

NOTICE OF MEETING

AUDIT COMMITTEE

Thursday, 20th July, 2023, 7.00 pm - George Meehan House, 294 High Road, N22 8JZ (watch the live meeting [here](#) and watch the recording [here](#))

Members: Councillors Ibrahim Ali, Kaushika Amin, Cathy Brennan, Eldridge Culverwell (Vice-Chair), Mary Mason (Chair), Ajda Ovat and Alessandra Rossetti

Quorum: 3

1. FILMING AT MEETINGS

Please note this meeting may be filmed or recorded by the Council for live or subsequent broadcast via the Council's internet site or by anyone attending the meeting using any communication method. Members of the public participating in the meeting (e.g. making deputations, asking questions, making oral protests) should be aware that they are likely to be filmed, recorded or reported on. By entering the 'meeting room', you are consenting to being filmed and to the possible use of those images and sound recordings.

The Chair of the meeting has the discretion to terminate or suspend filming or recording, if in his or her opinion continuation of the filming, recording or reporting would disrupt or prejudice the proceedings, infringe the rights of any individual, or may lead to the breach of a legal obligation by the Council.

2. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

3. URGENT BUSINESS

The Chair will consider the admission of any late items of Urgent Business. (Late items will be considered under the agenda item where they appear. New items will be dealt with under item 10 below).

4. DECLARATIONS OF INTEREST

A member with a disclosable pecuniary interest or a prejudicial interest in a matter who attends a meeting of the authority at which the matter is considered:

(i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and

(ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Register of Members' Interests or the subject of a pending notification must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interests are defined at Paragraphs 5-7 and Appendix A of the Members' Code of Conduct.

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

To consider any requests received in accordance with Part 4, section B, Paragraph 29 of the Council's Constitution.

6. TREASURY MANAGEMENT UPDATE REPORT - OUTTURN 2022/23 (PAGES 1 - 14)

The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve treasury management reports on a semi-annual and annual basis.

7. ANTI-FRAUD AND CORRUPTION PROGRESS REPORT 2022/23 - QUARTER 4 (PAGES 15 - 20)

This report details the work undertaken by the in-house resources in the Audit and Risk team and communicates a final update on completion of the work plan for 2022/23.

8. DRAFT ANNUAL GOVERNANCE STATEMENT 2022/23 (PAGES 21 - 56)

To inform the Audit Committee of the statutory requirements to produce an Annual Governance Statement for 2022/23 (AGS) and to provide a draft statement relating to the 2022/23 financial year for review and approval.

9. ANNUAL INTERNAL AUDIT REPORT 2022/23 (PAGES 57 - 128)

To inform Members of the overall adequacy and effectiveness of the system of internal control and risk management operating throughout 2022/23 and present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other bodies.

10. NEW ITEMS OF URGENT BUSINESS

11. DATES OF FUTURE MEETINGS

21 September
14 November
1 February
7 March

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Wednesday, 12 July 2023

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Report for: Audit Committee – 20 July 2023

Item number: 6

Title: Treasury Management Update Report – Outturn 2022/23

Report authorised by: Josephine Lyseight, Assistant Director of Finance (Deputy S151 Officer)

Lead Officer: Tim Mpofu, Head of Finance – Pensions and Treasury
tim.mpofu@haringey.gov.uk

Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non Key decision

1. Describe the issue under consideration

- 1.1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve treasury management reports on a semi-annual and annual basis.
- 1.2. The Council's Treasury Management Strategy for 2022/23 was approved by Full Council on 1 March 2022. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.
- 1.3. This report provides an update to the Audit Committee on the Council's treasury management activities and performance during the financial year ending 31 March 2023, in accordance with the CIPFA Code.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

The Audit Committee is requested:

- 3.1. To note the treasury management activity undertaken during the financial year to 31 March 2023 and the performance achieved which is attached as Appendix 1 to this report.
- 3.2. To note that all treasury activities were undertaken in line with the approved Treasury Management Strategy.

4. Reason for Decision

4.1. Not applicable.

5. Other options considered

5.1. Not applicable.

6. Background information

6.1. The Council's treasury management activity is underpinned by CIPFA's Treasury Management in Public Services: Code of Practice (the CIPFA Code), which requires local authorities to produce annually, Prudential Indicators and a Treasury Management Strategy Statement. CIPFA has defined Treasury management as: "The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

6.2. The CIPFA Code recommends that members are informed of treasury management activities at least twice a year. Following an amendment to the Council's constitution in 2023, it was determined that the reviewing and monitoring of treasury policy, strategy and activity is delegated to the Audit Committee. This Committee will continue to receive treasury update reports quarterly.

6.3. However, overall responsibility for treasury management remains with full Council, and the Council approved the Treasury Management Strategy Statement and set the Prudential Indicators for 2022/23 on 1 March 2022. The Audit Committee is responsible for monitoring treasury management activity, and this can be achieved through the receipt of the quarterly, mid-year and annual reports.

6.4. Government guidance on local authority treasury management states that local authorities should consider the following factors in the order they are stated:

Security - Liquidity - Yield

6.5. The Treasury Management Strategy reflects these factors and is explicit that the priority for the Council is the security of its funds. However, no treasury activity is without risk and the effective identification and management of risk are integral to the Council's treasury management activities.

Economic Background

6.6. The economic backdrop during the financial year was characterised by high energy and commodity prices which resulted in sustained higher levels of inflation. Central banks, including the Bank of England, increased interest rates and committed to fighting inflation, despite the potential for recessions in their respective regions.

6.7. As a result, the Bank of England raised the Bank Rate from 0.75% in March 2022 to 4.25% by March 2023. At the time of writing the Bank Rate was currently at 5.00%.

6.8. Further details on the implications of this can be found in section 2 of Appendix 1 to this report.

Borrowing Activity

6.9. The Council's primary object when borrowing is to balance low interest costs with cost certainty over the period for which funds are required. In keeping with this objective, the Council has undertaken £130m of new borrowing to date. This amount was reduced by £12.1m in repayments on existing loans which were allowed to mature without immediate replacement.

6.10. The cost of borrowing has increased significantly for both short-term and long-term debt. The table below shows the increase in the benchmark gilt yields during the period.

Benchmark Gilt Yield	Apr-22	Jun-22	Sep-22	Dec-22	Mar-23
5 year	1.41%	1.89%	4.70%	3.62%	3.36%
10 year	1.61%	2.35%	4.51%	3.67%	4.49%
20 year	1.82%	2.60%	4.86%	4.03%	3.82%

6.11. Further details on the borrowing activity of the Council over the period can be found in section 4 of Appendix 1 to this report.

Treasury Investment Activity

6.12. In accordance with the CIPFA Code and government guidance, the Council aims to strike an appropriate balance between risk and return, when making treasury investments. The aim is to prioritise the security and liquidity of its investments before seeking the optimum rate of return or yield.

6.13. During the period, the overnight deposit rates from both, the Debt Management Account Deposit Facility (DMADF) and Money Market Funds (MMFs), increased from around 1% in April 2022 to 4% by the end of March 2023. The table below shows how the Council's current Treasury investments compare with other local authorities.

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Ave. Maturity (Days)	Rate of Return
31.03.2022	4.46	AA-	44%	110	0.06%
31.12.2023	3.67	AA-	38%	10	3.96%
Similar Local Authorities	4.71	A+	64%	32	3.81%
All Local Authorities	4.71	A+	60%	12	3.67%

6.14. Further details on the Council's treasury investment activity over the period can be found in section 5 of Appendix 1 to this report.

Treasury Management Prudential Indicators

6.15. The Council measures and manages its exposures to treasury management risks using several indicators that are set when the Treasury Management Strategy is approved in advance of the new financial year.

6.16. The Chief Finance Officer reports that all treasury management activities carried out during the year were fully compliant with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy.

6.17. A more detailed assessment of the Council's compliance with the agreed upon Treasury Management Indicators can be found in section 8 of Appendix 1 to this report.

7. Contribution to Strategic Outcomes

7.1. None.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

8.1. Finance Comments are included throughout the attached report.

Legal

8.2. The Head of Legal Services has been consulted on the content of this report which is consistent with legislation governing the financial affairs of the Council. In particular, the Council must comply with the requirements of the Local Government Act 2003, the Local Authorities (Capital Financing & Accounting – England) Regulations 2003 and the CIPFA Treasury Management code.

8.3. In considering the report Members must take into account the expert financial advice available to it and any further oral advice given at the meeting of the Committee.

Equalities

8.4. There are no equalities issues arising from this report.

9. Use of Appendices

9.1. Appendix 1 – Treasury Management Outturn Report 2022/23

10. Local Government (Access to Information) Act 1985

10.1. Not applicable

Appendix 1 - Treasury Management Outturn Report 2022/23

1. Introduction

- 1.1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual reports.
- 1.2. The Council's treasury management strategy for 2022/23 was approved at a full Council meeting on 1 March 2022. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

2. External Context (provided by the Council's treasury management advisor, Arlingclose)

Economic background

- 2.1. The ongoing conflict in Ukraine continued to keep global inflation above central bank targets and the economic outlook for the UK remained relatively weak with the chance of a mild recession. The economic backdrop during the January to March period continued to be characterised by high energy and commodity prices, high inflation, and the associated impact on household budgets and spending.
- 2.2. Central bank rhetoric and actions remained consistent in combating inflation. During the period, the Bank of England, US Federal Reserve, and European Central Bank all increased interest rates, even in the face of potential economic slowdowns in their respective regions.
- 2.3. The annual Consumer Price Index (CPI) measure of UK rose sharply during the financial year, reaching a high of 11.1% in October 2022. The largest upward contributions came from food and housing. The table below shows an extract of the reported CPI inflation throughout the financial year.

	Jun-23	Sep-23	Dec-23	Mar-23
CPI Inflation	9.4%	10.1%	10.5%	10.1%

- 2.4. In March 2023, the UK government announced further support for household energy bills by placing a cap on what energy suppliers could charge. This was in response to the decision to reverse some of the support previously announced under Liz Truss' leadership, by Rishi Sunak led UK government. The cap, which lasts until the end of June 2023, was announced just in time to prevent typical household bills from rising to £3,000 a year from April 2023.
- 2.5. The labour market remained tight, although there was some ongoing evidence of potential loosening at the end of the period. The table below shows an extract of the reported annual unemployment rate throughout the financial year.

	Jun-23	Sep-23	Dec-23	Mar-23
Unemployment rate	3.8%	3.6%	3.7%	3.9%

- 2.6. Nominal earnings were strong throughout the year, with earnings growth in December 2022 to February 2023 at 5.7% for both total pay (including bonuses) and 6.5% for regular pay. However, once adjusted for inflation, both measures were negative for that period and have remained so throughout most of the year.

- 2.7. Although household budgets remain under pressure, consumer confidence increased in March 2023. Quarterly Gross Domestic Product (GDP) was soft throughout the year, illustrating a resilient but weak economic picture. The annual growth rate in Q4 2022 was 0.6%.
- 2.8. The Monetary Policy Committee (MPC) implemented rises at every subsequent meeting over the period, with recent hikes of 50bps in December and February, followed by a 25bps increase in March, taking the Bank Rate to 4.25%. The table below shows an extract of the Bank of England's Bank Rates throughout the financial year.

	Jun-23	Sep-23	Dec-23	Mar-23	Current Rate
BoE Bank Rate	1.25%	1.75%	3.5%	4.25%	5.00%

- 2.9. The Monetary Policy Committee (MPC) implemented rises at every subsequent meeting over the period, with recent hikes of 50bps in December and February, followed by a 0.25% increase in March, taking the Bank Rate to 4.25%.
- 2.10. In May 2023, the MPC voted by a majority of 7-2 to increase the Bank Rate by 0.25% with two MPC members preferring to maintain the Bank Rate at 4.25%. The Committee noted that inflationary pressures remain elevated, and growth is stronger than expected in the May Monetary Policy Report.
- 2.11. After reaching 9.1% in June, annual US inflation has slowed for eight consecutive months and reached 6% in February. During this period, the Federal Reserve increased interest rates at each Federal Open Market Committee meeting, ultimately bringing policy rates to a range of 4.75% - 5.00% at the March meeting.
- 2.12. The Eurozone's CPI inflation has decreased steadily from its record high of 10.6% in October to 6.9% in March 2023. Although energy prices have fallen, upward pressure came from food, alcohol, and tobacco. During this period, the European Central Bank continued to increase interest rates, raising rates by 0.50% in March. As a result, the deposit facility rate increased to 3.0% and the main refinancing rate increased to 3.5%.

Financial markets

- 2.13. Uncertainty continued to drive financial market sentiment, with bond yields remaining relatively volatile due to concerns about elevated inflation and higher interest rates. There were also worries about the likelihood of the UK entering a recession and how long the Bank of England would continue to tighten monetary policy. Towards the end of the period, fears about the health of the banking system increased following the collapse of Silicon Valley Bank in the US and the purchase of Credit Suisse by UBS, causing further volatility in financial markets.
- 2.14. During the period, benchmark gilt yields in the UK increased significantly. The table below shows the movement of the major benchmark gilt yields throughout the period.

Benchmark Gilt Yield	Apr-22	Jun-22	Sep-22	Dec-22	Mar-23
5 year	1.41%	1.89%	4.70%	3.62%	3.36%
10 year	1.61%	2.35%	4.51%	3.67%	3.49%
20 year	1.82%	2.60%	4.86%	4.03%	3.82%

- 2.15. The Sterling Overnight Index Average Rate (SONIA) averaged 2.24%

Credit review

- 2.16. In October 2022, Fitch revised the outlook on the UK sovereign from stable to negative. Moody's made the same revision to the UK sovereign, and swift followed up with a similar

move for a number of local authorities and UK banks, including Barclays Bank, National Westminster Bank (and related entities), and Santander.

- 2.17. During the last few months of the reporting period, there were only a few credit changes by rating agencies. However, in March, the collapse of Silicon Valley Bank (SVB) in the US quickly led to worries of a wider banking crisis as Credit Suisse encountered further problems and was bought by UBS.
- 2.18. Credit default prices had been rising since the beginning of the period due to the invasion of Ukraine. In the UK, prices rose even further in September/October, coinciding with the then-government's mini budget. Although CDS prices had been falling after this, the fallout from SVB caused a spike due to heightened uncertainty. By the end of the period, prices had moderated somewhat as fears of contagion subsided, but many remained above their pre-March 2022 levels, reflecting ongoing uncertainty.
- 2.19. As a precautionary measure, Arlingclose has reduced its recommended maximum duration limit for unsecured deposits from all UK and Non-UK banks/institutions on its counterparty list to 35 days. However, no changes have been made to the names on the list.
- 2.20. As market volatility is expected to remain a feature in the near term, the institutions and durations on the Council's counterparty list recommended by Arlingclose are constantly under review.
- 2.21. Local authorities are still facing financial pressures, but Arlingclose maintains a positive view of the sector and considers their credit strength to be high. Only a handful of authorities with specific issues have issued Section 114 notices. While Arlingclose's advice for local authorities on its counterparty list remains unchanged, a degree of caution is warranted with certain authorities.

3. Local Context

- 3.1. On 31 March 2023, the Council had net borrowing of £783.3m arising from its revenue and capital income and expenditure. The Capital Financing Requirement (CFR) measures the underlying need to borrow for capital purposes. A breakdown of the CFR is summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.03.22 Actual £m	31.03.23 Actual £m
General Fund CFR	567.9	720.4
HRA CFR	404.6	471.1
Total CFR¹	972.5	1,191.5
Less: Other debt liabilities ²	(26.8)	(22.0)
Borrowing CFR - comprised of:	945.7	1,169.5
External borrowing	700.4	783.3
Internal borrowing	274.1	386.2

¹subject to audit

²finance leases, PFI liabilities and transferred debt that form part of the Council's total debt

- 3.2. The Council continued to pursue its long-standing strategy of keeping borrowing and investments below their underlying levels, also known as internal borrowing, in order to reduce risk and keep interest costs low.
- 3.3. The treasury management position on 31 March 2023 and the change over the year is shown in Table 2 on the next page.

Table 2: Treasury Management Summary

Type of Borrowing/Investment	31.03.22 Balance £m	Movement £m	31.03.23 Balance £m	31.03.23 Weighted Av. Rate %
Long-term borrowing	600.4	117.9	718.3	3.02%
Short-term borrowing	100.0	(35.0)	65.0	3.16%
Total borrowing	700.4	82.9	783.5	3.03%
Short-term investment	5.0	10.0	15.0	3.46%
Cash and cash equivalents	66.2	12.7	78.9	4.05%
Total investments	71.2	22.7	93.9	3.96%
Net borrowing	629.2	60.2	689.4	

4. **Borrowing Activity**

- 4.1. CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial returns. It is not prudent for local authorities to make investment or spending decisions that will increase the capital financing requirement which may result in new borrowing unless they are directly and primarily related to the functions of the local authority. Local authorities can no longer secure PWLB loans to purchase investment assets primarily for yield unless these loans are for refinancing purposes.

Borrowing strategy during the period

- 4.2. As outlined in the treasury strategy, the Council's primary objective when borrowing is to strike an appropriately low-risk balance between securing lower interest costs and achieving cost certainty over the required period, with the secondary objective of flexibility to renegotiate loans should the Council's long-term plans change. The Council's borrowing strategy continues to address the key issue of affordability without compromising the long-term stability of the debt portfolio. Where feasible, the strategy aims to maintain borrowing and investments below their underlying levels, which is sometimes referred to as internal borrowing.
- 4.3. The cost of both long and short-term borrowing increased significantly over the year, with rates at the end of March 2023 being around 2%-4% higher than those at the start of the financial year. Rate increases have been driven primarily by inflation, and the need for central banks to control it by raising interest rates. In September 2022, there were particularly dramatic rate increases after the UK government under Liz Truss announced several unfunded tax cuts and additional borrowing to fund consumer energy price subsidies as part of the "mini budget". Over a 24-hour period, the rates offered on some Public Works Loan Board (PWLB) loans increased to as much as 6%. At the time of writing, rates had fallen from the September peaks but remained volatile and well above recent historical norms for the remainder of the financial year.
- 4.4. The table below shows the increase in rates offered across the various PWLB maturities on 31 March 2023. The rates shown are included the 0.20% certainty discount rate offered by the PWLB to qualifying authorities.

PWLB Maturity	Apr-22	Mar-23
10 year	2.49%	4.33%
20 year	2.67%	4.70%
30 year	2.59%	4.66%

- 4.5. On 15 March 2023, a new HRA PWLB rate was announced. This rate will offer a further 0.40% discount to the currently available certainty rate. This discounted rate is intended to support local authorities in borrowing for Housing Revenue Accounts and the delivery of social housing. The discounted rate is available from June 2023 for a minimum of one year.
- 4.6. As part of its strategy for funding previous and current years' capital programmes, the Council held £783.3 million in loans on 31 March 2023, an increase of £82.1 million compared to 31 March 2022. The outstanding loans on 31 March are summarised in Table 3 below.

Table 3: Borrowing Position

Type of Borrowing	31.03.22	Net Movement £m	31.03.23	31.03.23	31.03.23
	Balance £m		Balance £m	Weighted Ave. Rate %	Weighted Ave. Maturity years
Public Works Loan Board	475.4	117.9	593.3	2.67%	25.9
Banks (LOBO)	125.0	0.0	125.0	4.72%	37.2
Local authorities	100.0	(35.0)	65.0	3.16%	0.4
Total borrowing	700.4	82.9	783.3	3.03%	25.6

- 4.7. In keeping with the Council's treasury management strategy, £130m of new long-term borrowing was undertaken during the period. This amount was reduced by £12.1m in repayments on existing loans which were allowed to mature without immediate replacement.
- 4.8. The Council has a significant capital program that extends into the foreseeable future. A large proportion of this program will be financed by borrowing, which the Council will have to undertake during the current and upcoming years.
- 4.9. The Council's borrowing decisions are not based on any single outcome for interest rates, and it maintains a balanced portfolio of short and long-term borrowing.

LOBO Loans

- 4.10. The Council continues to hold £125m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during the year.

5. Treasury Investment Activity

- 5.1. On 20 December 2021, CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes. These documents define treasury management as investments that arise from the organisation's cash flows or treasury risk management activity, ultimately representing balances that need to be invested until the cash is required for use in the course of business.
- 5.2. The Council holds significant invested funds, which represent income received in advance of expenditure, as well as balances and reserves. Throughout the year, the Council's investment balances ranged between £93.3m and £38.0 million due to timing differences between income and expenditure. The investment position on 31 March 2023 is shown in Table 5 on the following page.

