

NOTICE OF MEETING

AUDIT COMMITTEE

Tuesday, 11th March 2025, 7.00 pm - Woodside Room - George Meehan House, 294 High Road, N22 8JZ (watch the live meeting [here](#) and watch the recording [here](#))

Members: Councillors Isidoros Diakides, Ahmed Mahbub, Erdal Dogan (Chair), Cathy Brennan (Vice-Chair), Mary Mason, Alessandra Rossetti and Adam Small

Independent Members: Reyaaz Jacobs (Co-Optee) and Reese Deba (Co-Optee)

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 7 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. MINUTES (PAGES 1 - 26)

To confirm and sign the minutes of the Audit Committee meeting held on 3 December 2024 and 27 January 2025 as a correct record.

To review the Action Tracker.

7. COMMERCIAL PROPERTY AUDIT - UPDATE (PAGES 27 - 52)

This paper is to update the Committee on progress against the recommendations of the 2022 Commercial Property Audit which provided Nil Assurance and the subsequent 2023 Commercial Property Audit which provided Limited Assurance.

Andrew Meek and Sarah Lavery to present.

8. TREASURY MANAGEMENT UPDATE (PAGES 53 - 58)

This report provides an update to the Audit Committee on the Council's treasury management activities and performance quarters ending 31st December 2024, in accordance with the CIPFA Code.

Sam Masters and Josephine Lyseight to present.

9. ANNUAL GOVERNANCE STATEMENT 2023/24 MID YEAR UPDATE (PAGES 59 - 110)

To provide the amended statement relating to the 2023/24 financial year for noting.

Vanessa Bateman to present.

10. ANNUAL INTERNAL AUDIT PLAN, STRATEGY AND CHARTER 2025/26 (PAGES 111 - 142)

The Audit Committee is responsible for reviewing and approving the annual internal audit plan as part of its Terms of Reference.

Minesh Jani to present.

11. INTERNAL AUDIT PROGRESS REPORT 2024/25 - QUARTER 3 (PAGES 143 - 174)

This report details the work undertaken by Internal Audit for the period 1 November 2024 to 31 January 2025 and focuses on progress on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised – work undertaken by the external provider (Forvis Mazars).

Minesh Jani to present.

12. ANTI - FRAUD AND CORRUPTION PROGRESS REPORT QUARTER 3 2024/25 (PAGES 175 - 184)

This report details the work undertaken by the in-house resources in the Audit and Risk team and communicates a third quarter update on completion of the work plan for 2024/25.

Vanessa Bateman to present.

13. UPDATED CORPORATE RISK REGISTER (PAGES 185 - 190)

The Audit Committee is responsible for providing assurance about the adequacy of the Council's Risk Management Framework and Policy and monitoring the effectiveness of systems for the management of risk across the Council and compliance with them as part of its Terms of Reference.

Minesh Jani to present.

14. MONEY LAUNDERING POLICY (PAGES 191 - 200)

The Audit Committee is responsible for Anti-fraud and Corruption arrangements as part of its Terms of Reference. In October 2024 the Anti-fraud, Corruption and Bribery policy was approved. At that time, this appendix had not been updated but the work is now complete and updated policy ready for approval.

Vanessa Bateman to present.

15. UPDATE ON PROCUREMENT MODERNISATION PLAN AND COMPLIANCE WITH THE PROCUREMENT ACT (PAGES 201 - 216)

This report provides an update on this specific request above but also a fuller update on progress with all internal audit recommendations relating to strategic procurement, progress with the implementation of the Procurement Modernisation Plan and current position with the implementation of the changes to ensure compliance with the Procurement Act 2023 which came effective on 24 February 2025.

Barry Phelps and Taryn Eves to present.

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Tuesday, 04 March 2025

MINUTES OF THE AUDIT COMMITTEE HELD ON TUESDAY, 3 DECEMBER 2024, 7:00PM – 9:33PM

PRESENT: Councillors Erdal Dogan (Chair) Isidoros Diakides, Ahmed Mahbub, Cathy Brennan (Vice-Chair), Mary Mason, Alessandra Rossetti and Adam Small

ALSO ATTENDING: Reyaaz Jacobs (Independent Member), Reese Deba (Independent Member)

1. FILMING AT MEETINGS

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

2. APOLOGIES FOR ABSENCE

No apologies had been received.

3. URGENT BUSINESS

There was no urgent business.

4. DECLARATIONS OF INTEREST

Independent Member, Mr Reyaaz Jacobs stated that he had worked with the Senior Manager who had worked on the BDO assignment as part of his previous role at Deloitte.

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

There were none.

6. MINUTES

RESOLVED: That the minutes of the meeting held on 7 March 2024 be agreed and signed as a correct record.

As part of the Action Tracker, Mr Jonathan Kirby, Director of Placemaking & Housing, Ms Sarah Lavery, Head of Property Change and Mr Andrew Meek, Assistant Director for Capital Projects & Property, presented a verbal update on the commercial properties audit. Mr Kirby and Mr Meek stated that a full report would be submitted at a future Audit Committee. A previous audit that had been carried out had received a nil assurance. Since the previous audit, a limited assurance had been attained. This showed progress in a positive direction of systems and processes being put in place. There was an aim to progress to 'full Assurance'. An upcoming report would demonstrate that across the large number of action areas, good progress was being made, but more needed to be done. A lot of work was being done with debt, arrears and engaging with tenants in order to deal with expired or held-over leases and

renew them. The progress was quite significant in that area. There was also some good progress in some of the safety aspects. There were four recommendations including a general health and safety recommendation, fire safety and other safety aspects. This would be addressed through the process of renewing leases. One of the difficult areas was around managing the data. There was a recommendation about the management of data which was at the heart of managing property. The acquisition of a new property management system was key to be able to manage the data better. Not as much progress had been made in relation to this. Taking stock of the Council's overall financial situation and ensuring that a robust business case was in place to support the acquisition of a new system had taken priority. This had an affect across other areas.

In response to questions, Mr Kirby and Mr Meek stated that:

- The data was held in different systems and was not always consistent. Some of it was of lower quality. Sometimes, certain data was not present such as the detail of conditions contained within a lease. This could be in a paper document and a new system could assist in marshalling the data.
- The property review split into three distinct areas. One was data cleansing and data gathering, one was the procurement of a property management system in which to store that data and the third was around delivering improved policies and strategies for the property assets. It was important to prove the business case that cleansing and collecting data in a sensible way would help. In the intervening period, the Council was prioritising events that happened through the property cycle. Where contingent liabilities had arisen or there were other major reviews, this would be dealt with and the data would be stored in an appropriate way so that when the case for a new system was made (and to review the property data), the exercise would have already been done for a specific property.
- The progress was not a something that would be done quickly and some of the dates highlighted for when things would be completed were in 2026. Currently good results were being obtained from the progress made so far.

As part of the Action Tracker, Ms Beverley Tarka, Director of Adults, Health & Communities, Ms Jo Baty, Service Director, Adult Social Services, presented a verbal update on the Aids and Adaptation audit. They stated that the relevant audit areas were policies and procedures for the service, quality and effectiveness, funding allocation and procurement of contractors. There was one fundamental recommendation to do with procurement of contractors. Other recommendations were also made. The fundamental recommendation was about the absence of documented process to award contracts. In relation to this, a deadline had been given of June 2025, but quite significant progress had been made. The Council was developing a call off within the dynamic purchasing system. This was a system that enabled the management of interest from various different providers in various different areas procured. A competitive process was created to determine what suppliers could provide best value for money. The specification was already in draft form and was nearing completion and the pricing schedules had been developed. Once the procurement call-off process was complete, it would limit the number of providers used for adaptations. This would enable the Council to maintain quality in a stronger way. The Council expected to go out to the market in January 2025 and implement the call-off by the end of March 2025. In relation to the other recommendations which were consistent completion of occupational therapy (OT) assessments, which were not always fully evidenced, since the audit, the Council had implemented a new case management system and streamlined processes so that no referral could be made to the Adaptations team without

the sign off of an OT assessment. Invoice approvals and reconciliation was not consistently retained or documented. Now, invoices could not be approved without the sign off of the Adaptations team manager. A spreadsheet was monitored and maintained for this. On policy and procedures, it was found that there was an absence of an up-to date and detailed policy and procedure within the service. The Adaptations manager was in the process of updating the policy against the national and local legislation policy and guidance. The deadline for all of the above was February 2025, so a steady progress was being made. There was a lack of awareness of the process to prioritise cases and to escalate Adaptation cases. Therefore, the service implemented a monitoring of waiting lists and the length of time that the occupational therapist and the surveys were held, so it was possible to track more efficiently. A program board had been put in place to have some oversight. The waiting list had reduced to 60. Previously it was over 220 cases. Progress of staff was being monitored so that staff dealing with more complex cases could get more support. Reflective practices were also carried out to increase staff confidence. In relation to incomplete processes ensuring funding of Aids and Adaptations covered maintenance. This area applied only to specialist equipment. Warranties for specialist equipment were in place for five years. If the resident lived in a Council property, in the case of privately owned rented or housing association tenants, at the end of the five-year period, if the resident wished to renew or update a warranty, then they were responsible themselves for the extension. This was considered the difference between Council tenants and private tenants. The service had also been asked to look more at monitoring of costs. Since the completion of the audit, the manager had put in place a process to monitor and track costs. This was reported into the program board. A panel was used to approve works over £30,000 to give assurance of an oversight of the more costly packages.

In response to questions, Ms Tarka, Ms Baty and Ms Taryn Eves, Director of Finance, stated that:

- In relation to the Program Board, the Council might involve community representatives to strengthen perspective on areas of progress. In relation to the Board's assurance and oversight, it would be useful to think about how some of the queries from councillors were addressed. Many of them often were in relation to residents dealing with multiple complexity. Their issues were not just around Aids and Adaptation. More use of the Program Board could be made and improvements could be made to reduce emails which took up a lot of time. External checks from community groups would also be useful.
- The relevant Cabinet Member (the Cabinet Member for Health, Social Care, and Wellbeing) was regularly briefed on the progress being made.
- In terms of reconciliation of payments, there was a tiered authorisation process within the service. The sign off of the Adaptations team manager was required and that was only given after the surveyor had inspected the works that had been carried out. Assurance, in terms of invoice sign off, rested with the service. As to Audit's role, the process was mainly done within the service, but was usually capital spend so Finance would see the monitoring. Finance worked closely with all services including Adult Social Care. When looking at the monthly monitoring, the spend coming through the finance system would be monitored. In terms of the decision making and the director reconciliation, this was all maintained within the service.
- If there were any concerns with any service, then it would be raised directly with the service to gain any assurance needed. However, lots of decisions were taken within a service and those decisions were taken in line with the policies and process. Any concerns raised would be followed-up directly.

Mr Minesh Jani, Head of Audit & Risk Management, stated that the Council had a follow up arrangements where internal audit, independent of the service, would provide an assurance level. There were two levels of assurance; assurances from the service directly and assurance from internal audit.

7. VALUE FOR MONEY ASSESSMENT TO 31 MAR 2023 (BDO)

The Committee noted the late submission of the report, leaving very little time for the Committee to consider the documentation.

Ms Rachel Britton, BDO, introduced the report.

The meeting heard:

- The disclaimer opinion that BDO would give would state that there was no assurance over the balances within the stated years. The new auditor, KPMG, would undertake an audit for the 2023/24 financial year. As part of that audit, they would do their normal audit and they would be able to get assurance over the closing balances for the 2024 financial year. There was likely to be some form of modification of their opinion. There was guidance in place for this. The Government had set out some recovery guidance on building back to full assurance. The way the accounts worked, the open balances would still have questions and there would probably be some form of qualification modification over the opening balances. The following year, the Council would be able to build further, as the closing balances would become the opening balances and it should take around two years to get back to a clean opinion position.
- In relation to the three objections received, there was one in relation to the purchase of a site in Woodside ward. The Council had undertaken a full investigation into that. The other two related to parking charge notices (PCNs).
- In relation to assurances, this was a question that could be examined in the January meeting of the Committee when KPMG present their findings and provide an idea about the assurance on the closing balances. It became apparent approximately nine months ago that lots of local authorities were going to be in difficult position over this and therefore it would take that number of years for the Council to get full assurance. A disclaimed set of accounts was slightly different to a qualified set of accounts. A disclaimed set was when work had not been undertaken. A qualified set was where, usually, the detailed work had been undertaken.
- This was the first full audit that the Council had been through for three years. At this point, there was nothing specific that needed to be disclosed to the Committee.
- Within the guidance that was issued, there were two exemptions; if there was material objection to the financial statements or indication of non-compliance with laws and regulations. In this case, the Council would have to publish a notification on their website to say why the process was not completed by 13 December 2024 and then the process would have to be completed as quickly as possible. This was to have more time fully investigate and resolve the potential material issue before an opinion on the financial statements could be issued.

- Efforts would be made to resolve any objections by 13 December 2024. The Council ideally did not wish to publish the notice on the website. The Council had provided everything required and this was subject to some internal checks at BDO.
- If there was anything of a significant change between the reports submitted for this meeting and the final set, then officers would notify those changes to the Committee via email.
- In terms of the audit fees, these were agreed by an organisation called PSSA. Once the process was completed, a discussion could be held with the PSSA regarding fees and the work that had been undertaken over the last three years.
- Before the letter was signed on 13 December 2024, an email would be sent to members of the Committee even if it was just to say there were no changes.
- Within the 2021 Council report, some recommendations had been in relation to IT general controls. They did not currently have management responses. KPMG would have their own processes in relation to how they undertook their audit, but they may not follow them up in the same way. The Council had acted on some of the recommendations, so the report from KPMG may reflect this in their own recommendations.
- In relation to the IT recommendations, BDO had its IT specialist team come in and do the work around logical access control, change management and all the things that happened behind the systems. Issues such as passwords may seem trivial, but actually formed the things that enabled the 'back end' of the systems to be secure. KPMG may take a slightly different approach. In terms of valuation of assets, this was an area of contention in local government and was also something that CIPFA were looking into. The way accounting standards worked, there was a lot of estimate and judgment in valuation of property. Councils had lots of these types of assets and, for auditors, there were always risks around valuation. A small difference in an assumption could be a material amount. Until CIPFA came through with a proposed change in the way that accounting standards were applied, the valuation of property equipment would always come through as a risk.
- There was a difference between operational valuation and valuations that were done for financial statements purposes. BDO's risk was purely around applying those valuation standards which were very complex and needed specialist involvement from qualified valuers. Every local authority would have valuation of assets as a risk because of the level of judgment required.

RESOLVED:

To note the report.

8. UPDATE ON RECENT HOUSING AUDITS WITH LIMITED ASSURANCE

Mr Jahedur Rahman, Operational Director, Housing & Building Safety, introduced the report.

The meeting heard:

- For the last three years, on average, the Council received around 250 right to buy applications per year. The listed 700 applications were probably about three four years' worth of right buy applications received in a space of about three weeks. The pattern was not specific to Haringey. Some directors had received applications worth 10 years or more. Most people were trying to get their application qualified for the previous discount and the Council had taken a strict approach to this. All applications received up until 21 November 2024 would be considered. If there had been an error on the way the form had been completed, the tenant would be given another five days to correct the error. If the five-day deadline was missed, then the application would not be considered for the discount.
- Statutorily, the Council was required to issue Section 125s within 12 weeks from the point the Council had accepted the right to buy application. Ordinarily the Council would need to issue the Section 125 within 12 weeks. If the Council was not able to achieve the Section 125 within 12 weeks and the sale was completed, the resident could ask for a reduction on their rent should they proceed to complete the process on time. The Council had recruited additional staff to help with the influx of applications received to be able to meet the demand. Work was being done with the Valuations team to make sure there was surveyor capacity to be able to value properties within the timescale set out.
- The audit picked up fraud checks for right to buy applications. When a right to buy application was received, before it was accepted, the application was passed to the internal fraud team. Financial checks were made and if need be, follow-ups would be made. The audit recognised that significant due diligence had been done around minimising fraud for right to buy, but a housekeeping recommendation was made to make sure that information captured was saved centrally. At the time of the audit, it was saved locally.
- There could be an increase in work for the internal audit team.
- The time period to qualify for the original discount was 21 November 2024. The arrangements after 21 November 2024 was unclear. The Council decided it would take the date of 21 November 2024 plus five days, so anything received after the additional five days would not be eligible for the previous discount. However, if the Council received an application by 21 November 2024 and an error had been made on the application, an additional five days would be given to correct the error.
- Any applications received after 21 November 2024 plus five days would be not eligible for the previous discount.
- The audit did look at valuation and methodology and there were no concerns raised around the accuracy of the valuation, but there had been on the backlog of valuations - over 40. This backlog had been cleared. The reason for the delay was that there was one surveyor used by the corporate property team who went on sick leave and that caused the backlog to build up. Since then, more internal capacity had been built in the team and externally another valuer was available as an option.
- Under the right to buy process as a tenant, if one received a valuation, it was possible to appeal the valuation and subject to the appeal, original valuation, a higher valuation or a lower valuation could be confirmed.
- The third tenancy officer had been recruited.

- At the beginning of each financial year, the Council earmarked 3,000 properties. A large proportion of these would be made up of the algorithm used. This gave an indicator of where fraud may be taking place. Doing random visits without any evidence would not be carried out. If there was data that supported a reason for that audit to take place, then the Council was more likely to identify fraud rather than a random visit. The algorithm provided a starting point, but ultimately the housing officers needed to visit the property get access to the property, look at who was living in the property, speak to the neighbours to ascertain where there was any fraud taking place.
- The five key areas were Council's completion of the tenancy audit, fraud related audits that were not triggered for completion, training, policies and procedures and data Integrity checks. One of the recommendations made on data integrity was to check the data held for tenants with regular spot checks. When tenancy audits were done, whilst it was important to maximise information held against the tenant, it was also important to maximise information on the household.
- As the audits were predominantly done between July and August 2024, a number of recommendations were not yet due. Most were due at some point in 2025.
- In terms of the damp mould case management system, phase one had been completed which enabled officers to capture key essential household information, phase two was currently being worked on and was the actual integration of the new system, built with the property management system. All areas of damp and mould, property management and data gathering systems would be integrated. A large proportion of the legal disrepair cases were about damp and mould and part of the recommendation within the audit was to make sure the Council was cross referencing the new damp and mould cases with the legal disrepair cases. This was to allow data sharing exercise to take place. Some properties could have a damp and mould wash where the damp and mould was expected to return. Sensors could be placed in the property. This would give real-time data around the way the household was using the property, how often they were putting the heating on and if there was there enough humidity in the property. This was still at the pilot stage. A large proportion of housing stock was built before 1934. There were old roofs that needed to be fully replaced rather than repaired. It was complex to tackle damp and mould. Where it was reported, if the Council felt it was a category one damp and mould, surveyors would inspect it and would do a temporary decant and ask the family to move out temporarily so that remedial work could be completed. For a category two dump and mould, surveyors would specify the works needed and get the work organised.
- One recommendation that had previously been made was to not to blame the tenant's lifestyle. Instead, residents were encouraged to heat the home properly. If they were under financial difficulty, they could contact the financial inclusion team. In some cases, families needed to be rehoused. Due to a shortage of housing supply, this was difficult to do.
- The Council had void standards, so when work on void properties had been completed, they would not be let if they had a high level of damp and mould. Some houses may have water penetration from the roof causing damp and mould, so the roof would have to be fixed first before the internal work and this could take time.
- When the Housing Improvement Plan was developed over a year and a half ago, the Council had just over 550 voids. The plan focused on tackling the void backlog and the HRA business plan assumed that the Council would have a void rate of 2% in 2025 -

around 300 voids. On average, the Council should be aiming to have no more than 150 voids per year. The Council was hoping to return back to 1% by March 2025. The Council had a higher level of voids this year in comparison to previous years and at the year to date, the Council had about 350 new voids come through from March 2024 until November 2024. The work was being done partially because of the neighbourhood move scheme. When families were offered new properties, particular estates received 70-80 voids within three to four weeks because all of the families that had been offered new properties. A general turnover of about 350 to 400 voids would occur each year considering the housing stock.

- On the audits, the issue was not about data integrity, but about capacity. The Council was required to do around 3,000 audits a year. The team did 1,400 because they had a team half the size.
- The issue around data was around damp and mould and it was partially based on the way the team initially collected the information which was manual. The information was now being collected in a streamlined manner with more detail. To collect the same level of data for the old cases, it meant going back to the old tenants and asking for new data sets. If the damp and mould referrals had been dealt with, these cases would remain closed.
- Mould wash would be ordinarily be done after a survey and a category one damp and mould was found. Sometimes another mould wash was needed. Sometimes more invasive treatment was needed like dealing with cold bridging where there was a cold space between the exterior and interior of the building and this area needed to be insulated.
- The system was only partially built. Phase two involved the integration of the existing system. Once done, this would provide a fuller view of all of the information of the property specifically. There would be more accurate reporting and recording of the progress. The CRM system would allow easier access to track progress.

RESOLVED:

To note the report.

9. INTERNAL AUDIT PROGRESS REPORT 2024/25 - QUARTER 2

Mr Minesh Jani, Head of Audit & Risk Management, introduced the report.

The meeting heard:

- The My Conversations process being recorded on the system was to be across the organisation. The My Conversations process may be taking place currently, but they were not logged on a system. Auditors had suggested that there needed to be a regime in the absence of a formal recording for that information to be captured. This was crucial in understanding how effective the Council was in appraising staff on a regular basis. Haringey had been benchmarked against other authorities and it was found that doing it would improve management arrangements or staff performance.
- The responsibility for making sure that staff were formally appraised rested within the directorates. However, there was a HR function which straddled the whole of the

organisation and this applied a second line of defence. This was to ensure that where compliance was not as strong as it should be, efforts could be made to ensure that compliance occurred.

