounting for income; procurement; and expenditure. The purpose of these audits was to ensure that basic financial controls were in place. Timelines for specific school audits at fieldwork stage could be sent to Councillor Abela **(Action: Minesh Jani)**.

RESOLVED

To note the audit coverage and follow up work completed.

11. INTERNAL AUDIT PLAN

The Head of Audit & Risk Management outlined that the Corporate Committee were responsible for reviewing and approving the internal audit plan including any changes as part of its Terms of Reference.

In response to questions the Head of Audit & Risk Management gave the following answers:

- The service had audited the repairs function for Homes for Haringey. It was given an inadequate level of assurance. Homes for Haringey had been audited last year, the recommendations were being followed up on, a paper would be brought to the next committee meeting outlining the outcome of those recommendations. **(Action: Minesh Jani)**;
- It was important that there was an effective repairs function for residents in council owned properties. Ensuring this was part of what was known as a responsive repair audit. It was noted that there were significant gaps in the way that the repair function was managed. The summary that was presented to the Homes for Haringey Audit Committee would be shared with committee members **(Action: Minesh Jani)**;
- The service had carried out an audit of cyber security for three consecutive years. The last audit on cyber security was in the summer of this year, which assigned it limited assurance. At the request of the chair the Head of Digital Services would be invited to the next meeting on 15 November 2022. They would discuss how they had progressed of actions in the summer 2022 audit **(Action: Minesh Jani/ Jack Booth)**. Cyber security audit had been put back to 2023/24 as it was important to give Digital Services an opportunity to

address all the actions outlined in the latest audit. In the meantime, there would be a follow-up audit this year of cyber security, as opposed to a full audit;

- When devising the audit plan two factors were considered. Firstly, measuring risk, and secondly understanding the assurances assigned to that risk. The service had information on the locality of where risk was assigned; however, risk was considered borough wide; and
- The internal audits that were deferred for 2021/22 to 2022/23 were: Business Continuity Planning; Residential Placements; Child Protection Places; and Management and Inspection of Trees. They were deferred so that they could be given balanced consideration. New Audit areas identified for 2022/23 were: New Rivers Leisure Centre; and New Parking System implementation, parking permit and system's controls. The former had been assigned nil assurance; the future audit looked to assess the gaps identified had been closed. The latter was a new system, it was important to ensure that it had necessary key controls in place.

RESOLVED

To approve the updated Annual Internal Audit Plan for 2022/23 (Appendix B) and the proposed changes to the plan (Appendix A).

12. QUARTERLY FRAUD UPDATE (APRIL - JUNE 2022)

The Head of Audit & Risk Management relayed that the report detailed the work undertaken by the in-house Audit & Risk Team, detailing the work plan for 2022/23.

In response to questions the Head of Audit & Risk Management gave the following answers:

- Where the council procures over £160,000, which was the bottom limit of the tendering process, the Strategic Property team had greater oversight and engagement. Part of this greater oversight meant extensively vetting contractors in conjunction with the council's policies. For example, in relation to the Anti-Bribery Policy, the council would use its discretion in excluding organisations convicted of failing to prevent bribery. For contracts below £160,000 this oversight was not always possible, as systems were not yet robust enough to identify issues, such as those detailed above; and
- The right to buy was a cumbersome process due to the legislation around it. There were numerous stages to go through. The council had introduced a stage, for due diligence purposes, where an officer carried out checks that the person buying the property was intending to live at that property. This stage could be intrusive; however, this was to ensure that the process was robust to mitigate against housing fraud. It was asked by a committee member if the right to process could be sent to committee members, the chair followed up that a member training could be done around this **(Action: Claire McCarthy)**.

RESOLVED

To note the activities of the team during quarter one of 2022/23.

13. ANTI-FRAUD AND CORRUPTION STRATEGY

The Head of Audit & Risk Management summarised that as part of the 2017 UK Public Sector Internal Audit Standards (PSIAS), Haringey Council ensured that there were appropriate processes for the reporting and investigation of allegations of fraud and corruption. The Corporate Committee was responsible for Anti-fraud and Corruption arrangements as part of its Terms of Reference. To provide assurance that the corporate policy was consistent with relevant regulations and other best practice requirements, it was reviewed on a regular basis.

RESOLVED

To agree the Corporate Anti-Fraud and Corruption Strategy and the following policies:

- Fraud Response Plan;
- Whistle-blowing Policy;
- Sanctions Policy;
- Anti-money Laundering Policy; and
- Anti-bribery Policy.

14. UPDATE ON THE RENAMING OF BLACK BOY LANE

The Assistant Director of Strategy, Communications, & Collaboration gave an update on the plans to rename Black Boy Lane to La Rose Lane. The implementation of the name change was for 23 January 2023. The report outlined the progress of renaming, as well as the how the council would support the needs of residents of the street.

In response to questions the Assistant Director of Strategy, Communications, & Collaboration gave the following responses:

- The cabinet were formally responsible for finalising the voluntary payments to residents of the street; and
- The decision on the sum of the voluntary payment was an officer recommendation, which was agreed by the committee. There was no requirement for a voluntary payment to be made to residents, other local authorities had not made payment to residents for road name changes. The payment was recommended after a process of resident engagement, thereby acknowledging the upheavals residents may experience because of the name change.

RESOLVED

To note plans for the implementation of the name change.

15. NEW ITEMS OF URGENT BUSINESS

To consider any items of urgent business as identified at item 3.

16. DATES OF FUTURE MEETINGS

To note the dates of future meetings:

Tuesday, 15 November 2022

This meeting will consider the following agenda items:

- Polling districts and Polling Places Review (Lesley Rennie)
- Update on progress of actions in cyber security audit report (Head of Digital Services)
- External Audit Plan 2021-22 (Kaycee Ikegwu)
- Treasury Management Update Mid-Year Report 2022-23 (Tim Mpofu)
- Audit & Risk Service Update for Quarter Two [July - September 2022] (Minesh Jani, Vanessa Bateman)
- Internal Audit Progress Report (Minesh Jani, Vanessa Bateman)
- Homes for Haringey update on audit recommendations (Minesh Jani, Vanessa Bateman)

Thursday, 2 February 2022

This meeting will consider the following agenda items:

- Polling districts and Polling Places Review (Lesley Rennie) [this has been moved from the November meeting to this meeting];
- Treasury Strategy Training (Tim Mpofu);
- Treasury Strategy (Tim Mpofu);
- External Audit Plan 2021-22 (BDO, Kaycee Ikegwu); and
- Provisional Plan for Audit 2021-22 (Kaycee Ikegwu).

Tuesday, 28 March 2023

This meeting will consider the following agenda items:

- Treasury Management Update for Quarter Three (Tim Mpofu);
- Audit & Risk Quarter Three Progress Report (Minesh Jani, Vanessa Bateman);
- Annual Internal Audit Plan, Strategy, & Charter 2022-23 (Minesh Jani, Vanessa Bateman); and
- Verbal Update on 2021-22 Audit Progress (Minesh Jani, Vanessa Bateman).

All meetings to commence at 7pm.

CHAIR: Councillor Isidoros Diakides

Signed by Chair

Date