Table 4: Treasury Investment Position

Type of Investment	31.03.22 Balance £m	Net Movement £m	31.03.23 Balance £m	31.03.23 Weighted Ave. Rate %	31.03.23 Weighted Ave. Maturity days
Debt Management Office	66.2	27.7	93.9	3.96%	10
Local authorities	5.0	(5.0)	-	-	0
Total borrowing	71.2	22.7	93.9	3.96%	10

- 5.3. Both the CIPFA Code and government guidance require the Council to invest its funds prudently, taking into account the security and liquidity of its treasury investments before seeking the optimum rate of return or yield. The Council aims to strike an appropriate balance between risk and return when making treasury investments, while minimising the risk of incurring losses from defaults and receiving unsuitably low investment income.
- 5.4. The Bank of England's Bank Rate has increased from 0.75% at the beginning of the financial year to 4.25% at the end of March 2023. Short-date cash rates, which had ranged between 0.70% - 1.50% at the beginning of April 2022, rose by around 3.50% for overnight/7-day maturities and 3.30% for 6–12-month maturities.
- 5.5. At the end of March 2023, the Debt Management Account Deposit Facility's (DMADF) deposit rates ranged between 4.05% and 4.15%. The sterling Low Volatility Net Asset Value (LVNAV) Money Market Funds offered a return ranging from 0.9% to 1.1% p.a. in early April 2022, increasing to 3.8% and 3.9% by the end of March.
- 5.6. The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Ave. Maturity (Days)	Rate of Return
31.03.2022	4.46	AA-	44%	110	0.06%
31.12.2023	3.67	AA-	38%	10	3.96%
Similar Local Authorities	4.71	A+	64%	32	3.81%
All Local Authorities	4.71	A+	60%	12	3.67%

Scoring:

AAA = highest credit quality = 1; D = lowest credit quality = 26

Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

6. Treasury Performance

- 6.1. The Council measures the financial performance of its treasury management activities in terms of its impact on revenue budget as shown in Table 6 below.

Table 6: Treasury Performance

	Actual £m	Budget £m	Over/under £m
General Fund borrowing	8.6	11.3	(2.7)
HRA borrowing	13.6	14.9	(1.3)
Total borrowing	22.2	26.2	(4.0)
Total treasury investments	1.4	0.1	1.3

- 6.2. The budget for treasury investment income for 2022/23 was set at £75k, based on a treasury investment portfolio of £15m at an interest rate of 0.50%. However, over the course of the year, treasury investments generated an average rate of return of 2.05% with an average investment portfolio balance of £73.9m. This was largely due to the Bank of England increasing the base rate during the year, as well as the Council holding larger cash balances as a result of new long-term borrowing and receiving larger than expected government grants.

7. Non-Treasury Investments

- 7.1. The definition of investments in CIPFA's revised 2021 Treasury Management Code includes all the financial assets of the local authority, as well as other non-financial assets that the local authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes or (made explicitly to further service objectives) or for commercial purposes (made primarily for financial return).
- 7.2. The Investment Guidance, issued by the Department for Levelling Up Housing and Communities (DLUHC) and Welsh Government, broadens the definition of investments to include all assets held partially or wholly for financial return.

8. Compliance

- 8.1. The Chief Finance Officer reports that all treasury management activities carried out during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy.
- 8.2. Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 7 below.

Table 7: Debt Limits

	31.03.23	2022/23	2022/23	
	Actual	Operational	Authorised	Complied?
	£m	Boundary	Limit	
		£m	£m	
Borrowing	783.3	1,236.0	1,286.0	Yes
PFI and Finance Leases	23.4	23.4	25.7	Yes
Total debt	806.9	1,259.4	1,311.7	Yes

- 8.3. The operational boundary is a management tool for in-year monitoring. Therefore, it is not significant if the operational boundary is breached on occasion due to variations in cash flow, and this is not considered a compliance failure. However, the council's debt remained well below this limit throughout the entire financial year.

9. Treasury Management Indicators

- 9.1. The Council measures and manages its exposures to treasury management risks using the following indicators.

Security

- 9.2. The Council has adopted a voluntary measure to assess its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. To calculate this score, a value is assigned to each investment based on its credit rating (AAA=1, AA+=2, etc.), and the arithmetic average is taken, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	31.03.23 Actual	2022/23 Target	Complied?
Portfolio average credit score	3.67 (AA-)	7.0 (A-)	Yes

Liquidity

- 9.3. The Council has adopted a voluntary measure to monitor its exposure to liquidity risk. This is done by tracking the amount of cash available to meet unexpected payments over a rolling three-month period, without borrowing additional funds.

	31.03.23 Actual	2022/23 Target	Complied?
Total cash available within 3 months	88.9	10.0	Yes

Interest Rate Exposures

- 9.4. This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

	31.03.23 Actual	2022/23 Target	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£0.3m	£1m	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£0.3m	£1m	Yes

- 9.5. The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

Maturity Structure of Borrowing

- 9.6. This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	31.03.23 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	15.7%	50%	0%	Yes
12 months and within 24 months	5.6%	40%	0%	Yes
24 months and within 5 years	4.3%	40%	0%	Yes
5 years and within 10 years	6.8%	40%	0%	Yes
10 years and within 20 years	12.5%	40%	0%	Yes
20 years and within 30 years	5.8%	40%	0%	Yes
30 years and with 40 years	19.2%	50%	0%	Yes
40 years and within 50 years	30.0%	50%	0%	Yes
50 years and above	0.0%	40%	0%	Yes

- 9.7. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.
- 9.8. In the past, the Council has extensively used short-term borrowing (less than 1 year in duration) from other local authorities as an alternative to longer-term borrowing from the PWLB. This was due to lower interest rates at the time, resulting in revenue savings.
- 9.9. However, short-term borrowing exposes the Council to refinancing risk. This is the risk that rates will rise quickly over a short period of time, and will be at significantly higher rates

when loans mature and new borrowing is required. With this in mind, the Council has set a limit on the total amount of short-term local authority borrowing as a proportion of all borrowing.

	31.03.23 Actual	2022/23 Target	Complied?
Upper limit on short-term borrowing from other local authorities as a percentage of total borrowing	8.3%	30%	Yes

Principal Sums Invested for Periods Longer than a year

- 9.10. The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2022/23	2023/24	2024/25
Actual principal invested beyond year end	nil	nil	nil
Limit on principal invested beyond year end	£10m	£10m	£10m
Complied?	Yes	Yes	Yes

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Report for: Audit Committee – 20 July 2023

Item number: 7

Title: Anti – Fraud & Corruption Progress Report 2022/23 – Quarter 4

Report authorised by: Director of Finance

Lead Officer: Minesh Jani, Head of Audit and Risk Management and Vanessa Bateman, Deputy Head of Audit and Risk Management

Ward(s) affected: N/A

**Report for Key/
Non-Key Decision: Information**

1. Describe the issue under consideration

1.1 This report details the work undertaken by the in-house resources in the Audit and Risk team and communicates a final update on completion of the work plan for 2022/23.

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 The Audit Committee is recommended to note the activities of the team during quarter four of 2022/23.

4. Reasons for decision

4.1 The Audit Committee is responsible for monitoring the effectiveness of the policies on Anti-Fraud and Corruption and receiving assurance with regard the Council's internal control environment and mechanisms for managing fraud risk. To facilitate this, progress reports are provided on a quarterly basis for review and consideration by the Audit Committee with regards Anti-Fraud & Corruption.

5. Alternative options considered

5.1 Not applicable.

6. Background information

6.1 The information in this report has been compiled from information held by Audit & Risk Management.

7. Contribution to strategic outcomes

7.1 The Audit & Risk team makes a significant contribution through its pro-active work in ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all key priority areas.

8. Statutory Officers comments - Chief Finance Officer and Head of Legal & Governance (Monitoring Officer)

8.1 Finance and Procurement

There are no direct financial implications arising from this report.

8.2 Head of Legal & Governance (Monitoring Officer)

The Head of Legal and Governance has been consulted in the preparation of this report, and in noting the progress made with delivering the audit work plan for 2022/2023, and the activities undertaken in relation to risk management and anti-fraud, advises that there are no direct legal implications arising out of the report.

8.3 Equality

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation.
- advance equality of opportunity between people who share those protected characteristics and people who do not.
- foster good relations between people who share those characteristics and people who do not.

The Audit & Risk team is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010 and this is built into the team's operational procedures. Ensuring that the Council has effective counter-fraud arrangements in place will assist the Council to use its available resources more effectively.

9. Local Government (Access to Information) Act 1985

Not applicable.

10. Performance Management Information

- 10.1** Local performance targets have been agreed for Audit and Risk Management, these are reported against in the sections below.

11. INTRODUCTION

- 11.1 This report covers the period from 1 January 2023 to 31st March 2023 and summarises the work of the Audit & Risk Service in relation to anti-fraud and corruption.
- 11.2 The work of the team is driven by the Council's Anti-Fraud & Corruption Strategy which was approved in September 2022. The Strategy is supported by a fraud risk assessment and operational work plan, which is annually reviewed. The only change to the work plan, in year, is we have moved some resources over to focus on Blue Badge fraud.
- 11.3 The Fraud resources within the Audit & Risk Service consists of a Head and Deputy Head of Audit & Risk, six Fraud Investigators, and the Assistant Investigator post, which is being held vacant while the structure of the service is considered.

12. ANTI-FRAUD ACTIVITY

- 12.1 The team undertakes a wide range of anti-fraud activity and has two performance indicators to monitor its work relating to tenancy fraud and the right to buy fraud. These targets have in the past been consistently achieved, although since 2020 and the impact of COVID-19 the indicators have been more difficult to achieve, though delivery against target has substantially recovered to pre covid levels. There is a recognition that over the last year, there has been a significant increase in the number, type and scale of frauds the team is responding to, and this has put pressure on the deliverables of the team. The housing fraud outcomes in particular are affected. The increase in internal cases and our inclusion of blue badge cases has reduced the resources available for housing fraud. A proposal for a future structure of the team is being discussed with Senior Management.
- 12.2 Financial values are assigned to these outcomes based on the discounts not given and the estimated value of providing temporary accommodation to a family. The Audit Commission, when in existence, valued the recovery of a tenancy, which has previously been fraudulently occupied, at an annual value of £18,000, as noted above this related to average Temporary Accommodation (TA) costs. This figure has been revised to £42,000 by a network of housing and fraud bodies and is supported by the Cabinet Office. The latter figure is more representative of the actual cost to local authorities.

12.3 **Table 2 - Local Performance measures – anti fraud activity**

Performance Indicator	Q4	YTD	Annual Measure
Properties Recovered	14	41	50
Right to Buys prevented	36	115	80

12.4 Tenancy Fraud – Council properties

12.5 The Corporate Anti-Fraud Team works with Housing colleagues to target and investigate housing and tenancy fraud. Housing continues to fund 0.6FTE of Tenancy Fraud Officer co-located part time within the Corporate Anti-Fraud Team. There are plans to do cross team proactive tenancy fraud campaigns and use data matching in coming months. It is hoped that this will ensure our annual targets are achieved and try to shift the Council's work on tenancy fraud to a more proactive and preventive approach.

12.6 The Corporate Anti-Fraud Team works with the Housing team to identify the most effective use of fraud prevention and detection resources across teams to enable a joined-up approach to be taken, especially where cases of multiple fraud are identified e.g., both tenancy fraud and right to buy fraud. At the end of the year an exercise to review all cases was undertaken. Liaison meetings were attended with legal and tenancy management to ensure the outcomes had all been captured and ensuring cases were closed where required. This stronger liaison will continue into 2023/24. Of the 241 ongoing investigations 120 currently sit with other teams for action.

12.7 Table 3 - Tenancy Fraud Activity and Outcomes

Opening Caseload	233	
New Referrals received	62	
Total		295
Properties Recovered	14	
Case Closed – no fraud	40	
Total		(-) 54
Ongoing Investigations		241

12.8 Right-to-buy (RTB) applications

12.9 As at 31 March, there were 239 ongoing applications with 82 under investigation as part of the statutory money laundering stage of the process. During quarter four, 36 RTB applications were withdrawn, timed out or refused either: following review by the Corporate Anti-Fraud Team or due to failing to fully engage with the money laundering stage of the processes. The applicants are served reminders, by legal, regarding timescales and the Corporate Anti-Fraud Team work flexibly with applicants and their solicitors to gather the required evidence to satisfy the money laundering regulations. 43 new applications were received in this period for review, 28 ongoing applications remain in process awaiting re-valuation of the property value. 42 applications ceased for reasons other than the Corporate Anti-Fraud Team's direct intervention and 12 properties were sold.

12.11 Gas safety – execution of warrant visits

The Corporate Anti-Fraud Team have attended several gas safety visits in quarter four, where risk of fraud is identified. 72 of the team's on-going investigations were generated by this activity.

12.12 Blue Badge Fraud

At the start of quarter four the team had three on-going Blue Badge cases; one was passed to legal for prosecution in quarter four. A further 9 potential cases have been accepted by the team. The evidence is being considered and interviews arranged.

12.13 Pro-active counter-fraud projects

In quarter four we have continued to focus on data matching to support our housing tenancy fraud activities and preparations for the National Fraud Initiative. We have also been completing intelligence work, in response to specific requests, relating to organisation with whom the Council has a current or planned financial relationship with. Unfortunately, the spike in reactive referrals has reduced our time on proactive projects.

12.13 No Recourse to Public Funds (NRPF)

In quarter four, 11 referrals have been received and responded to by the Corporate Anti-Fraud Team. The role of the Corporate Anti-Fraud Team is to provide a financial status position for the NRPF team to include in their overall Children and Family Assessment.

The average cost of NRPF support per family (accommodation and subsistence for a two-child household) is around £20,000 pa.

12.14 Internal employee investigations

In accordance with the Council's Constitution, the in-house Corporate Anti-Fraud Team investigates all allegations of financial irregularity against employees.

At the start of quarter four the team had four employee related investigations ongoing. One criminal case; two being conducted under audit responsibilities and one under the disciplinary policy.

We had three new referrals in the quarter to be investigated under audit responsibilities.

Of the seven cases. The criminal case has been passed for prosecution. The disciplinary case is on-going. Of the five audit cases two have been closed with recommendations to management regarding further action and the other three remain in progress.

The Audit and Risk service work closely with officers from HR and the service area involved to ensure that the appropriate investigation, following a referral, is

completed as quickly as possible. The cases are prioritised according to risk to the council and severity of the allegations.

12.15 Whistleblowing Referrals

The Head of Audit and Risk Management maintains a record of referrals made using the Council's Whistleblowing Policy. There were two cases on-going at the start of the quarter four. There were no new referrals received in quarter four. Both cases were still on-going at the end of quarter four.

12.16 Prosecutions

One tenancy fraud investigation was at the prosecution stage in quarter four. We are awaiting determination on a confiscation order.

Report for: Audit Committee – 20 July 2023

Item number: 8

Title: Draft Annual Governance Statement 2022/23

Report authorised by : Director of Finance

Lead Officer: Minesh Jani, Head of Audit and Risk Management
Tel: 020 8489 5973
Email: minesh.jani@haringey.gov.uk

Ward(s) affected: N/A

**Report for Key/
Non Key Decision: Information**

1. Describe the issue under consideration

1.1 To inform the Audit Committee of the statutory requirements to produce an Annual Governance Statement for 2022/23 (AGS) and to provide a draft statement relating to the 2022/23 financial year for review and approval.

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 The Audit Committee review and approve the draft 2022/23 AGS, attached at Appendix A.

3.2 That the Audit Committee notes the approval timescale and processes for the draft 2022/23 AGS.

4. Reasons for decision

4.1 The Terms of Reference of the Audit Committee provides that it is responsible for reviewing the Council's draft AGS prior to its approval. In order to facilitate this, and provide information on its sources of assurance from across the Council, reports have been provided on a regular basis for the Audit Committee, culminating in the production of the draft AGS.

4.2 The Audit Committee's terms of reference include a review the Council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance.

5. Alternative options considered

5.1 Not applicable.

6. Background information

6.1 The Council is required to produce an Annual Governance Statement (AGS) for publication with the Council's annual accounts. The AGS comments on the Council's governance framework as a whole. Corporate governance brings

together underlying set of legislative requirements, governance principles and management processes.

- 6.2 The preparation of an AGS is a statutory requirement of the Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020. These regulations require local authorities to produce an annual statement, in accordance with 'proper practice'.
- 6.3 Prior to its final approval, the Council needs to demonstrate that the AGS has been reviewed and agreed by relevant senior managers across the authority and an appropriate member body.
- 6.4 The AGS has been produced in line with the revised guidance issued in 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in their report 'Delivering Good Governance in Local Government: Framework'. The guidance applies to governance statements produced from 2016/17 onwards.
- 6.5 The revised guidance is recommended to be used as 'best practice' for developing and maintaining a locally adopted code of governance. The Council's existing and published Local Code of Corporate Governance has been revised to incorporate the updated guidance and submitted to the Audit Committee for approval.

7. Contribution to strategic outcomes

- 7.1 Corporate governance is an important element of the external assessment processes. The annual accounts, including the AGS, are subject to audit by the council's external auditors. While the whole of the financial statements may not be qualified, an incorrect or inaccurate AGS may be raised as a recommendation by the external auditors. Ensuring the adequacy and effectiveness of the Council's governance arrangements, which cover all Priority areas, will assist in improving services to residents and other stakeholders.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Head of Legal & Governance (Monitoring Officer), Equalities)

8.1 Finance and Procurement

There are no direct financial implications arising from this report. The work within service areas which supports and provides evidence for the AGS, is contained and managed within their revenue budgets. Service departments manage risks and governance arrangements as part of the routine work to achieve their business plans and costs are contained within their revenue budgets.

Internal audit undertakes reviews of matters arising at the Statutory Functions Board and in consultation with the Priority Owners identified the significant governance issues. Additionally, the Head of Audit and Risk Management provides an annual report to support the assurance processes for the AGS. This

work is part of the annual internal audit plan and costs are included within Audit and Risk Management's budget.

The Chief Finance Officer confirms that the presentation of the attached draft AGS for approval by this Committee meets the Council's statutory requirement under the Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020.

8.2 Legal

The Head of Legal & Governance has been consulted in the preparation of this report, and in noting that the AGS has been produced in accordance with current and best practice guidelines, has no comments.

8.3 Equality

There are no direct equality implications for the Council's existing policies, priorities and strategies as a result of this report. However, ensuring that the Council has effective governance arrangements in place and taking appropriate action to improve these where required will assist the Council to use its available resources more effectively.

This report deals with governance arrangements and their implementation across all areas of the Council, which have an impact on various parts of the community. Improvements in managing governance will therefore improve services the Council provides to all sections of the community.

9. **Use of Appendices**

Appendix A – Draft Annual Governance Statement 2022/23

10. **Local Government (Access to Information) Act 1985**

Not applicable.

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Annual Governance Statement 2022/23

1. Scope of responsibility

- 1.1 We are responsible for ensuring that our business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. We also have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which our functions are exercised, with regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this, we are also responsible for putting in place proper arrangements for the governance of our affairs, facilitating the effective exercise of our functions, which includes arrangements for the management of risk.
- 1.3 We have approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. Haringey's local code of corporate governance is published on the Council's website and a copy can be obtained from the Council's Monitoring Officer. This statement explains our commitments as part of the Local Code of Corporate Governance, together with how we obtain assurance that these commitments are in place and effective; it also meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015, in relation to the publication of an Annual Governance Statement.

2. The purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which we direct and control the activities of the Council. The framework also comprises the activities through which we are accountable to, engages with and leads the community. Through the framework, we monitor the achievement of our strategic objectives and consider whether those objectives have led to the delivery of appropriate and cost-effective services.
- 2.2 The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, but it can provide a reasonable assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of our approved policies, aims and objectives. The system of controls also allows for the evaluation of the likelihood of risks being realised and the impact should they be realised, ensuring that we are able to manage them efficiently, effectively and economically.

- 2.3 The governance framework has been in place for the year ended 31st March 2023 and up to the date of the approval of the annual report and accounts.
- 2.4 As a local authority, we operate in a complex and constantly evolving financial, policy and legislative environment and consequently, our responsibilities and operations continue to evolve. An important element of this change is as we emerge from Covid 19 we reflect, learn and recover from the impact of the pandemic. The organisation rightly feels a sense of pride about the way in which it was able to rise the challenges of Covid 19 and feels that in many ways it facilitated closer working relationships with partners. The pandemic highlighted the inequalities impacting on different communities in the borough and understanding this and responding to it will present both opportunities and challenges. We are building on this learning as part of our response to the cost of living crisis, which we know to be hitting Haringey residents, businesses and partners hard.
- 2.5 Following the local elections in May 2022, the new administration committed to being collaborative, competent, and radical. This ambition is captured in the Council's Delivery Plan 2022/23 and 2023/24 with staff, residents and key stakeholders engaged in working towards the realisation of the vision. The Delivery Plan includes the outcomes we are working towards as an organisation; the activity planned to deliver these outcomes; how we will work to deliver it; and the key delivery dates. The plan is organised around the following themes:
- Resident experience
 - Participation and collaboration
 - Responding to the climate emergency
 - Children and young people
 - Adults, health and welfare
 - Homes for the future
 - Safer borough
 - Culturally Rich Borough
 - Place and economy
- 2.6 In November 2022 we launched the Haringey Deal. The Deal is all about forging a different way of working. It builds on the findings of the Fairness Commission and is grounded what we have heard from residents more recently. This includes pledges to focus on building greater trust between the council and residents; learning when mistakes are made and putting things right quickly; empowering communities to make change happen for themselves; and finding new ways to share power with residents and communities. The Deal also recognises the critical importance of 'getting the basics right'. This means delivering the fundamental core services that any local authority provides to ensure

residents are safe and supported, and able to live a good life. Services across the council hold, or will be producing, service-level plans which set out the work they do in these core, statutory areas. This plan is primarily focused on what we will do on top of these functions to build a fairer, greener borough by April 2024. It also, importantly, sets out how we will begin to embed the changes in the way we want to work. The Deal has eight core elements, each of which is being embedded and delivered via a series of programmes and pieces of work. Details of the Deal are set out in the chart below.