- The responsibility for setting the standards for the organisation rested with HR and in that regard, this audit and the recommendations raised in it had been addressed to HR.
- The agency element of the workforce was not part of the audit. A separate audit had been done in that area. It was really important as an organisation that staff resources were used as effectively as possible. Regular conversations through the process was an important way of making sure that staff were fully appraised on what the Council was trying to achieve, what the goals of the organisations were and aligning them to the work that they were doing and feeding back regularly regarding progress. Improvements in that area would lead to a host of outcomes.
- A number of London boroughs were finding it difficult to position themselves to be able to deal with the new Procurement Act. It was likely that there would be a period of settling in for a year or so. The audits were seen as a means of making sure that the Council was as prepared as possible. Hopefully though the work, the service could be encouraged to make the necessary progression by the time the Council needed to settle into the Procurement Act fully.
- The Council had accepted all the recommendations that had been put forward in the report. The Council was not where it needed to be, particularly in terms of the training. The Strategic Procurement team was mobilising itself for the Act. They were getting themselves up to speed with what was required. Not all procurement activity happened within that team so it was important to identify the right people across the organisation to ensure all efforts were made achieve compliance. A full update could be provided at one of the upcoming meetings of the Committee.
- There were three elements of procurement that the Committee needed assurance over; system implementation, compliance with the Procurement Act and a general assurance around procurement processes and contract management processes.
- A report on the Procurement Act update to the Committee could also involve an update on improved governance on contracts.
- A query was raised regarding how the Committee would become aware that contract management had improved. In response, the meeting heard that the Council collected a lot of data on its contracts, mostly compliance data. However, once management had responded with their suggestions, Internal Audit would provide assurance.
- An action would be placed in the Action Tracker to monitor the 'limited assurance' status regarding Procurement.
- Panacea was a new procurement system the Council was looking at as a solution.

RESOLVED:

To note the audit coverage and follow up work completed.

10. ANTI-FRAUD AND CORRUPTION PROGRESS REPORT QUARTER 2 2024/25

Ms Vanessa Bateman, Deputy Head of Audit and Risk, introduced the report.

The meeting heard:

- The approximate 60% of cases that result in no further action after fixed penalty notices had been issued did not necessarily mean that an error had occurred. The extent of the evidence involved meant that prioritising resources to most serious or repeat offenders would be ones most readily pursued.
- The risk assessment was used to drive the activity of the team. This activity and the financial sanctions being applied was bringing an income stream into the team which would be used to bolster resources. The Council had an experienced Fraud team, but needed a succession plan.
- The Council had to take a step back from the housing fraud work while the Housing Improvement Program works progressed. As a team of six investigators, the team would have to come back together and focus on housing fraud. This would be a priority next year. However, cooperation from other teams across the Council was needed to make sure that substantial outcomes could be sought.
- The team had looked at all of the right buy applications from both the fraud and the money laundering regulations perspectives. This was expected to decrease. The team had two or three employee investigations, but once those investigations got to a certain point, the investigators could come back and take on a greater housing caseload.
- There were quite a lot of cases where the fraud team would focus on the seriousness or the criminality of a fraud, but would separate out any contractual breaches that fell under the disciplinary policy. Investigations would be done under the fraud strategy, but some matters needed to move through the disciplinary process quickly. The employee would have left the Council, but this did not mean that a fraud investigation would not continue. The case mentioned in the report referred to the team shortly before the person had left. The issue was around the person having a conflict of interest. The issue related most closely as a breach of employment contract, not a fraud matter. HR and the service had been informed about the lessons learnt. The declaration of interest had not been made by the officer and the potential conflict of interest was reasonably well recognised by other staff.
- The figures outlined on page 50 of the agenda papers were notional figures, not actual money. About two years ago, a case was prosecuted where someone had got a Council property, but were not using it as their main residential unit and the misuse had been going on for a number of years - five or six years. It was possible to get the notional figures quite high. For example, the current rent in London alone was around £15,000 to £18,000 a year.
- The Tenancy Management service was currently restructuring to reduce patch sizes so that the officers had more manageable workloads. Although fraud was a priority in Housing, there were a lot of other priorities which kept the team occupied. A new Head of Tenancy Management had been appointed and the progress of the team had been positive.

RESOLVED:

To note the activities of the team during quarter two of 2024/25.

11. QUARTERLY TREASURY MANAGEMENT UPDATE REPORT

Mr Tim Mpofu, Head of Finance (Pensions & Treasury), introduced the report.

- In response to a query regarding to the £73 million that was subject to short term borrowing, the meeting heard that, on average, the borrowing rate the Council had was at 5.11 %. Compared with some of the rates in terms of the PWLB, they were much higher over that period. The Council was always looking for opportunities where it could get the best value in terms of borrowing decisions.
- In relation to LOBOs, the Council had one LOBO that was refinanced - or the option was available every two years - this had been refinanced in the last financial year. Since then, the Council had £50 million worth of it. It would be three years before it was called, so the risk of that being actioned remained low. The Council also had a variety of loans - about two or three of them - that had shorter dates, but Arlingclose had advised that there was no appetite for them to get out of those deals, because the way they were structured through the use of swap contracts. Therefore, it was more expensive for them to come out those contracts. The main lenders had been keen to exit this as they did not want it on their balance sheets. This would result in the loan being subject to a higher rate. The Council would look to refinance this with the involvement of the PWLB. On both of these, the risk remained low.
- Most of the LOBOs were around over 20 years. It would be around 2050 or 2060 when their full terms were completed.

RESOLVED:

1. To note the treasury management activity undertaken during the financial year to 30 September 2024 and the performance achieved attached as Appendix 1 to the report.
2. To note that all treasury activities were undertaken in line with the approved Treasury Management Strategy.

The Chair noted that Mr Mpofu would be leaving the Council during the Christmas period. Members thanked Mr Mpofu for his hard work and dedication in his role.

CHAIR: Councillor Erdal Dogan

Signed by Chair

Date

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MINUTES OF THE AUDIT COMMITTEE HELD ON MONDAY, 27 JANUARY 2025, 7:05PM – 9:05PM

PRESENT: Councillors Erdal Dogan (Chair), Isidoros Diakides, Ahmed Mahbub, Cathy Brennan (Vice-Chair), Mary Mason and Alessandra Rossetti

ALSO ATTENDING: Reyaaz Jacobs (Independent Member), Reese Deba (Independent Member)

1. FILMING AT MEETINGS

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

2. APOLOGIES FOR ABSENCE

Apologies had been received from Councillor Adam Small.

3. URGENT BUSINESS

There was no urgent business.

4. DECLARATIONS OF INTEREST

There were no declarations of interest.

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

There were none.

6. TREASURY MANAGEMENT STRATEGY STATEMENT 2025/26

Ms Josephine Lyseight, AD Finance & Deputy Section 151 Officer, Mr Daniel Lynch, Senior Accountant (Pensions & Treasury) and Ms Taryn Eves, Director of Finance & Section 151 Officer, introduced the report.

The meeting heard:

- A query was raised regarding the figure outlined on Table 3 on page 11 of the agenda papers which stated an estimate raise of new borrowing from £79.9 million to £399.9 million. In response, the meeting heard that it was driven by the capital financing requirements which was driven by the capital programme. The figure of 79.9 was capturing the last quarter of the financial year whereas the 399.9 was for the whole of the following year. The figures were basically one quarter against a whole year. It was both for the general fund and for the HRA.

- The increase of the new borrowing was to just to cover the capital expenditure that was projected for the coming years. The total was a cumulative total.
- The Council had applied for exceptional financial support on 13 December 2024 and the draft budget report was published for the upcoming Overview and Scrutiny Committee. The report showed that in order to set a balanced budget or to recommend a balanced budget for 2025/26, the exceptional financial support was estimated at £37 million. When the Treasury Management Strategy statement was published for the Audit Committee, the estimate that could be seen in the report was £20 million (in Table 1 of the report). As a local authority, the Council were not currently allowed to borrow or use capital receipts for revenue spend which was a day to-day running cost. The exceptional financial support would, if approved, at the end of February 2024, would give the Council a special permission called a capitalisation direction. The Council's capital programme within the budget report included the figure of £37 million as exceptional financial support could be seen listed. This was not earmarked around particular services. The Council approached its budget by recognising all of the pressures it was facing particularly around social care, temporary accommodation and across every single service. It was important for the Council to set a budget that it felt was realistic. This would give the Council a budget gap position, then it would later identify any savings. The £37 million was similar to the Council identifying the budget gap that remained after the assumed savings. The figure was an outline of what the Council would need in order to deliver all of the services that it wanted to deliver in Haringey next year and still recognise all the spending pressures. The Council's income was £37 million short from where it needed to be. The Council may be setting a budget at this stage with an assumed £37 million of exceptional financial support. This did not mean that it needed to use £37 million worth of support. The work that the Council would continue to do into next year would be to reduce the amount that needed to be drawn down. Any increased reliance on borrowing with interest rates still high was challenging and was not sustainable. The Council had factored in some use of capital receipts, but the remainder would be through borrowing. Exceptional Financial Support was not a long-term solution. There was one amendment already to the treasury management strategy statement in that the exceptional financial support was now estimated at £37 million. The Council was not expecting any other significant changes. The Council could share with the Committee any changes before a recommendation was made to Full Council.
- The meeting agreed that Audit Committee would be updated before any recommendation was made to Council.
- The Committee noted how problematic some of the issues were and full transparency was necessary. Councillors would be asked in their local areas to explain to residents what was happening and what accountability they were taking.
- Although there was economic pressure, the labour market had been quite robust, so although unemployment was rising, it was at a fairly low level historically. In terms of borrowing costs, the main problem was going to be inflation and whether inflation came down to or stayed at an adequate level for the Bank of England to be able to cut interest rates. There were fears that some of President Trump's policies would prove to be inflationary such as trade tariffs which could lead to higher inflation and higher borrowing costs across the globe. This had been factored into the borrowing forecast as part of the 5% borrowing assumption in the report. The country was in a low growth economy with higher interest rates.
- In terms of the funding of exceptional financial support, as reported in the budget report published in the prior week, it was £37 million and the working assumption for

the budget was that £10 million of it that was funded by capital receipts and £27 million was funded through borrowing. The £10 million was based on capital receipts already received and those planned during 2025/26. The Council had a pipeline of already planned capital receipts. This was not because of the financial position, but capital receipts that were going to be generated anyway. The Council had taken a prudent view and only assumed £2 million from the capital receipts expected to come through in 2025/26. There was no assumption around immediate urgent sales. The Council had a duty of best value and therefore any sale of any asset needed to demonstrate best value. If the Council took the planned capital receipts in 2025/26, the estimated value would be more than £2 million. If generated, it was better to use it than to borrow, otherwise there would be a borrowing cost for a very long period of time. The Council would need to take a view if more capital receipts could be used. Setting the budget was a working assumption, but effective use of capital receipts was required. There was no assumption around emergency sales from any assets.

- Exceptional financial support should be a last resort. It was not a long-term solution. External support had been acquired to help the Council go through every single budget line to make sure that it was as efficient as it could be. The Council also had an exercise looking at its general financial resilience. That included reserve balances, the Council's levels of debt compared to others, governance arrangements, setting of budget and delivery of savings. It was important to get this right.
- There would be regular contact with the Ministry of Housing, Communities and Local Government (MHCLG) who was supporting the exceptional financial support process. The Council would want to demonstrate that it was doing everything it could to reduce the reliance on the £37 million.
- In terms of the treasury management strategy, the Council's approach to both investment and borrowing was largely in line with previous years. There was an option to expand or look at opportunities within commercial activity. The Council would not necessarily rule anything out and the strategy provided an opportunity to explore options if needed. Given the Council's financial position and its low levels of balances and reserves available for investment, it was highly likely that the Council would continue to take a very risk averse approach. However, if an opportunity arose, expert opinion would be taken and reported through to the Committee. Income generation was equally as important as cost reductions for balancing the Council's budget.
- The Community Infrastructure Levy (CIL) was part of one of the Council's funding streams for the capital program. The full budget report also included a capital strategy which was a separate document and the draft was published for an upcoming Overview and Scrutiny Committee. It clearly set out some key funding streams that the Council would consider whether there were any appropriate schemes within the capital programme that met the requirements of the community infrastructure levy that the Council had received.
- A query was raised regarding whether CIL should be reviewed as the Council was undercharging for development in the west of the borough. This would be a query taken up outside of the meeting and explored.
- There were three options for exceptional financial support. One was the use of capital receipts, one was borrowing and one was to request the ability to increase council tax above the 4.99% threshold which was currently the referendum threshold. The Council had not put forward an option to increase council tax above the 4.99%. It was an option and could have been part of the application. However, it would require a very significant increase in council tax to address the £37 million shortfall.

- To set a realistic budget, the Council had to look at all of the pressures it would be facing next year and one of those pressures was the increase in National Insurance. The Council was expecting to get fully funded for direct employees, but was possibly expecting an increase in the cost of contracts, particularly within social care and children's services. The budget in terms of pressures amounted to £56 million. This included an assumption around increased costs as a result of the National Insurance increase. This was not the only driver for the £37 million shortfall, but was one of them.
- The CIL was very low on some developers and not only the west of the borough as more building was done in the east.
- The strategy set out the Council's approach to borrowing and investment. There would not be any change in terms of the strategy itself. There would be £37 million in exceptional financial support of which £10 million was from capital receipts and £27 million was from borrowing. The figures would be re-run, but the Council could not go over its borrowing limit.
- The £27 million would be borrowed from the Public Works Loans Board (PWLB) and would be at the PWLB rate. There would be no premium incurred. The Council would still only borrow at the point it needed to. Rates would be tracked to make sure that the borrowing would be done at the best rates possible.
- The PWLB had different loan margins. Different rates were applicable depending on the expenditure. This was the Government cost of borrowing plus 0.4% for housing expenditure, for general fund expenditure it was Government's cost of borrowing plus 0.8%.
- Treasury management investments basically covered all regular treasury management activities, but non treasury management investments would be things like commercial property, such as buying commercial assets for returns.

The Committee felt that it was not clear that the exceptional financial support did not imply exceeding the current capital receipts. This had not been written into the report. In response, the meeting heard that the update was probably more appropriate for the capital strategy which was a separate document that was part of the budget report, but efforts would be made to see if clarification for this could be made into the treasury management report which was about the borrowing aspect of the exceptional financial support as opposed to the capital receipts.

The meeting reconfirmed that any changes or updates would be subject to notification to members by email. The email would be sent in the coming week in case the Committee felt that an extraordinary meeting was required.

RESOLVED:

1. To recommend the proposed updated Treasury Management Strategy Statement for 2025/26 to Full Council for approval.
2. To delegate to the Section 151 officer in consultation with the Chair of Audit Committee, authority to agree any updates to the Treasury Management Strategy Statement for 2025/26 to Full Council for approval.
3. To note that the Overview and Scrutiny Committee (at its meeting on 20 January 2025) and the Cabinet Member for Finance and Corporate Services have been / are being consulted in the preparation of the Treasury Management Strategy Statement.

7. 2023/24 STATEMENT OF ACCOUNTS - EXTERNAL AUDITORS ANNUAL REPORT

Mr Kaycee Ikegwu, Head of Finance (Housing & Chief Accountant) and Mr Tim Cutler, KPMG, introduced the report.

The meeting heard:

- In relation to the use of agency staff, KPMG highlighted it as a risk they felt it was an area not just from a cost point of view, but from an ethical standpoint. Ideally, the Council would have more substantive people in place for cost neutrality. Whilst an individual member of agency staff may be more expensive than a directly employed member of staff, when all the additional costs of employment was taken into consideration, there was not a huge amount of difference. Efficacy was not present as directly employed permanent staff had greater continuity, career ambition and cumulative knowledge. People coming in and out of the organisation on a regular basis meant that knowledge was potentially lost. Although not a significant financial loss, it was a point worth reflecting.
- A query was raised regarding recommendations made for tracking recommendations going to in future years. In response, the meeting heard that there were two ways this was done. Firstly, they formed part of the annual governance statement. In the next Annual Governance Statement (for 2024/25), each recommendation would need to have an update provided. KPMG would also be looking at progress against any recommendations. Any recommendations KPMG raised this year would be followed up. The recommendations put in the auditor's annual report would be in the public domain, the ones in the ISA 260 report would be public in the sense they were on the agenda papers, but they were not ones that necessarily would be subject to response regarding significant weaknesses within the value for money conclusion. Any that did relate to the significant weaknesses, if not addressed by the time that KPMG concluded its audit for next year, clearly remained a risk and the weaknesses would remain in place for the following year's conclusion.
- Part of the reason any concerns would be raised was because KPMG's conclusions should mirror the Council's own assessment of internal control through the Annual Governance Statement (AGS). As a key aspect of internal control, there were things that the Audit Committee should have oversight of and ensure these were being actioned. Issues being flagged as significant weaknesses with significant recommendations matched against them would probably give the Council some impetus to say that unless the issues were actioned, the weaknesses and arrangements would remain as flagged.
- The AGS was submitted to the Committee twice a year and it may be useful to have it submitted more often and this would be considered. The AGS was submitted to the Committee in July 2024. An update would usually be brought six months later.
- In relation to voids, this was where KPMG had the most debate and challenge as to whether or not it merited the status of significant weakness. KPMG believed it had reached the right conclusion. In the end, it was clearly a risk and one that KPMG spent a lot of time talking to Housing Leadership and other directors. KPMG were previously party to a lot of the correspondence with the regulator on some of the issues. Whilst voids was an area of concern and one that KPMG felt appropriate to bring out in its commentary in the public report, KPMG's role was to assess whether or not there were weaknesses in arrangements that required resolution. Having sight of some of the

assurances or the more positive tone of the correspondence from the regulator about the action that management had taken to address some of the issues, KPMG had felt more assured that the area fell short of a significant weakness. Management had started to put the foundations in place for how to respond. Voids remained an issue, but one KPMG would keep a watching brief on through the FY25 risk assessment. If KPMG did not feel that the pace of response was as quick as it was expected, the issue could then return to significant risk and weakness status in the future.

- In relation to Procurement, the use of an IT application or system did not change compliance, culture or behaviour. The system would support the Council's compliance with the Procurement Act, help the Council keep track of the contracts register and help to publish all the notices that needed to be published under the new Act. Some of the significant weaknesses that KPMG had picked up in their report had also been reported to the Committee in the past. It was important to get both procurement and the commissioning arrangements right.
- Across capital and revenue, the Council was spending about £600 million on contracts. There was an incentive to look at the Council's contract spends and its procurement processes just to ensure that the Council was getting value for money. This might be part of the solution to the £37 million shortfall.
- The Council's track record was not where it wanted to be in terms of delivery of savings. This had also become subject to KPMG's annual auditor's report. The Council, as part of the work to develop the budget, had gone back over existing savings including those that may have been approved in previous years. Budget holders had been challenged to deliver savings. In terms of new savings, there was between £22-23 million of new savings proposed for next year's budget. It was difficult to recommend a budget to Cabinet only to then inform Council that it was not likely achievable. There was no absolute assurance that the savings proposed were completely achievable and so there was a contingency to manage some of the risks around delivery. However, the Council could not afford to not deliver any 'Category A' projects (big transformation projects). These were monitored and had a good governance framework. However, the Council often forgot about other savings that needed to be delivered. A tighter corporate grip would be taken regarding the delivery of all savings. Responsibility for this sat generally with the service area, but there would be increased oversight.
- The use of monitoring tools included holding conversations with the budget holder and benchmarking. An electronic monitoring system may be useful in the future.
- Any modification in the KPMG audit opinion this year was purely due to the backstop date. There was work that would have to be done on reserves and the valuation of property plant and equipment, which would mean KPMG going back to previous periods. For example, the valuation report from FY23, which was subject to a time limitation. KPMG were hoping to agree a more efficient effective approach for FY25 which would mitigate the need to do a lot of that work. The significant risks noted was likely to be noted in the plan for FY25 as those significant risks were driven by either the largest or most subjective areas of the Council's financial statements. For example, valuation of property pensions. There was nothing KPMG had come across as part of its work to suggest that there was a material error, but KPMG had not been able to do the sufficient work to say there was not.
- In relation to journals, the recommendation raised was one that was common in public sector organisations. The ideal and most effective control from an audit point of view was that the Council had a 100% approval process on journals, so that when a journal was posted, it would immediately go to a different individual to approve that journal

with an appropriate audit trail so that they had the information they needed to show that it was a valid Journal. This functionality did not always exist in some organisations and there was also an issue whereby, often, a lot of time was required by management to implement this control. KPMG usually saw a more refined control whereby some over a certain level would need approval or a scan review would be taken of a batch of journals. However, this would fall short of how well this method could be relied upon on by KPMG as auditors. Management could simply say they did not wish to implement it, but KPMG was discharging its duty so that the Council was aware. It would not prevent KPMG giving assurance on journals in the future, but KPMG would probably have to do more work on them than it would normally have to because of the lack of control in terms of the high-risk journals.