2.7 A core element of the Haringey Deal has been the launch and roll out of a new set of corporate values. These were developed following a series of staff workshops hosted by the Chief Executive in the autumn of 2022. More than 1,000 staff attended across 15 sessions. The new

values are Caring, Collaborative, Community Focused, Courageous and Creative. These were launched via a series of informal staff ‘huddles’ across the corporate estate including depots and neighbourhood offices. Teams have subsequently been asked to think about the behaviours that will need to be adopted in order to make these values come to life in our daily work. These behaviours will be at the heart of refreshed My Conversation (our appraisal approach) guidance.

- 2.8 In June 2022, services delivered by the Council’s Arm’s Length Management organisation (Homes for Haringey) were brought into the Council. Homes for Haringey was responsible for delivering the Council Housing function and managed over 16,000 tenant homes and over 4,500 leasehold properties on behalf of the Council and employed around 750 staff. Following the insourcing of the Housing and Landlord functions from our ALMO in June 2022, it has become clear that the service is currently operating with systemic and significant challenges which means that we are not providing residents with the services they expect or deserve in some core areas. In January 2023, we referred ourselves to the Housing Regulator and in March they issued a Regulatory Notice covering key areas including fire risk assessments, electrical safety and our level of non-Decent homes.
- 2.9 In February 2023, Ofsted carried out an inspection to review the progress we have made over the last four years in respect of our children’s social care services. Ofsted assessed the care, help and protection given to children and young people and their collective experiences of this support. They also examined what was being done by leaders to improve services. On 11 April 2023, OFSTED published its judgment, which rated our Children’s Social Care services as ‘Good’ overall. We are delighted with this outcome and regard the outcome as a watershed moment for Haringey. We have worked hard over many years to build a strong team and put children and young people at the heart of what we do and the judgement is a testament to the hard work and professionalism shown by our dedicated staff and the positive impact they have on the lives of children and young people.
- 2.10 In May 2023, we participated in a Corporate Peer Challenge, organised by the Local Government Association (LGA). The Peer review challenge involves a team of experienced council officers and councillors from other local authorities reviewing our vision, our priorities and plans and the work we are doing as “peers” to provide challenge and share learning. The outcome of the peer challenge will be reported later in the year and captured in the annual governance statement for 2023/24.
- 2.11 The following section highlights each of the seven governance principles set out in the CIPFA / SOLACE framework “Delivering Good Governance in Local Government” and the arrangements in place demonstrating how we meet the governance principles. Any gaps identified as part of the annual review will form an action plan agreed and monitored by the Statutory Officers with all actions to be completed by March 2024.

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	
<p><u>Behaving with Integrity</u></p> <p>a) The Council’s Member Code of Conduct is captured in the Council’s constitution under Part 5 – Codes and Protocols, Part 5 Section A (Nov 2019), which requires members to declare interests; applies to Members and co-opted voting members on election or appointment. Published on the internet: http://www.haringey.gov.uk/sites/haringeygovuk/files/lbh_constitution_part_5_section_a_-_part_1_0.pdf</p> <p>b) The offer of Induction is provided for all new Members when they are elected on expected standards of behaviour. A comprehensive programme has been established since the election in May 2022 to on board new and re-elected members into the Council. The training programme is designed to ensure members are equipped to carry out their role on their committee members. At the Full Council meeting on 27th March 2023, the Council resolved for training for the Audit Committee to be mandated. Members sitting on the following Committees have to attend mandatory training.</p> <p>c) The Officer Code of Conduct was reviewed in 2019 and a new version was published to staff in June 2019 following approval by Members. A copy of the Code is provided to all new officers on appointment and annual reminders are made of the need for employees to make a declaration of a conflict of interest or to declare any offers of gifts or hospitality which are received.</p> <p>d) Haringey Values were updated in 2023 (Caring, Community-Focused, Collaborative, Creative, and Courageous).). The Council ran numerous seminars for staff on what the values meant and how services demonstrated Haringey values. The values are published on the internal website and internet: Haringey Council's new values </p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>Intranet</p> <p>e) Decision-making practices for member decisions follow legal and transparency requirements. Officer decisions are also recorded and published on Modern.gov: http://www.haringey.gov.uk/local-democracy/our-standards https://www.haringey.gov.uk/local-democracy/how-decisions-are-made</p> <p>f) Register of interests and gifts and hospitality for members/co-opted checked on election/appointment. Minutes show declarations of interest sought, and appropriate declarations made for each meeting. http://www.haringey.gov.uk/local-democracy/our-standards/register-members-interests</p> <p>g) Requirement for all new staff to complete Register of Interests declaration. Senior managers are required to complete a declaration every two years; staff should complete a new form as/when circumstances change. Gifts and hospitality for members are recorded with their declarations of interests and are published on the website, see link in f above. A new system, HALO has been introduced to efficiently manage HR processes under a single portal. For officers, declaration forms are retained in Human Resources and in future will be maintained on HALO.</p> <p>h) Standard report format requires report authors to state how their proposal meets the corporate objectives and priorities. Report authors must also provide reasoning and evidence for proposals, so that the basis for decisions is clear and include statutory officer's advice, including legal and finance advice. Training for report authors on writing clear, logical and objective reports was provided for officers from July 2021 to Jan 2022 and standard templates are held on the internal website.</p> <p>i) Anti-fraud and corruption strategy is in place, including the Whistle blowing policy (Sept 2022). The Head of Audit and Risk Management reports on actions, effectiveness and outcomes (and use of the whistle blowing policy) to Corporate Committee and provides awareness presentations to Corporate Management</p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>Group. Copies of the policies are on the internet: https://www.haringey.gov.uk/local-democracy/performance-and-finance/fraud-and-corruption</p> <p>j) Corporate and service specific complaints policies are in place and published on the website. Level of complaints upheld at Stage 1 and 2 is monitored and reported regularly to the Council’s Corporate Management Group using Grip Indicators. More information is being published and made easily accessible to customers. Training sessions have been developed looking at examples of best practice in responses and getting it right first time. http://www.haringey.gov.uk/contact/council-feedback/complaints-about-council</p> <p>k) Local Code of Corporate Governance was refreshed in 2018/19 and was approved at Corporate Committee July 2019. It is planned for the Code to be refreshed and be presented at Full Council following update for any significant changes : https://www.minutes.haringey.gov.uk/documents/s110621/App%20B%20Code%20of%20corporate%20Governance%20for%20legal%20VB%20MJ%2014.11.18%20final.pdf</p> <p><u>Demonstrating strong commitment to ethical values</u></p> <p>l) The Standards Committee, along with the Council’s Monitoring Officer, establishes monitors and maintains the organisation’s ethical standards and performance, reporting to full Council as necessary. The committee deals with allegations of breaches of the Member Code and issue (or require Groups to issue) reminders/advice notes to Members where issues of conduct cause concern. http://www.haringey.gov.uk/local-democracy/our-standards/standards-committee</p> <p>m) The Council incorporated the Social Value Act requirements into all procurement and contracts; including a standard clause referring to ‘PREVENT’ in all contracts,</p>	<p>Refresh the Local Code of Corporate Governance</p>

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>as well as safeguarding and health and safety. A broader review of how the authority carries out procurement activity is underway and any change will continue to incorporate the Council's Social Value Act requirements.</p> <p>n) A major review of all the Human Resources policies & procedures began in 2019/20 and is ongoing. The policies for revision undergo extensive discussion with relevant groups within the council and with trade unions before the final version is presented to Members for their approval, only when approved are policies published and details communicated to officers.</p> <p>o) The Council encourages external providers of services to act with integrity and in compliance with high ethical standards expected by the organisation in information sharing: http://www.haringey.gov.uk/community/community-safety-and-engagement/crime-and-disorder-information-sharing-protocol In procurement: http://www.haringey.gov.uk/business/selling-council/council-contracts</p> <p><u>Respecting the rule of law</u></p> <p>p) The Chief Executive is appointed by full Council. Any disciplinary action or dismissal of the statutory officers is dealt with in line with legal requirements that take into account the need for them to fulfil their responsibilities in accordance with legislative and regulatory requirements. A Statutory Officers Group meets monthly and ensures statutory compliance and is both forward and backward looking and support the organisation and Statutory Officers in fulfilling their roles.</p> <p>q) The Council optimises the powers available for the benefit of citizens, communities and other stakeholders. Decisions are taken, in accordance with relevant statutory requirements and the Council Constitution, by full Council, Cabinet, individual</p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>Cabinet members and officers under delegated powers. The Council Constitution is reviewed updated and published on the internet: http://www.haringey.gov.uk/local-democracy/about-council/council-constitution</p> <p>r) Breaches of law/financial regulations can be the subject of a report to full Council by the relevant statutory officer. No statutory officer reports have been required in 2022/23.</p> <p>s) Statutory officers are available at meetings of the Council/Cabinet to advise and ensure law and regulations are not breached.</p>	
B. Ensuring openness and comprehensive stakeholder engagement	
<p><u>Openness/ Implementing good practice in transparency</u></p> <p>a) The Council Publication Scheme sets out information available to view or download including under the requirements of the Transparency Code 2015. http://www.haringey.gov.uk/local-democracy/publications/publication-scheme</p> <p>b) Member decisions are rarely taken in the private (Part 2) section of meetings. Member delegated decisions are also taken at meetings advertised and open to the public. The constitution allows for deputations and petitions and a call-in procedure for cabinet key decisions is in place. The local and statutory requirements are set out in the Council Constitution: http://www.haringey.gov.uk/local-democracy/about-council/council-constitution</p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>c) The Council carries out consultation on a regular basis with stakeholders. It has a consultation co-ordinator and a consultation charter and toolkit on its internal website. All consultations require a consultation plan, which is posted on the consultation e-plan on the internet. http://www.haringey.gov.uk/local-democracy/have-your-say-haringey. http://www.haringey.gov.uk/local-democracy/have-your-say-haringey/our-commitments-you https://www.haringey.gov.uk/local-democracy/policies-and-strategies/borough-plan-2019-2023-consultation. Under the Haringey Deal, the authority seeks to better understand all its communities including communities that it engages with reduced frequency.</p> <p>More recent examples of consultations include Wood Green Voices in November 2022, and co-production at Down Lane in Tottenham Wood Green Voices Haringey Council.</p> <p>The Council publishes ‘Performance Wheels’ on Delivery Plan priorities and outcomes on the website; feedback on our performance is encouraged through this route: https://www.haringey.gov.uk/local-democracy/policies-and-strategies/building-stronger-haringey-together</p> <p><u>Engaging comprehensively with institutional stakeholders</u></p> <p>d) A partnership with the community sector was approved in December 2015 designed to forge stronger relationships with the local voluntary sector, working with the Moracle Foundation to improve the strength of the voluntary sector, enabling it to attract more funding and investment to support local communities. A voluntary and community sector pledge is included in the Borough Plan.</p> <p>e) Formal and informal partnerships allow for resources to be used more efficiently and outcomes achieved more effectively; the Corporate Delivery Plan incorporates</p>	<p>Need to update link to show consultation of delivery plan</p>

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>key partnership working across all its priorities, including the Local Safeguarding Children’s Board (LSCB), Safeguarding Adults Board (SAB), Multi-Agency Risk Assessment Conference (MARAC) and the Community Safety Partnership (CSP). Agendas and minutes for the CSP are published on the website: http://www.minutes.haringey.gov.uk/ieListMeetings.aspx?CId=444&Year=0 Examples where the Council participates in partnership include the Joint Health & Wellbeing Partnership with Islington; delivering the STEM commission recommendations; working with our schools to improve outcomes for children.</p> <p>f) Resident engagement also occurs in formal consultation and engagement processes. More information on the Community Engagement Framework is available on our website. https://www.haringey.gov.uk/local-democracy/have-your-say-haringey/haringeys-community-engagement-framework</p> <p>g) The Council also uses social and print media to engage with residents and stakeholders, including the Council website, My Account, Twitter, Facebook, Haringey People and the weekly Haringey People online. The Council also has specific partnerships and stakeholder newsletters including Team Noel Park; and Northumberland Park to engage with residents.</p>	
<p>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits; and D. Determining the actions necessary to optimise the achievement of the intended outcomes</p>	
<p><u>Defining actions/outcomes and sustainable economic, social and environmental benefits</u></p> <p>a) The Corporate Delivery Plan sets out how the Council will work with partners and with communities to improve the borough and make Haringey a more successful place, while delivering a significant savings programme by 2025. The plan has eight</p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>themes , each under-pinned by a series of ambitious targets. It considers and balances the economic, social and environmental impact of policies, plans and decisions. The Plan includes a challenging set of performance measures. Programme planning and management require focus on outcomes and benefits identification and tracking as part of project implementation. There is a clear and consistent approach to the reporting of outcomes, benefits, risks and issues. The Plan was published on the website and following the local authority elections in May 2022 to reflect the manifesto priorities of the new administration: Haringey Council sets out ambitious delivery plan for coming year Haringey Council</p> <p>b) The Council publishes updates on its website to show how the Council and partners are achieving against specific targets every three months. The outcome targets specify the intended impact on service users, residents and other stakeholders.</p> <p>c) The Council has an agreed Medium-Term Financial Strategy (MTFS) and Workforce Plan. These set out how the Council will deliver the corporate plan taking into account the full cost of operations and within available resources, balancing service priorities, and ensure its workforce has the right skills to enable it to achieve the agreed outcomes. Regular reports are provided to the Cabinet: Q3 Finance Update ver3.0 CabinetFINAL.pdf (haringey.gov.uk)</p> <p>d) Robust planning and control cycles cover strategic and operational plans, priorities and targets. An internal process provides regular monitoring and scrutiny of the Corporate Delivery plan and resources applied. Performance against objectives is published on the website: http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance</p> <p>e) A five-year capital programme was approved by Full Council on 2 March 2023, which sets out the Council’s longer-term investment requirements linked to policy objectives, updates are provided to Cabinet annually at the February meeting: Agenda for Cabinet on Tuesday, 7th February, 2023, 6.30 pm Haringey Council</p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p><u>Determining actions and optimising achievement of intended outcomes</u></p> <p>f) The Council includes requirements to enhance social value in contracts. For example, construction projects over £1m in value must include an apprenticeship scheme, and where possible, employers are encouraged to pay the London Living Wage. High value procurements include a significant weighting in the 'social value' section and, where applicable, requirements as to the use of community assets.</p>	
<p>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</p>	
<p><u>Developing the entity's capacity</u></p> <p>a) The Council's Workforce Development Strategy 2019 – 2023 aims to create a better place to work and to ensure the Council has the right people in the right places with the appropriate skills to deliver the Council's priorities. The plan is published on the website: https://www.haringey.gov.uk/search/haringey_cse/workforce%20development%20strategy</p> <p>b) Workforce expectations also form a clear part of contracting and commissioning processes, as our workforce is not limited to employed staff, including complying with minimum and London Living Wage requirements.</p> <p><u>Developing the capability of the entity's leadership and other individuals</u></p> <p>c) The Council Constitution specifies the types of decisions that is delegated and those reserved for the collective decision making of the full Council or Cabinet.</p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>http://www.haringey.gov.uk/local-democracy/about-council/council-constitution</p> <p>d) The Council’s Constitution sets out the leader and chief executive roles to ensure the respective responsibilities are defined in accordance with decision-making accountabilities. These comply with relevant statutory requirements. It also includes the general scheme of delegation. Each service area also has a service area scheme of authorisation for officers, currently published on the intranet.</p> <p>e) Members who sit on Committees are provided with training specific to their responsibilities for these committees. Training sessions have commenced for member for planning, licensing, audit, finance, pensions and treasury.</p> <p>f) The Council provides a programme of training for all members, and members have access to the Council’s corporate training and development programme, which is published on the internal website.</p> <p>g) During 2016/17 the Council rolled out ‘My Conversation’, a new performance management process, to all staff, which focuses on personal and organisational development and performance; the Staffing and Remuneration Committee receives regular reports on people management issues in line with the Workforce Plan objectives. Guidance and templates for all staff are published on the internal website. A review is underway to refresh the current performance management process and roll out later in 2023/24.</p> <p>h) The Council’s Workforce Development Strategy 2019 – 2023 aims to create a better place to work. The Council’s corporate Health, Safety and Wellbeing Board monitors all key aspects of statutory and local requirements and has an action plan in place to address any identified gaps in compliance. Health and Wellbeing Fairs have been run to promote employee health.</p> <p>i) The Council has protocols in place which govern how the operational and working relationships between officers and members are managed and forms part of the</p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>Constitution: http://www.haringey.gov.uk/local-democracy/about-council/council-constitution</p> <p>j) The Council reviews operations, performance and use of assets on a regular basis to ensure their continuing effectiveness; the Delivery Plan highlights key performance objectives, targets and outcomes, which are monitored and reported via the Council website. The performance reporting also compares current performance with statistical neighbours, London and England averages in most cases: http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance</p>	
<p>F. Managing risks and performance through robust internal control and strong public financial management; and G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p>	
<p><u>Managing risk</u></p> <p>a) Haringey has a corporate Risk Management Policy and Strategy in place it was reviewed in Sept 2020 and approved by Members in Dec 2020. A project to strengthen risk management and embed the Strategy has commenced and will continue into 2023/24. Risk Management is embedded through a variety of processes and procedures, management teams, groups and boards across the organisation and is central to activities, including business planning and project management processes. https://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=730&MIId=9449&Ver=4</p> <p>b) The Council’s key risks are managed via corporate risk and directorate risk registers. Responsibility for individual risks and issues identified is clearly set out in risk registers. Internal audit reviews of key risks are undertaken as part of the annual audit programme. Performance objectives and outcomes are reported on the</p>	<p>Continue to embed risk management principles</p>

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>website: http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance</p> <p>c) Haringey’s business continuity planning is based on risk assessment and business impact analysis. Each service area produces a business continuity plan which is updated twice a year. Service continuity plans are incorporated into the Council-wide Business Continuity Plan. As noted previously the Council’s Business Continuity Plans were implemented in response to Covid -19. More information on business continuity and emergency planning is available at: https://www.haringey.gov.uk/environment-and-waste/major-emergencies/emergency-planning</p> <p><u>Managing performance</u></p> <p>d) The Council monitors service delivery effectively including planning, specification, execution and independent post implementation review which is set out in the Delivery Plan and outcome priorities: https://www.haringey.gov.uk/local-democracy/policies-and-strategies/building-stronger-haringey-together</p> <p>e) Overview and Scrutiny takes a detailed look at the Council’s decisions and policies and works to promote open decision making and democratic accountability in Haringey by holding the Cabinet to account; developing and reviewing policy in an inclusive cross-party manner that involves local communities and other interested parties, reviewing the performance of the Council and scrutinising local services not provided by the Council, such as health services. Overview and Scrutiny Committee also reviews the Performance Wheels on a quarterly basis and individual Scrutiny Panels consider performance with reference to their reviews. The reports and recommendations are discussed and responded to by the Cabinet and published on the Council’s website: http://www.minutes.haringey.gov.uk/ieListMeetings.aspx?Cid=128&Year=0</p>	<p>Work to refresh the Business Continuity arrangements began in 2021/22 and will continue into 2023/24.</p>

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p><u>Strong public financial management and robust internal control</u></p> <p>f) The Medium-Term Financial Strategy (MTFS) outlines the overall financial strategy for achieving the Council’s priorities. The MTFS identified savings required to deliver a balanced budget position each year between 2023 and 2028 before being approved by Full Council in February 2023; the reminder has yet to be identified and will form part of the financial planning process during 2023/24. Each Departmental Management Team (DMT) considers finance and budgets at every meeting, looking at both the budget and savings positions and tracking progress on both. Transformation and delivery of outcomes are aligned to achieving savings and remaining within budget limits; the performance outcomes are reported on the website.</p> <p>g) The Council’s financial management is based on a framework of regular management information and review to inform managers and members of the current budget position. Managers submit monthly budget forecasts and the Cabinet receives quarterly budget management information.</p> <p>h) The Council operates a ‘zero tolerance’ approach to fraud and corruption. The anti-fraud and corruption policy includes a fraud response plan, anti-bribery and money laundering policies and a whistle-blowing policy. The anti-fraud policy is published on the Council website and regular articles on how to report fraud are published in staff newsletters and Haringey People. In 2022/23, the Council investigated and recovered 41 illegally sublet properties; and prevented 115 potentially fraudulent Right to Buy applications in line with the anti-fraud policy. Referrals made using the whistle blowing policy were all reviewed, investigated and reported to the Corporate Committee, copies of the reports are on the website: https://www.minutes.haringey.gov.uk/ielistmeetings.aspx?CId=730&Year=0</p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>i) The Council’s internal and external auditors produce annual audit reports and the Annual Audit Letter, which were both reported to the Corporate Committee. No significant governance issues were raised by either report; recommendations were made to address some identified control weaknesses.</p> <p>j) Regular internal and external audit reviews check compliance with financial and contract procedure rules across the Council and the outcomes of these are reported to the Corporate Committee on a quarterly basis. All high priority recommendations, excluding those covering schools’ audits, made by internal audit were found to be implemented when follow up audits were undertaken. The Corporate Committee fulfilled its terms of reference in relation to audit functions; and reported positive outcomes in relation to pro-active counter-fraud activities in 2022/23. Following the recent CIPFA application note on Audit Committee, the Corporate Committee’s terms of reference have changed and an Audit Committee created. This Committee’s terms of reference are in line with the CIPFA guidance and conforms with CIPFA’s application note. Details of the Committee can be found at Browse meetings - Audit Committee Haringey Council.</p> <p>k) The Council’s internal control arrangements are subject to annual self-assessment by the Head of Audit and Risk Management; any gaps in compliance with mandatory standards are included in the statutory annual Head of Audit report. In line with the Public Sector Internal Audit Standards, a peer review was commissioned and reported the Internal Audit Service was fully compliant with the standards Final Report for the external assessment of the internal audit function (haringey.gov.uk)</p>	
<p><u>Managing data</u></p> <p>l) The Council has policies dealing with various aspects of data management including security and data protection; Freedom of Information Act; information asset registers; and general records management. These and supporting guidance</p>	<p>Review and refresh the Data Quality Policy</p>

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>are all published on the intranet. Data quality policy is published on the website: https://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance?_sm_au_=-iHVH14V03WHLnWHq</p> <p><u>Implementing good practices in reporting</u></p> <p>m) The Council produces an annual report to accompany its statement of accounts; for 2019/20, this received an unqualified opinion from the external auditor in 2021/22, who confirmed that the accounts provided a true and fair view of the Council’s financial position; and the arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. The external audit of accounts for the financial year 2020/21 is scheduled to begin in 2023/23. Under the Local Accountability Act, the Council is responsible for appointing its external auditors from 2022/23; approval for the preferred appointment process was obtained from Corporate Committee in February 2022 and Full Council in March 2022. The Council chose to participate in a sector led procurement exercise using Public Sector Audit Appointments (PSAA) as the Appointing Person. http://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=143&MId=7868&Ver=4</p> <p>n) The Council’s Annual Governance Statement (AGS) is produced in accordance with required guidance and included in the statement of accounts; the AGS is reviewed by the Statutory Officers Group and the Corporate Committee to ensure that any gaps in assurance or compliance issues are identified and addressed. Significant issues reported in 2023/24 are being addressed.</p> <p>o) As part of the Delivery Plan , Directors are responsible for delivering the Delivery Plan with a responsible manager allocated as owner for each corporate priority. Outcomes and performance against all the priorities’ objectives are published on</p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>the website: http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance</p> <p><u>Assurance and effective accountability</u></p> <p>p) Internal and external audit provide assurance on the Council’s system of internal control to support the section 151 officer requirements, including reporting compliance with financial and contract procedure rules across the Council. The outcomes of internal audits were reported to the Corporate Committee and from 2023/24, the Audit Committee on a quarterly basis. All outstanding recommendations were reported to Corporate Committee; a focus is maintained on ensuring all high priority recommendations are implemented. All outstanding recommendation continue to be monitored.</p> <p>q) The Head of Audit and Risk Management and the internal audit service fully complied with the requirements of the mandatory UK Public Sector Internal Audit Standards, as evidenced by peer review and self-assessment. Access to officers, members and information is provided by the Constitution.</p>	

4. Significant governance issues

- 4.1 Following our review of governance in 2021/22, we identified some key areas where work would be undertaken in 2022/23 to ensure governance arrangements were in place and effective. An action plan was drawn up and progress as at 31 March 2023 on this is set out below.

Issue	Agreed Action/ Deadline (as at July 2022)	Progress update (as at March 2023)
<p>We need to ensure we deliver savings identified in our MTFS to manage within our financial means.</p>	<p>The Council has developed a savings programme to respond to the Council's budget envelope from 2022/23 to 2027/28. During 2021/22, c. £5m savings were carried forward into 2022/23 bringing the total savings plus demand mitigation projects to deliver in this financial year to a total of £21m.</p> <p>Notwithstanding the Council's monitoring and delivery arrangements, the continued drive for identifying and delivering new savings proposal is a challenge, particularly inflation levels not reducing at the pace previously forecast by the Government, increasing interest rates, cost of living pressures, covid legacy and high demand for care and housing services.</p>	<p>The Council's directorate budgets as a whole has seen a worsening in net spend compared to quarter 3. This deterioration over the last quarter is predominately within Adults Services. The most significant budget pressure during the year were in the two social care directorates which between them overspent by £16.0m. It must be recognised that inflation has been a key driver, as well as cost of living crisis, interest rates and the step up in demand for support in some areas seen during the Covid pandemic has also not yet abated.</p> <p>Approximately £10m of agreed savings have not been delivered as planned during 2022/23. The majority has either been written out of 2023/24 budgets or re-phased to allow additional time for delivery so should not carry forward into 2023/24 as a pressure.</p> <p>Nevertheless, the delivery of the MTFS Savings continues to be challenging and as a result, increased</p>

Issue	Agreed Action/ Deadline (as at July 2022)	Progress update (as at March 2023)
		<p>organisational focus is being brought on the delivery of previously agreed savings, and further measures are being progressed as alternative savings for those savings deemed to be no longer deliverable. The Council's corporate budget monitoring reports are making clear how challenging it will be to mitigate these effects, especially when coupled with the significant base budget pressures.</p> <p>We recognise Haringey is not alone in seeing this level of overspend pressure at year end; many London boroughs are also highlighting overspends across one or more of Adults or Children's social care and temporary accommodation.</p>
<p>We noted governance weaknesses over the robustness of decision making relating to acquisitions and disposals of property.</p>	<p>During 2021/22, concerns have been raised over the Council's arrangements for the acquisition and disposal of assets. In light of the concerns, an independent investigation has been commissioned to review the governance arrangements for nine property transactions.</p> <p>The outcome of the independent review will be reported in 2022/23 with a view to improving governance within this area.</p>	<p>Mazars have completed a follow up since the original concern and scoring and have provided an adequate assurance in August 2022 with a green direction of travel.</p> <p>An independent review into the Council's property management has reported and the findings with its recommendations will be presented to Cabinet in April 2023.</p>

Issue	Agreed Action/ Deadline (as at July 2022)	Progress update (as at March 2023)
<p>We need to make sure our social service practice safeguards children.</p>	<p>Ofsted conducted a focus visit in Mar 2021 following their inspection in Dec 2018. Actions arising their visit continue to be progressed.</p>	<p>An Ofsted Inspection took place week commencing 13 February 23, and reviewed the Council's arrangement for children's social care arrangement and will be reporting shortly. The outcome of this inspection will be reconsidered when the statement is refreshed for 2022/23.</p>
<p>We need to make sure we Insource the Council's Arm's Length Management Organisation, Homes for Haringey (HfH) into Council operations.</p>	<p>Following a Dec 2021 Cabinet decision to bring its Arm's Length Management Organisation (Homes for Haringey) back into the Council, the service was brought in house from 1 June 2022.</p> <p>The Council is progressing with the integration of the functions previously carried out by HfH, and the challenges this possess in the assimilation of the legacy HfH activities.</p>	<p>The authority self-referred itself to the regulator in January 2023 when it was identified the statutory health and safety requirements in some of its homes had not been met.</p> <p>As previously reported, staff from Homes for Haringey have been successfully integrated into the Council. Workstreams have begun in relation to some of the most challenging areas of service improvement, in particular in relation to repairs, income collection and voids.</p> <p>Key management appointments have been made and staff are in post to drive the improvement programme.</p>

Issue	Agreed Action/ Deadline (as at July 2022)	Progress update (as at March 2023)
<p>We need to strengthen the authority's information governance framework.</p>	<p>The Council is the accountable body for complying with the Data Protection Act 2018 and the UK GDPR. We plan to use the Information Commissioner's Accountability Framework to self-assess against its ten categories and to help identify and mitigate any gaps in our governance arrangements to demonstrate compliance with the Act and the Regulation.</p>	<p>Draft Information Governance Strategy being finalised.</p> <p>Assessment completed and Action Plan being developed in response.</p> <p>Subject Assess Request and information rights drop in sessions were held in October.</p>
<p>Audits identified weaknesses our management of Health and Safety within the Council and its ALMO, Homes for Haringey.</p>	<p>Building Compliance audits of properties managed by the Council and Homes for Haringey identified deficiencies within the operations and record keeping in respect of Health and Safety checks. The auditors have raised recommendations that management have accepted that we will implement.</p>	<p>Record keeping and the systems used to maintain and record inspections have been identified as areas for improvement by internal audit.</p> <p>Compliance system being procured and implemented for regular reconciliations to ensure that the records of the checks reconcile with the core system data.</p> <p>On the general Health and Safety arrangements, the most recent internal audit of the Council's Health and Safety arrangements assigned an "Adequate" level of assurance, an improvement from the Limited Assurance assigned previously.</p>

4.2 We have identified the following significant governance issues during 2022/23. It is proposed over the coming year to take steps to address the governance issues in these areas and these are set out in the action plan below. The action plan will be monitored during the year to ensure all issues are appropriately addressed.

Issue	Action	Responsibility	Due date
We need to ensure we deliver savings identified in our Medium Term Financial Strategy (MTFS) to manage within our financial means.	<p>There are a number of actions planned to deliver to our Medium Term Financial Strategy: -</p> <ul style="list-style-type: none"> • Further work underway to review 2022/23 pressures carried Forward into 2023/24 and impact of non-delivery of 2022/23 MTFS Savings; • Fortnightly Department Finance DMTs to strengthen forecasting and savings delivery monitoring/reporting; • Implementation of the Corporate Cross-council change portfolio, which is a single change framework and governance structure that will give Corporate Leadership Team shared visibility of progress, issues & risks, & support good quality delivery; and • Corporate Leadership Team are looking to establish a performance CLT aligning the change framework and budget management reporting and decision-making process. 	Director of Finance	31/3/2024
Concerns regarding the robustness of decision making relating to acquisitions and disposals of property.	<p>During 2021/22, concerns have been raised over the Council's arrangements for the acquisition and disposal of assets. In light of the concerns, an independent investigation was commissioned to review the governance arrangements for nine property transactions.</p> <p>The outcome of the independent review was reported to Cabinet in April 2023. The report recognised the improvements that have been made over recent years to our governance and decision making, but also set out a range of recommendations that would strengthen our approach still further. An action plan</p>	Director of Housing, Planning and Regeneration.	31/3/2024

Issue	Action	Responsibility	Due date
	<p>accompanied the cabinet report, highlighting the responsible senior officer and timeframe for implementation of improvements, which will be completed within 12 months.</p> <p>The same April 2023 Cabinet also approved the Strategic Asset Management and Property Improvement Plan 2023-28 (SAMPIP), which was already under development, independently of the above external review on one specific area of property. The SAMPIP has 10 action plans for improvements across Property and Asset Management.</p> <p>All of the action plans above are being monitored on a monthly basis through the councils Property and Asset Management Governance structure, which includes scrutiny reviews. The progress will be reported back to cabinet in February 2024.</p> <p>The Property Service team have embraced these recommendations and have an improvement plan in place that will ensure they are fully implemented.</p>		
<p>Following audits that identified weaknesses in our management of Health and Safety risks in Council owned residential properties, we have referred ourselves to the Regulator of Social Housing in January 2023.</p>	<p>We self-referred to the regulator in January 2023 as we identified a failure to meet statutory health and safety requirements for some of our homes. We informed the regulator we had not completed fire and electrical safety checks for every property that needed one and a high number of fire remedial actions were overdue. We noted several blocks were without a communal Electrical Installation Condition Report (EICR), and we were unable to confirm that around 4,000 properties had a domestic EICR completed within the last 10 years.</p> <p>We also noted a large number of residential blocks were without a current Fire Risk Assessment (FRAs) and a significant number of fire remedial actions were overdue. More than 4,000 of these</p>	<p>Director of Housing, Planning and Regeneration.</p>	<p>31/3/2025</p>

Issue	Action	Responsibility	Due date
	<p>overdue actions were high risk, with over half overdue for more than 12 months. Whilst we have now completed almost all FRAs, there remains a high volume of remedial work to complete.</p> <p>Through the internal audits, we have also noted we need to improve the internal controls and management of our housing stock. We have a new Housing Improvement Plan, which sets out how we are going to address the challenges we face in our housing landlord services. This covers the full spectrum of the service – fire safety, certification, rent collection, tenant and resident engagement, damp and mould, our decent homes programme, repairs, voids and the way we respond to complaints.</p> <p>We are committed to carrying out an annual assurance statement to cabinet on our performance against the six areas of property landlord compliance. Moreover, a separately a voluntary undertaking with the Regulators will be presented to Cabinet in July 2023 for approval.</p>		
Management of Commercial Property	<p>We manage 944 commercial properties with the Strategic Property Unit (SPU) being responsible for the management of statutory property compliance, management of rental income, repairs and maintenance, and the management of void commercial properties. The annual rental income from commercial property is £8.9m.</p> <p>The internal audit, commissioned by the Director of Housing, Planning and Regeneration, noted there were issues with the control environment for Commercial Property. Audit findings highlight significant failings in all aspects of the management and control of the Council's Commercial Property. Consequently, Internal Audit raised 32 recommendations (15 priority 1, 10</p>	Director of Housing, Planning and Regeneration.	31/3/2024

Issue	Action	Responsibility	Due date
	<p>priority 2 and seven priority 3), and recommended an urgent need for a fundamental change in the operations of Commercial Property.</p> <p>Recommendations from this and the independent review are captured in the Strategic Asset Management and Property Improvement Plan 2023 – 2028 (SAMPIP), which was presented to Cabinet in April 2023. The recommendations will be implemented and their progress reported to regularly as outlined in the above action for acquisitions and disposals.</p>		
<p>We need to strengthen the authority’s information governance framework.</p>	<p>The Council is the accountable body for complying with the Data Protection Act 2018 and the UK GDPR. We plan to use the Information Commissioner’s Accountability Framework to self-assess against its ten categories and to help identify and mitigate any gaps in our governance arrangements to demonstrate compliance with the Act and the Regulation. To aid this process, Mazars, our internal auditors, were commissioned and have reported on the Council’s compliance with the Information Commissioners’ Accountability Framework and their audit recommendations will be used to improve compliance.</p>	<p>Head of Legal and Monitoring Officer</p>	<p>31/3/2024</p>
<p>Improve our delivery of Leisure Services</p>	<p>We have a Leisure Management Contract with Fusion Lifestyle Ltd entered on 1st December 2012 for a period of 20 years. This relationship includes the management of three leisure centres (Tottenham Green, Park Road and Broadwater Farm).</p> <p>The delivery of leisure services has not been satisfactory. Since January, the Tottenham Green Pools and Fitness (and Marcus Garvey Library and Customer Service Centre) have been closed due to essential maintenance works being conducted by our leisure partner Fusion Lifestyle. Issues have also been highlighted</p>	<p>Director of Environment & Resident Experience</p>	<p>31/3/2024</p>

Issue	Action	Responsibility	Due date
	<p>by the Leisure Services team at the Park Road centre.</p> <p>We are reviewing our arrangements with a view to improving our leisure service offer to our residents and other stakeholders who use the centres regularly for themselves and their family.</p>		

5. Review of effectiveness

- 5.1 We take responsibility for conducting an annual review of the effectiveness of our governance framework, including the system of internal control. The review of effectiveness is informed by the statements of assurance and annual governance self-assessments by each director and assistant director, who have responsibility for the development and maintenance of the governance environment; the Head of Audit and Risk Management's annual report, and by comments made by the Council's external auditors and other review agencies and inspectorates.
- 5.2 The Director of Finance holds the Council's statutory section 151 Officer role; the Head of Legal and Governance (the Council's Monitoring Officer) and the Head of Audit and Risk Management have also reviewed the work done by the Council relating to governance issues in 2022/23. Their comments on the key governance issues are as follows:
- Director of Finance: The Council's 2022/23 budget was clear on the need to continue our council change agenda, particularly in light of the ongoing impact of covid. It was also recognised that this type of change takes time, and so started to consider how the Council's Delivery Plan 2022-24 should be framed and the already agreed savings strategy of £12m for 2022/23 delivered. Extensive work was carried out to enable informed decisions on where to direct limited resources as not all items of growth put forward were able to be accommodated however proposed budgets were as realistic as possible at the time. A total of £17.589m new service growth was proposed for 2022/23, with additional budget directed into care services following an improved LGFS. The financial planning strategy was to enable the Council to achieve a stronger platform to approach the new programme of change required to address the structural funding gap and align with the priorities identified in the Council's Delivery Plan. The budget process continued to be supported by a regular cycle of budget management and reviews with the Council's Risk Management process underpinning all these activities.

The direction of future government funding policy will also impact on the Council's finances and continues to be a future risk factor. The Council's latest approved 2023/24 budget and MTFS forecasted a significant funding gap in excess of £17m by 2027/28, however this

position is expected to have worsened due to continued impact of covid, inflation levels, increasing interest rates and cost of living pressures still manifesting along with high demand for care and housing services. These increased costs are not being met by further direct government resources.

The Council will therefore need to develop immediate and effective plans to significantly reduce its net cost base, deliver a balanced budget over the course of the MTFs, ensuring we live within our means and deliver excellent value for money.

- Head of Legal & Governance (Monitoring Officer): The Monitoring Officer are not aware of any significant governance issues in relation to member code of conduct and complaints for 2022/23. The work in strengthening the governance concerning acquisitions and disposals, Information Governance and Delivery of the Housing Improvement Plan will be reviewed during 2022/23.
 - Head of Audit and Risk Management: For the audit work completed, most areas were assigned a satisfactory level of assurances although weaknesses in internal controls were identified in some areas. Internal audit highlighted the following areas where management attention was required; the management of Council properties including Commercial Property; procurement, IT Strategy, Delivery of Medium Term Financial Savings, Early Years Commissioning, internal controls within the Housing Services, record keeping within the organisation and health and safety. Internal Audit also highlighted some Council policies, procedures and practices are out of date and need refreshing. Management have accepted audit recommendations to improve the internal control environment in these areas. Audits performed at Homes for Haringey highlighted a management agreement with the Council has not been agreed. Three schools were assigned Limited assurance though the majority achieved a satisfactory level of assurance for 2022/23.
- 5.3 The Head of Audit and Risk Management has also provided an Annual Audit Report and opinion for 2022/23. The report concluded that in most areas across the Council, with the exception of those areas receiving 'limited' or 'Nil' assurance, there are sound internal financial control systems and corporate governance arrangements in place, and that risk management arrangements are satisfactory
- 5.4 Directorate Management Teams have discussed a statement of assurance covering 2022/23 which is informed by work carried out by Directors; Assistant Directors; heads of service and managers; internal audit; any external assessments; and risk management processes. The statements are used to provide assurance that any significant control issues that have been brought to their attention have been dealt with appropriately. No significant governance issues, apart from those identified at paragraph 4.2 were recorded.
- 5.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) statements on the role of the Chief Financial Officer (CFO) and the role of the Head of Internal Audit (HoA) in public service organisations have both been incorporated into the Council's overall governance arrangements. During 2022/23, the Council can confirm that both the CFO and HoA fulfilled all the requirements set out within the CIPFA statements, and assurance on this was obtained via internal and external audit reviews. No gaps in compliance were identified for either role.

- 5.6 The Leader of the Council and the Chief Executive have been advised of the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and a plan to implement enhancements and ensure continuous improvement of the system is in place.
- 5.7 The evidence provided concerning the production of the Annual Governance Statement has been considered by the Chief Executive and will be considered by the Council's Audit Committee in July 2023. The Statutory Officers concluded that the Council has satisfactory governance systems in place and satisfactory plans to address the identified issues to ensure improvement; these arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The Chief Executive along with the other members of the Corporate Leadership Team are committed to implementing the action plan, strengthening and improving controls and keeping the effectiveness of the Council's corporate governance arrangements under review during the year.

Signed by:



Councillor Peray Ahmet
Leader of the Council
Date:



Andy Donald
Chief Executive
Date: 03/07/2023

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Report for: Audit Committee – 20 July 2023

Item number: 9

Title: Annual Internal Audit Report 2022/23

Report authorised by : Chief Financial Officer

Lead Officer: Minesh Jani, Head of Audit and Risk Management
Tel: 020 8489 5973
Email: minesh.jani@haringey.gov.uk

Ward(s) affected: N/A

**Report for Key/
Non Key Decision: Information**

1. Describe the issue under consideration

- 1.1 To inform Members of the overall adequacy and effectiveness of the system of internal control and risk management operating throughout 2022/23 and present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other bodies.
- 1.2 This report also fulfils the relevant statutory requirements of the 2017 UK Public Sector Internal audit Standards (PSIAS); the 2017 Local Government Transparency Code; and the Audit Committee's terms of reference.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 That the Audit Committee notes the content of the Head of Audit and Risk Management's annual audit report and assurance statement for 2022/23.