- The journals were not high risk by management's definition or even by the Council's definition, but KPMG would apply a series of lenses to its journal screening, such as journals posted by a certain individual.
- KPMG's recommendation was more around management bringing in a certain level of review of the journals that had been posted.
- The Council had a mechanism in place for posting journals. Any journal above £50,000 was reviewed by senior officers. In terms of posting of journals, individuals would go through approval and was reviewed by a service Assistant Director, before it was posted by someone else. Any that were £50,000 and above, another individual would check it, before it was reviewed by a different person and posted. A spot check of journals would be done including who reviewed it before it was posted to see if that person had the appropriate rights.
- In terms of following up the value for money weaknesses, this would be done as part of KPMG's FY25 risk assessment. If KPMG did not feel that recommendations had been addressed satisfactorily, they would remain as risks or weaknesses. This was true for the significant ones but also for areas like social housing and governance weaknesses. It had been decided that they were not significant, but these would be looked at again to check that there's been no significant change in those areas.
- In terms of management's approach to the audit, it had been a very difficult period for them as they had been without auditor challenge for quite a while and there was an element of "ring-rust" regarding how to respond to an audit. One of the first visits KPMG had to Haringey, there appeared to be a desire from wider members of the finance team to get involved with the audit. Although there had been problems, they largely came from an unfamiliarity with the level of the request, not from a place where there was a resistance to providing information.
- In relation to fraud, the £160,000 threshold required a more flexible control approval to go out to procurement. The Council was looking to change this and bring in more stringent controls and challenging if the £160,000 limit was too high. This was being reviewed. The Council was also looking at low spend contracts as collectively it was quite high. A change in behaviour was likely required to understand the procurement rules so a whole communications and engagement piece was needed for anybody involved in any purchasing to remind them of their responsibilities.

The meeting acknowledged that the Legal advisor to the Committee, Ms Benita Edwards, was leaving Haringey Council and thanked her for her hard work and dedication to her role.

RESOLVED:

1. That the Committee consider the contents of the report and any further oral updates given at the meeting by KPMG.
2. That the Committee notes the Audit Findings Report of the auditors, KPMG and the management responses in the KPMG action plan contained within the report.
3. That the Committee gives the Chair of the Committee and Chief Finance Officer (S151 Officer) authority to sign the letter of representation to the Auditor.
4. That the Committee delegates the approval of the Statement of Accounts 2023/24, subject to any final changes required by the conclusion of the audit, to the Chair and to the Chief Financial Officer (S151 Officer).

CHAIR: Councillor Erdal Dogan

Signed by Chair

Date

Corporate Committee – Action Tracker				
Meeting date	Action	Response	Who by	Status
21 September 2023	The meeting felt It would be useful to receive a report on risk management strategy which included an update (or a risk management strategy) on leisure services by the next meeting.	<p>This request is in progress and will be reported to the Audit Committee meeting in Feb/Mar 2024.</p> <p>The Audit Committee received a paper in March setting out the corporate risks and an assurance map setting out details of audits that provided assurances over these risks.</p> <p>A further paper is planned for Oct / Dec meeting with an update of the key corporate risks.</p>	Minesh Jani	Completed
21 September 2023	The formally constituted Corporate Committee received a presentation from the Head of Procurement in September 2022, which was where the actions first arose. At that meeting, the Head of Procurement explained that he wanted to make changes and that those changes would take time including the need for replacement for IT systems that the Council used. Councillors' comments would be raised by the Head of Procurement and he would be asked to review his comments in light of councillors suggestions to see if it was possible to get a rough estimate so that some clarity could be attained regarding the number of tenders that went through. Depending on the threshold of the value of the contracts, the Council was required to follow up the process. It was important for the procurement team to have that information available to them as well. There was large element of work that was ongoing at the moment in terms of what needed to change. It would be helpful to invite the Head of Procurement to the next meeting to give an update on progress.	<p>This request is in progress and will be reported to the Audit Committee meeting in Feb/Mar 2024.</p> <p>The Head of Procurement presented at the Audit Committee in Mar 2024 and is scheduled to attend the Audit Committee in Oct 2024.</p>	Minesh Jani	Ongoing

18 January 2024	In relation to SAMPIP, it would be possible to share the terms of reference of the property governance structure boards so that the Audit Committee would be able to inspect them. A description of the Boards could be submitted to the Audit Committee.		Jonathan Kirby	Initiated
	A report on the Meanwhile Use and the Co-Location use would circulated to the Committee when it became available.		Jonathan Kirby	
18 January 2024	In terms of implementation and training, there had been a change resource within the project to support this. A whole communication program was being put into place over the next few weeks. The Council had already started, but the more the system was understood the more this understanding could be communicated. The Procurement team would be the main users and there was a further improvement program running alongside the implementation. The Council was looking to integrate the new Procurement Act and the new regulations and communicating this across the organisation. A training programme would be undertaken in relation to this. The system itself had context-sensitive help. When a user was on a screen, the help that was embedded in the system would relate directly to the activity. A further update would be provided at a future meeting regarding how the system had been implemented.	A report is being submitted by Digital Services to July Audit Committee with an update on the implementation of the e-procurement system.	Taryn Eves	Initiated

18 January 2024	A list of risks and mitigation would be provided to the Committee.	This will form part of the July report going to Audit Committee by Digital Services	Taryn Eves	Initiated
18 January 2024	Benchmark data of local spend and number of contracts and information on the Procurement Act would also be provided to the Committee.	A report has been drafted for Audit Committee with data requested. Awaiting legal comments	Taryn Eves	Initiated
18 January 2024	In relation to agency staff, work had been done regarding contract management. However, a more detailed update would be provided to the Committee.	<p>The audit of the contract management arrangements over the Agency Staff contract was assigned “Limited” assurance and the findings shared with the Audit Committee.</p> <p>The Head of Audit will liaise with the Chair of the Audit Committee to determine any further actions / updates.</p> <p>Update (Sept) – the service has been asked to provide an update to the Committee on the status of the recommendations raised by internal audit.</p>	Minesh Jani	In progress
18 January 2024	Regarding Pendarren House, the Council’s risk appetite in this area was very low, so the auditors had been selective of the level of control that the Council wished to see and management had been acting fast in responding. Steps were being taken to deal with the specific issues and monitoring of progress would be dealt with by the key performance indicators. A follow up in the area would be done to make sure the arrangements were robust.	<p>A follow up of this audit will be carried out in this financial year as part of the usual follow up process.</p> <p>Update (Sept) – the service has been asked to provide an update to the Committee on the status of the recommendations raised by internal audit. The paper will be shared with the Committee before its next meeting.</p>	<p>Minesh Jani</p> <p>Minesh Jani</p>	<p>Completed</p> <p>On-going</p>
18 January 2024	It was unclear what state the issues that Pendarren House had and therefore a query	The Assistant Director (Schools) confirmed all actions arising from the audit had been actioned / completed.	Minesh Jani	Ongoing

	would be made to the service and an update would be provided to the Committee.	Please note comments above.		
18 July	Procurement Systems: Part of the reason that the review being undertaken was because there were serious concerns regarding the timetable. This was what the review was looking at. Once the review had been undertaken, it would be possible to take stock of actually where things were in terms of delivering the functionality expected at various points in time. An update would be provided once the review had been completed. The review would be completed by the end of the coming week.		Taryn Eves	Ongoing
18 July	Procurement Systems: The Committee would be informed when the project was initially signed off and funding was afforded and what the monetary benefits would have been.		Taryn Eves	
18 July	At the next Committee, a joint report by Digital Services and Procurement that covered a range of issues with a single update would be submitted.		Taryn Eves	
18 July	Audit Update: In relation to recommendations that had not been implemented which were classified as priority one, two, or three, it would be useful to translate what this meant for the Committee. At the next meeting, the "P1" recommendations which were outstanding specifically would be useful. It would also provide a chance to refresh the recommendations.	The quarterly internal audit report for the first quarter highlights four priority 1 recommendations were followed and all had been implemented. In future, as noted, details of recommendations will be reported to the Audit Committee as part of the usual quarterly report.	Minesh Jani	Completed
18 July	The cloud strategy status appeared to state that the risk associated had been re-evaluated and the audit was not deemed to be needed at this point. This appeared to be a risk prone approach	The feedback and comments from the Audit Committee are very helpful and the risks highlighted are noted. An assessment of cloud strategy will form part of the audit planning process	Minesh Jani	On-going

	as cloud services tended to have minimum control. In response, the meeting heard that was an audit in the plan which was about to start to look at the implementation route by which Leisure Services would come back in-house. This was not to review the leisure service in function, but the program in place for the delivery of insourcing leisure functions. The report for this would be submitted to the Committee in October 2024. Risks were high for the cloud strategy, but the audit was pushed out because of all the other audits that were on the plan. This would be brought back into the audit space.	for 2025/26 and be reported to the audit committee at its meeting in March.		
8 Oct	An update on Pendarren House would be provided in advance of the next meeting and would be circulated to members of the Committee.		Minesh Jani	
8 Oct	Purchase Cads: The maximum annual expenditure of £66 million should have been reduced but an update on this would be provided outside of the meeting.		Taryn Eves	
3 Dec	Internal Audit Update Progress Report: An action would be placed in the Action Tracker to monitor the 'limited assurance' status regarding Procurement.		Minesh Jani	Initiated

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Report for: Audit Committee 11 March 2025

Item number: 7

Title: Commercial Property Audit - Update

Report authorised by: Jonathan Kirby - Interim Director of Placemaking and Housing

Lead Officer: Sarah Lavery, Head of Property
Contact Number: 07971964293

Email Address: sarah.lavery@haringey.gov.uk

Ward(s) affected: All

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

1. Describe the issue under consideration

This paper is to update the Committee on progress against the recommendations of the 2022 Commercial Property Audit which provided Nil Assurance and the subsequent 2023 Commercial Property Audit which provided Limited Assurance.

2. Cabinet Member Introduction

Not Applicable

3. Recommendations

The Audit Committee is recommended to note the Commercial Property audit coverage and follow up work completed.

4. Reasons for decision

The 2022 and 2023 Commercial Property Audits provided 16 recommendations, these are set out in the table in Appendix 1 and the management response to this. For the purposes of the committee, delivery progress has been added to outline progress against the timescales.

We continue to report steady progress against the key areas highlighted in the Audit, although in some cases there is a need to reconsider our approach to undertaking Property Review activities, and the acquisition of a new Property Management System, given the financial constraints faced by the council.

Management and Maintenance of Leases

Whilst a comprehensive review of leases is outstanding, a number of actions have been taken to improve the quality and record of leases. The team now comprises 12 Chartered Surveyors, with a range of specialisms, this is an increase from four at the time of the 2022 audit. In professionalising the team, focus has been on managing the risk borne by LBH in managing the current arrangement with commercial property tenants. Changes include proactive management of the highest risk occupations and implementing new leases, with improved commercial terms, and creation of a temporary lease repository for new leases. This has allowed the team to complete 29 new lettings in 2024

Income and arrears management

In addition to the new surveyors, the business support and finance team has grown to provide better management of property finances and business. Through the new lettings and implementing rent reviews the rent roll has increased by over £500k in 2024. In some areas this represents a rent increase of 200% and this early work will help set a tone and drive up rents on neighbouring properties.

Between April and December 2024, the team have successfully recovered circa £900k of debt, which has significantly improved our overall position. In this period debt has been proactively tackled and we are seeing improved behaviours from our tenant in timeliness of payment and better communication.

Repairs and Maintenance

There continues to be insufficient data on property repair, proactively managing the maintenance of a property remains difficult. A plan which focuses on repairs and maintenance around the property cycle (where there is a lease break or termination date) and updating condition reports improving clarity on repairing responsibilities in lease aid future planning. The team are now more active in the local areas, ensuring that relationships are being built with our tenants and there is ongoing opportunities for tenants to raise any concerns. Three major remedial projects have commenced for the properties most in need of remedial works. The work programmes are monitored via a steering group and have a dedicated project manager. They are reported through the Major Projects Highlight Report to Capital and Property Board (CPB).

Health and Safety and Compliance

The interim arrangements for Health and Safety and compliance have been improved. With the professional team in place a plan has been implemented through the property cycle which is reasonable and achievable. This will help manage the resource and finance constraints on that completion of this task demands. Where we do not have the budget to resolve issues to bring any assets that do not achieve the grade up to condition – disposal is considered.

Policy and Procedure

Working practices have been developed and improved and policy requirements identified. Improvement to the professionalism of the team is driving better behaviours and ensuring that LBH working practices align with best practice and the work adheres to the guidance of the Royal Institution of Chartered Surveyors. This was a key criticism that was raised in the Chris Buss report that pre-empted this audit work.

Work continues on pushing forward with a Property Review which is the only way to ensure consistency and accuracy of property data and the team are supported with the right tools to perform their roles. Due to LBH's financial constraints the merits of the property review are being considered against other transformation projects. Once agreed that the review can commence the delivery timescale is estimated at 24 months.

5. Background information

On behalf of Internal Audit, Mazars LLP were tasked with undertaking a review of Commercial Property, following on from the Audit report in 2022 which provided a nil assurance. Following the recommendation of this report Mazars undertook a further review in 2023 Mazars. This Audit Report provided an overall assurance rating of Limited Assurance.

Many of the recommendations identified were made in the previous audit, but it was recognised significant progress had been made in this area.

The table in Appendix 1, below sets out the 16 recommendations made and the management response to this. For the purposes of the committee, delivery progress has been added to outline progress against the timescales.

6. Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes'?

This report does not directly link to a contribution in the Corporate Delivery Plan, holistically improved management of commercial property contributes to enhanced revenue to LBH which in turn will support Council Services.

7. Carbon and Climate Change

Not Applicable

8. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

Finance

There are no finance implications from this report

Procurement

There are no Procurement implications from this report

Head of Legal & Governance

There are no legal implications from this report

Equality

Any subsequent new or revised policies that underpin the delivery of Commercial Property will be subject to screening for equalities impact and equalities impact assessment where appropriate.

Appendix 1 – Commerical Property Audit Recommendations						
Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Delivery Progress
4.1	<p>Maintenance of leases/tenancy agreements</p> <p>A Year 1 priority within the Strategic Asset Management and Property Improvement Plan (SAMPIP) is to undertake a Property Review to establish a baseline of leases in place.</p> <p>The Council is using Monday.com to document the progress of lease reviews. As of March 2024, Monday.com details that 77.8% of leases which have been reviewed are in-date. There are 480 leases recorded as not yet reviewed in Monday.com, however, we understand that the total population of leases remains to be added.</p> <p>Management report on progress against the SAMPIP to the Audit Committee. We note that the March 2024 report details that the Property Review is underway, however, it does not</p>	<p>As planned, management should complete a review of current leases to identify if there are any leases which are now expired and should be renewed. Further, the leases should be stored in a central location and digitalised.</p> <p>Management should report the percentage completion of the of property reviews as part of the SAMPIP progress updates. This should be based on the assumed number of total leases until the remaining data is uploaded.</p>	1	<p>The Property Review has been established in line with the actions identified in the Strategic Asset Management and Property Improvement Plan (SAMPIP). The review will identify all property interests held by LBH, including leases and will store documents and management information on a new Property Management System which is being procured. This system will be in place for March 2026.</p> <p>There are interim arrangement in place by capturing and storing property</p>	<p>Reporting on progress of reviews completed – Sept 25</p> <p>Head of Property</p> <p>Storing information in a central location Sept 25</p> <p>Head of Property</p> <p>Digital system and all information uploaded March 2026</p>	<p>The Property Review has not progressed at the pace outline in the Audit response.</p> <p>There has been positive progress in engaging with key internal stakeholders (Digital, legal, Finance) including a market appraisal of Property Management Systems.</p> <p>Given the council's financial constraints, we are reviewing how best to</p>

	<p>detail the percentage of completion.</p> <p>Copies of commercial leases are not stored centrally. We were advised that copies of leases are held in a variety of places, within digital files or deed packages (for older properties). We understand that the Civica Property Management (formally Technology Forge) was originally planned to be used to store leases, however, we were advised by management that the system has since been identified as not suitable.</p> <p><i>Risk: Management do not have oversight over current arrangements with commercial property tenants, this could have legal and financial implications for the Council. Relevant committees do not over sufficient detail on the progress of the Property Review.</i></p>			<p>documents on One-Drive and accurately recording transactional information on SAP (finance system) when a new transaction occurs.</p> <p>Management will report through CPSG and CPB on commercial property data.</p>	Head of Property	<p>take this forwards.</p> <p>The team are progressing lease reviews and renewals using BAU resources, which is achieving positive results.</p>
4.2	Health and safety responsibilities	As planned, management should review historic leases and	1	The Property Review has been established in line with the actions identified in	September 2025	As the Property Review is not progressing at expected pace,

<p>The Council uses a spreadsheet to monitor the completion of health and safety requirements.</p> <p>Our review of five leases found instances where health and safety requirements for the landlord had not been outlined and was inconsistent between leases. For example, we noted:</p> <ul style="list-style-type: none"> • In three cases (leases 301058, 304753, 30431), the landlord's responsibility of insurance against fire has been outlined, however further health and safety requirements have not. • One case (lease 304359) where the Tenancy Agreement states parties will comply with standards of health, sanitation, fire, housing, and safety as required by law. • One case (lease 304312) where the lease did not include a clause on provisions for health and safety. <p>As part of the Property Review, management has been capturing</p>	<p>ensure health and safety responsibilities within the lease reflect current terms.</p> <p>Management should consider specifying health and safety responsibilities within the Lease Summary Template.</p> <p>The Council should consider the use of digital technology to enable the health and safety monitoring process.</p> <p>Assurance should be obtained and recorded where the Council does not have responsibility for statutory compliance.</p>	<p>the Strategic Asset Management and Property Improvement Plan (SAMPIP). The review will review all Health and Safety responsibilities held by LBH either as Freeholder and Leaseholder or where those responsibilities have been transferred by way of occupational agreement.</p> <p>Management do specify H&S responsibilities in new leases offered.</p> <p>LBH will continue to review Health and Safety responsibilities as part of Business-as-usual activity, ensuring where there is a recognised Health and Safety that this is</p>	<p>Head of Property</p>	<p>the property team have sought to improve the interim arrangements for Health and Safety and compliance.</p> <p>The plan is to implement through a property cycle which is reasonable and achievable. This will help manage the resource and finance constraints on that completion of this task demands</p> <p>Where we do not have the budget to resolve issues to bring any assets that do</p>
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	<p>compliance responsibilities within the Commercial Compliance Schedule. A Lease Summary Template has been established to capture key lease details. We note that the template references repair responsibilities and insurance but not specifically health and safety.</p> <p>Where a tenant is responsible for completing checks, the Council does not consistently gain assurance that the checks have been completed.</p> <p><i>Risk: Unclear responsibilities between the landlord and tenant could lead to lack of oversight and non-compliance with statutory obligations. Manual processes for tracking health and safety requirements could result in errors and assessments missed.</i></p>			<p>appropriately managed – including checking tenant compliance.</p>		<p>not achieve the grade up to condition – disposal is considered.</p> <p>Enquires are being made with tenant on their execution of H&S responsibilities.</p> <p>Where a FRI is not implemented (e.g. a building of multiple occupancy) this is added to the Planned Preventative Maintenance (PPM) schedule to ensure compliance is maintained and monitored through the Property Compliance Board.</p>
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						We are meeting our KPIs for compliance at these properties.
4.3	<p>Completion of Fire Risk Assessments (FRAs)</p> <p>We selected a sample of five commercial properties where the Council is responsible for completion of FRAs as per the Compliance Tracker. An in-date FRA could not be provided for two properties:</p> <ul style="list-style-type: none"> • LBH00785 was completed in March 2022 and due in March 2023 as per the FRA, however, the Compliance Tracker states the FRA is due in March 2024; and • LBH00223 was completed in January 2021 and due in January 2022 as per the FRA, however, the Compliance Tracker states the FRA is due in January 2024. <p>We note that the Council's Compliance Tracker reports FRAs as 100% compliant,</p>	<p>Updated FRAs should be completed for the properties identified as having an overdue FRA during this audit (LBH00785 and LBH00223).</p> <p>Further, a formal process should be implemented whereby the Compliance Team complete a periodic review of the data held and report on outstanding or overdue FRAs.</p>	1	<p>FRA compliance will be reviewed alongside the wider Health and Safety compliance.</p> <p>The compliance team report through the compliance board on FRA's and data behind them. Outstanding FRA's are monitored and a timescale for completion will be included in the tracker</p> <p>Until the Property Review is completed FRA requirements will be reviewed on a business as usual basis, where there is a need to review documents relating to a property.</p>	<p>March 25 Compliance Board review</p> <p>Head of Property</p>	<p>As referenced in 4.2 enquires are being made with tenant on their execution of H&S responsibilities.</p> <p>The team are checking that all premises have an up to date and appropriate Fire Risk Assessment.</p> <p>Where a FRI is not implemented (a building of multiple occupancy) this is added to the Planned and Preventative Maintenance Plan to ensure compliance is</p>

	<p>although this was not supported by our testing.</p> <p><i>Risk: Works are not carried out on a timely basis to maintain compliance with statutory Health & Safety requirements, this could lead to legal and reputational implications for the Council.</i></p>			I.e. New letting will be wholly compliant as a reflection in our change in processes.		maintained and monitor through the Property Compliance Board.
4.4	<p>Completion of electrical assessments (EICR)</p> <p>We selected 10 properties from the commercial property list (as of June 2023). We requested the most recent EICRs to evidence completion of compliance works and identified:</p> <ul style="list-style-type: none"> Six properties where there was no in-date EICR (304753, 301444, 304359, 304312, 301058, and 301971). For one property we were provided with a letter to the tenant dated 2019 to arrange an inspection (301058). For another property we were provided with an incomplete visual inspection survey dated 2018 (301971). No further updates were provided. 	<p>Management should complete a full review of properties to identify if an in-date satisfactory EICR is in place.</p> <p>Where an EICR is identified as overdue, this should be arranged and tracked to completion, via the Compliance Tracker All data relating to the completion of EICRs should be recorded in the Property Compliance Tracker and kept</p>	1	<p>EICR compliance will be reviewed alongside the wider Health and Safety compliance.</p> <p>As the current property information is reviewed and an EICR is identified as being overdue it will be commissioned and monitored though the Compliance tracker and reported to the compliance board.</p> <p>I.e. New letting will be wholly compliant as a reflection in our change in processes.</p>	Oct 2024 Head of Property	<p>As referenced in 4.2 enquires are being made with tenant on their execution of H&S responsibilities.</p> <p>In general an EICR is required every 5 years and in the majority of cases this responsibility will lie with the Tenant in line with their FRI lease, and this is being reviewed as part of as part</p>

	<ul style="list-style-type: none"> One property (304432) where the EICR was overdue with the last EICR completed in January 2018, and this was recommended to be reinspected in no more than 5 years. <p><i>Risk: Works are not carried out on a timely basis to maintain compliance with statutory Health & Safety requirements, this could lead to legal and reputational implications for the Council.</i></p>	<p>up to date. All documentation relating to the completion of EICRs should be uploaded and held centrally.</p> <p>Further, Management should complete an EICR for the properties identified as not having an up to date EICR.</p>				<p>of the property cycle.</p> <p>To ensure compliance going forward an EICR is completed prior to any new lettings.</p> <p>Where a FRI is not implemented (a building of multiple occupancy) this is added to the Planned and Preventative Maintenance Plan to ensure compliance is maintained and monitor through the Property Compliance Board.</p>
4.5	<p>Completion of gas servicing</p> <p>We tested a sample of ten properties selected from the commercial property list (as of</p>	<p>Gas servicing should be completed urgently for the properties</p>	1	<p>Gas safety compliance will be reviewed alongside</p>	October 2024	<p>As 4.1 and 4.2</p> <p>The team are addressing gas servicing as</p>

	<p>June 2023). We requested the most recent gas safety certificate for each property. We were not able to confirm any of our sample had an in-date gas safety certificate in place.</p> <p>We found the following issues during our review:</p> <ul style="list-style-type: none"> • Five properties with no gas safety certificate in place: 301058, 304753, 301444, 301149, 304359. • For two properties (301137 and 304312) we were provided with a site inspection document which indicates that a gas survey was not required, however this was last completed in 2020 and 2019. Further, the site inspection document was not signed by the Head of Department as indicated to do so. • For one property (301971) we were provided with the Gas Testing and Purging document (completed in 2018) and the Non-Domestic Gas Testing and Purging 	<p>identified as missing.</p> <p>Management should complete a review of site inspections to identify if any inspections are overdue or incomplete. If site inspections are identified as overdue, these should be completed to assess the current circumstances of the property. Once the site inspection is complete, this should be reviewed and signed by an appropriate officer.</p> <p>Management should complete a review of the properties where the Council currently hold gas testing</p>		<p>the wider Health and Safety compliance.</p> <p>As properties are reviewed and backlog completed, when a Gas safety certificate is out of date they will be commissioned and monitored through the Compliance tracker and reported to the compliance board.</p> <p>I.e. New letting will be wholly compliant as a reflection in our change in processes.</p>	Head of Property	<p>part of the property cycle.</p> <p>Any new lettings are subject to compliance completion and the responsibility to maintain this is passed to the tenant under an FRI lease.</p> <p>Where a FRI is not implemented (a building of multiple occupancy) this is added to the Planned and Preventative Maintenance Plan to ensure compliance is maintained and monitored through the Property Compliance Board.</p>
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	<p>document (completed in 2019). We were not provided the full gas safety record.</p> <ul style="list-style-type: none"> For property 304511 we were provided with the gas safety certificate, however it was last completed in 2020, and the next inspection was due on or before 01/03/2021, this was 854 days overdue as at the end of the fieldwork. The report was also unsigned. For property 304432 we were provided with the Gas Installation Safety report. However, the report was completed in 2018, 1,861 days overdue as at the end of our fieldwork. <p><i>Risk: Works are not carried out on a timely basis to maintain compliance with statutory Health & Safety requirements, this could lead to legal and reputational implications for the Council.</i></p>	<p>responsibilities. Where the Council holds gas testing responsibilities, these properties should be reviewed to identify if an updated gas safety certificate has been completed. Where a gas safety certificate is identified as overdue, this should be tracked to completion. All data relating to the completion of gas safety certificates should be recorded in the Property Compliance Tracker and kept up to date.</p> <p>As part of this process, documentation obtained from the gas testing should</p>				
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		be stored centrally.				
4.6	<p>Monitoring remedial works</p> <p>In relation to remedial works, we were advised a tracker is in place to ensure remedial works arising from property compliance checks are raised and completed in a timely manner. The tracker has not been updated since April 2023 due to the leave of the Project Manager. We understand that performance of remedial works should be reported to the Compliance Health and Safety Board monthly.</p> <p>We were provided with a 'Capital works action plan' document for industrial estates, however, the document was incomplete and did not include information such as works order references, dates of works raised, and dates of works completed. We reviewed the remedials tab within the compliance tracker and noted that whilst this includes overall figures for remedials allocated, cancelled, and completed, it does not include a breakdown of specific remedial works, the</p>	<p>Management should allocate responsibility for updating the remedial works tracker to additional officers to ensure that remedial works are consistently completed. A review of the current position of completion of remedial works should be established and reported to the Compliance Health and Safety Board.</p> <p>The remedial works tracker should include key data such as works order references, dates of works raised,</p>	1	<p>Management intent to move away from reactionary works and towards planned preventive maintenance.</p> <p>A dedicated project manager resource will be allocated from the wider CPP team and make the required improvements to the capital works action plan</p>	Nov 2024	<p>Three remedial projects have commenced for the properties most in need of remedial works.</p> <p>The work programmes are monitored via a steering group and have a dedicated project manager. They are reported through the Major Projects Highlight Report to Capital and Property Board (CPB).</p> <p>Further projects will be brought forward on a priority basis.</p>

	<p>dates of works raised, and the dates of works completed.</p> <p><i>Risk: There is lack of oversight over completion of remedial works, leading to ineffective management of delays and underperformance. This could also lead to legal implications.</i></p>	<p>and dates of works completed.</p> <p>Ongoing performance against remedial works completion should be monitored and reported to a relevant committee/board on a monthly basis.</p>				
4.7	<p>Policy and Procedure</p> <p>The Council has a Health and Safety Strategy dated 2018 – 2022 and is currently being reviewed. Further, we were provided with a procedure document for the Management of Void properties (undated), Policy for Void and Surplus Properties (undated), Asbestos Management (September 2022), Electrical safety procedure (September 2022), Fire safety procedure (September 2022), and Gas safety procedure (September 2022).</p>	<p>Management should develop formalised Commercial Property Management related policies and procedures. This should include arrears management, repairs and maintenance, rent setting, rent review, and lease renewal. Further, these policies and procedures should</p>	2	<p>The Property Review has been established in line with the actions identified in the Strategic Asset Management and Property Improvement Plan (SAMPIP).</p> <p>Policies and procedures that are not currently in place will be produced</p>	<p>March 2026</p> <p>Head of Property</p>	<p>Further to 4.1 this work is currently behind schedule.</p> <p>Working practices have been developed and improved and policy requirements identified, resource is required to deliver this in line with the property review.</p>

	<p>There are no policies or procedures for the following commercial property management areas: arrears management, repairs and maintenance, lifts and water safety, rent setting, rent review, and lease renewal. It was explained by the AD of Capital Projects and Property that these areas are tracked and managed through various trackers. We were provided with the trackers, though these were not all up to date.</p> <p>We were advised by the Head of Property and AD of Capital Projects and Property that policies and procedures are under development. Further, it was explained that the Property team are tackling completion of policies and procedures on a priority basis, with a focus on Health and safety as a priority.</p> <p><i>Risk: Responsibilities and expectations of the service not defined and internal processes are not streamlined. This could lead to inconsistencies in processes being carried out and</i></p>	<p>be reviewed, approved, and shared with the relevant teams.</p> <p>Management should develop policies and procedures for water and lift safety.</p> <p>As planned, management should complete the review and update of the Health and Safety Strategy (2018 – 2022).</p>				<p>Corporate policies are in place for water and lift safety.</p> <p>The review of the Health and Safety Strategy has commenced and will be delivered in 2025. This was delayed by restructuring of the Corporate H&S Team.</p>
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	<i>a failure to comply with regulations.</i>					
4.8	<p>Arrears action plans</p> <p>The Council uses arrears action plans on an ad hoc basis when approved by a court. Whilst an informal process for arrears management is in place, we noted there is no documented arrears management process, including payment plans prior to court action.</p> <p>We were provided with a rent arrears analysis document (as of June 2023); this tracker monitors properties with a debt, and those who have a court approved action plan. A review of the Risk tab of the tracker noted that there were 439 accounts in arrears, the totals due for these accounts ranged from £0.03 to £145,600. The totals due from the top 20 debtors totalled £1,406,957.24.</p> <p>We selected five commercial properties from the tracker and were provided with screenshots of action plans in the system or an email agreement.</p>	<p>Management should develop and introduce an arrears management policy to provide formalised procedures on completing payment plans, and how these payment plans should be reviewed on a periodic basis. Further, the arrears management policy document should include formal escalation routes.</p> <p>Further, management should complete a periodic review to identify consistent outstanding payments, these should then be</p>	2	<p>Debt Management is a key priority for the Property team.</p> <p>Commercial Property debt is reviewed on a monthly basis and the team are working with finance colleagues to improve the quality of information – while the property review and implementation of a Property Management System are undertaken.</p>	<p>Dec 2024</p> <p>Head of Service</p>	<p>Debt is tracked on a monthly basis. For the biggest debtors the services of a Debt recovery firm have been utilised to identify the likelihood of settlement, for the biggest debtors, and in certain cases effect repossession.</p> <p>The Property team are chasing circa £500k with payment plans agreed with a number of accounts. This is showing a positive change in tenant behaviour and minimising new</p>

	<p>We were advised that action plans are monitored by Corporate Debt Management (CDM) and that each of the cases in our sample are now closed. The Council has a spreadsheet that tracks if payments were being made. We noted that for one case from our sample of five, payments were not being made for the last six months, with a total of £4,593.51 (301855).</p> <p><i>Risk: Arrears are not being recovered effectively and in a timely manner, leading to financial loss for the Council.</i></p>	investigated and retrieved.				<p>debt accumulation.</p> <p>Actively managing poor performing sites – either seeing a change in behaviour (paying) or agreeing to debt repayment plan and a re-gearing of the lease.</p>
4.9	<p>Planned maintenance and major work programme.</p> <p>The Council has a planned maintenance and major work programme; however, we were advised this has been paused so the Council can take a more strategic view on the approach to repairs. Further, there have been delays due to limited staff resources.</p> <p>A Commercial Projects Financials spreadsheet is</p>	<p>Management should complete the Commercial Project Financials spreadsheet to forecast works required across commercial properties. A programme of work should be developed and approved, including mechanisms to</p>	2	<p>Management intent to move away from reactionary works and towards planned preventive maintenance.</p> <p>A dedicated project manager resource will be allocated from the wider CPP team and develop a programme of work, based upon current information known</p>	<p>February 25</p> <p>Head of Property</p>	<p>As described at 4.6 three remedial projects have commenced for the properties most in need of remedial works. More will be added as we progress through the existing projects</p>

	<p>currently under development to forecast works required.</p> <p><i>Risk: Repairs and maintenance required in the commercial property stock are not identified and completed in a timely manner, this could lead to delays in works completed, poor tenant satisfaction and safety risks.</i></p>	monitor the completion of the programme.		Following this there will be a new capital work plan developed and improved governance around this.		<p>and continue to identify need.</p> <p>A Project Board has been established to govern these projects, and new projects will be approved at Capital and Property Board.</p>
4.10	<p>Responsive works</p> <p>We completed a review to confirm if responsive works are completed on a timely basis in line with the agreed Service Level Agreement (SLA), and to identify any long outstanding overdue responsive work. We were informed by the Head of Property that the responsive works are held on Technology Forge and the repairs are part of the wider repairs programme that is under review. During the walkthrough of Technology Forge, we confirmed that it has a 'Help calls module' which supports in monitoring responsive repairs. We reviewed the responsive repairs report</p>	<p>Repairs should be completed on time.</p> <p>Management needs to implement a system for review of the repairs service so that they accurately measure the completion of planned work.</p> <p>Technology Forge should be considered as part of any new system. The cost v benefit of</p>	2	<p>Management intent to move away from reactionary works and towards planned preventive maintenance.</p> <p>When repairs are reported, the lease is first checked to understand the responsibilities of LBH. Where it is incumbent on LBH a repair is commissioned by the responsible property manager.</p>	Nov 2024 Head of Property	<p>Responsive repairs are still an area that needs improvement.</p> <p>Under the property review a new property management system will help track responsive works. Responsive works are being delivered and we have received positive feedback from</p>

	<p>from Technology Forge from April to June 2023. A review of the report noted that:</p> <ul style="list-style-type: none"> • 311 out of 2271 (13.7%) repairs, due between April and June 2023, were completed after their due date. These repairs were completed after the due date by between 1-76 days, by an average of 14 days. • 793 out of 2271 (34.9%) repairs had no 'completed date' in the report. We noted that each of these repairs had a due date in the past, between 24-114 days before the fieldwork end date (24.07.2023). These jobs were overdue by an average of 47 days at the time of the audit. These repairs had statuses of 'exported', 'open', 'on hold' or 'cancelled'. <p>Our data analysis of the Council's repairs export identified in total, there were 1,104 (48.6%) open or closed repairs that were overdue at the time of the audit fieldwork.</p>	<p>Technology Forge needs to be considered prior to implementation.</p> <p>The Compliance Team should implement periodic reporting of outstanding responsive repairs works, allowing closer oversight of performance in this area.</p>		<p>A dedicated project manager resource will be allocated from the wider CPP team and make the required improvements for reporting on repairs works.</p>		<p>tenants but need to improve how we manage data about repairs undertaken.</p>
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	<p><i>Risk: If responsive repairs are not completed to a in a timely manner, tenants may become dissatisfied with the condition of the property, leading to complaints and may pose a risk to the health and safety of tenants.</i></p>					
4.11	<p>High value responsive repairs</p> <p>A formal process for completing post inspections on high-value responsive repairs is not in place.</p> <p>We were informed by the AD of Capital Projects and Property that anything over £10,000 could be considered a capital project and the Capital Projects Team are expected to complete the work and assess quality.</p> <p>Management agreed however that the processes around high value repairs and the need for post inspections could be further clarified. For example, agreeing an amount for high value repairs and implementing a post inspection process.</p> <p><i>Risk: The quality and completion of high value responsive works is</i></p>	<p>Management should define high value responsive jobs. A post inspection process should be developed and implemented to assess the completion and quality of the high-value responsive repairs work. This process should be aligned with the payment of invoices (e.g. works should be confirmed as complete and of sufficient quality prior to payment of the invoice).</p>	2	<p>Fortunately, high value responsive repairs are becoming increasingly fewer, due to the wider improvements undertaken on the repair works.</p> <p>At LBH a repair is commissioned by the responsible property manager.</p> <p>Works are commissioned though the Commercial Property (CP) part of the CPP team and in accordance with the approved CP governance framework</p>	<p>Sept 2024</p> <p>Head of Property</p>	<p>The improvements outlined in 4.6, 4.9 and 4.10 tackle the occurrence of high value responsive repairs. The three repair projects in 4.9 are delivery of high value repairs and</p> <p>Once we have a building in a good condition, we will implement a Planned Preventative Maintenance</p>

	<i>not assessed, leading to lack of oversight in areas of improvement.</i>			LBH is working corporately to improve this.		plan to keep it in good order.
4.12	Invoicing in line with leases We selected a sample of five properties to confirm invoices have been raised in line with the leases. We noted: <ul style="list-style-type: none"> Lease 301137: The lease was not available. However, the rent from the tracker/SAP report was £65,000 per annum and the lease terms on the SAP system included the start date of 29.04.1998 and end date of 28.04.2012. We were not provided with the invoices raised for this property to verify if they were raised in line with the information held. Lease 301971: A review of the invoice provided for June 2023 noted a request for £6,625. Though the rent on the SAP report noted an annual payment of £13,250. We were unable to confirm if this was in line with lease 	Management should complete a review of the information held for each lease in the SAP system, and make sure that the data is accurate. Key information to verify should include the amount and frequency of payment, this would enable invoices to be raised in line with the terms set out in the lease. Alternatively, lease terms should be updated to reflect the current terms being followed.	2	The Property Review has been established in line with the actions identified in the Strategic Asset Management and Property Improvement Plan (SAMPIP). The review will identify all property interests held by LBH, including leases and will store documents and management information on a new Property Management System which is being procured. The current Programme for the property Review is set to complete in March 2026. The reviewing of leases is an ongoing	March 2026 Head of Property	As per 4.1 and 4.8 the Property Review work is behind schedule, so this action is delayed. Rent Collection is improving steadily, but a number of properties remain with expired leases and work continues to improve this situation.

	<p>terms as the correct lease was not provided.</p> <ul style="list-style-type: none"> Lease 304432: A review of the invoices provided for due dates in April, May and June 2023 demonstrated a monthly request of £5,012.83 (before tax). This is in line with an annual amount of £60,154 as per the lease. However, the Tenancy at Will (October 2019) provided for the property stated that the rent is due in four equal payments. <p><i>Risk: The Council is not receiving rental income in line with lease terms, and this is not being identified or corrected in a timely manner, which could result in incorrect payments not being identified.</i></p>			<p>process and the percentage improvement will be reported through CPSG and CPB. Management are working with finance to look at securing additional resource to accelerate this activity.</p> <p>.</p> <p>There are interim arrangement in place by capturing and storing property documents on One-Drive and accurately recording transactional information on SAP (finance system) when a new transaction occurs.</p>		
4.13	Reconciliation of incoming rental payments	Management should formally document to reconciliations and	3	There is a review of payment methods for Commercial rents. We are working with	March 2026 Head of Property	In line with 4.1 the Property review is seeking to

	<p>We were advised that reconciliations take place of incoming rental payments. Payments received are reviewed before posting to SAP. The Business and Finance Co-Ordinator reviews the suspense accounts periodically to check for any posting errors. The Finance Team also review this every week.</p> <p>There is no documentation of these checks at present.</p> <p><i>Risk: The Council is not receiving the correct amount of rental income, and this is not being identified or corrected in a timely manner, leading to financial loss.</i></p>	checks of commercial rental payments.		<p>our finance colleagues with a view to convert all of the tenants to direct debit, allowing for automated reconciliation going forward.</p> <p>It is likely that this will be rolled out as part of the property review improvements, once the ability to mandate direct debt has been checked against all leases.</p>		<p>refresh how rental payments are handled to avoid the manual handling, which is still very much needed.</p> <p>A movement to Direct debits will help with invoice referencing issues and tenants who won't pay unless chased, but an accurate lease schedule is required to implement this.</p>
4.14	<p>Arears action log tracking and updates</p> <p>The Council has monthly meetings with the litigation team who provide updates on live arrears cases. There is no documentation of key decisions and actions from these meetings.</p>	Management should ensure that key discussions and decisions on actions regarding arrears are clearly documented.	3	<p>PMO resource will be present at these meetings to capture minutes and actions from meetings. These will be tracked through Monday.com</p>	March 2026	<p>A monthly debt report is now produced and progress on arrears is recorded on this. Monthly meetings with the legal litigation team</p>

	<p>It was explained that trackers (e.g., the Property legal tracker) are updated monthly, the data is extracted from SAP and manually updated by the Commercial Leads, Finance Support, and the Head of Property.</p> <p><i>Risk: There is lack of oversight over arrears and arrears related actions, leading to actions not being completed in a timely manner and delays in retrieving the debt.</i></p>				Head of Property	continue and a review of resource for this is being considered.
4.15	<p>Tenant/leaseholder satisfaction survey</p> <p>A tenant/leaseholder satisfaction survey is not in place for completed responsive works. Management advised it does not consider satisfaction surveys for completed response repairs works to be a current priority. This is a key method to listen to tenants and identify improvements to processes.</p> <p><i>Risk: Management are unable to identify areas of underperformance and undertake corrective action,</i></p>	<p>Management should consider developing and implementing a periodic tenant satisfaction or feedback survey. Further, findings from the survey should be reported to the relevant Board/Committee, with corrective action identified.</p>	3	<p>On completion of the Property review there will be a complete list of tenants known and the inspection requirements available to the Landlord. The intention is to combine inspections and tenant satisfaction surveyors to ensure feedback and a better relationship with the tenants.</p>	<p>April 2025</p> <p>Head of Property</p>	<p>This is to be completed post the property review, so there will be a delay in implementing this.</p> <p>Surveyors are seeking feedback during the renewals process and currently the feedback is generally positive.</p>

	<i>leading to growing tenant dissatisfaction.</i>					
4.16	Commercial Property Management KPIs <p>The Head of Property explained that KPIs have been developed for commercial property management, though they do not currently have the data to fully track/measure against the KPIs. The Head of Property explained they have moved to a digital method of reporting (Monday.com), and they are in a process of learning to extract and share data using the platform.</p> <p><i>Risk: Poor performance is not identified, and action is not undertaken in a timely manner.</i></p>	Management should establish a formal set of KPIs, and these should be consistently tracked and reported against.	3	A set of KPI's will be developed and a system for monitoring these will be developed and tracked	March 2025 Head of Property	Work has been undertaken to identify a set of KPIs and we have prototyped a KPI dashboard using Monday.com. This has proven burdensome to maintain due to data quality issues and further work is required to provide a suitable monitoring system.

Report for: Audit Committee – 11th March 2025

Item number: 8

Title: Treasury Management Q3 Report 2024/25

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

Lead Officer: Sam Masters, Head of Finance – Treasury and Banking
Sam.Masters@Haringey.gov.uk

Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** N/A

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 2024/25 was approved at a full Council meeting on 4 March 2024. 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 quarters ending 31st December 2024, 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 31st December 2024 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.

6.2. 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."