4. Reasons for decision

- 4.1 The Audit Committee is responsible reviewing the Annual Internal Audit Report as part of the required statutory processes.
- 4.2 In order to facilitate this, reports are provided on a quarterly basis to the Audit Committee on the work undertaken by the Internal Audit Service in completing the 2022/23 annual audit plan, together with reports on the responsive and proactive fraud investigation work undertaken during the year.
- 4.3 The report also supports the production of the Council's statutory Annual Governance Statement.

5. Alternative options considered

- 5.1 Not applicable.

6. Background information

- 6.1 The purpose of the Annual Internal Audit report is to provide assurances based on the annual activity of internal audit for the financial year 2022/23.
- 6.2 In addition, the mandatory PSIAS state:
- The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.
 - The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
 - The annual report must incorporate:
 - the opinion;
 - a summary of the work that supports the opinion; and
 - a statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.
- 6.3 The 2015 Local Government Transparency Code requires the Council to publish information annually in respect of its counter-fraud activities and the resources used to undertake this.
- 6.4 The information in this report has been compiled from information held within Audit & Risk Management and from records held by Mazars Public Sector Internal Audit Ltd (Mazars), the contracted provider of internal audit services to the Council and relates to the work carried in the financial year 2022/23.

7. Contribution to strategic outcomes

- 7.1 The internal audit and counter-fraud teams make a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all Corporate Plan Priority areas.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1 Finance and Procurement

The Head of Corporate Financial Strategy and Monitoring has been consulted in the preparation of this report. There are no direct financial implications arising from this report. The work completed by Mazars is part of the framework contract which was awarded to the London Borough of Croydon and extended to 31 March 2024, in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget.

8.2 Legal

The Head of Legal has been consulted in the preparation of this report, and in noting that the level of audit coverage complies with the mandatory PSIAS industry required standards, the opinion expressed by the Head of Audit & Risk Management and that measures have been put in place to deal with instances where assurance levels are an issue, has no comments.

8.3 Equality

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not;
- foster good relations between people who share those characteristics and people who do not.

As contracted providers of Haringey Council, the internal audit contractor is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010. Ensuring that the Council has effective internal audit and assurance arrangements in place will also assist the Council to use its available resources more effectively.

9. Use of Appendices

Appendix A – Annual Internal Audit Report 2022/23

Appendix B – Internal Audit Outcomes 2022/23 – Mazars

Appendix C – Schools Audit Outcomes 2022/23 - Mazars

Appendix D – Anti Fraud Outcomes 2022/23

Appendix E – Quality Assurance and Improvement Plan

10. Local Government (Access to Information) Act 1985

Not applicable

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**APPENDIX A - Annual Internal Audit Report 2022/23
(Including Head of Internal Audit Opinion)**



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Appendix C – Outcomes from Schools Audits and Follow Up 2022/23	
Appendix D - Anti-Fraud work 2022/23	
Appendix E – Quality Assurance and Improvement Plan	

Introduction

1. Role of Internal Audit

- 1.1 The requirement for an internal audit function is detailed within the Accounts and Audit (England) Regulations (amended) 2015, which states that a relevant body must: *'Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'*
- 1.2 Moreover, the mandatory UK Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to provide an annual opinion, which is based upon the internal audit work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and internal control. This is achieved through a risk based internal audit plan. For 2022/23, the internal audit plan was agreed with management and endorsed by the Audit Committee at the start of the financial year. The plan was updated in Sept 2022 to reflect the transition of most of the functions carried out by Homes for Haringey into the Council. The internal audit plan provides a reasonable level of assurance over the system and internal controls operating in the Council and the level of assurance should not be regarded as absolute.
- 1.3 Under the PSIAS, internal audit is required to have an External Quality Assessment (EQA) at least once every five years. Haringey's audit was externally assessed in April 2022 which confirmed that the Council's Audit Service **fully complied** with the required standards. The EQA considered annual self-assessments undertaken and the service's Quality Assurance and Improvement Plan (QAIP). Mazars were last independently audited in 2019 to confirm the robustness of their methodology and compliance with standards. A full report was presented to the Corporate Committee regarding the EQA and compliance with PSIAS as that is a requirement of the standards in July 2022.
- 1.4 Internal Audit services for Haringey Council, excluding the investigation of allegations of fraud and corruption and some other special review or investigations, is provided by Mazars LLP (Mazars) as part of the framework contract awarded to the London Borough of Croydon. The contract was retendered in 2017 and now runs until 2024 with a further option to extend for 2 years.
- 1.5 Covid-19 had a significant impact on the delivery of previous year's (2021/22) audit plan, this and the challenges in recruitment in the private sector audit firms had impacted delivery of the 2022/23 audit plan. The challenging nature for the internal audit work was in part managed by some additional in-house resource being procured to provide more resilience to the service though Covid-19 had impacted on the delivery of the 2021/22 audit plan. The work scheduled for that year is now fully complete and the audits scheduled for 2022/23 were also substantially completed. Details of this later year's work is referred to in the sections below. It is envisaged the impact of Covid 19 has now been processed and the audit programme for 2023/24 can be delivered with the previous disruptions resolved.

2. Internal Audit Approach

- 2.1 To assist the Council in meeting the relevant audit standards and achieving its objectives, internal audit provides a combination of assurance and advisory activities. Assurance work involves assessing how well the systems and processes are designed and working; advisory activities are available to help improve systems and processes where required.
- 2.2 A full range of internal audit services has been provided during the year and has been considered when forming the annual opinion. The approach to each audit review is determined by the Head of Audit and Risk Management, in discussion with Mazars and service management and will depend on; the level of assurance required; the significance of the area under review; and risks identified.
- 2.3 A report is issued for every assurance project in the annual audit plan, which provides an overall audit opinion according to the level of risk of the findings. In addition, each recommendation is given a priority rating, to assist service management in prioritising their work to address agreed recommendations. The overall classification relates to the findings at the time of the audit work. Internal Audit undertake formal follow up work to ensure recommendations are implemented. The work completed by in house resources in the Audit and Risk Service is detailed in this document. The work completed by Mazars is detailed at Appendices B and C.
- 2.4 The internal audit approach has been to have an open and honest conversation with management to fully understand the residual risks within their services. Management have been encouraged to seek audit input where the service is aware of issues. This inevitably will translate into more areas being assigned a lower level of assurance and the engagement with internal audit is seen as a catalyst for improvement.

Executive Summary

3. Internal Audit Opinion

- 3.1 The Head of Audit and Risk Management is responsible for delivering an annual audit opinion and report that can be used by the Council to help inform its statutory Annual Governance Statement. The annual audit opinion provides a conclusion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 3.2 Internal audit work was carried out using a risk-based approach and included reviews of those systems, projects, and establishments to discharge the Chief Financial Officer's responsibilities under s151 of the Local Government Act 1972; the 2017 UK Public Sector Internal Audit Standards; and the 2015 Accounts and Audit (England) Regulations.
- 3.3 In providing the annual audit opinion, reasonable but not absolute assurance can be provided that there are no fundamental weaknesses in the processes reviewed. In assessing the level of assurance given, I have taken account of:

- Reports on all internal audit work completed, including any advisory work, control failure investigations and briefings to management;
 - Results of follow up exercises undertaken;
 - Any reviews completed by external review bodies;
 - Risk Management workshops undertaken to support management to better manage either existing or emerging risk areas;
 - The resources available to deliver the internal audit plan; and
 - Compliance with 2017 UK PSIAS.
- 3.4 I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of the Council's internal control environment.
- 3.5 I have considered the work completed by both Mazars and the in-house team, including that of the anti-fraud investigation team for 2022/23. This includes reviews of internal audit reports, fraud investigations and briefings to management. In my opinion, with the exception of those areas where 'limited' or 'nil' assurance reports have been issued, the controls in place in those areas reviewed are adequate and effective.
- 3.6 Where weaknesses in controls have been identified, internal audit has worked with management to agree appropriate actions and timescales to improve controls. Internal Audit undertake follow up reviews or further audit work to confirm their implementation.
- 3.7 For 2022/23, I have also considered the Council's response to post COVID-19 pandemic impact and other significant challenges that have followed around the cost of living crisis. I have worked closely with Senior Officers to monitor these corporate workstreams throughout the year and have taken assurance from the outcomes of this work to inform the opinion.
- 3.8 It is my opinion that overall internal audit can provide **Adequate Assurance** that the system of internal control that has been in place at the Council for the year ended 31st March 2023 and accords with proper practice, except for the significant internal control issues referred to in this report. This means that there is generally a sound control framework in place, but there are some specific gaps in the control framework which need to be addressed.
- 3.9 Outcomes of the 2022/23 audit plan contained within this report indicate that areas where assurances were not adequate were: Management of Trees; Delivery of Climate Change Action Plan; Stocks and Stores; Delivery of Medium Term Financial Savings; Gas Safety; Payroll, Early Years Commissioning, Management and Control of Anti-Social Behaviour; Accounts Payable; Customer Pathway Arrangements (Repairs) Recruitment, Retention and Leavers, Delivery of SEN Improvement Plan, Stock Condition Surveys, Business Continuity Planning, Parking System Implementation, IT Strategy, Homelessness / Temporary Accommodation, Leasehold Consultation Process (S20), Management and Control of the Contract Register, Application Review of Tech Forge application, Fleet Contract Management and Estate Management and Commercial Property.

Contracts and Procurement was an area of concern in 2020/21 and I continue to monitor the progress to address control weaknesses, it is noted most of this is dependent on changes to operating model and technology in the Council and these projects remain in progress at the end of 2023. Significant work was completed in Property Services in 2021/22 following limited assurance opinions and management concerns in 2020/21. It is noted the Acquisitions and Disposals was given an adequate assurance following new governance being implemented by management and these controls embedding to help manage the high inherent risks. An independent review of 10 property transactions took place during 2022/23 and its recommendations, along with those raised in internal audits form part of the improvement programme for property services. A “Nil” Assurance has been given with regards Commercial Property work completed by the in-house team, I will monitor and formally follow up the progress to address control weaknesses in this area in 2023/24 including a new audit of this area.

- 3.10 The proportion of audits assigned “Limited” assurance is higher for 2022/23 than previous years, this can be attributed to two main factors; most of the audits in housing have been assigned a low level of assurance. Previously, these audits were reported to the Homes for Haringey Audit, Risk and Audit Committee and not included in the Council’s analysis. The other factor is the approach of the organisation to use internal audit as a catalyst for improving services.
- 3.11 Analysis of recommendations raised in service focus reviews shows that a significant proportion of recommendations raised relate to organisation controls around management control to direct services, record keeping and the maintenance of full audit trails, supervision and management information and the need to ensure strategies, policies and procedures are up to date. In addition, the decentralised operations of some corporate systems such as procurement reduce the oversight and compliance of internal controls in the area. As part of producing this annual report, the recommendations falling due in year were followed up and results were satisfactory. Our Quality Assurance Improvement Plan (QAIP) in 2022/23 had actions to improve our follow up regime and these efforts have had positive results with far greater implementation rates than in previous years. Analysis of recommendations not implemented shows that in most recommendations not implemented relate to specific audit areas. The implementation of recommendations is not consistent across the whole council yet, so remains an area of focus in 2023/24. The results of follow up activity completed by both in house and Mazars resources are summarised at Appendix B.
- 3.12 Actions to enhance the governance framework, as outlined within the 2022/23 Annual Governance Statement included the following: the need to ensure the Council delivers savings identified in the Medium Term Financial Strategy (MTFS) to manage within its financial means, concerns regarding the robustness of decision making relating to acquisitions and disposals of property, weaknesses in the management of Health and Safety risks in Council owned residential properties resulting in the Council referring itself to the Regulator of Social Housing in January 2023, management of Commercial Property, the need to strengthen the authority’s information governance framework, and improvement of the delivery of Council Leisure Services. Progress to address these has been recognised as part of the

process to develop the 2022/23. Significant governance issues raised in the previous year (202/22) that have been closed are: the need to make sure Council social service practice safeguards children, and complete the Insource the Council's Arm's Length Management Organisation, Homes for Haringey (HfH) into Council operations.

3.13 I reported previously that the control environment in Haringey's schools required improvement. I am pleased to acknowledge I have noted improvement in the assurances provided to schools. No school in 2021/22 and 2022/23 was assigned a "nil" assurance. A programme of follow up for all 2020/21 and 2021/22 audits was also completed in 2022/23 by Mazars and outcomes were positive. I continue to work closely with other back-office teams supporting schools, the HEP and in conjunction with the School's Forum and Children's Services to assist schools with robust control and risk management. Appendix C provides a summary relating to the school's audit plan, information has also been provided to Senior Management and the School's Forum. A summary of outcomes for 2022/23 is as follows:

- Nine out of 13 schools completed received "Adequate" or above assurance rating;
- Two schools received the top rating of Substantial Assurance;
- No schools received a "Nil" rating;
- Four schools received "Limited" Assurance; and
- Three schools demonstrated a reduction in assurance from the last audit, these schools will be followed up early in 2023/24 to ensure control environment has strengthened.

3.14 Common themes arising from the audit of schools include:

- Governors not providing evidence of their DBS certificate, particularly where the previous certificate requires an update;
- Contracts have been rolled over for several years, and spend on them exceeds the thresholds for going out to tender; and
- Evidence not retained to clearly show that reconciliations are prepared by one officer, and then reviewed by a second independent officer.

3.15 For the financial year 2022/23, a total of 113 recommendations were raised for schools. This is an increase from last year where 88 recommendations were raised. The priority of the recommendations raised is as follows: -

- Priority 1 recommendation – 1
- Priority 2 recommendations – 73
- Priority 3 recommendations – 39

3.16 The majority of recommendations raised relate to school governance (22%), financial Planning and Monitoring (24%) and Procurement (26%).

4. Internal Audit Coverage and Output

- 4.1 The 2022/23 audit plan was informed by internal audit's own assessment of the Council's key risk areas and discussions with senior management to ensure that audit resources were aligned to agreed areas of risk. A small contingency was included in the audit plan to ensure any emerging risks during the year could be adequately reviewed.
- 4.2 The approved (and revised) plan for 2022/23 included 59 audit projects and 13 school's audits, approved by the Corporate Committee on 15 September 2022. Table 1 below provides changes made to the plan, and details of audits not undertaken and audits added to the plan in year. Overall, a total of 72 assignments were included in the original audit plan, with a contingency provision still available for additional work. A total of 61 assignments were completed to inform the Head of Internal Audit opinion. The outcome of the work, completed by Mazars, and the definitions of assurance levels are detailed in Appendix B.

Internal Audit Plan– Summary of Outcomes

- 4.3 When the 2022/23 plan was formulated it was recognised that the audit plan needed to be flexible to deal with changes in risks and assurance needs during the year. The decision to change a planned audit is taken by the Head of Internal Audit in consultation with key stakeholders. Changes to the plan have been reported to Members in year and Table 1 below contains details of all changes to the plan and Table 2 provides a summary of the changes.

Table 1 – Changes to Plan

Audit Area / Title	Status
Corporate/Cross Cutting Risk Audits	
Community Engagement	Deferred to allow for the Haringey Deal model to be rolled out. To be carried out in 2023/24.
Council Plan Delivery	Audit postponed as the delivery plan was in development during 2022/23 and aligned with administration's manifesto.
Control and Monitoring of Purchasing Cycle (Strategic)	This audit focused on the contract management arrangements for the Council's Matrix contract.
Arrangements for Managing Transformations	The scope of this audit was changed to look at the delivery of the Council's Medium Term Financial Plan savings.
Priority 2 People (Children's Services)	
Arrangements to satisfy the legal requirement to review EHCPs annually.	This audit commenced in 2022/23 and will be completed and reported in 2023/24.

Audit Area / Title	Status
Arrangements for planning, monitoring and controlling the use of residential placements	This audit commenced in 2022/23 and will be completed and reported in 2023/24.
Priority 2 People (Adults and Health)	
Purchase of Care Plans	This audit commenced in 2022/23 and will be completed and reported in 2023/24.
Student Nurse Account HLDP	Added to the plan following referral from the service over its operations.
Elective Home Education - Follow Up	Undertake a full follow up of the Elective Home Education service to provide assurance to the Director of Children's Services.
Mental Health Assessments	Carried out a follow up audit in place of a full risk based audit.
Priority 3 Environment and Neighbourhood	
Steet Cleansing	Audit postponed and the service had already obtained assurances from previous audits looking at key performance indicators.
Youth Services	This audit commenced in 2022/23 and will be completed and reported in 2023/24.
Priority 4 Housing, Regeneration and Planning	
Acquisition and Disposal of Assets	An audit was carried out as part of the 2021/22 internal audit plan that was assigned "Adequate" assurance and a further independent review carried out in 2022/23. This audit was therefore postponed.
Delivery of Capital Projects / Schemes	This audit commenced in 2022/23 and will be completed and reported in 2023/24.
Housing Development Programme	Audit postponed as obtained "adequate" assurance from recent audit.
Strategic Asset Management and improvement.	This audit commenced in 2022/23 and will be completed and reported in 2023/24.
Disrepair claims	Large number of claims being processed via Legal Services and service carrying out its own review. This audit will be completed and reported in 2023/24.

Audit Area / Title	Status
Management of Voids	Management acknowledged there were several issues in the management of voids and asked for the audit to be carried out once the local arrangements had improved.
Commercial Property	Audit added to the plan following concerns raised by the Director of Placemaking & Housing over the operations of Commercial property.
Corporate IT Audits	
IT / Infrastructure Resilience	The actions from previous year's audit plan used to follow up instead of carrying out a full review.
Audit Needs Assessment (Digital Services)	Commissioned a full review of Digital Services to understand risks and develop a three year audit plan.
Contract and Procurement Audit	
Contract Management	Previous audit recommendations not implemented as the service is undergoing a redesign. Past audits have been assigned "Limited" assurance over the contract monitoring arrangements.
Post Implementation Review of ERP Solution	Awaiting the implementation of the new operating model before an audit is conducted.

Table 2 – Summary of changes to the audit plan.

Plan / Change	Number
Number of audit projects as per the original plan (+)	59
Number of planned schools Audits (+)	13
Total number of assignments (=)	72
Projects added to the plan in year (+)	4
Projects deferred to 2023/24 (-)	8
Cancelled audits (-)	7
Audit replaced with other advisory/risk work (=)	0
Audits changed to follow ups (=)	2
* Audits areas deferred to 2023/24 (=)	8
* Schools deferred to 2023/24 (=)	0
Total number of assignments (=)	61
of which Audit Assignments (inc Follow Up)	43
Advisory	3
Risk Assignments	2
Schools	13
Number completed by Mazars (see app B)	
of which Audit assignments totalled	43
Schools totalled	13
Advisory totalled	3
Follow Ups	2

- 4.4 Most of the audit work was geared towards providing assurance to management on the adequacy and effectiveness of the Council's internal control environment. This work provided an outcome report with an assurance rating. Other work provided advice and support to management to improve efficiency, or the effectiveness of systems, services or functions; in these cases, an outcome report or assurance rating is not provided.
- 4.5 Some audits started later in the year and will conclude in 2023/24, were the result of request from services and considered by the Head of Internal Audit. Working with Mazars, all efforts have been made to ensure the work programme for 2023/24 is not delayed.
- 4.6 I do not consider the audits now scheduled for 2023/24 has had an adverse impact on my overall opinion for 2022/23. An analysis of the audit outcomes for work completed by Mazars is included in Appendix B and C.

- 4.7 The audit work where formal assurances were provided, as advisory work is noted in table below:

Audit Title	
Mosaic pre implementation review.	Follow Up work gave an adequate level of assurance with regards progress.
Local Welfare Assistance Scheme	Advisory work with positive assurances provided to Management on the governance and control environment.
Completion of Grant Claim form for Energy Bills Support Scheme	Head of Audit sign off to claim the grant following confirmation of the expenditure.
Completion of Grant Claim form for Public Health Adults Weight Management Grant.	Head of Audit sign off to claim the grant following confirmation of the expenditure.

5. Annual Internal Audit Report & Opinion Statement 2022/23

Scope of Responsibility

- 5.1 The Council is responsible for ensuring its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty, under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Authority's functions, and which includes arrangements for the management of risk. Specifically, the Council has a statutory responsibility for conducting a review of the effectiveness of the system of internal control on at least an annual basis.
- 5.2 Management is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. The Accounts and Audit Regulations require the Council to review, at least annually, the effectiveness of its system of internal control. Internal audit plays an important role in advising the Council that these arrangements are in place and operating effectively. The Council's response to internal audit activity and recommendations should strengthen the control environment and ultimately contribute to achieving the organisation's objectives.