6.3. 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 receives quarterly treasury management update reports, including a mid-year and annual report.

6.4. 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 2024/25 on 4 March 2024.

6.5. 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

6.6. 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

6.7. The impact on the UK from the government's Autumn Budget, slower expected interest rate cuts, a short-term boost to but modestly weaker economic growth over the medium term, together with the impact from President-elect Trump's second term in office and uncertainties around US domestic and foreign policy, will be major influences on the Authority's treasury management strategy for 2025/26.

6.8. The Bank of England's (BoE) Monetary Policy Committee (MPC) reduced rates at the February 2025 meeting, seven Committee members voted to reduce Bank Rate to 4.5% while two members preferred to reduce it to 4.25%.

	Mar-24	Jun-24	Sep-24	Dec-24	Current Rate
BoE Bank Rate	5.25%	5.25%	5.00%	5.75%	4.50%

Further details can be found in section 2 of Appendix 1 to this report.

Borrowing Activity

- 6.9. The Council's primary objective when borrowing is to strike an appropriately low-risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required.
- 6.10. There has been a significant increase in the cost of both short-term and long-term borrowing over the past two years, although these increases are now stabilising, and we are starting to see some reductions in rates.
- 6.11. The table below shows the movement in rates offered across the various PWLB maturities for the 12 months to 31st December 2024. The rates shown are included the 0.20% certainty discount rate offered by the PWLB to qualifying authorities.

PWLB Maturity	Mar-24	Jun-24	Sept-24	Dec-24
10 year	4.74%	4.96%	4.79%	5.43%
20 year	5.18%	5.37%	5.27%	5.86%
50 year	5.01%	5.15%	5.13%	5.68%

- 6.12. As part of its strategy for funding previous and current years' capital programmes, the Council held £956.9 million in loans on 31st December 2024. The Council has a significant capital programme which will largely be financed by new borrowing in the upcoming years. The Council plans to maintain a balanced portfolio of short and long-term borrowing.
- 6.13. 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

- 6.14. 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.
- 6.15. Throughout the period, the Council's investment balances ranged between £30.3 million and £83.3 million due to timing differences between income and expenditure, ending at £33.9m on 30 September 2024.
- 6.16. Overnight deposit rates for the Debt Management Account Deposit Facility and Money Market Funds averaged around 5.00%.
- 6.17. The following table 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
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31.03.2024	3.67	AA-	0%	1	5.19%
31.12.2024	3.09	AA-	31%	1	4.72%
Similar Local Authorities	4.74	A+	76%	14	4.95%
All Local Authorities	4.59	A+	61%	10	4.91%

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

- 6.18. 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.
- 6.19. 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.
- 6.20. A 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. Not applicable.

8. Carbon and Climate Change

- 8.1. Not applicable.

9. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Legal and Governance, Equalities)

Finance and Procurement

- 9.1. Finance comments are included throughout the attached report.

Assistant Director of Legal and Governance [Benita Edwards, Head of Legal Services]

- 9.2. 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.
- 9.3. 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

9.4. Equalities

- 9.5. There are no equalities issues arising from this report.

10. Use of Appendices

10.1. Appendix 1 – Treasury Management Update Report – Q2 2024/25

11. Background Papers

11.1. None

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Report for: Audit Committee 11th March 2025

Item number: 9

Title: **Annual Governance Statement 2023/24 (Amended Draft)**

Report authorised by: **Taryn Eves – Director of Finance**

Lead Officer: **Minesh Jani – Head of Audit & Risk Management**
Minesh.Jani@Haringey.gov.uk
07817 617839

Ward(s) affected: N/a

**Report for Key/
Non-Key Decision:** N/a

1. Describe the issue under consideration

To provide the amended statement relating to the 2023/24 financial year for noting.

2. Cabinet Member Introduction

Not Applicable.

3. Recommendations

The Audit Committee note the amended 2023/24 AGS, attached at Appendix A.

4. Reasons for decision

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.

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

The AGS document, even if signed and approved, remains live until the point the Statement of Accounts are signed. During 2024/25 work by Management, External Audit and third parties has indicated that we need to reflect on the issues presented in the 2023/24 statement and update.

5. Alternative options considered

Not Applicable.

6. Background information

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.

The preparation of an AGS is a statutory requirement of the Accounts and Audit Regulations (2015). These regulations require local authorities to produce an annual statement, in accordance with 'proper practice'.

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.

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.

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.

As above amendments are required in 2024/25 to ensure full compliance with the above guidance.

It has been necessary to reflect greater insights into the Council's Governance Framework that have been identified in 2024/25 but relate to prior years. These updates have occurred due to internal governance processes, a review by Chartered Institute of Public Finance and Accountancy and the External Audit by KPMG of the Council's 2023/24 Statement of Accounts.

No additional governance issues have been added as a result of the updates; however issues have been updated, recommendations raised have been referenced against the relevant issue and in year updates provided by issue owners have been incorporated.

The AGS has been resigned by the Chief Executive and Leader and to ensure it could be published with the accounts by 28th February 2025 approved by the Chair of the Audit Committee, which was agreed at the January Audit Committee meeting as part of the sign off of the accounts process.

7. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes'?

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. Carbon and Climate Change

There are no direct Carbon implications arising from this report.

9. Statutory Officers comments (Director of Finance (procurement), AD for Legal and Governance, Equalities)

Finance

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 Corporate Leadership Team 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).

Procurement

There are no direct contract and/or procurement implications arising from this report.

Assistant Director of Legal & Governance

The Council's AD for Legal and Governance has been consulted in the preparation of this report, 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.

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.

10. Use of Appendices

Annual Governance Statement 2023/24 – Amended Draft

11. Background papers

July 2023/24 report to Audit Committee including Signed AGS

Annual Governance Statement 2023/24

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 2024 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. The funding models for local government continue to present challenges as we recover from the COVID-19 pandemic era and respond to tackling health inequalities and support residents who are impacted by the cost-of-living crisis. We continue to deliver our ambitious set out in our corporate plan and build on our achievements in the refreshed plan, which we plan to publish in the summer. The Council's Corporate Plan will set out our priority actions for delivering our strategy for Haringey.
- 2.5 The Council's leadership remains 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. 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 and were in place for the financial year 2023/24. 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. These behaviours are at the heart of refreshed My Conversation (our appraisal approach) guidance which was launched at the start of the year.
- 2.8 Following the amalgamation of the Council's Arm's Length Management organisation (Homes for Haringey) into the Council in June 2022, and the subsequent self-referral to the Housing Regulator in January 2023, the Council has been focussed on improving housing services for its residents and responding to the Regulatory Notice covering key areas including fire risk assessments, electrical safety and our level of non-Decent homes. 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. We recognise the housing service has been operating

with systemic and significant challenges which means we are not providing residents with the services they expect or deserve in some core areas. We continue to invest in and seek improvements our housing service recognising this is likely to into future years.

2.9 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 final report was issued in October 2023 and a copy is available at LGA Corporate Peer Challenge Final Report (haringey.gov.uk). The report noted “Haringey Council is a dynamic and improvement-focused local authority that has strong leadership and should be proud of the services it provides to the community. It provides many good core services to its residents for which it should be rightly proud. The Borough is well-regarded for its high performing schools, and the parks and library services are valued, with the Friends groups keen to collaborate with the Council. It also has a “powerful sense of place, appreciating and celebrating the diversity of the area and the people it serves.” The Peers set out several recommendations, which will be followed up formally in 2024/25 by the peer panel. Areas for further improvement, included:

- Establishing a long-term vision for the council
- Continue proactive work with local communities
- Develop and embed mechanisms to improve oversight and management of the capital programme
- Strengthen and embed performance and programme management
- Maximise links with partners and stakeholders
- Continue the work on developing business systems to increase efficiency in operations and enhance customer service.

2.10 A joint area inspection by Ofsted and the Care Quality Commission (CQC) was carried out of the Area SEND inspection of Haringey Local Area Partnership over a three-week period in January and February 2024. Both the Council and the North Central London Integrated Care Board (ICB) are jointly responsible for the planning and commissioning of services for children and young people with SEND in Haringey. We received the highest rating for delivering high quality services for young people with Special Educational Needs and Disabilities with the report noting “The local area partnership’s special educational needs and/or disabilities (SEND) arrangements typically lead to positive experiences and outcomes for children and young people with SEND. The local area partnership is taking action where improvements are needed.” The report raised three areas for improvement that we will take forward and implement.

2.11 In 2024/25, prior to the Council’s new External Auditor (KPMG) signing off the 2023/24 Accounts there has been greater insight into the significant issues with the Council’s governance framework and its financial position. Although a balanced budget is proposed for 2025/26, this is only possible with Exceptional Financial Support (EFS) from Government and the Council will be putting in an immediate response to reduce the reliance on this support in 2025/26 and longer term. In line with guidance, this reflection and relevant insights from the External Audit work and Advisory work from CIPFA in year have been referenced in the Annual Governance Statement and will be fully reflected in our 2024/25 statement.

2.12 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 2025.

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 standards to which Members and Officers are expected to comply are outline here along with links to key policies which are developed in accordance with legislative requirements and good practice. <u>Our standards Haringey Council</u></p> <p>b) 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: <u>http://www.haringey.gov.uk/sites/haringeygovuk/files/lbh_constitution_part_5_section_a - part 1 0.pdf</u></p> <p>c) 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 as committee members. Training on all regulatory committees is mandatory.</p> <p>d) The Officer Code of Conduct was reviewed in 2023, and a new version was published to staff 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 comply with specific requirements such as ensuring declarations of</p>	<p>Review planned for 2024/25.</p>

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>interest are formally recorded and declaring any offers of gifts or hospitality which are received.</p> <p>e) 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 should demonstrate Haringey values.</p> <p>f) Decision-making practices for member decisions follow legal and transparency requirements. Agendas and Minutes of Cabinet and Committees and Officer decisions are recorded and published on Modern.gov. <u>How decisions are made and scrutinised Haringey Council</u></p> <p>g) 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.</p> <p>h) Requirement for all new staff to complete Register of Interests declaration. Senior managers are required to complete a declaration every two years; officers are reminded to complete a new form as/when circumstances change. The HALO system is used to efficiently manage HR processes under a single portal. Gifts and hospitality for members are recorded with their declarations of interests and are published on the website. <u>Our standards Haringey Council</u></p> <p>i) 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. The standard template for reports was refreshed in 2023/24 with updated guidance included for report authors.</p> <p>j) Anti-fraud and corruption strategy is in place, including the Whistle blowing policy (Sept 2022) they will be reviewed again in 2024. The Head of Audit and Risk Management reports on actions, effectiveness and outcomes (and use of the whistle blowing policy) to Audit Committee, in quarterly report and in July as part of the</p>	<p>Ensure full compliance by officers with the requirements set out.</p>

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>Annual internal Audit Report and provides awareness presentations to Senior Leadership Team. Copies of the policies are on the internet. <u>Haringey Council anti-fraud and corruption policy - v8.3 - September 2022</u></p> <p>k) 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 Senior Leadership Team. 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. Following comments from the Peer Review a forum has been periodically held to help with improvements in this area. <u>Make a complaint Haringey Council</u></p> <p>l) Local Code of Corporate Governance was refreshed in 2023/24 and was approved at Audit Committee March 2024. It is planned for the Code to be presented at Full Council in July 2024. <u>Agenda for Audit Committee on Thursday, 7th March, 2024, 7.00 pm Haringey Council</u></p> <p><u>Demonstrating strong commitment to ethical values</u></p> <p>m) 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. <u>The Standards Committee Haringey Council</u></p> <p>n) The Council incorporated the Social Value Act requirements into all procurement and contracts; including a standard clause referring to 'PREVENT' in all contracts, as well as safeguarding and health and safety. A broader review of how the authority carries out procurement activity has been completed, and changes will be embedded</p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>in 2025/26. A report will go to Cabinet to approve the Council's methodology of complying with Social Value Act requirements.</p> <p>o) A major review of all the Human Resources policies & procedures began in 2019/20 has been completed. 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. The current focus now for Human Resources is on Workforce Planning, although it is recognised that further refinements of policy are desirable, and this process is ongoing and iterative.</p> <p>p) 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: Council procurement: legal framework Haringey Council</p> <p><u>Respecting the rule of law</u></p> <p>q) 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. Member Committees make decisions on appointments and dismissal of Chief Officers and Deputy Chief Officers. 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>r) The Council optimises the powers available for the benefit of citizens, communities and other stakeholders. Decisions are taken, in accordance with relevant statutory</p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>requirements and the Council Constitution, by full Council, Cabinet, individual 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>s) 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 2023/24.</p> <p>t) 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> <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. Consultations Haringey Council Under the Haringey Deal, the authority seeks to better understand all its communities including communities that it engages with reduced frequency. More recent examples of closed consultations can be found here</p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>https://new.haringey.gov.uk/council-elections/have-your-say/consultations/closed-consultations</p> <p>d) To ensure we are able to effectively monitor delivery of the outcomes as set out in our Corporate Delivery Plan, reporting takes place formally on a six-monthly basis (for the lifetime of the plan) and quarterly via dedicated performance sessions at our Corporate Leadership Team and via internal meetings and forums with officers and Cabinet Members.</p> <p>e) Formal reporting includes progress updates reported to the council's Overview and Scrutiny Committee for more in-depth consideration. Briefings for Scrutiny Panel Members are arranged ahead of formal meetings and training is provided to encourage understanding of performance issues and risks. <u>The Overview and Scrutiny Committee Haringey Council</u></p> <p>f) In 2022/23 we established a framework for monitoring progress against commitments and intermediate outcomes as set out in our Corporate Delivery Plan. The framework brings together activity and monitors progress towards the achievement of intermediate outcomes with metrics and commentary on all commitments in the CDP including Manifesto pledges. The framework is not solely based on Performance Indicators so gives a broader picture of change and progress towards achieving our objectives. Updates include metrics and a rating on Direction of Travel.</p> <p>g) We use "Monday.com" as a tool for tracking progress where live updates on progress are captured and reported on a quarterly basis with dynamic links and Dashboards so progress can be actively monitored. As part of the early warning and risk analysis Directors also produce a summary of highlights and areas for focus each quarter and these are shared as part of the published papers. More recently we have introduced more robust performance management reviewing our approach to monitoring whereby we have established a single performance and risk framework.</p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>h) Documentation demonstrating compliance with the governance principles Identified gaps in compliance, or further action required covers key performance indicators, capital delivery, savings programme delivery and transformation programme delivery as part of the Council's new Change framework. Members are briefed on performance across all these workstreams so that they get a holistic view of progress, and we ensure consistency of reporting and aligned governance arrangements as part of the Cabinet Accountability Model. Our Leader is the Cabinet Member responsible for the CDP and performance so there is clear leadership and accountability.</p> <p>i) In addition to the arrangements that have been put in place to monitor the delivery of the Corporate Delivery Plan, new arrangements have been introduced by central Government in the form of an Office for Local Government (Oflog). The stated purpose of Oflog is "to provide authoritative and accessible data and analysis about the performance of local government and support its improvement." The data can be viewed at Home - Local Authority Data Explorer - GOV.UK . A report updating on the OfLOG metrics, and any associated risks or early warning flags is discussed at Corporate Leadership Team on a periodic basis to reflect on what the comparator data is telling us.</p> <p><u>Engaging comprehensively with institutional stakeholders</u></p> <p>j) Formal and informal partnerships allow for resources to be used more efficiently, and outcomes achieved more effectively; key partnerships include the Haringey Safeguarding Children Partnership, 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</p> <p>k) Resident engagement also occurs in formal consultation and engagement processes during 2023/24 this has included extensive community engagement via Wood Green</p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>Voices: https://www.haringey.gov.uk/regeneration/wood-green/wood-green-voices, and Tottenham Voices https://www.haringey.gov.uk/regeneration/tottenham/tottenhamvoices and in relation to key strategies including the Parks and Green Spaces Strategy and Community Safety Strategy.</p> <p>l) During the year, the council launched the Haringey Engagement Hub which is developing into a 'one stop shop' for all engagement and consultation opportunities. Have Your Say Today - Haringey Engagement Hub - Commonplace</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 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. Documentation demonstrating compliance with the governance principles Identified gaps in compliance, or further action required.</p> <p>b) 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>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>c) The Council publishes updates on its website to show how the Council and partners are achieving against specified outcomes and activity including metrics where applicable every six months. The last reports detailing activity and progress on all 169 outcomes can be viewed in the Cabinet and Overview and Scrutiny Agendas. https://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=128&MID=10689#A177431 https://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=118&MID=10561#A177763</p> <p>d) The intermediate outcomes specify the intended impact on service users, residents and other stakeholders. Effective performance monitoring of the Council's progress towards achieving the outcomes in the Corporate Delivery Plan is fundamental to understanding impact and as such provides a means to measure progress on what we are delivering against what we said we would do i.e. The change we expect to see over the 18-month period of the strategic plan.</p> <p>e) The Council has an agreed Medium-Term Financial Strategy (MTFS). 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: 2024.25Budget and 2024.29MTFFS Ver5.029Jan24FINAL.pdf (haringey.gov.uk)</p> <p>f) 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 and outcomes is published on the website as part of papers for Cabinet and also accessible in viewable. Documentation demonstrating compliance with the governance principles Identified gaps in compliance, or further action required dashboards from our web based project and programme management tool: Corporate Delivery Plan (monday.com)</p>	<p>The Council's financial position has deteriorated over the last 12months. Increased demand pressures in social care and temporary accommodation means that setting a balanced budget for 2025/26 is only possible with exceptional financial support,</p> <p>an immediate response and recovery plan is being developed taking account of insight from External Audit, internal audit and a financial resilience exercise. The actions are aimed to reduce the current and any future reliance on EFS, improve the Council's financial sustainability, including rebuilding</p>

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>g) 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: <u>Agenda item - 2024-25 Budget and 2024-2029 Medium Term Financial Strategy Report Haringey Council</u></p> <p><u>Determining actions and optimising achievement of intended outcomes</u></p> <p>h) 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.</p> <p>i) 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>reserves and reducing debt levels by reducing the Capital Programme. Full details on the current position and five year forecast is set out in the latest budget report published for Overview & Scrutiny Committee - <u>Agenda for Overview and Scrutiny Committee on Thursday, 30th January, 2025, 6.30 pm Haringey Council</u></p> <p>An update will be presented to Cabinet on 11 Feb and full Council on 3 March.</p>
E. Developing the entity's capacity, including the capability of its leadership and the individuals within it	
<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: <u>haringey_workforce_strategy.pdf</u>. During 2023/24 the Council have reviewed this strategy, and it will be approved at Cabinet in June 2024. There is a clear focus on Directorate-led workforce planning, supported by the Council's corporate services, in the new strategy.</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>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<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. 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 performance management process, to all staff, which focuses on personal and organisational development and performance; the General Purposes 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 was undertaken to refresh the current performance management process in line with best practice and the Council's new organisational values, which rolled out in 2023.</p> <p>h) The Council's Workforce Development Strategy 2019 – 2023 aims to create a better place to work. The update Strategy will launch in 2024. 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>Directors to ensure completion of the My Conversation process by all officers and managers as a matter of course.</p> <p>Consider further action on employee absence as a result of stress, anxiety, and depression, which is rising.</p>

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>and there is a dedicated suite of pages on the Council's intranet site focussed on all aspects of employee wellbeing.</p> <p>i) The Council ran a comprehensive staff survey in late 2023, with the results being disseminated in 2024 and an action plan will be developed.</p> <p>j) A wide-ranging management and leadership development programme will be piloted in 2024, to increase the capability and capacity of all people managers within the organisation, along with a complete refresh of mandatory training, which is required to be completed by all employees.</p> <p>k) 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 Constitution: http://www.haringey.gov.uk/local-democracy/about-council/council-constitution</p> <p>l) 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>The External Audit Annual Report January 2025 encouraged the Council to consider the Workforce Strategy due to high reliance on Agency Workers and that the 'time to hire' metric should be monitored.</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	
<u>Managing risk</u> <p>a) The Council 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</p>	<p>Risk Management Policy and Strategy Review</p>

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>strengthen risk management and embed the Strategy has commenced and will continue into 2024/25. 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. Zurich Municipal will provide support to the risk management project as part of their role as the Council's insurers with some specific targeted workshops and Monday.com has been developed to capture directorate and corporate risk registers alongside the other risk and performance information held by the Council. Investment into Corporate Risk Management activity and a technological solution to support achievement of objectives has been procured in 2023/24 https://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=730&MId=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 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. The resilience of the Council's digital infrastructure is central to these plans. A Corporate Resilience and Emergency Planning Board meets quarterly to ensure risks and issues are collectively understood and response is collaborative, the Board reflects on incidents to ensure learning from experience. Proactive exercises are undertaken to test arrangements for the Council or as part of a wider exercise in the Borough/London. More information on business continuity and emergency planning is available at: Major emergencies Haringey Council</p>	<p>Continue to embed risk management principles</p> <p>Implement technology to support the framework and process in 2024/25.</p> <p>External Annual Report January 2025 raised some actions relating to applying the 'concept of equal value' and capturing risk conversations more effectively.</p>

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<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 performance 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><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 2024 and 2029 before being approved by Full Council in February 2024; the reminder has yet to be identified and will form part of the financial planning process during 2024/25. 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>See above on the current financial position and immediate response and recovery plan being develop. We will track and reporting process against the recommendations raised by External Audit (KPMG) and Chartered Institute of Public Finance and Accountancy (CIPFA)</p>

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<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 2023/24, the Council investigated fraud and 51 properties were recovered; 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> <p>i) The Council's Head of Internal Audit produces an Annual Report including a Head of Internal Audit Opinion which is presented to Statutory Officers, Corporate Leadership Team, and the wider Senior Leadership Network for information its formally presented to Audit Committee in July every year. The Annual Report is a key document used as part of our annual review of governance.</p>	
<p>j) The external auditors would usually also produce annual audit reports and the Annual Audit Letter, which would also be reported to the Committee. The Councils' External Auditor for the years 2020/21 to 2022/23, BDO, have not produced these reports. This is a national issue in the public sector due to capacity in the provision of audit services.</p> <p>k) KPMG have been appointed for 2023/24 as the Councils new External Auditor and significant work has commenced to build robust relationships and ensure that the 2023/24 accounts are signed off in a timely fashion.</p>	<p>As at July 2024 External Audit not signed off accounts from 2020/21 to 2022/23 and therefore we have not had Annual Audit Letters. During 2024/25 the outgoing external auditor has completed the outstanding audits, and which were presented to Audit Committee in December 2024. New External Auditors KPMG have commenced, and outcome of the 2023/24 Audit and Annual Auditors report presented</p>

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>l) 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>m) 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>n) 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 are all published on the intranet. Data quality policy is published on the website: Data and finance Haringey Council</p> <p><u>Implementing good practices in reporting</u></p>	<p>to Audit Committee on 27 January 2025. Recommendations from the AAR will be reported through the 2024/25 AGS.</p>

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>o) 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 audits for subsequent years have yet to be concluded. Under the Local Accountability Act, the Council has been 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>p) 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 Audit Committee to ensure that any gaps in assurance or compliance issues are identified and addressed. In 2023/24 there was a formal follow up presented to Audit Committee to communicate the progress with the action plans. Significant issues reported in 2022/23 are being addressed but most will remain on in 2023/24.</p> <p>q) As part of the Delivery Plan, Directors are responsible for delivering the activity against specific milestones with a responsible manager and Lead Member allocated as owners for each outcome as specified in the Corporate Delivery Plan (CDP). Outcomes, activity, and performance against all the 169 outcomes included in the CDP are formally reported to Cabinet every six months with papers published on our website. The last performance update report to Cabinet was on 12th March 2024 and papers can be found here: https://www.minutes.haringey.gov.uk/ieListMeetings.aspx?CommitteeId=118</p> <p><u>Assurance and effective accountability</u></p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>r) 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>s) 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 2022/23, we identified some key areas where work would be undertaken in 2023/24 to ensure governance arrangements were in place and effective. An action plan was drawn up and progress as at 31 March 2024 this is set out below. The progress with regards these actions was presented to Audit Committee members in December 2023 and in addition the Audit Committee invited the relevant Assistant Director to report back.

Issue & Agreed Action/ Deadline (as at July 2023)	Progress update (as at March 2024)
<p>We need to ensure we deliver savings identified in our Medium-Term Financial Strategy (MTFS) to manage within our financial means.</p> <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 Corporate Leadership Team aligning the change 	<p>Finance reviewed the pressures that drove overspend in 2022/23 and this was incorporated as part of quarter one forecast. As highlighted in the quarter one report, the Adults social care pressure was apparent in the 2022/23 Provisional Outturn Report, but the temporary accommodation is an emerging pressure caused by wider economic conditions.</p> <p>The quarter two forecast overspend position of £20.9m is broadly in line with that reported in quarter one. Work continues to reduce these quarter two forecasts down and to look across the Council budgets overall for how this position can be mitigated. Part of this push includes the creation of an officer Adult's improvement board to focus and address the pressures in this Directorate.</p> <p>As usual regular budget monitoring meetings are taking place and to strengthen forecasting and savings delivery the frequency has been increased where required, determined by risk. MTFS 2022/23 audit recommendations followed up by IA and all are in progress.</p> <p>Implementation is complete of the new governance around Corporate Cross-council change portfolio.</p> <p>Corporate Leadership Team have now established a monthly performance Corporate Leadership Team aligning the change framework, Corporate Delivery Plan and budget management reporting and performance monitoring process.</p> <p>From November 2023 delivery against the Capital programme will be reported at the same meeting.</p> <p>Planned restructure of the corporate Change team to align project and programme management resources to the priority change work set out in the cross-council change portfolio.</p>

Issue & Agreed Action/ Deadline (as at July 2023)	Progress update (as at March 2024)
<p>framework and budget management reporting and decision-making process.</p> <p>Director of Finance</p> <p>31st March 2024</p>	<p>The 2024/25 Financial Planning process reviewed the 2022/23 outturn overspends and identified those thought likely to re-occur. These were incorporated into the growth projections supporting the final 2024/25 agreed budgets. Alongside this, each of the agreed savings across the 2023-2028 period were reviewed again to assess deliverability confidence. This result in the writing out of a small number of proposals.</p> <p>This significant governance issue will continue onto the 2023/24 action plan in a refreshed format following our annual review process.</p> <p>For a further update, as at January 2025 please see 4.2.</p>
<p>Concerns regarding 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 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 accompanied the cabinet report, highlighting the responsible senior officer and timeframe for</p>	<p>Cabinet Reports:</p> <p>https://www.minutes.haringey.gov.uk/documents/g10252/Public%20reports%20pack%2018th-Apr-2023%2018.30%20Cabinet.pdf?T=10</p> <p>https://www.minutes.haringey.gov.uk/documents/g10252/Public%20reports%20pack%2018th-Apr-2023%2018.30%20Cabinet.pdf?T=10</p> <p>Constitutional changes have been taken through the Constitutional Change working group and were taken to Full council in November 2023</p> <p>Policies and procedures are under review and will be brought through to cabinet for approval as part of the annual update, which is scheduled for July 2024.</p> <p>Audit committee report taken in March 2024, which was well received and noting to progress that has been made on the action plans.</p> <p>Recent cabinet report decision making on both disposals of 3 Shaftesbury Road (November 23) and the acquisition of 10 Gourley Street (February 24) are examples of these improved policies and practises.</p>

Issue & Agreed Action/ Deadline (as at July 2023)	Progress update (as at March 2024)
<p>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 ten 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>Director of Placemaking and Housing</p> <p>31st March 2024</p>	<p>This significant governance issue will close; however, the 2023/24 action plan will contain an action regarding Council properties.</p> <p>January 2025 update – An in-year update that was produced to update Audit Committee as part of the oversight of actions is included below, please see 4.2.</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</p>	<p>The Council self-referred to the Regulator of Social Housing (The Regulator) in January 2023 following an external health check of our health and safety compliance where we identified a potential failure to meet our statutory health and safety requirements. The external health check found a number of areas of non-compliance, with several key recommendations made, particularly around overdue fire risk actions and electrical safety.</p>

Issue & Agreed Action/ Deadline (as at July 2023)	Progress update (as at March 2024)																																																								
<p>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 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</p>	<p>A report was presented to Cabinet in April 2023 detailing the reasons why the Council was in breach of the Homes Standard, and the Council’s Improvement Plan to address and resolve the issues raised. This report described the additional step of entering into a Voluntary Undertaking – statutory health and safety with the RSH to further demonstrate the Council’s commitment to ensuring that we are working openly and transparently with the Regulator with the aim of achieving full compliance and discharge of the Notice.</p> <p>On 11 July 2023 Cabinet approved the details of the Voluntary Undertaking as required under Section 125 of the Housing and Regeneration Act 2008 allowing a social housing provider to present to the RSH a Voluntary Undertaking.</p> <p>The table below shows the compliance position against the ‘big six’ health and safety indicators as of January 2024:</p> <table><tr><th>Ref</th><th>Compliance Area</th><th>Percentage Compliance</th><th>No. of Properties Affected</th><th>Frequency</th><th>No. Complying</th><th>Percentage Compliance last reported</th><th>Trend since previous report</th></tr><tr><td>1.</td><td>Fire Risk Assessments (12-month rolling)</td><td>100.00%</td><td>1,617</td><td>Variable</td><td>1,617</td><td>99.81%</td><td>↑</td></tr><tr><td>2.</td><td>Gas Safety (LGSR) Domestic (GN, SH, HDS & PSL)</td><td>99.89%</td><td>14,585</td><td>Annual</td><td>14,569</td><td>99.94%</td><td>↓</td></tr><tr><td>3.</td><td>Electrical (EICR) (Domestic & Communal)</td><td>96.51%</td><td>15,812</td><td>5-yearly</td><td>15,260</td><td>95.95%</td><td>↑</td></tr><tr><td>4.</td><td>Asbestos Reinspections (Communal)</td><td>100.00%</td><td>1,174</td><td>Variable</td><td>1,174</td><td>99.91%</td><td>↑</td></tr><tr><td>5.</td><td>Passenger Lift Inspections (LOLER)</td><td>100.00%</td><td>148</td><td>Biannual</td><td>148</td><td>100.00%</td><td>↔</td></tr><tr><td>6.</td><td>Water Hygiene (L8) Risk Assessments</td><td>100.00%</td><td>383</td><td>Biennial</td><td>383</td><td>100.00%</td><td>↔</td></tr></table>	Ref	Compliance Area	Percentage Compliance	No. of Properties Affected	Frequency	No. Complying	Percentage Compliance last reported	Trend since previous report	1.	Fire Risk Assessments (12-month rolling)	100.00%	1,617	Variable	1,617	99.81%	↑	2.	Gas Safety (LGSR) Domestic (GN, SH, HDS & PSL)	99.89%	14,585	Annual	14,569	99.94%	↓	3.	Electrical (EICR) (Domestic & Communal)	96.51%	15,812	5-yearly	15,260	95.95%	↑	4.	Asbestos Reinspections (Communal)	100.00%	1,174	Variable	1,174	99.91%	↑	5.	Passenger Lift Inspections (LOLER)	100.00%	148	Biannual	148	100.00%	↔	6.	Water Hygiene (L8) Risk Assessments	100.00%	383	Biennial	383	100.00%	↔
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Issue & Agreed Action/ Deadline (as at July 2023)	Progress update (as at March 2024)			
<p>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> <p>Director of Placemaking and Housing</p> <p>31st March 2025</p>	<p>Between December 2022 when the Pennington Choices external health check of health and safety compliance was carried out, and January 2024, the following improvements in the compliance position had been achieved:</p> <p>Fire risk assessments (FRAs): December 22 – 26 properties non-compliant January 24 – All properties compliant.</p> <p>Gas safety: December 22 all properties compliant January 24 - 16 properties were non-compliant due to access. Three have since been completed through subsequent contact with the tenants. Eleven have been accessed by forced entry following Court action. Two are scheduled for Court hearings on 1st March 2024 have been overdue for 5 days.</p> <p>Asbestos re-inspections: December 22 - 92 properties non-compliant January 24 – All properties compliant.</p> <p>Electrical Inspection Condition Reports (EICRs) - See table below.</p>			
		Penningtons health check Dec 22	22/12/ 2023	05/01/2024
	Total properties requiring EICR		15023	15023
	Total properties with a EICR <5-years		14382	14410

Issue & Agreed Action/ Deadline (as at July 2023)	Progress update (as at March 2024)			
	Total number of properties without a current EICR >5-years	8,282	641	613
	Break down by age			
	Total properties with a EICR >5 <10-years	4,236	563	538
	Total Properties with no current EICR or >10-years	4,046	78	75
<p>This demonstrates an improvement of 3,698 properties with an EICR over five years old and less than 10 years old (between Dec 22 and January 23 (87%)), and an improvement of 3971 properties with an EICR over ten years old or no current EICR (98%)</p> <p>Compliance Management System Update Included in the Voluntary Undertaking with the Regulator, the Council also undertook to procure and implement a new compliance management system to improve data management & reporting. A new compliance system has been procured and FRA and EICR data has been added to the supplier's template for data loading. A test site has been created for review in February and process and workflow workshops will also commence in February. The system 'go live' is anticipated to take place in April.</p> <p>Decent homes position As of the 16th of January, the estimated number of homes made Decent in 2023/24 had risen to 1,232. Haringey has now met and exceeded the target as agreed with the Regulator for 1,000 decent homes in 2023-2024.</p> <p>Regulator engagement Since the self-referral, the Operational Director of Housing Services and Building Safety and the Director of Placemaking and Housing have been meeting monthly with the Regulator to</p>				

Issue & Agreed Action/ Deadline (as at July 2023)	Progress update (as at March 2024)
	<p>monitor the Council's progress and provide the appropriate level of assurance that our plans are on track.</p> <p>The Regulator has stated their confidence in the Council's improvement plans and direction of travel in relation to the Voluntary Undertaking.</p> <p>An update on progress with delivering the Voluntary Undertaking was provided to Housing, Planning and Development Scrutiny Panel on 13 March 2024. The requirement to provide an annual assurance statement as set out in the Cabinet Report Housing Services Improvement Plan and Compliance Assurance Statement on 18 April 2024 is due to be given to Cabinet in June 2024.</p> <p>January 2025 update – An in-year update that was produced to update Audit Committee as part of the oversight of actions is included below, please see 4.2.</p>
<p>Management of Commercial Property</p> <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>Director of Placemaking and Housing</p> <p>31st March 2024</p>	<p>The 2022/23 audit plan includes an audit of this area that will again assess the efficiency and effectiveness of the control environment in this area as well as the evidence of progress regarding the specific actions raised in the last review. The fieldwork is complete, and we have received a limited assurance, which is a positive direction of travel in accordance with our improvement plan.</p> <p>https://www.minutes.haringey.gov.uk/documents/g10252/Public%20reports%20pack%2018th-Apr-2023%2018.30%20Cabinet.pdf?T=10</p> <p>https://www.minutes.haringey.gov.uk/documents/g10252/Public%20reports%20pack%2018th-Apr-2023%2018.30%20Cabinet.pdf?T=10</p> <p>We have been able to secure resources during 2022/23 to fill vacant positions, in the commercial property team, which will help us to focus on the planned further improvements in this area.</p>

Issue & Agreed Action/ Deadline (as at July 2023)	Progress update (as at March 2024)
	<p>Progress on the 10 SAMPIP 23-28 action plans is taken through our property governance process on a monthly basis and the latest version is being brought to Audit Committee in November 2023.</p> <p>A full report back to cabinet is planned for July 2024.</p> <p>This significant governance issue will close but remaining actions in this area will be captured under the new issue regarding Council property because audit work continues to conclude that systems and controls are inadequate.</p> <p>January 2025 update – An in-year update that was produced to update Audit Committee as part of the oversight of actions is included below, please see 4.2.</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>Monitoring Officer</p>	<p>All of the recommendations of the Mazars audit have now been completed and moved to 'business as usual' activities.</p> <p>We recognised the lack of strategic resource working in this area, and additional resources have been allocated. The Head of Information Governance joined the team in November 2023 and the IG Officer post was filled in January. The team is now at full strength.</p> <p>Information Governance is included on the Corporate Risk Register which is owned by Corporate Leadership Team.</p> <p>In January we agreed to an audit of our data protection compliance by the Information Commissioner's Office, and this took place in May. We expect to receive the audit report and recommendations in June.</p> <p>The profile of Information Governance will be maintained via Quarterly reports to the Corporate Leadership Team.</p> <p>This significant governance issue remains relevant for 2023/24 with a refreshed action plan.</p>

Issue & Agreed Action/ Deadline (as at July 2023)	Progress update (as at March 2024)
31 st March 2024	January 2025 update – An in-year update that was produced to update Audit Committee as part of the oversight of actions is included below, please see 4.2.
<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>Director of Environment and Resident Experience</p> <p>31st March 2024</p>	<p>At its meeting on 11th July 2023, the Cabinet determined that the Council should bring the leisure services contract to an end. Fusion Lifestyle was advised of that decision formally by way of a letter from the Assistant Director Direct Services on Friday 4th August 2023, further to prior informal conversations between Fusion representatives and Council officers. In his capacity as 'Authorised Officer' for the Council for that contract, the Head of Parks and Leisure formally wrote to Fusion Lifestyle on 3rd October 2023, invoking a 12-month voluntary termination of the contract.</p> <p>The Leisure Management Repurposing Working Group, chaired by the Assistant Director Direct Services and drawing resources from services across the Council (including the Head of Place as project manager), explored alternative leisure service provision in the future. The Working Group identified a clear picture of what the future operating costs will be for different service delivery models and, guided by the Leisure Management Strategic Working Group chaired by the Director of Environment and Resident Experience, presented its findings to Cabinet on 5th December 2023 and recommended an insourced model for the future. The decision was called in, but Overview and Scrutiny Committee decided at its meeting on 3rd January 2024 that the Cabinet decision to insource was appropriately and correctly taken.</p> <p>The low voltage electrical system at Tottenham Green was brought back into operation in March 2023. After redecoration and restoration of various systems that were dependent on the low voltage electrical system, the 'dry side' of the Tottenham Green leisure facility, Marcus Garvey Library, the Customer Service Centre and the nursery/creche were all re-opened in April 2023.</p> <p>The Working Group oversaw the restoration by specialist contractors of the high voltage electrical system at Tottenham Green so that the systems driving the pools' mechanical systems could be tested, repaired, and recommissioned. Tottenham Green was closed for three days in November 2023, allowing the high voltage system to be brought back into</p>

Issue & Agreed Action/ Deadline (as at July 2023)	Progress update (as at March 2024)
	<p>commission. Work then proceeded on bringing the teaching pool back into use in January 2024 and the main pool usable again in the February 2024 half-term.</p> <p>The Group progressed a survey to better understand the needs of the community and aid the creation of a broader 'wellbeing' service for residents across the borough from the existing leisure facilities. The survey yielded over 1,450 responses and the detail of this will be worked through in the early stages of 2024/25, in tandem with mobilisation for the leisure service insourcing with effect from 2nd October 2024, including capital investment at the three leisure centres.</p> <p>This significant Governance issue has been closed.</p>

- 4.2 We have identified the following significant governance issues during 2023/24 and reiterated those identified in prior years that remain open for monitoring. 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 and embed change in following transformation of our services, including schools.	<p>Updated January 2025: The Council's financial position is challenging, and necessary action must take place to protect its long-term financial sustainability and reduce reliance on Exceptional Financial Support.</p> <p>During 2024, a strengthened medium term and annual budget setting process was established which has set some good foundations but must be further improved during 2025. This has included:</p> <ul style="list-style-type: none"> • Establishing a set of budget and financial planning principles. • An open and transparent relationship across the organisation, including with CLT and Members for organisational ownership of the financial position. • Review of financial pressures. This has initially focussed on 2025/26 but also across the 5 years of the MTFS. This is now based on the current financial position across services, particularly social care and housing demand (temporary accommodation), increasing the use of data and evidence to forecast pressures, scenario planning and a more realistic view of risks with the estimates. • Review of all current and proposed savings to test their validity and assurance on delivery. 	Director of Finance (s151)	March 2025

Issue	Action	Responsibility	Due date
	<ul style="list-style-type: none"> • Review of other assumptions, including inflation and pay to provide a more realistic financial position across the next five years. • Regular review of all assumptions through the annual budget setting process as new information comes to light, up to the point of publication. • Review of the Capital Programme which will be undertaken annually as part of the budget process and its governance. This includes establishment of a Strategic Capital Board to oversee the development, monitoring and reporting of the whole programme and improve the decision making of all schemes as well as prioritisation with the expectation of a reduced capital programme over the medium term, reducing the rate at which debt is increasing. • A refreshed Budget Week in June 2024 and further planned for 2025 with a focus on increasing awareness and accountability of Leadership Network and time within the week for identifying budget proposals and delivery plans. • Review of 'committed' reserves, of which those which are uncommitted are exceptionally low given the level of risk faced by the authority. This has focussed on £22m of balances within the Services Reserve and Grants Reserve to identify any transfer into the Budget Planning Reserve. This review is underway, and the outcome will be reported in the 2024/25 Outturn report and any balances expected to be required for addressing the current forecast overspend of £37m in 2024/25. This review includes the implementation of the budget principle of replenishing reserves over the 		

Issue	Action	Responsibility	Due date
	<p>medium term and an annual contribution has been assumed from 2026/27 onwards.</p> <ul style="list-style-type: none"> • External support commissioned to support in a full review of all services to identify further opportunities to reduce costs and spending and increase income. <p>An 'emergency response' will be put in place and overseen by the Chief Executive and Director of Finance and which will establish an organisation response to the immediate financial position for 2025/26. This will be based on an improvement and recovery plan. Progress will be monitored weekly and reported to Cabinet and Scrutiny as part of the quarterly finance report and will form a key part of the Annual Governance Statement reported to Audit Committee.</p> <p>All of the actions put in place in 2024 will continue and be further improved and strengthened but more will be required in light of delivering the recovery plan. For 2025, this includes:</p> <ul style="list-style-type: none"> • A move towards medium term financial planning and work to balance the 2026/27 budget will commence before the end of the current financial year. • A review of the structure and format of budget week which will take place earlier in the year and allow more time to focus on delivery of change. • More structures communications plan with the whole organisation on the position and changes required 		

Issue	Action	Responsibility	Due date
	<p>A redesigned Corporate Project Management Office now supports delivery of the Category AA/A projects, to which many savings or required income streams are linked.</p> <p>During 2023/24 the financial position with regards the Local Authority Schools in the Borough has become an increased area of financial risk to the Council. There will therefore be focus on this for 2024/25 from a Governance perspective.</p> <p>The financial partnership between the Council and the Health Sector is another area identified in 2023/24 for strengthened collaboration to drive out outcomes.</p> <p>In January 2025 KPMG presented their Draft Annual Report to the Audit Committee.</p> <p>https://www.minutes.haringey.gov.uk/documents/s149589/ISA260%20Draft%20AC.pdf</p> <p>This report contained three recommendations that have been accepted by management with regards this governance issue.</p> <p>The recommendations relate to:</p> <ul style="list-style-type: none"> • Creating a Financial Resilience Plan. • Strengthening the robustness of the budget fortnight. • Changing the culture around savings. <p>These actions will be tracked as part of the 2024/25 governance processes and completion reported as part of the AGS.</p> <p>The report also contains ten financial control deficiencies and progress to address these will be reported to committee as part of routine financial updates with regards the 2024/25 Annual Statements of Accounts and the External Audit of those documents.</p>		