The Purpose of the System of Internal Control

- 5.3 The Council's system of internal control is designed to manage risk to a reasonable level rather than to completely eliminate the risk of failure to achieve policies, aims and objectives. Consequently, it can only provide a reasonable, and not absolute, assurance of effectiveness.
- 5.4 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's vision, strategic priorities, policies, aims and objectives. It also is designed to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Annual Opinion Statement on the Effectiveness of the System of Internal Control

- 5.5 The Internal Audit (IA) Plan for 2022/23 was developed primarily to provide the Corporate Board and the Audit Committee with independent assurance on the adequacy and effectiveness of the systems of internal control, including an assessment of the Council's corporate governance arrangements and risk management framework.
- 5.6 The Head of Internal Audit's (HIA) opinion is based primarily on the work carried out by the Council's IA service during 2022/23, as well as a small number of other assurance providers. Where the work of internal audit has identified weaknesses of a systematic nature that impact on the system of internal control, this has been considered in forming the HIA opinion.

Basis of Assurance

- 5.7 All the IA reviews carried out in 2022/23 have been conducted in accordance with the UK PSIAS, based on the annual assessment carried out by Mazars as part of their annual internal peer review challenge.
- 5.8 In line with the UK PSIAS, the Head of Audit and Risk Management is professionally qualified and suitably experienced. The skills mix within the contractor's team has evolved during the year though every single member of the IA team is either fully qualified or actively studying for a relevant professional internal audit or accounting qualification. As a result, the 2022/23 IA resources fulfilled the UK PSIAS requirements in terms of the combination of professionally qualified and suitably experienced staff.

Qualifications to the Opinion

5.9 During 2022/23 the Council's IA service:

- had unrestricted access to all areas and systems across the authority;
- received appropriate co-operation from officers and members; and
- had sufficient resources to enable it to provide adequate coverage of the authority's control environment to provide the overall opinion. A benchmarking review of local authorities' internal audit service has revealed Haringey Council has on average fewer internal audit days than other London boroughs. Though the appointment of the Deputy Head of Audit and Risk Management has increased the level of resource available to devote to Internal Audit, there has been continued pressure in the delivery of the Council's anti-fraud work that, in reality, impacted on the proportion of internal audit work. The Head of Audit and Risk Management is continuing to look at how the authority can obtain an adequate level of business assurance and maintain vigilance over the level of resources available.

Other Assurance Providers

5.10 In formulating the HIA overall opinion on the Council's system of internal control, the Head of Audit and Risk Management has considered the work undertaken by other sources of assurance, and their resulting findings and conclusions. These other assurance providers which included:

- Risks identified on the Directorate Risk Registers;
- The work of Feedback and Information Governance Group;
- The Statutory Officer Group
- The IT Security Group;
- The work of the Health & Safety Group;
- Reports from Government Agencies and inspections;
- External Audit Plan and their ISA 260 report.

Significant Internal Control Weaknesses

5.11 Internal audit is required to form an opinion on the quality of the internal control environment, which includes consideration of any significant risk or governance issues and control failures which arise during the year.

5.12 There were several significant internal control weaknesses identified by internal audit during 2022/23. The risks identified from the audit work have been raised with management and work is ongoing to strengthen the Council's control environment in relation to the risks identified.

5.13 For the audits assigned limited or nil assurance by Mazars, it was noted the internal controls had been designed to mitigate risks, though in practice, some of these controls were not operating. The "second line of defence" alerts management where internal controls are not operating as intended but for several audit areas, the second line of defence was not effective in identifying the weakness in the

operation of the control. Examples of internal controls in the second line of defence include developing and reporting robust business cases to inform decision making, quality assurance and monitoring arrangements, performance management and key performance indicators, and supervisory controls. An area of focus is the work around the Council's procurement processes and the change in the operating model at the Council to ensure compliance with the Council's contract standing orders.

5.14 Senior management have agreed to respond to the significant internal control weaknesses identified for internal audits carried out in 2022/23.

6. Analysis of audit work

6.1 A review of the work of internal audit is summarised in the table below. Please see Appendix B, C and 4.9 above for more information.

Table 3 analysis of audit outcomes

Assurance Level	2022/23 Reports	2021/22 Reports	2020/21 Reports
Substantial	5 (7%)	9 (13.5%)	9 (12.5%)
Adequate	20 (28%)	17 (25.5%)	22 (31%)
Limited	23 (31%)	15 (22%)	13 (18%)
Nil/No	1 (1%)	1 (1.5%)	0 (0%)
Advisory / Risk Work	9 (13%)	9 (13.5%)	22 (30.5%)
Follow Up	2 (3%)	3 (4.5%)	-
Deferred*	12 (17%)	13 (19.5%)	4 (5.5%)
Total	72	67	70

Recommendations raised in 2022/23 and Follow Ups in 2021/22

6.2 An analysis of the recommendations raised as part of the 2022/23 audits is set out below. The figures are based on 24 assurance reports in 2021/22 and 38 in 2022/23.

Table 4 - 2022/23 recommendations by priority

Risk	Number of recommendations		Percentage	
	2021/22	2022/23	2021/22	2022/23
Priority 1 – High	20	35	16%	18%
Priority 2 – Medium	71	121	57%	57%
Priority 3 - Low	33	55	27%	26%
Total	124	211	100%	100%

6.3 All recommendations raised from 2021/22 were followed up in 2022/23. Directorates maintain their own records of recommendations for monitoring and the enhanced follow regime, implemented as part of our QAIP, has further bedded in during 2022/23. For the detail with regards audit recommendations please see Appendix B. The results of follow up have informed this year's opinion and 2022/23 audit planning. Our area of focus for 2023/24 will be priority one recommendations as although these are often more complex actions to close, they do pertain to the highest risk findings of our work.

7. Consultancy Audits 2022/23

7.1 Over the last couple of years, the number of consultancy work, advice and guidance has been maintained, however since COVID-19 these requests increasingly are for the Head or Deputy Head of Audit to engage in a process design or workstream rather than a defined audit assignment. The trend for continued support and advice is likely to continue into 2022/23. In 2020/21 the Mazars team reconfigured to provide strengthened specialist input into areas such as: IT, Project Management; Housing and Schools. The Mazars team also have a wide range of other specialist resources that can be called on via our current contract as needed. For 2022/23 additional Management capacity has been introduced in Mazars to enable more focus on the Housing risk areas.

8. Quality Assurance and Improvement Programme

8.1 The Public Sector Internal Audit Standards' (PSIAS) set out the need for internal audit to develop a quality assurance and improvement programme (QAIP) which seeks to ensure the internal audit service conforms to the PSIAS and provides a means of maintaining continuous improvement.

- 8.2 The areas for development for Internal Audit on the QAIP for 2023/24 will continue to be monitored and reported to the Audit Committee and Senior Management. The QAIP is attached as Appendix E.

Minesh Jani

Head of Audit and Risk Management

30 June 2023



Appendix B

London Borough of Haringey Mazars 2022/23 Summary Appendix

Prepared by: Mazars LLP
Date: July 2023

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- 01 Summary of 2022/23 Internal Audit Activity
- 02 Benchmarking
- 03 Follow Up on 2022/23 Audits

Disclaimer

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Haringey and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of the London Borough of Haringey and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in this report for further information about responsibilities, limitations and confidentiality.





01 Summary of the 2022/23 Internal Audit Plan

The table below lists the 2022/23 Internal Audit Plan and a status summary for all the reviews undertaken by Mazars.

Audit	Days	Date of Final Report	Assurance Level	Direction of Travel	Total	Findings by Priority		
						1	2	3
Admissions and School Place Planning	10	August 2022	Substantial	N/A	1	-	-	1
Management of Trees	10	August 2022	Limited	N/A	5	2	2	1
IT Procurement Control	12	October 2022	Adequate	N/A	5	-	3	2
Treasury Management	10	October 2022	Adequate	N/A	2	-	1	1
Arrangement for Dealing for Domestic Violence	10	March 2023	Adequate	N/A	4	-	3	1
Delivery of Climate Action Plan	10	December 2022	Limited	N/A	6	2	4	-
Management & Control over Child Protection Cases	10	December 2022	Adequate	N/A	3	-	2	1
Fostering	12	March 2023	Adequate	N/A	3	-	1	2
Health and Safety	10	January 2023	Adequate	→	3	-	3	-
IT Service Management	15	January 2023	Adequate	N/A	4	1	2	1
Missing Children Service	10	May 2023	Adequate	N/A	2	-	1	1
Delivery of MTFS Savings	15	January 2023	Limited	N/A	3	-	3	-
Gas Safety	10	May 2023	Limited	↔	6	1	3	2



01 Summary of the 2022/23 Internal Audit Plan (continued)

Audit	Days	Date of Final Report	Assurance Level	Direction of Travel	Total	Findings by Priority		
						1	2	3
Payroll	12	February 2023	Limited	↔	7	2	4	1
Early Years Commissioning	15	February 2023	Limited	N/A	14	2	9	3
Management and Control of Anti Social Behaviour	10	April 2023	Limited	N/A	13	1	8	4
Application Review – Tech Forge	15	July 2023	Limited	N/A	3	1	2	-
Customer Pathway Arrangements (Repairs)	20	July 2023	Limited	N/A	10	4	6	-
Recruitment, Retention and Leavers	15	February 2023	Limited	↔	10	2	3	5
Housing Benefits	15	June 2023	Adequate	↔	6	-	2	4
Fleet Contract and Strategy Management	12	July 2023	Limited	N/A	5	1	4	-
Stock Condition Surveys	10	July 2023	Limited	N/A	5	1	3	1
Business Continuity Planning	15	May 2023	Limited	N/A	8	3	5	-
Estates Management	8	July 2023	Limited	N/A	7	-	4	3
IT Strategy	10	March 2023	Limited	N/A	6	2	3	1
Missing Children Service	10	May 2023	Adequate	N/A	2	-	1	1



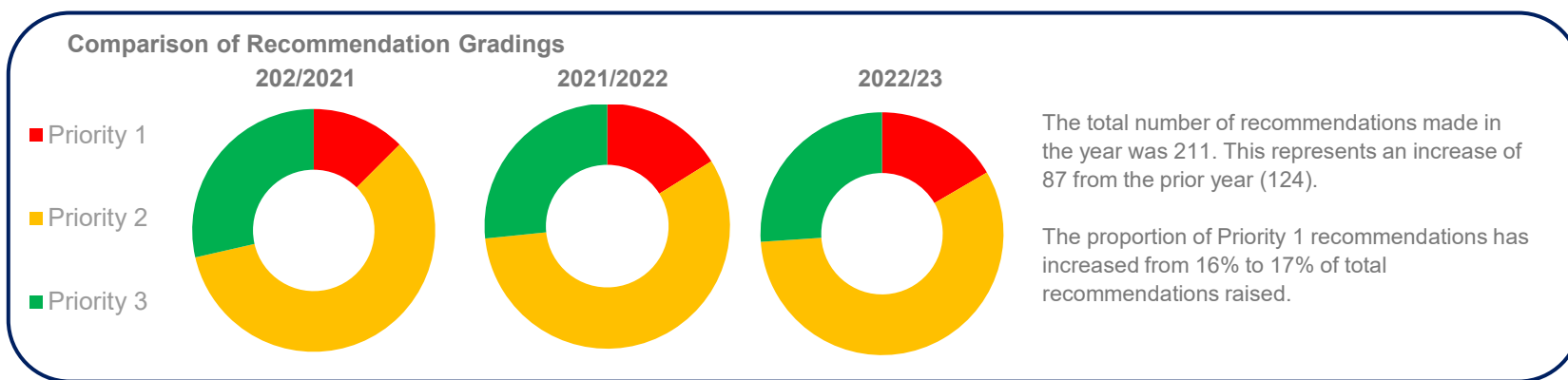
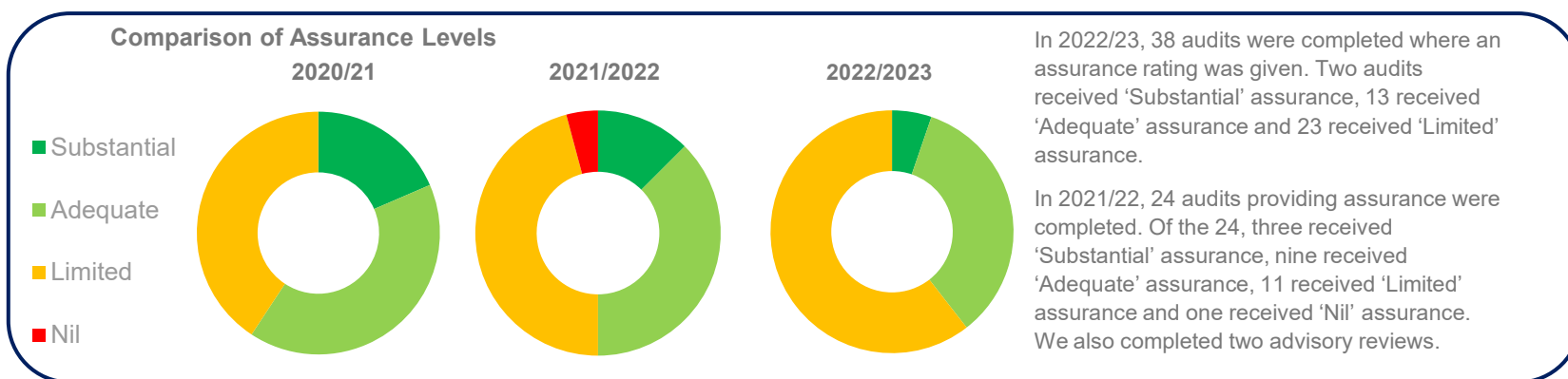
01 Summary of the 2022/23 Internal Audit Plan (continued)

Audit	Days	Date of Final Report	Assurance Level	Direction of Travel	Total	Findings by Priority		
						1	2	3
Contract Monitoring of Matrix	10	April 2023	Limited	←	8	1	6	1
Homelessness/Temporary Education	20	May 2023	Limited	N/A	8	1	3	4
Accounts Receivable (Sundry Debtors)	13	May 2023	Adequate	→	2	-	2	-
Leasehold Consultation Process (S20)	12	July 2023	Limited	N/A	6	1	4	1
Management and Control of the Contract Register	10	July 2023	Limited	N/A	11	2	4	5
Council Tax	12	June 2023	Adequate	→	1	-	-	1
NNDR	8	June 2023	Adequate	↔	1	-	1	-
Public Health – 0-19 Commissioned Services	12	March 2023	Substantial	N/A	0	-	-	-
Lettings	15	July 2023	Adequate	N/A	6	-	4	2
Stocks and Stores	8	Draft Report	Limited	→	11	1	5	5
Service Connect	13	Draft Report	Limited	↔	7	2	4	1
Delivery of SEN Improvement Plan	10	Draft Report	Limited	N/A	5	-	5	-
Parking System Implementation	15	Draft Report	Limited	N/A	4	2	2	-
Total					211	35	121	55



02 Benchmarking

This section compares the Assurance Levels and categorisation of recommendations made in the audits in 2020/21, 2021/22 and 2022/23.





03 Follow-up on 2020/21 Audits

During the year we have assessed the implementation of recommendations raised in 2020/21. A summary of the results of the follow up work are included below.

Follow up of 2020/21 audits	Assurance	Recommendations raised				Recommendations Implemented (Impl)				Partly Impl.	Not Impl.	Not yet due	Propose to Close	Due To Review
		1	2	3	Total	1	2	3	Total					
Accounting for Pay and Display	Substantial	-	-	6	6	-	-	-	-	-	6	-	-	-
Major Adaptations - Management and Performance	Substantial	-	-	2	2	-	-	-	-	1	-	-	1	-
Pest Control	Substantial	-	-	1	1	-	-	-	-	1	-	-	-	-
Management and Performance of Carers Service	Adequate	-	3	1	4	-	-	-	-	-	4	-	-	-
Management of the London Construction Programme	Adequate	-	1	-	1	-	-	-	-	-	-	-	-	1
Quality of Practice	Adequate	-	1	1	2	-	-	-	-	1	1	-	-	-
Anti-Social Behaviour	Limited	1	4	-	5	1	1	-	2	1	1	-	1	-
Arrangements for Letting Contracts	Limited	2	4	-	6	-	1	-	1	4	1	-	-	-
Brokerage (Adults)	Limited	-	5	1	6	-	-	-	0	1	-	-	-	5
Brokerage (Children)	Limited	1	2	-	3	-	1	-	1	2	-	-	-	-
Concierge Services	Limited	-	1	-	1	-	1	-	1	-	-	-	-	-



03 Follow-up on 2020/21 Audits (continued)

Follow up of 2020/21 audits	Assurance	Recommendations raised				Recommendations Implemented (Impl)				Partly Impl.	Not Impl.	Not yet due	Propose to Close	Due To Review
		1	2	3	Total	1	2	3	Total					
Contract Management of Contracts	Limited	1	5	-	6	-	1	-	1	3	2	-	-	-
Contract Waivers	Limited	3	2	-	5	-	-	-	0	-	5	-	-	-
Declaration of Interest	Limited	1	2	1	4	1	2	1	4	-	-	-	-	-
Health and Safety	Limited	1	1	-	2	-	-	-	0	2	-	-	-	-
Housing Rents	Limited	-	2	-	2	-	2	-	2	-	-	-	-	-
It Disaster Recovery	Limited	-	4	-	4	-	-	-	0	3	1	-	-	-
Purchasing Cards	Limited	1	2	-	3	-	1	-	1	-	2	-	-	-
Safeguarding - Management & Triage	Limited	1	-	1	2	-	-	-	0	2	-	-	-	-
Contract and Procurement	Nil	3	5	-	8	-	-	-	0	-	-	-	8	-
Repairs Stock	Nil	2	4	-	6	1	-	-	1	4	1	-	-	-
Overall Total		17	48	14	79	3	10	1	14	25	24	-	10	6



03 Follow-up on 2021/22 Audits

During the year we have assessed the implementation of recommendations raised in 2020/21. A summary of the results of the follow up work are included below.

Follow up of 2020/21 audits	Assurance	Recommendations raised				Recommendations Implemented (Impl)				Partly Impl.	Not Impl.	Not yet due	Propose to Close	Due To Review
		1	2	3	Total	1	2	3	Total					
Housing Development Programme	Substantial	-	1	-	1	-	-	-	-	-	-	-	-	1
Management and Control over Record Keeping for Looked After Children	Substantial	-	-	1	1	-	-	-	-	-	-	-	-	1
Performance Indicators (Veolia)	Substantial	-	-	2	2	-	-	-	-	-	-	-	-	2
Accounting and General Ledger	Adequate	-	2	1	3	-	-	-	-	-	-	-	-	3
Accounts Payable (Creditors) including BACs and Services	Adequate	1	-	1	2	1	-	-	1	-	-	-	-	1
Accounts Recievable - Sundry Debtors	Adequate	-	3	2	5	-	2	1	3	1	1	-	-	-
Acquisitions and Disposals of Assets	Adequate	-	2	-	2	-	-	-	-	-	-	-	-	2
Appointeeships & Deputyships	Adequate	-	1	1	2	-	1	1	2	-	-	-	-	-
Business Rates (NNDR)	Adequate	-	1	2	3	-	-	2	2	-	-	-	-	1
Capital Schemes	Adequate	-	3	2	5	-	1	1	2	2	-	-	-	1
Council Tax	Adequate	-	2	-	2	-	-	-	-	-	2	-	-	-



03 Follow-up on 2021/22 Audits (continued)

During the year we have assessed the implementation of recommendations raised in 2020/21. A summary of the results of the follow up work are included below.