Issue	Action	Responsibility	Due date
<p>We need to continue to embed the planned improvements across strategic and operational Asset Management which include fully embedding robust management of our operational and Commercial Properties because audit work continues to conclude that systems and controls are inadequate.</p>	<p>The council's adopted Strategic Asset Management and Property Improvement Plan (SAMPIP) 2023-28 contains 10 Action plans, based on the SAMPIP objectives.</p> <p>There are ten Strategic Asset Management Performance Improvement Plans are monitored through Monday.com as part of day-to-day operational performance.</p> <p>Action plan progress and activity is monitored regularly at Capital Projects and Property (CPP) Heads of Service meetings and Senior Management Team meetings.</p> <p>Progress is then taken through our property governance process on a monthly basis.</p> <p>The transformational nature of this work means the Corporate Property Model, which is fundamental to the implementation of the action plans; is part of the councils change programme, reported monthly and to Corporate Leadership Team on a quarterly basis.</p> <p>Internal Audit resources are allocated to monitor and report independently on progress.</p> <p>An annual update of the progress against the SAMPIP action plans is taken to cabinet.</p> <p>As part of the above annual reporting, the SAMPIP is also reviewed at Directorate and corporate audit committees throughout the year.</p> <p>January 2025 Update</p>	<p>Director of Placemaking and Housing</p>	<p>March 2025</p>

Issue	Action	Responsibility	Due date
	<p>Cabinet were updated on the progress with the SAMPIP in July 2024. Link to the report attached (Public Pack)Agenda Document for Cabinet, 16/07/2024 18:30</p> <p>The full business case for the Corporate Property Model was agreed in October and approved through the council's property governance process. This is a key step in bringing hard and soft FM service back together and ensuring all operational, strategic and commercial property sits in one area.</p> <p>Progress reports on the SAMPIP are taken through the councils property governance process on a monthly basis, which is chaired at the top level by the councils 151 statutory officer to ensure corporate compliance and oversight.</p> <p>Given the improvements implemented so far, we have significantly improved the financial performance of the commercial portfolio.</p> <p>The Property Review process within the SAMPIP has been completed for all directorates with feedback given. This will now inform the next steps with regards to the operational portfolio.</p> <p>Follow Up work regarding the Chris Buss property review has been completed in January 2025 and all actions confirmed as implemented. Further follow up work re outstanding audit actions, in this area, will be completed in March 2025.</p> <p>In January 2025 KPMG presented their Draft Annual Report to the Audit Committee. https://www.minutes.haringey.gov.uk/documents/s149589/ISA260%20Draft%20AC.pdf</p>		

Issue	Action	Responsibility	Due date
	<p>This report contained two recommendations that have been accepted by management with regards this governance issue, specifically relating to Council Leases.</p> <p>The recommendations relate to:</p> <ul style="list-style-type: none"> • Reviewing all Leases. • Implementing technology to enable effective monitoring. <p>These actions will be tracked as part of the 2024/25 governance processes and completion reported as part of the AGS.</p>		
<p>Following our self-referral to regulator we continue with our Housing Improvement Programme to deliver improvements in the delivery of our housing service and implement recommendations to address weaknesses in our management systems, including Health and Safety risks in Council owned residential properties that deliver improvements to housing for tenants and meets the requirements of the Social Housing Regulator including safe housing.</p>	<p>This issue was identified in 2022/23 and the due date set was March 2025, the progress made regarding the statutory compliance failings is noted above, and as expected the wider Housing Improvement Programme continues into 2024/25 and beyond.</p> <p>The project is classified as Category 'A', so monitoring and reporting goes to Corporate Leadership Team via the Corporate Project Office in addition to the local oversight within Placemaking and Housing.</p> <p>Annual Update to Cabinet June 2024.</p> <p>Audit Committee periodically request updates and assurances from the Operational Director for Housing, relating to risk and control due to historic limited assurance audit reports. Internal Audit resources have been allocated in 2024/25 to provide independent assurance to Senior Leaders and Members as part of the 2024/25 Audit Plan.</p> <p>Update January 2025</p> <p>The Council's Housing Annual Compliance Statement was presented to Cabinet on 17 September 2024 which included a summary of the results of the Council's auditors Mazars' audit of</p>	<p>Director of Placemaking & Housing</p>	<p>March 2025</p>

Issue	Action	Responsibility	Due date
	<p>the service's reporting against the 'big six' compliance indicators - gas, electric, fire safety, asbestos, legionella and lifts – carried out in May 2024, together with an update on implementation of the new compliance data system which will result in a complete move away from spreadsheet management of these compliance areas, by the end of 2024. The purpose of the report was to provide Cabinet and council tenants and leaseholders with the assurance and confidence that the Housing Service's arrangements for monitoring the 'big six' compliance areas are robust and are subject to ongoing review and improvement.</p> <p>The data shows consistently good performance against the 'big six' health and safety indicators for each of the last three months and we anticipate that we will continue to maintain and build on this position assisted by the full implementation of the new compliance data system across all compliance areas.</p> <p>The service have agreed a target of 700 homes to be made decent by 31 March 2025 with the Regulator. If this target is achieved, it will increase the percentage of homes meeting the standard to 80.0%. 103 homes have been made decent as at the end of Q2. There are a further 620 homes in the pipeline to be made decent through internal works, fire door and other programmes for this year which will enable us to meet the target.</p> <p>We continue to closely monitor and scrutinise performance through our internal governance arrangements, and through six weekly performance reporting to the Member-led Housing Improvement Board.</p>		
Due to the high levels of FOI, SARs that are not completed in time and feedback from	We have an internal self-assessment that is maintained and has evolved since the independent work by Mazars in 2021/22.	Monitoring Officer	March 2025

Issue	Action	Responsibility	Due date
<p>Ombudsman we need to continue to strengthen our information governance arrangements.</p>	<p>We have an improvement action plan that is tracked, and progress reported to the Information Governance Board.</p> <p>As part of last year's improvements, we strengthened the arrangements over the Information Governance Board and this new regime will fully embed in 2024.</p> <p>The Information Commissioner have inspected in May 2024, and this will generate new actions to be incorporated into existing actions plans.</p> <p>This Corporate Risk area is owned at Corporate Leadership Team and progress to complete the approved improvement plans is monitored there.</p> <p>Update January 2025:</p> <p>The assurance ratings from the June 2024 ICO Audit Report were:</p> <ul style="list-style-type: none"> • Governance & Accountability: Reasonable Assurance • Training & Awareness: Reasonable Assurance • Breach Management & Reporting: Limited Assurance <p>The summary report is published on the ICO website.</p> <p>The ICO approved our Action Plan to address their recommendations, and they will follow up on completion and implementation in 2025 (date to be agreed).</p> <p>20% of actions have been completed and 19% are in progress.</p> <p>Progress is reported to the Information Governance Board and the Corporate Leadership Team quarterly.</p>		

Issue	Action	Responsibility	Due date
<p>The range of skills and experience required to fulfil our duties has become increasingly challenging over time, particularly within some professions. The Council needs to have a high-performing workforce that delivers great services by attracting, developing, and retaining talent that delivers quality public services whilst making the best possible use of public money.</p>	<p>New Workforce Development Strategy 2024 has been to cabinet for discussion Informal cabinet in early June and Cabinet approval, likely on 18 June. Launch will be raised in budget week and will be launched by the Human Resources Business Partners shortly after.</p> <p>New approach to Manager training being designed - in progress pilot to launch July 24.</p> <p>Review of the use of Agency Workers use is ongoing and there is an accelerated recruitment protocol in place.</p> <p>Restructures and Focused Recruitment Campaigns - high volumes across directorates and recruitment campaigns arranged as required.</p> <p>Update January 2025</p> <p>New workforce strategy and action plan approved by Cabinet and launched. Work begun on first Directorate and service-specific workforce development plans, targeting areas with particular recruitment and skills challenges.</p> <p>Pilot programme launched and in progress. Initial feedback very positive.</p> <p>Focus on agency spend continues and spend is reducing. Reports showing progress are made to the General Purposes Committee. This contract will be retendered in 24/25.</p> <p>Action ongoing.</p>	<p>Director of Culture Strategy & Engagement</p>	<p>March 2025</p>

Issue	Action	Responsibility	Due date
	Internal Audit resources have been allocated in 2024/25 to provide independent assurance to Senior Leaders and Members as part of the 2024/25 Audit Plan.		
<p>The Council has recognised weaknesses with regards procurement and contract management arrangements in recent years, some incidences of Fraud have occurred in 2023/24 and there has been new regulatory requirements applied from 2023.</p>	<p>The Council has reviewed its procurement operating model and is embedding a new staffing structure, policies, and procedures along with a new technology platform in 2024.</p> <p>This is a significant change programme that continues into the new financial year 2024/25 with wide reaching impact on the governance framework centrally and across directorates.</p> <p>The project is classified as Category 'A', so monitoring and reporting goes to Corporate Leadership Team via the Corporate Project Office.</p> <p>Audit Committee periodically request updates and assurances from the Chief Procurement Officer, relating to risk and control due to historic limited assurance audit reports. Internal Audit resources have been allocated in 2024/25 to provide independent assurance to Senior Leaders and Members as part of the 2024/25 Audit Plan.</p> <p>Update January 2025:</p> <p>The Council continues to progress implementing the new procurement operating model.</p> <p>The revised staffing structure to support the operating model will be in place in November.</p> <p>The revised CSO's are approaching final draft and are anticipated to be in place in March 2025.</p>	Director of Finance	March 2025

Issue	Action	Responsibility	Due date
	<p>The Procurement Act has been delayed until 24 February 2024 and therefore some new procedures will need to be deferred and aligned with the implementation of the Procurement Act.</p> <p>The centralisation of procurements above £25k will be implemented March/April 2025 and is anticipated to mitigate potential non-compliance and fraud.</p> <p>Work has begun on implementing new category strategies to deliver better value for money.</p> <p>Revised procedures, training and communication is ongoing.</p> <p>Delays in the implementation of the e-procurement solution will have an impact on the implementation of some controls until such time as the technology is fully in place.</p> <p>In January 2025 KPMG presented their Draft Annual Report to the Audit Committee. https://www.minutes.haringey.gov.uk/documents/s149589/ISA260%20Draft%20AC.pdf</p> <p>This report contained two recommendations that have been accepted by management with regards this governance issue. The recommendations relate to:</p> <ul style="list-style-type: none"> • A 'stock take' of all contracts. • Implementing technology to enable more effective monitoring. <p>These actions will be tracked as part of the 2024/25 governance processes and completion reported as part of the AGS.</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 2023/24. Their comments on the key governance issues are as follows:

Director of Finance: (Updated January 2025) Delivery of the agreed savings programme continues to be one of the Council's main critical issues given the immediate and on-going implications of falling short. In the past any gap in delivery of savings or other unplanned overspend has been met with an unplanned drawdown from Council reserves. However, as reported in the last couple of Budget reports to Full Council emphasised, these are already in the lower quartile nationally. The 2023/24 Budget included £17.3m of new growth for Adults, Children's, and Housing demand. The final 2022/23 outturn and Qtr1 2023/24 forecasts made clear that the growth added to Adults social care was insufficient. This was addressed during the 2024/25 financial planning process but with demand and costs outpacing available resources, budget reductions elsewhere have been the only solution. This has manifested in a saving target for 2024/25 alone of £20m and an end of year overspend of £19.2m which was funded through the reserves. The 2024/25 budget agreed in March 2024 assumed a planned drawdown of £5m and based on the latest forecast, this will need to be utilised in full, leaving a balance of zero of the budget planning reserve. A review of the services reserve and unspent grants reserve is underway to determine if there are any historic balances that could be utilised to reduce the in year overspend. It is unlikely to be sufficient and all services are looking to reduce spend and some spending controls have already been put in place. The draft 2025/26 budget has been published and assumes £30.4m of savings but a reliance on Exceptional Financial Support of up to £37m to set a legally balanced budget, after accounting for known budget pressures. An emergency response to the financial position is being established which will involve greater control and scrutiny of savings, pressures and non-essential spending. Although the Council benefited from additional funding as part of the 2025/26 provisional local government finance settlement and funding reforms are expected from 2026/27 with a multi-year settlement, the on-going uncertainty about government funding available to the sector in previous years has hampered opportunities to deliver truly transformational change as these require time and resources which are now being put in place. The forecast gap across the new MTFS period from 2026/27 is £124m (as published on 24 January) and will require the Corporate Leadership Team and Cabinet to jointly own the challenges ahead and actively engage in deliverable solutions. The General Fund Reserve has been retained and protected at £15M. Over 2025/26, the key outcomes of the Corporate Peer review which highlighted risks around the size of the capital programme will be addressed further but also the recommendations of the financial resilience review undertaken in 2024 and a review of all budget lines to identify further opportunities to reduce spend or increase income. The MTFS also includes an annual contribution to replenish reserves from 2026/27 onwards to support the Council's financial sustainability. The national economic position has improved over the last year with inflation moving back close to the 2% target, expected reductions in bank base rate and falling energy costs. However, this is not impacting on the increase in price of services, particularly in social care and temporary accommodation where the increase is significantly higher than 2% and unlikely to change going into 2025/26.

- 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 2023/24. The work in strengthening the governance concerning acquisitions and disposals, Information Governance and Delivery of the Housing Improvement Plan will be reviewed again during 2024/25.
 - Head of Audit and Risk Management: For the audit work completed, many 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: Pendarren House; Delivery of Leisure Services; Community Alarms and Purchase of Care Plans however in year follow up work has confirmed management action to address the identified weaknesses. Other areas for attention reported were: Housing Rents Income; Payroll; Workforce Data and Establishment Controls; Adult Social Care Waiting Lists; Haringey Learning Partnership; and Complaints and Ombudsman referrals, these areas will be followed up in 2024/25. There remain some on-going areas of concern from an audit & risk perspective where management action is on-going: the management of Council properties including Commercial Property; Procurement, Delivery of Medium-Term Financial Savings, and internal controls within the Housing Services. Two schools were assigned Limited assurance though the majority achieved a satisfactory level of assurance for 2023/24.
- 5.3 The Head of Audit and Risk Management has also provided an Annual Audit Report and opinion for 2023/24. The report concluded that in most areas across the Council, with the exception of those areas receiving 'limited' or 'Nil' assurance are where audit actions had not been completed as planned, there are sound internal financial control systems and corporate governance arrangements in place, and that risk management arrangements are satisfactory. The Annual Report highlighted the root cause of a number of risks identified from audits and the subsequent recommendations; these relate to management control to direct services, record keeping, the maintenance of full audit trails, supervision and management information and the need to ensure strategies, policies and procedures are up to date.
- 5.4 Directorate Management Teams have discussed a statement of assurance covering 2023/24 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 and the role of the Head of Internal Audit in public service organisations have both been incorporated into the Council's overall governance arrangements. During 2023/24, the Council can confirm that both the Chief Financial Officer and Head of Internal Audit fulfilled all the requirements set out within the CIPFA statements. 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 2024. 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.
- 5.8 As a result of the amendments required during 2024/25 the Leader and Chief Executive were briefed and asked to re-sign the amended statement in February 2025; the Audit Committee were briefed in January 2025 and the Chair asked to re-approve the statement in February 2025 before the deadline to sign off the accounts. The Audit Committee will note the updated Annual Governance Statement in March 2025 and the process to consider the governance framework and produce the 2024/25 AGS was commenced as usual in February 2025, however the process to produce the 2024/25 statement will be reviewed in light of the financial challenges the organisation will face. Evidence and assurances will be captured as part of the changed interim governance that will be embedded.

Signed by:



Councillor Peray Ahmet
Leader of the Council
 Date: 28th May 2024



Andy Donald
Chief Executive
 Date: 28th May 2024

Updated version signed:

Date: 26th February 2025

Date: 13th February 2025

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Report for: Audit Committee – 11 March 2025

Item number: 10

Title: Annual Internal Audit Plan, Strategy and Charter 2025/26

Report authorised by : Director of Finance

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

Ward(s) affected: N/A

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

1. Describe the issue under consideration

- 1.1 The Audit Committee is responsible for reviewing and approving the annual internal audit plan as part of its Terms of Reference.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 That the Audit Committee reviews and approves the updated Annual Internal Audit Strategy and Plan for 2025/26 (Appendix A), the Internal Audit Charter (Appendix B) and notes the Internal Audit Protocol (Appendix C) and the Assurance Risk Map (Appendix D).

4. Reasons for decision

- 4.1 Local authorities are required by law to maintain an internal audit function. In addition, The Accounts and Audit Regulations 2015 reinforce the statutory requirement and re-state the need for the Council to maintain an adequate and effective system of internal audit.
- 4.2 The annual internal audit plan is a key element in delivering the Council's statutory requirements. The Audit Committee is responsible for ensuring that this is in place and approving the Council's Annual Internal Audit Plan.

5. Alternative options considered

- 5.1 Not applicable.

6. Background information

- 6.1 The methodology for developing the Internal Audit Plan focuses upon the quantification of the risks associated with achieving corporate and directorate objectives. The provision of Internal Audit is the responsibility of the Head of Audit and Risk Management and the operational delivery of audit assignments is by Mazars, who undertake the majority of the internal audit work in accordance with the contract in place, including Information Technology and

procurement audits. The Head and Deputy Head of Audit and Risk contract manage Mazars complete ad-hoc enquiries that arise during the year.

- 6.2 The in-house corporate anti-fraud team is responsible for investigations into allegations of financial irregularity, pro-active and reactive corporate anti-fraud work, provision of advice on risk and controls and some grant certification work.
- 6.3 Appendix A sets out the proposed annual audit plan for 2025/26. The plan is broadly based on a risk based and has been derived following consideration of the Corporate Delivery Plan and related Priorities; organisational changes; risk registers; corporate programmes and projects; changes to legislation and fraud investigation work completed in 2024/25.
- 6.4 In response to the financial challenges, the authority has sought exceptional financial support. This support aims to stabilise the authority's financial position and ensure the continued delivery of essential services. The Head of Audit acknowledges this financial position, consequently, the development of the internal audit plan has been adapted to reflect the new financial landscape and associated risks.
- 6.5 The Head of Internal Audit has considered the implications of seeking exceptional financial support from the MHCLG (Ministry of Housing, Communities & Local Government) that the authority needs to set a balanced budget. The following key themes have been integrated in developing the internal audit plan, and these recognise the likely additional actions necessary during the next financial year: -
 - **Focus on Financial Stability and Compliance.** There are increased audits focusing on; significant areas of spend and income collection, financial management practices and service redesign and management. This is to ensure that the exceptional financial support is utilised effectively and in compliance with government guidelines;
 - **Enhanced Risk Assessment.** To conduct comprehensive risk assessments to identify potential areas of financial mismanagement or inefficiency with priority audits based on the risk assessment outcomes. This approach will seek to identify and mitigate new risks arising from the receipt and utilisation of government support;
 - **Monitoring and Reporting.** To implement regular monitoring and reporting mechanisms to track the use of all funds and ensure that audit findings are communicated to relevant stakeholders promptly and acted upon. This will provide transparent and timely reporting over the use of Council finances, including the financial support;
 - **Resource Allocation.** The resources available for internal audits are focused on areas impacted by the financial support, though it is recognised this may have to change to accommodate unforeseen events that may arise during the year. The aim is to allocate audit resources effectively to address high-risk areas;
 - **Stakeholder Engagement.** There will need to be increase in communication regarding the audit plan and findings to ensure audits remain focused on high risk areas. The Head of Audit (or his deputy) have already begun attending all planning meetings with key stakeholders to understand the significance of risks and to share their insights to help focus the scope of

audits the most important areas. This will continue into the next financial year; and

- **Continuous Improvement.** To regularly review and update the audit plan to reflect changes in the financial environment and emerging risks and incorporate feedback from stakeholders to improve audit processes. This is to ensure the internal audit work remains focused and adapts to the evolving circumstances.

- 6.6 The Head of Audit recognises the financial challenge that has necessitated significant consideration of designing next year's internal audit plan. By focusing on financial internal controls, reviewing enhanced risk assessment processes, and agile internal audit planning, the service aims to provide assurance over the effective use of funds and maintain public trust.
- 6.7 The internal audit strategy is also captured at Appendix A. This report includes the Internal Audit Charter at Appendix B setting out how the internal audit service delivers the Council's internal audit plan. The strategy and charter comply with the statutory 2017 UK Public Sector Internal Audit Standards (PSIAS), which provide a consistent framework for internal audit services across the UK public sector. It is noted that new standards will come into force from 1 April 2025 and their implementation will require both the audit strategy and charter to be refreshed. The refresh will take place during the next financial year and the documents presented to the audit committee for approval. At this stage, fundamental changes are not expected of either document.
- 6.8 Appendix C is a schematic presentation of the audit process and will be used to ensure the auditees are clear about the audit process and for the timely delivery of internal audit work. This is provided to the Audit Committee for information.
- 6.9 In order to assess the areas of audit assurance, the Council's corporate risks are mapped against the areas of audit work at Appendix D. The purpose of this exercise is to present pictorially, a map of the risks where internal audit work provides assurance. The Audit Committee will note that the planned internal audit work provides assurance against the majority of risk areas.

7. Contribution to strategic outcomes

- 7.1 Internal audit is an important element of the Council's assurance processes. 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 Priority areas. The annual audit plan is a key element in ensuring the Council complies with its statutory responsibilities.