Follow up of 2020/21 audits	Assurance	Recommendations raised				Recommendations Implemented (Impl)				Partly Impl.	Not Impl.	Not yet due	Propose to Close	Due To Review
		1	2	3	Total	1	2	3	Total					
Dealing with Allegations against Professionals	Adequate	-	4	1	5	-	2	1	3	1	1	-	-	-
Direct Payments	Adequate	-	2	2	4	-	2	2	4	-	-	-	-	-
Housing Benefits	Adequate	-	2	1	3	-	-	-	-	2	-	-	-	1
Housing Rents	Adequate	1	2	2	5	-	-	2	2	3	-	-	-	-
Tenancy Management	Adequate	1	2	-	3	-	-	-	-	3	-	-	-	-
Building Compliance	Limited	4	2	2	8	2	1	-	3	2	-	-	3	-
Complaints	Limited	-	6	2	8	-	5	2	7	1	-	-	-	-
Cyber Security Review	Limited	2	11	2	15	-	-	-	-	-	-	2	-	13
Deprivation of Liberty	Limited	2	-	-	2	1	-	-	1	-	-	-	1	-
Elective Home Education	Limited	1	6	-	7	-	5	-	5	2	-	-	-	-
Facilities Management	Limited	-	2	-	2	-	-	-	-	-	2	-	-	-

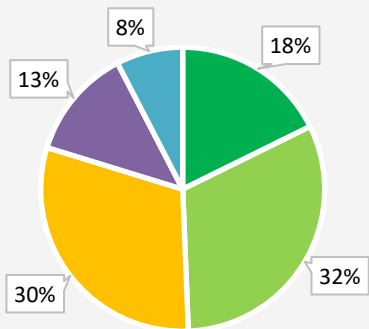
03 Follow-up on 2021/22 Audits (continued)

Follow up of 2020/21 audits	Assurance	Recommendations raised				Recommendations Implemented (Impl)				Partly Impl.	Not Impl.	Not yet due	Propose to Close	Due To Review
		1	2	3	Total	1	2	3	Total					
ICO Accountability Framework	Limited	1	8	4	13	1	7	3	11	-	2	-	-	-
IT Capability Management	Limited	-	4	3	7	-	-	-	-	-	1	-	-	6
Mental Health Assessments	Limited	1	3	1	5	-	-	-	-	-	-	-	-	5
Payroll	Limited	1	2	1	4	1	1	1	3	-	1	-	-	-
Recruitment (temporary agency workers)	Limited	1	4	2	7	-	1	2	3	-	1	-	1	2
Responsive Repairs	Limited	-	6	1	7	-	-	-	-	5	2	-	-	-
Statutory Property Compliance	Limited	3	6	-	9	-	2	-	2	2	1	4	-	-
Use and Control of CCTV	Limited	2	2	-	4	1	2	-	3	-	-	-	-	1
Arrangements for Strategic and Directorate Planning	Advisory	-	4	-	4	-	3	-	3	1	-	-	-	-
Performance Management	Advisory	-	4	3	7	-	-	2	2	2	-	-	3	-
Lessons Learnt (Northgate)	Advisory	4	6	-	10	-	-	-	-	-	-	-	-	10
Overall Total		25	103	39	167	7	35	20	62	27	14	6	8	50



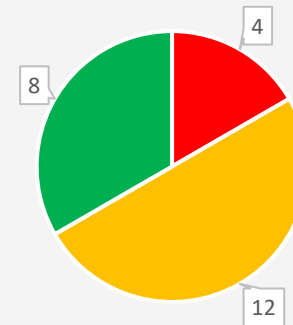
03 Follow-up on 2020/21 Audits (continued)

Analysis of follow up



- Implemented
- Partially Implemented
- Not Implemented
- Propose to Close
- Due to Review

Priority of recommendations not implemented

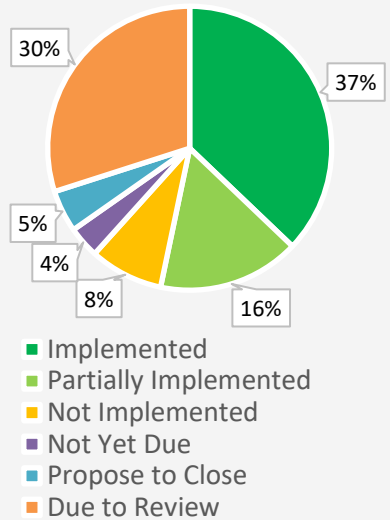


- Priority 1 - Fundamental
- Priority 2 - Significant
- Priority 3 - Housekeeping

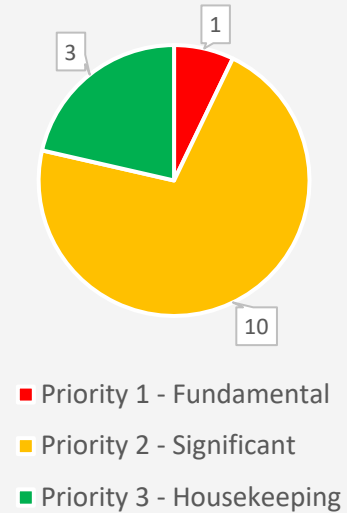


03 Follow-up on 2021/22 Audits (continued)

Analysis of follow up



Priority of recommendations not implemented



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

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our 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 our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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Appendix C

London Borough of Haringey Schools Audits - Mazars 2022/23 Summary Appendix

Prepared by: Mazars LLP
Date: June 2023

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- 02 Summary of the 2022/23 Internal Audit Plan
- 03 Benchmarking
- 04 Overall Assessment of Control and Recommendations raised
- 05 Follow Up on 2021/22 School Audits

Disclaimer

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Haringey and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of the London Borough of Haringey and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in this report for further information about responsibilities, limitations and confidentiality.





01 Schools Internal Audit Activity 2022/23

Below is a snapshot of the work we have carried out in relation to schools during 2022/23.

Assurance Focused Programme

Following the updates to our audit programme during 2022/23, we have continued to liaise with different areas of the council, as well as other stakeholders in relation to assurance.



Audit Satisfaction Surveys

We have issued satisfaction surveys along with every final report. Although the response rate has continued to be low, where we have had responses they have been 'Good' or 'Very Good'.



Business Manager 1 to 1

Where school business managers request a briefing prior to the audit visit, we are happy to hold a session to run through the audit programme in advance of the audit so that the school knows what to expect from the audit process.



Common themes arising

The most common themes continue to be:

- Governors not providing evidence of their DBS certificate, particularly where the previous certificate requires an update.
- Contracts have been rolled over for a number of years, and spend on them exceeds the thresholds for going out to tender.
- Evidence not retained to clearly show that reconciliations are prepared by one officer, and then reviewed by a second independent officer.





02 Summary of the 2022/23 Internal Audit Plan

The table below lists the 2022/23 Internal Audit Plan and a status summary for all of the reviews.

Audit	Days	Assurance Level	Direction of Travel	Total	Findings by Priority		
					1	2	3
Earlsmead Primary School	5	Substantial	→	3	-	1	2
Pembury House Nursery School	5	Substantial	→	3	-	1	2
Belmont Infants School	5	Adequate	→	4	-	2	2
The Brook Special School	5	Adequate	→	7	-	6	1
Bounds Green Primary School	5	Adequate	↔	7	-	4	3
Devonshire Hill Primary School	5	Adequate	↔	6	-	4	2
Earlham Primary School	5	Adequate	↔	6	-	3	3
St. Francis Catholic Schools	5	Adequate	↔	6	-	4	2



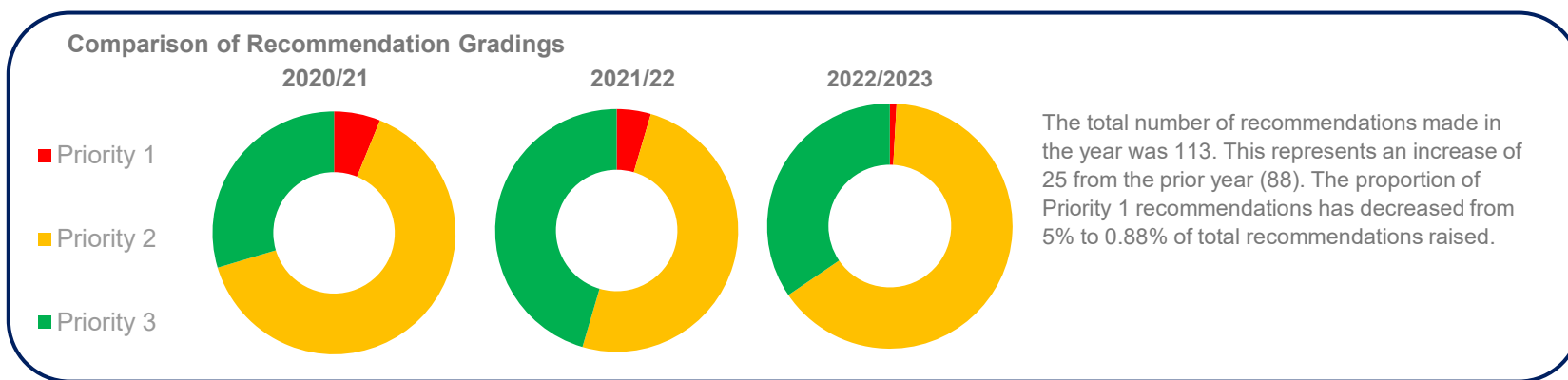
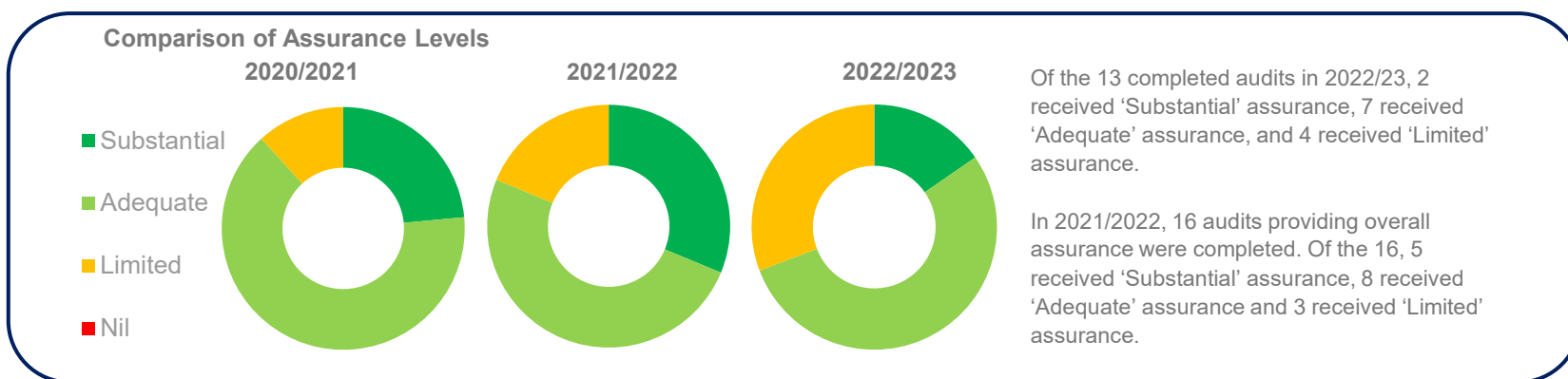
Summary of the 2022/23 Internal Audit Plan (cont)

Audit	Days	Assurance Level	Direction of Travel	Total	Findings by Priority		
					1	2	3
The Willow Primary School	5	Adequate	↔	8	-	7	1
Highgate Primary School	5	Limited	←	14	-	9	5
South Haringey School	5	Limited	←	18	-	10	8
Lordship Lane Primary School	5	Limited	↔	19	-	15	4
Tiverton Primary School	5	Limited	←	12	1	7	4
Totals				113	1	73	39



03 Benchmarking

This section compares the Assurance Levels and categorisation of recommendations made in the schools audits in 2020/21 and 2021/22.



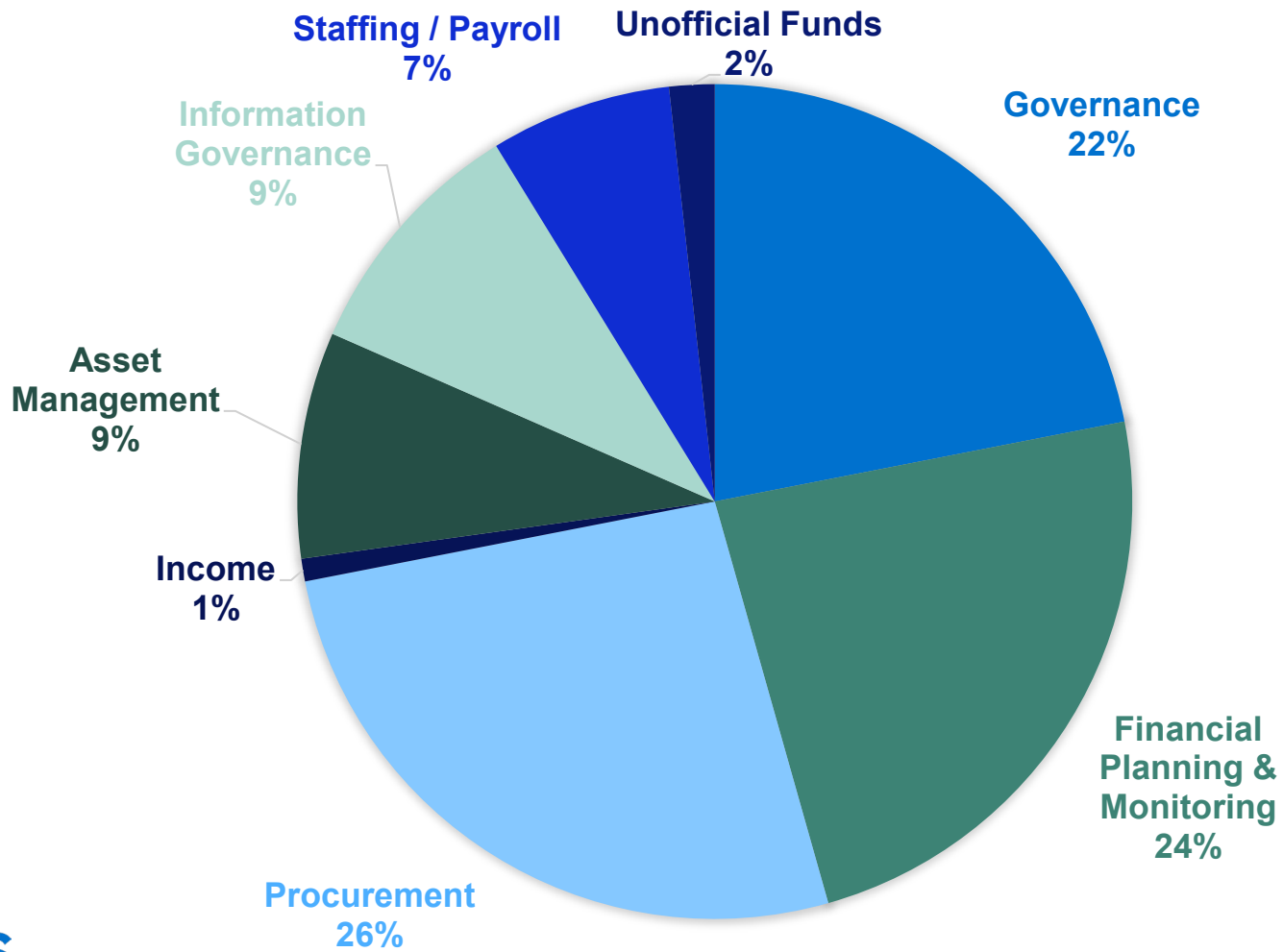


04 Overall Assessment of Control and Recommendations Raised

Area of Scope	Total	Recommendations Raised		
		1	2	3
Governance	-	19	6	-
Financial Planning and Monitoring	-	17	10	-
Procurement	-	18	12	-
Income	-	-	1	-
Asset Management	-	8	2	-
Information Governance	1	5	5	-
Staffing / Payroll	-	6	2	-
Income (Lettings, Breakfast and After School Clubs, School Meals Arrears)	-	-	-	-
Insurance and Health & Safety	-	-	-	-
Unofficial Funds	-	1	1	-
Totals		1	73	39



04 Overall Assessment of Control and Recommendations Raised



05 Follow-up on 2021/22 School Audits

Follow up of 2021/22 audits	Assurance	Recommendations raised			Total	Recommendations Implemented (Impl)			Total	Partly Impl.	Not Impl.	Not yet due	Due to review	
		1	2	3		1	2	3					Total	Total
Alexandra Primary School	Substantial	-	1		1	-	1	-	1	-	-	-	-	-
Fortismere School	Substantial	-	1	2	3	-	1	2	3	-	-	-	-	-
Rhodes Avenue Primary School	Substantial	-	1	1	2	-	1	1	2	-	-	-	-	-
St Mary's CE Primary School	Substantial	-	1	3	4	-	1	3	4	-	-	-	-	-
Bruce Grove Primary School	Adequate	-	2	5	7	-	2	5	7	-	-	-	-	-
Coldfall Primary School	Adequate	-	3	4	7	-	3		3	3	1	-	-	4
Hornsey School for Girls	Adequate	-	3	4	7	-	1	1	2	-	-	-	5	5
Mulberry Primary School	Adequate	-	2	2	4	-	2	2	4	-	-	-	-	-
Risley Avenue Primary School	Adequate	-	2	3	5	-		2	2	-	-	-	3	3
Rowland Hill Nursery School	Adequate	1	3	1	5	1	3	1	5	-	-	-	-	-
St Martin of Porres Catholic Primary School	Adequate	-	4	3	7	-	-	-	0	-	-	-	7	7
St Paul's Catholic Primary School	Adequate	-	5		5	-	-	-	0	-	-	-	5	5
Chestnuts Primary School	Limited	1	6	3	10	1	4		5	3	2	-	-	5
Highgate Wood School	Limited	1	6	1	8	-	5	1	6	1	1	-	-	2
Park View School	Limited	1	4	8	13	-	-	-	0	-	-	-	13	13
Overall Total		4	44	40	88	2	25	16	38	7	13	-	28	20

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

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our 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 our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or reply for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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Appendix D - Anti-fraud



2022/23

Anti-Fraud 2022/23

Introduction

Haringey Council is committed to ensuring the highest possible standards are maintained by its employees, contractors and residents. Fraud and corruption can impact on the public's confidence in the Council and its reputation in the long term as well as placing unnecessary additional burden on the public purse. Anti-fraud policies and strategies are in place to detect and prevent fraud and a corporate team of investigators within the Audit and Risk service is managed by the Deputy Head of Audit and Risk Management.

We reviewed our Fraud Strategy in 2022 to reflect the post Covid era for the Council and to ensure the priorities of our work plan were driven by the current Fraud Risk assessment for the council. For 2022/23 our planned work focused on Housing Fraud and acknowledged that the Housing Services were being insourced back to the Council in year. Due to changes in our risk assessment in year we diverted some resources to Blue Badge Fraud for quarters 3 and 4.

In 2022 we participated in a National Anti-Fraud week and refreshed our internal and external communications regarding Fraud & Corruption.

Referrals to the team for both proactive fraud checks and reactive investigations increased in 2022/23 from prior years, in particular in relation to employee fraud cases. 2022/23 was the second complete year we have been using our case management system, which now enables more efficient monitoring and reporting on cases.

The purpose of this document is to outline the activities of the team that have been considered when forming the Head of Internal Audit Opinion, it also seeks to ensure that in accordance with Part 2 of the Local Government Transparency Code 2015, the council has published information on the cost of its anti-fraud work and the outcomes achieved. The team's performance is reported quarterly to the Council's Audit Committee during the year.

Transparency Code 2015 requirements

Requirement	2020/21	2021/22	2022/23
Allocated budget for anti-fraud work	£564k	£556k	£556k
Number of staff (absolute and FTE) undertaking anti-fraud work	9 staff: 7 FTE	8 staff: 6.5 FTE	8 staff: 6.5 FTE
Number of staff of professionally accredited anti-fraud specialists	6 Staff	6 Staff	6 Staff
Total amount of time spent on the investigation and prosecution of fraud	1,235 days	1,135 days	1,135 days
Total number of fraud cases investigated	2,899 <i>(125 reactive cases)</i>	1,287 <i>(165 reactive cases)</i>	657 <i>(341 reactive cases)</i>
Number of occasions powers under the Prevention of Social Housing Fraud Regulations have been used	25	34	48

Transparency Code 2015 requirements

Type of Activity	2020/21	2021/22	2022/23
Tenancy Fraud	111	211	229
Employee Fraud / Whistleblowing Cases	13	6	9
Non Employee Fraud/ Whistleblowing Cases	2	0	0
Right to Buy applications	221	297	211
Blue Badge	0	0	3
Gas Safety & Proactive Tenancy Visits	0	65 211	81 72
No Recourse to Public Funds financial checks	53	47	52
Business Grant pre payment checks	>2500	450	0
TOTALS	2,890	1,287	657

Anti-Fraud Outcomes 2022/23

Tenancy Fraud

The tables on the next slide contains information regarding caseload. There were two housing fraud prosecution cases concluded in 2022/23.

In 2022/23, **41** council stock properties had been recovered through the actions and investigations of the Fraud Team; **£738k** can be attributed to the recovery, or cessation, of fraudulent council and temporary accommodation tenancies. This compares to **28** in 2021/22.

In **2022/23** there were **229** referrals to the anti fraud team. This is an increase on prior years. The sources of referrals include: general public, members, council officers, other councils or government agencies, National Fraud Initiative and our own proactive activities/campaigns to identify fraud.

Within these referrals are proactive fraud checks to prevent fraud occurring in the succession and grant of tenancy processes. These are high inherent fraud risk areas for the council.

The team work closely with officers in Housing via an officer seconded to work alongside the fraud team part time each week. There has been a high turnover of resources in the Tenancy Management Team which has hindered some planned developments.

The workplan for 2023/24 will include a focus on Tenancy Fraud and will include proactive tenancy fraud activity and this will be supplemented by the use of data matching and intelligence from the National Fraud Initiative.

Tenancy Fraud 2022/23

	Open	Closed
Brought Forward at year start	209	
New referrals in year	229	
TOTAL OPEN	439	
Cases closed – no fraud		157
Cases closed – property recovered		41
TOTAL at year end		241

Anti-Fraud Activity & Outcomes 2022/23

Employee and Non Employee Fraud and Whistleblowing cases

The Head of Audit and Risk Management maintains a record of referrals made using the Council's whistleblowing policy. In total, seven whistleblowing referrals were made during 2022/23, compared to 6 in the prior year. All seven were employee related.

All referrals made using the whistleblowing policy are reviewed and subsequent investigations are managed according to all relevant statutory requirements, including Data Protection, Regulation of Investigatory Powers and Police and Criminal Evidence Acts. In some cases, the limited amount of information provided means a full investigation cannot be undertaken. The management of the Audit and Risk service undertakes an initial review of the information before agreeing an approach with HR and service management. Any allegations relating to issues of financial irregularity are investigated by an investigator in the Audit & Risk team.

There were a further two investigations where although the referral was not accepted, the Audit & Risk team provided advice, support and completed some investigation work, to assist the Investigating Officer.

In 2022/23, six of the referrals were investigated and closed at year end, the remaining one is still open. The Head of Internal Audit and Risk gathers outcomes for information on all cases referred to the team. For the complete investigations, where applicable, management actions were identified, and updates are discussed periodically. One case resulted in disciplinary.

Anti-Fraud Activity & Outcomes 2022/23

Employee and Non Employee Fraud and Whistleblowing cases

Where the allegation relates to a breach of a council policy and the investigation falls under the disciplinary policy, the severity of the breach is considered and where appropriate the team is deployed to work with the relevant stakeholders, usually the service management and human resources, to ensure the relevant policy is followed; all available evidence is gathered effectively and secured and the appropriate action is taken. Part of this work is to reflect on the control environment and ensure controls are in place to prevent similar occurrences in future.

The cases taken on by the team was 50% more than in 2021/22. The nine cases relating to council employees were made up of a mixture of audit, disciplinary, and criminal investigations. There were also two cases where the team provided input the support a management led investigation into an employee.

The Fraud Team work closely with officers from HR and the service area involved to ensure that the investigation is completed as quickly as possible. The Fraud Team have been set a target to complete investigations within eight weeks of the referral from 2019/20 and this will continue to be monitored. Due to finite resources in the team and the increase in cases this timescale has only been achieved for the less complex cases. The team often face challenges obtaining the evidence required to progress their investigations due to poor record keeping and audit trails; often alternative evidence sources have to be found.

Anti-Fraud Activity & Outcomes 2022/23

Right to Buy Applications

In 2022/23, 115 applications were withdrawn or refused either following investigations and/or failing to complete money laundering processes. This compares to 52 in 2021/22. The improvement in outcomes is in part due to a change in process, tightening up on the legal timeframes that applicants have to meet. The target each year is **80**. The equivalent of one full time investigator undertakes this work. Overall, the **115** RTB applications withdrawal or refusal represents **over £10m** in potential RTB discounts; and means the properties are retained for social housing use.

There has been a decrease in live applications in 2022/23 this is due to delays in the earlier stages of the process arising from Covid-19 and a shortage of resources to value properties. The applicants are not financially impacted by delays in valuation. At year end circa 82 applications were at the money laundering stage of the process. This activity also can identifies Housing Tenancy Fraud for us or affecting other local authorities and Housing Benefit overpayments.

No Recourse to Public Funds

As at 31 March 2023, **52** referrals have been received and responded to by the Fraud Team through the financial year. Referrals are received where the NRPF team has suspicion of fraud and needs to obtain assurance. The average cost of NRPF support per family (accommodation and subsistence for a 2 child household) is around £20,000 pa so fraud prevention, whilst ensuring the service supports those genuinely in need is essential. Referrals from the NRPF increased by 5 on the prior year but request remains higher than the pre covid years. The fraud team provide the intelligence to the NRPFs team to enable them to make their decision with regards entitlement in line with legislation, we have no other role in these cases.

Anti-Fraud Activity & Outcomes 2022/23

Fraud Reporting

The team monitor reports of fraud received by the council from residents of the borough, many of the reports relate to services and Housing Benefit fraud so these are assessed and signposted on as appropriate. This mechanism although currently resource intensive to administer does generate some good referrals for the team.

Hundreds of communications are received each year from members of the public via our fraud hotline or email address. All are reviewed and intelligence checks undertaken as part of the referral acceptance process. The majority do not result in council fraud cases, but all are sign posted on the relevant public sector body or council service for investigation and action.

DPA requests

The team have responded to over 100 Data Protection Requests with regards the prevention and detection of fraud from a range of organisations, including other local authorities.

Blue Badge

A Blue Badge Misuse case was prepared for prosecution this year. At the court hearing in May 2023, a guilty plea was sent in writing to the court. More work in this area is planned for 2023/24 to help the Parking Enforcement Team's efforts to deter theft and misuse of Blue Badges in the borough.

Anti-Fraud Activity & Outcomes 2022/23

Proactive Data Matching

The team review results of data matching exercises generated by campaigns such as the National Fraud Initiative as well as local exercises interrogating council held data sets. This year the team identified a number of cases, and provided intelligence they had gathered to housing colleagues to ensure appropriate action could be taken. These findings related to rent accounts in significant credit and also properties where the tenant is deceased but no action to end the tenancy has been instigated.

These proactive exercises are either undertaken to compliment audit activities that are in the audit plan or identify control failings so that audit resources can be directed to this area and control improvement designed.

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Internal Audit Quality Assurance and Improvement Programme



2021–2024



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Interpretation

A Quality Assurance and Improvement Programme (QAIP) enables an evaluation of the internal audit activity's conformance with the Internal Professional Practices Framework (IPPF), Definition of Internal Auditing and Standard 1300 (Quality Assurance and Improvement Programme) within the Public Sector Internal Audit Standards (PSIAS) 2017 and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity with the primary objective of the QAIP to promote continuous improvement to enable Internal Audit to meet its mission namely, to

“Deliver a forward thinking to enhance and protect organisational value by providing risk based, independent and objective assurance, consulting activity, advice and insight.”

Benefits of a QAIP

Internal Audit's QAIP is designed to provide reasonable assurance to its stakeholders that the service:

- ✓ Conforms with the mandatory guidance of the Public Sector Internal Audit Standards (PSIAS);
- ✓ Performs its work in accordance with its Charter (which is consistent with the PSIAS);
- ✓ Is perceived by stakeholders as adding value and continually improving its operations;
- ✓ Has the ability to increase the credibility of internal audit within the organisation;
- ✓ Anticipates, meets and exceeds stakeholder expectations by offering valuable advice and insight;
- ✓ Operates in an effective and efficient manner; and
- ✓ Adds value and identifies areas for continual improvement to the services provided.

PSIAS Standard 1300

A QAIP covers the entire spectrum of assurance, consulting and fraud / irregularity work performed by the internal audit activity in accordance with the Standard 1300 (Quality Assurance and Improvement Programme), including. To implement the Standard the Chief Internal Auditor (CIA) must consider the requirements related to its four essential components:

1. Undertaking both periodic and on-going internal assessments (Standard 1311);
2. Commissioning an external assessment and communicating the results to the Corporate Committee (1312 & 1320);
3. Proper use of a conformance statement (Standard 1320 & 1321); and
4. Disclosure of non-conformance (Standard 1322).

Internal Assessments

Internal assessments are undertaken through both on-going day to day supervision of Mazars and periodic reviews of the audit work.

On-going Reviews

Continual assessments of quality are undertaken via:

- ✓ Management supervision of all audit activity and structured documented review of Terms of Reference, working papers, draft and final reports;
- ✓ Audit quality procedures for each audit engagement to ensure consistency, quality and compliance with planning, fieldwork and reporting standards;
- ✓ Feedback from audit clients obtained through surveys at the closure of each engagement;
- ✓ Post audit evaluations undertaken at the end of each audit activity to identify trends and any learning and development needs;
- ✓ Monitoring of internal performance targets and quarterly reporting to Senior Management and Corporate Committee;
- ✓ High priority recommendation monitoring process in place to ensure implemented; and

Internal Audit Quality Assurance and Improvement Programme (QAIP) Framework

- ✓ Follow up audits undertaken where a limited assurance opinion on the control environment provided.

Periodic Reviews

Periodic assessments are conducted via:

- ✓ Annual Risk Based Internal Audit Plan developed. This is dynamic and changes in year due to risk, consultancy, irregularity and assurance needs;
- ✓ Quarterly Progress Reports presented to the Corporate Committee which includes progress against the annual plan, reports issued during the period including details of the risk and control opinions and summaries of key issues and outcomes from the work undertaken in the period, including fraud and irregularity work;
- ✓ Annual self-assessment of conformance with the PSIAS and annual review of compliance against the requirements of the QAIP, the results of which are reported to Senior Management and the Corporate Committee;
- ✓ Feedback from Director of Finance and Chair of the Corporate Committee on the CIA's performance; and
- ✓ Annual Satisfaction Surveys to key stakeholders.

External Assessment

In addition to internal assessments, the CIA is responsible for ensuring that the internal audit activity conducts an external assessment at least once every five years.

The purposes of the assessment, which must be performed by an independent assessor or assessment team from outside the organisation, is to validate whether the internal audit activity conforms with the Standards and whether internal auditors apply the Code of Ethics.

A self assessment may be performed in lieu of a full external assessment, provided it is validated by a qualified, independent, competent and professional assessor. The latest assessment was completed in July 2022 and the recommendations captured in this document.

Responsibility / Communication of QAIP Results

The CIA is committed to continuous improvement and is responsible for implementing the QAIP and will ensure that the results of this programme are communicated to the Corporate Board and the Corporate Committee (as defined within the Charters). However, everyone within Internal Audit have responsibility for maintaining quality, therefore all activities outlined in this QAIP involve all relevant staff and Mazars. The communication of QAIP results will include:

- ✓ The outcomes in respect of both internal and external assessments;
- ✓ The internal audit service will only communicate that the internal audit activity conforms with International Standards for the Professional Practice of Internal Auditing, if results of both the QAIP's internal and external assessments support such a statement; and
- ✓ Any non-conformance with the IPPF's mandatory elements of the standards, their impacts and improvement plans.

Appendix 1: Internal Audit service QAIP and performance monitoring arrangements.

To provide maximum assurance to inform the annual audit opinion	
Measure of assessment	Reporting
<p>Risk Based Internal Audit Plan and Delivery</p> <p>To undertake a risk based annual plan formulation exercise by risk assessment meetings with appropriate directors and / or their management teams based on their need for assurance or key risks.</p> <p>Deliver an effective and appropriately resourced Internal Audit function in line with the Accounts and Audit Regulations and provide an annual Audit opinion.</p>	<p>Annually to Senior Management and the Corporate Committee. Changes reported as they arise during the year.</p> <p>Provision of an internal audit service in compliance with the PSIAS including reporting audit opinion on the internal audit, risk management and governance as set out in the Corporate Committee’s terms of refence.</p>
<p>Planned Audit Activities Completed</p> <p>Hold regular contract monitoring meetings with Mazars to monitor the delivery of the annual internal audit plan.</p>	<p>Report from Mazars setting out the status of audits to the Statutory Functions Board and the Corporate Committee on a regular basis.</p>

To provide maximum assurance to inform the annual audit opinion	
Measure of assessment	Reporting
<p>Counter Fraud and Investigation Activity</p> <p>Deliver a comprehensive Counter Fraud and Investigations Service.</p>	<p>Outcomes form part of Quarterly and Annual Internal Audit report which is presented to Senior Management and the Corporate Committee.</p>
<p>Priority Recommendations</p> <p>Where a priority 1 or 2 recommendation is raised, the recommendations are followed up and reported to the Statutory Functions Board and the Corporate Committee.</p>	<p>Annual report to Senior Management and the Board.</p> <p>Quarterly progress reports to the Board.</p>

To ensure that the service is customer focused, adds value and continually improves	
Measure of assessment	Reporting
<p>Post Audit Customer Satisfaction Survey Feedback</p> <p>Seek management assessment of the audit process by issuing post audit customer satisfaction survey feedback form which are to be sent directly to the Head of Audit.</p>	<p>Annual report to Statutory Functions Board and the Corporate Committee. Few returns are made each year, and further steps to seek feedback.</p>
<p>Acceptance of Recommendations</p> <p>Percentage of high / medium recommendations accepted which evidences added value in risk mitigation.</p>	<p>Analysis of recommendations raised by priority including a review of recommendations not accepted where relevant. Annual report to Statutory Functions Board and the Corporate Committee.</p>
<p>Audit Reports</p> <p>Audit report ‘corporate’ circulation list implemented to enable risks / issues / recommendations to feed back into business as usual i.e. via Finance, Performance and Change to enable the management of risk by management.</p>	<p>Corporate circulation list agreed and implemented.</p>
<p>Internal Audit’s Strategic Plan</p> <p>Maintain a record of all audits carried out over the last five years and share with Directors as record of audits completed.</p>	<p>Share as part of the annual audit plan and as and when required.</p>

To ensure the service embeds and reflects organisational values	
Measure of assessment	Reporting
<p>Staff Behaviours and Values - Accountability, Integrity, Empowerment, Respect and Excellence</p> <p>All Audit and Risk Management officers (including Mazars) to consider and apply organisational values to their dailyworking behaviours and approach e.g. to:</p> <ul style="list-style-type: none"> ✓ Caring ✓ Collaborative ✓ Community-focused ✓ Courageous ✓ Creative 	<p>Monitored at 121s and Performance Development Plans.</p>

Appendix 2: Internal Audit Service Improvement Plan

Improvement Plan 2019/2020 onwards

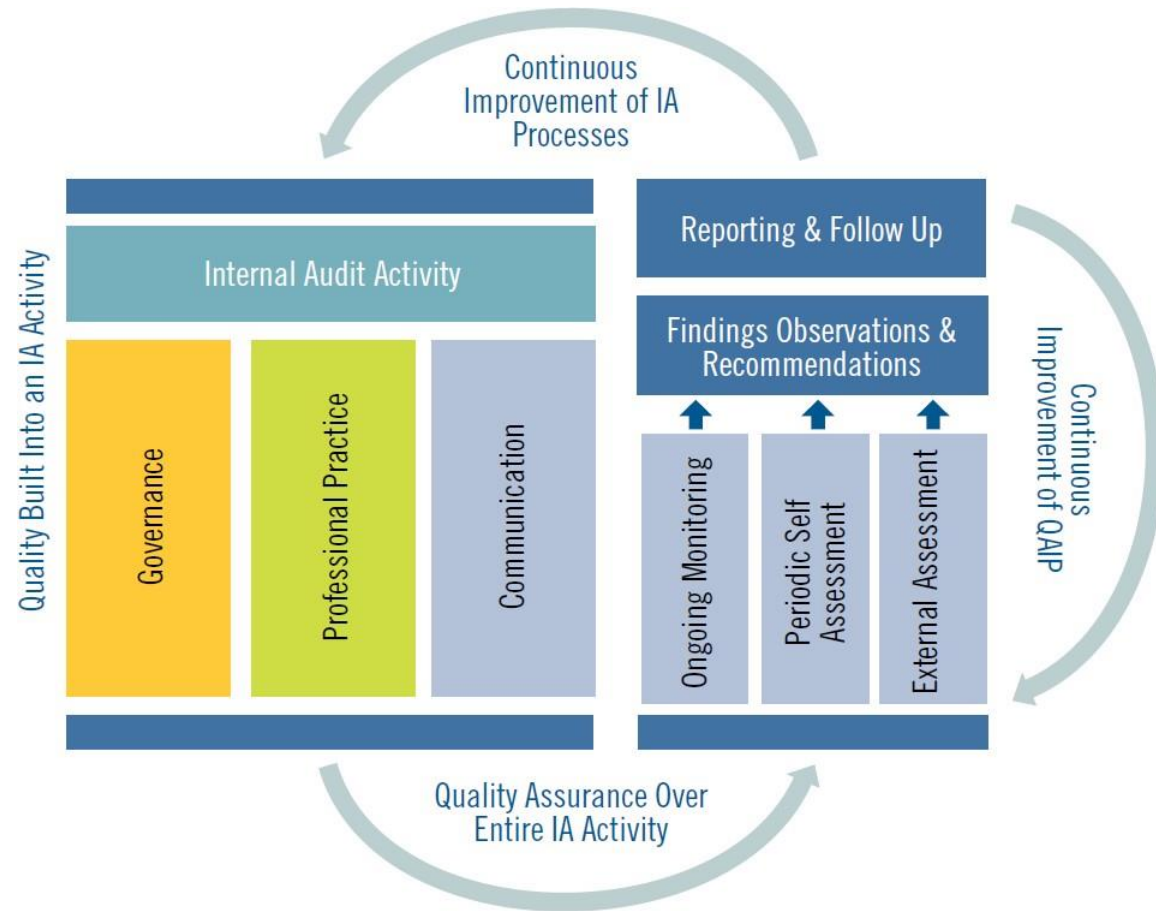
	Opportunities for Improvement / Actions	Responsible Officer(s)	Timescale
1.	<p>Personal Development – Fraud Officer</p> <p>To undertake external training to enhance the work of the team, based on the outcome of consultations with the team.</p>	CIA	With effect from 1 st April 2019 On-going
2.	<p>Annual presentation of the Internal Audit Charter and Strategy to Corporate Committee</p> <p>To continue to promote the role, purpose, status and authority of Internal Audit within the organisation and explain how Internal Audit supports effective corporate governance.</p>	CIA	With effect from 1st April 2019 Completed
3.	<p>Succession Planning</p> <p>To review the structure of the team and appoint a deputy HOA enable more effective succession planning and support ongoing resilience and sustainability whilst allowing the team to engage in consultancy audits.</p>	CIA	1st December 2019 Completed

	Opportunities for Improvement / Actions	Responsible Officer(s)	Timescale
4.	<p>Audit Process - Clarity</p> <p>The audits take a lot longer to complete as the auditors and management are not clear about the process and how the audit is to be carried out.</p> <p>Develop a clear and unambiguous statement of the audit process that is circulated to management at the start of the audit.</p>	CIA	1 April 2020 Completed
5.	<p>Audit Process – Clarity</p> <p>To review and refine the audit terms of reference so that it becomes more risk focused and to review and refresh the assignment report so that it clearly provides the audit opinion and the reasons for the opinion in a systematic manner.</p>	CIA	1 April 2020 Completed
6.	<p>Follow Up – Repeat Recommendations</p> <p>It was noted several recommendations were not implemented in a timely manner, consequently, the follow up regime needs to be strengthened by tracking the implementation of recommendations.</p>	CIA	30 Sept 2022 On-going
7.	<p>PSIAS – External Assessment</p> <p>The external assessment for compliance with the Public Sector Internal Audit Standards is overdue. Report this to the Corporate Committee and arrange for the assessment to be completed promptly.</p>	CIA	31 March 2022 Completed
8.	<p>Team Structure / Vacancy</p> <p>There is a vacancy in the fraud team that creates an opportunity to review the current structure and consider appointment of apprentices / change of role.</p>	CIA	31 Mar 2024 To progress

	Opportunities for Improvement / Actions	Responsible Officer(s)	Timescale
9.	<p>In-Case Anti-Fraud System</p> <p>The new system has been implemented and replaces the Civica system which had numerous short comings. The new system needs to be bedded in to maximise its benefits.</p> <p>In addition, consider the use of IDIS to offer data matching and proactive fraud system benefit.</p>	CIA	31 March 2023 Completed
10.	<p>Delivery of Audit Plan</p> <p>Covid has disrupted the timely deliver of the audit plan. Discuss arrangements for the delivery of the audit plan with Mazars by considering a change in the profiling of audit work.</p>	CIA	31 March 2023 On-going
11.	<p>Include a statement of impairments to independence in the annual report (Advisory)</p> <p>Include a statement in the annual report to confirm that there have not been any impairments to the independence and objectivity of the Service. Alternatively, if there have been any impairments, the annual report should set these out together with the action that was taken.</p>	CIA	31 July 2022 Completed
12.	<p>Consider the options available should the London Borough of Croydon or Mazars LLP opt to terminate the APEX framework contract in 2024</p> <p>Explore the options available to the Council should the scenario arise in 2024 and to draw up an appropriate contingency plan.</p>	CIA	31 Dec 2022 On-going

	Opportunities for Improvement / Actions	Responsible Officer(s)	Timescale
13.	<p>Include an indicative distribution list for the final audit report in the audit terms of reference (Advisory)</p> <p>Include an indicative distribution list for the final audit report in the audit terms of reference.</p>	CIA	31 May 2022 Completed
14.	<p>Include an indicative distribution list for the final audit report in the audit terms of reference (Advisory)</p> <p>Include a distribution list in the final audit report.</p>	CIA	31 May 2022 Completed
15.	<p>Develop an assurance map for the Council and highlight assurances provided from internal audit.</p> <p>Develop a formal assurance map that highlights areas of risk and the sources of assurance.</p>	CIA	31 March 2024 To progress
16.	<p>Seek feedback from auditees</p> <p>Though a feedback form is sent out with the final report, the numbers returned every year is very small. Encourage more submissions / participation.</p>	CIA	31 March 2024 To progress

Appendix 3: Internal Audit QAIP framework.



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