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

8.1 Finance and Procurement

There are no direct financial implications arising from this report. The work which will be completed by Mazars to undertake the annual audit plan in 2025/26 is part of the contract, which was re-let following Cabinet approval in January 2018 in accordance with EU regulations and subsequently extended. The costs of this contract are contained and managed within the Audit and Risk Management revenue budgets, which are monitored on a monthly basis.

The presentation of the attached draft annual internal audit plan for approval by this Committee meets the Council's statutory requirement under the 2015 Accounts and Audit Regulations.

8.2 Legal

The Assistant Director for Legal & Governance has been consulted in the preparation of this report.

Part 3, Section B of the Constitution provides that the Audit committee will approve the internal audit charter and the risk based internal audit plan.

Regulation 3 of the Accounts and Audit Regulations 2015 requires the Council to ensure that it has a sound system of internal control which facilitates the effective exercise of its function and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk. The Regulations also requires the authority to undertake effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal audit standards.

The Assistant Director of Legal and governance, noting the audit strategy and the charter follow best practice and industry standards, and the audit plan takes account of changes to legislation, confirms that there are no direct 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.

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 Plan and Strategy 2025/26;

Appendix B – Internal Audit Charter;

Appendix C – Internal Audit Protocol; and

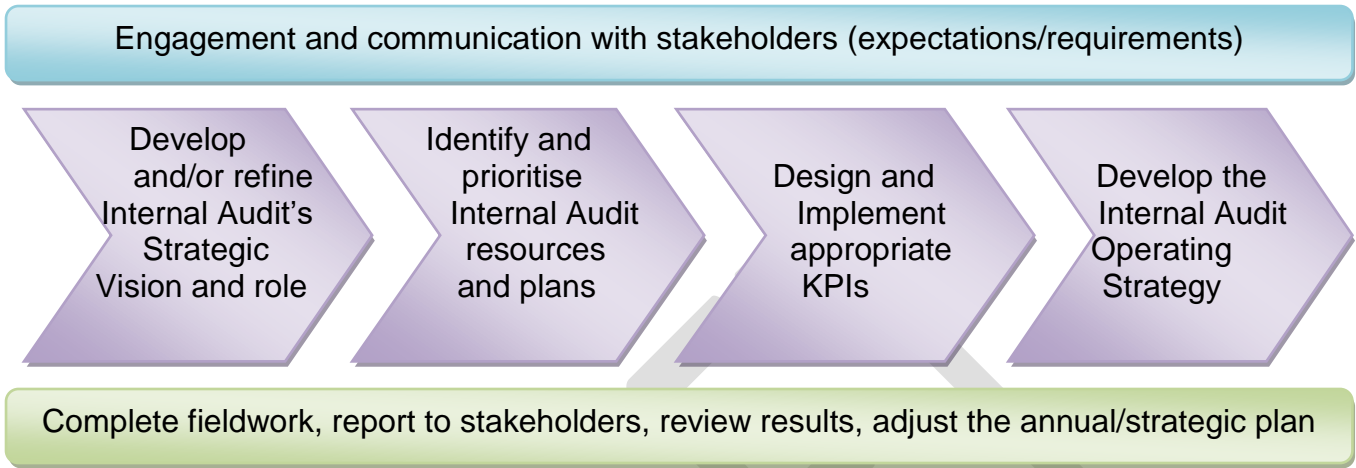
Appendix D – Assurance Risk Map.

- 10. Background Papers**
None

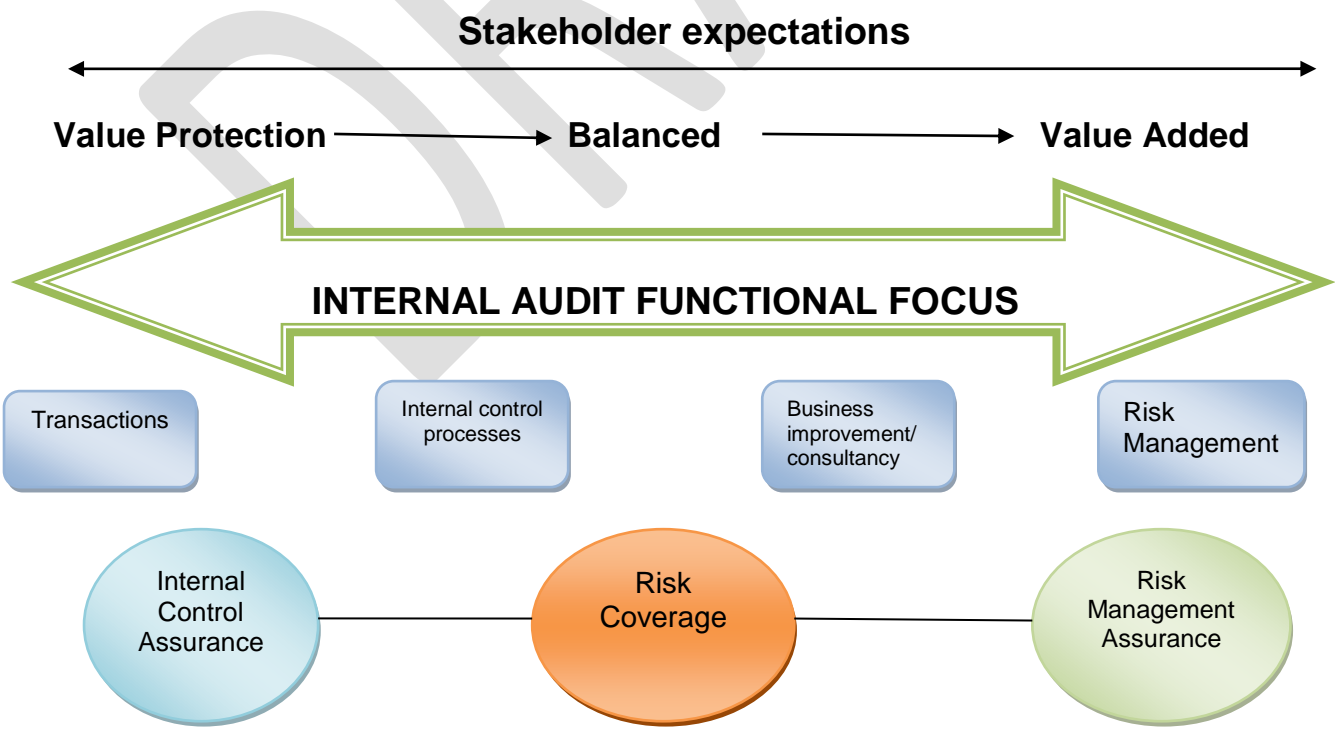
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Internal Audit Strategy – Introduction

Haringey’s internal audit function is driven by an appropriate strategy, rather than as a tactical response to operational issues, to minimise the risks that key strategic issues could be overlooked. Haringey’s framework has been developed to cover both strategic and tactical considerations and ensures that internal audit resources are used to provide the appropriate assurances for the organisation at any one time, as follows:



To create an effective internal audit function, internal audit’s key stakeholders will determine how the audit function delivers the desired value by focusing on e.g. risk management and control assurance; assessment of internal control effectiveness and efficiency; regulatory and corporate compliance assurance; developing awareness of risk and control across the organisation. Internal audit’s resources and plans are then aligned to the Council’s key business risks and operational and financial priorities as follows:



Internal Audit Objectives

Haringey's approach is designed to enable internal audit's remit to evolve and develop as the organisation's needs change over time. As stakeholder needs evolve, internal audit can focus on creating value through assisting with improvements in operational processes. As Haringey's risk appetite changes, internal audit's strategy and functional focus can move from internal control to risk management, assurance.

The internal audit strategy sets out how the Council's Internal Audit service will be delivered, in accordance with the Internal Audit Charter. Internal Audit will provide independent and objective assurance to the Council, its members, the Chief Executive and Senior Leadership Team and to the Chief Financial Officer to support them in discharging their responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs. It is the Council's intention to provide a best practice, cost efficient internal audit service which fulfils the requirements of the statutory 2017 UK Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note (LGAN). From 1 April 2025, new PSIAS will come into effect, it is proposed to carry out a review of the new standards and updated exiting arrangements to ensure full compliance.

Internal Audit's Remit

Internal Audit will:

- Provide management and members with an independent, objective assurance and advisory activity designed to add value and improve the Council's operations;
- Assist the Audit Committee to reinforce the importance of effective corporate governance and ensure internal control improvements are delivered;
- Drive organisational change to improve processes and service performance;
- Work with other internal stakeholders and customers to review and recommend improvements to internal control and governance arrangements in accordance with regulatory and statutory requirements;
- Work closely with other assurance providers to share information and provide a value for money assurance service. Where appropriate the work of other assurance providers may be taken into consideration and contribute to the Head of Audits annual opinion; and
- Participate in local and national bodies and working groups to influence agendas and developments within the profession.

Internal Audit will ensure that it is not involved in the design, installation and operation of controls so as to compromise its independence and objectivity. Internal Audit will however offer advice on the design of new internal controls in accordance with best practice.

Service Delivery 2025/26

The internal audit service will be delivered by using externally procured services under the direction of the Council's Head of Audit and Risk Management, supported by an in-house Corporate Anti-Fraud Team.

The resources available in 2025/26 to deliver the internal audit and counter-fraud function have been assessed; existing resources are a challenge by the demands of services but are adequate to fulfil the requirements of the PSIAS and ensure that the key risks of the Council are subject to an appropriate level of independent audit review. There is pressure on the level of assurance needed from the internal audit service and the resources available. The Head of Audit and Risk Management will continue to monitor the current plan and report back to the Committee where assurances cannot be assigned.

Internal Audit Planning

Audit planning will be undertaken on an annual basis and audit coverage will be based on the following:

- The Corporate Delivery Plan and Corporate / Directorate Risk Registers;
- Risk identified by Directorate Management Teams;
- Discussions regarding assurance needs with the Council's senior management, statutory officers and Priority Owners;
- Outputs already available from other independent assurance providers; and
- Risks emerging from implementation of processes designed to support organisational efforts to set a balanced budget from 2026/27.

The annual Internal Audit Plan is composed of the following:

- **Corporate Delivery Plan/Priority and Business Area Risk Based Audits:** Audits of systems, processes or tasks where the internal controls are identified, evaluated and confirmed through risk assessment process. The internal controls depending on the risk assessment are tested to confirm that they are operating correctly. The selection of work in this category is driven by internal audit's and senior managers' risk assessment and may also include work in areas where the Council services are delivered in partnership with or by other organisations.
- **Key Financial Systems:** Audits of the Council's key financial systems on a continuous basis.
- **Probity Audit (schools/other establishments):** Audit of a single establishment. Compliance with legislation, regulation, policies, procedures or best practice is confirmed.
- **Computer Audit:** The review of ICT infrastructure and associated systems, software and hardware.
- **Contract and Procurement Audit:** Audits of the Council's procedures and processes for the letting and monitoring of contracts, including reviews of completed and current contracts.
- **Counter-Fraud and Ad-Hoc Work:** The in-house Corporate Anti-Fraud Team undertakes a programme of pro-active and reactive counter-fraud investigations. A contingency of audit days is also included in the annual audit plan to cover any additional work due to changes or issues arising in-year.
- **Advisory:** Supporting management with advice and guidance regarding new systems and processes and how an efficient and effective control environment to manager risk can be

implemented. Our mix of in house and outsourced resources, enables us to provide this added value service without conflicts of interest arising.

- The organisational goal to ensure the organisation is able to set a balanced budget without any government support.

Follow-up

Internal Audit will evaluate the Council's progress in implementing audit recommendations against agreed targets for implementation. Progress will be reported to management and to the Audit Committee on a quarterly basis. Where progress is unsatisfactory or management fail to provide a satisfactory response to follow up requests, Internal Audit will implement the escalation procedure as agreed with management.

Reporting

Internal audit reports the findings of its work in detail to local management at the conclusion of each piece of audit work and at the follow up stage. The appropriate officers to receive the report at the draft and final reporting stage of the audit will be determined at the planning stage of the work and reviewed at the end of the fieldwork period to ensure completeness. Summaries of findings are reported to the Audit Committee as part of the quarterly reports and within the Head of Internal Audit's annual report which contributes to the assurances underpinning the statutory Annual Governance Statement of the Council.

Internal Audit Plan 2025/26

The annual internal audit plan has been discussed and is being agreed with the Senior Leadership Team; Statutory Officers and nominated stakeholders. The plan and strategy are submitted to the Audit Committee for final approval and any significant changes to the annual internal audit plan and/or the internal audit strategy will be reported during the year to the Audit Committee for formal approval. Any change to the plan will also be reported to the committee on a regular basis.

The table below sets out the internal audit work to be completed by the external contractor. The total number of days to be delivered excludes audit work that will be completed as part of the corporate anti-fraud team's work.

The work planned aims to provide coverage across the value protection and value added requirements of the Council. The internal audit service has focused its annual plan to align it with the identified key risks within the Corporate Delivery Plan in order to provide assurance across the directorates.

Audit Area	Client		Days
Corporate/Cross Cutting Risk Audits			
Governance over and Delivery of Savings (x2)	Director of Finance and Resources		20
Project Management of Non Corporate Savings (Directorate)	Director of Finance and Resources		15
Compliance with Cost Management Measures (Spend Controls)	Director of Finance and Resources		15
Compliance with Management of Agency and Other Temporary Resources			15
Corporate Arrangements for Effective Commissioning	Director of Finance and Resources		15
Forecasting, Reporting and Financial Sustainability	Director of Finance and Resources		15
Cyber-attack preparedness	Director of Finance and Resources		10
Sub-total – Corporate Risk Audits			105
Children's Services			

Audit Area	Client		Days
Children with Disabilities	Director of Children's Services		10
Virtual Schools	Director of Children's Services		10
Strategic review over Children's Social Care Demand Management	Director of Children's Services		10
Case Management	Director of Children's Services		10
SEN Transport	Director of Children's Services		10
Sub-total			50
Adults, Housing and Health			
Arrangements to Manage Transitions	Director of Adults, Housing and Health		10
Demand, Localities and Waiting List Management	Director of Adults, Housing and Health		15
Supply, Demand and Utilisation of Day Services	Director of Adults, Housing and Health		12
Commissioning Social Care Services	Director of Adults, Housing and Health		15
Management and collection of clients contributions	Director of Adults, Housing and Health		10
Sub-total			62
Housing			
Management and Operation of Partnering Contracts	Operational Director-Hsg & Build Safety		12
Management of the Concierge Service	Operational Director-Hsg & Build Safety		10
Efficient and Effective use of Temporary Accommodation (use of all types of accommodation and the rate paid, systems for procuring, only paying for what we use)	Operational Director-Hsg & Build Safety		15
Leasehold Charges including Major Works	Operational Director-Hsg & Build Safety		10
Management and Control over the use of Service Connect	Operational Director-Hsg & Build Safety		15
Arrangements to monitor and manage compliance with big six standards	Operational Director-Hsg & Build Safety		10

Audit Area	Client		Days
Asbestos Management in Housing Stock	Operational Director-Hsg & Build Safety		10
Sub-total			82
Placemaking and Community Regeneration			
Strategy and Management of High Road West Regeneration Scheme	Director of Placemaking and Community Regeneration		15
Sub-total			15
Environment and Resident Engagement			
Management of Leisure Services (inc Fees and Charges)	Director of Resident and Engagement		15
Review of Parking Operations (PCN and Pay and Display)	Director of Resident and Engagement		10
Street Lighting Contract Management	Director of Resident and Engagement		10
Implementation of the Customer Services Solution - Project Management and Delivery	Director of Resident and Engagement		10
Sub-total			45
Finance and Resources			
Management of Garages	Director of Finance and Resources		12
Arrangements for the Acquisition and Disposal of Assets	Director of Finance and Resources		10
Repairs and Maintenance of Commercially Leased Property	Director of Finance and Resources		10
Use of Business Intelligence Reports	Director of Finance and Resources		10
Sub-total			32
Corporate Information Technology Audits			
Review of the Outline Business Case for SAP Replacement	Director of Finance and Resources		10
Information Security Vendor Management	Director of Finance and Resources		10
Digital Transformation Management	Director of Finance and Resources		10
Audit Needs Assessment	Director of Finance and Resources		10

Audit Area	Client		Days
Corporate ICT Audits			40
Contract and Procurement Audit			
Implementation of the Source to Pay Solution (Project Management)	Director of Finance and Resources		10
Source to Pay Application Review - Key controls review	Director of Finance and Resources		10
Implementation of the New Operating Model for Strategic Procurement	Director of Finance and Resources		15
Data, Intelligence and Category Management to secure VfM from procurement activities	Director of Finance and Resources		15
Arrangements for improving contract management	Director of Finance and Resources		10
Management and Use of Contract Waivers	Director of Finance and Resources		10
Sub-total			70
Risk Based Audits of Key Financial Systems			
Council Tax Billing, Collection and Administration	Director of Resident and Engagement		15
Business Rates Billing, Collection and Administration	Director of Resident and Engagement		15
Managing Housing Benefit Overpayments	Director of Resident and Engagement		10
Key Financial Controls - Bankline	Director of Finance and Resources		8
Sub-total – Key Financial Systems			48
School Audits Risk Based Programme			
Bruce Grove	Director of Children's Service		8
Campsbourne	Director of Children's Service		8
Coldfall	Director of Children's Service		8
Mulberry	Director of Children's Service		8
North Haringay	Director of Children's Service		8
Our Lady of Muswell	Director of Children's Service		8
Risley Avenue	Director of Children's Service		8
St Martin of Porres Catholic	Director of Children's Service		8
St Paul's Catholic	Director of Children's Service		8
Tetherdown	Director of Children's Service		8

London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

Audit Area	Client		Days
Riverside Special	Director of Children's Service		8
Hornsey School for Girls	Director of Children's Service		8
Rowland Hill	Director of Children's Service		8
Management and follow-up of 2024/25 Schools' Audit Recs	Director of Children's Services		10
Sub-total – School Audits			114
Follow up of Audit Recommendations			30
Admin and Management			40
Risk Management			17
Homes for Haringey			20
Haringey Community Based Society			20
Contingency			20
Total			820

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HARINGEY COUNCIL

AUDIT CHARTER 2025

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Policy History				
Version	Summary of Change	Contact	Implementation Date	Review Date
1.6	Reviewed and no change	Head of Audit & Risk Management	March 2023	Feb 2023
1.7	Reviewed and updated for change in Committee name	Head of Audit & Risk Management	March 2024	Feb 2024
1.8	Reviewed and no change	Head of Audit & Risk Management	March 2025	Feb 2025

Links and Dependencies
Employee Code of Conduct Disciplinary Procedures Council Constitution Whistleblowing Policy Anti-money Laundering Policy Anti-bribery Policy

Related Forms
Declaration of Interests Form Declaration of Receipt of Gift or Hospitality

1. Public Sector Internal Audit Standards

- 1.1 The UK Public Sector Internal Audit Standards (PSIAS), which came into effect from 1 April 2013, and were revised in August 2017, provide a consolidated approach across the whole of the public sector providing continuity, sound corporate governance and transparency.
- 1.2 The PSIAS are mandatory and the Head of Audit and Risk Management will report on compliance with the Standards as part of the Annual Internal Audit Report. An independent external quality assessment (EQA) review of Haringey Council's compliance with the Standards will be undertaken at least every five years, as required by the PSIAS, and will be supplemented by an annual self-assessment to ensure the Council's ongoing compliance with them.
- 1.3 The PSIAS require Haringey Council to implement and maintain an 'Internal Audit Charter'. The purpose of the Internal Audit Charter is to formally define the internal audit activity's purpose, authority and responsibility. This Charter will be reviewed on a regular basis and presented to the Audit Committee for review and approval.

2. Definition of Internal Audit

- 2.1 The PSIAS' mandatory definition of internal auditing has been adopted by Haringey Council and is as follows:

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

3. Mission and Core Principles

- 3.1 The mandatory elements of the International Professional Practices Framework (IPPF) for Internal Audit are incorporated into the PSIAS and include an overarching 'Mission' for Internal Audit services *'...to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight'*.
- 3.2 The 'Core Principles' that underpin delivery of the IPPF mission require internal audit functions to:
 - Demonstrate integrity;
 - Be objective and free from undue influence (independent);
 - Align with the strategies, objectives and risks of the organisation;
 - Be appropriately positioned and adequately resourced;
 - Demonstrate quality and continuous improvement;
 - Communicate effectively;

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- Provide risk-based assurance;
- Be insightful, proactive, and future-focused; and
- Promote organisational improvement.

4. Authority of Internal Audit

- 4.1 Internal Audit has unrestricted access to all Council records and information, both manual and computerised, cash, stores and other Council property or assets it considers necessary to fulfil its responsibilities. All the Council's activities, funded from whatever source, fall within the remit of the internal audit service. Internal Audit may enter Council property and has unrestricted access to all locations and officers¹ where necessary, on demand, and without prior notice. This right of access is included in the Council's Constitution (Part Four, Section I, paragraph 5.45).

5. Responsibility and Accountability

- 5.1 With Haringey Council, the Audit Committee will fulfil the functions of **'The Board'**; and the Corporate Leadership Team will fulfil the functions of **'Senior Management'**, as defined by PSIAS.
- 5.2 The responsibility for maintaining an adequate and effective system of internal audit within Haringey Council lies with the authority's Chief Finance Officer (S151 Officer).
- 5.3 The Head of Audit and Risk Management is the person designated to fulfil the role of the 'Chief Audit Executive' and is the person required to provide an annual opinion to the Council and to the Chief Finance Officer, via the Audit Committee, on the adequacy and the effectiveness of the internal control system, governance and the risk management arrangements for the whole Council.
- 5.4 Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas identified by the Council as being of greatest risk and significance and rely on management to provide full access to accounting records and transactions for the purposes of internal audit work and to ensure the authenticity of these documents.
- 5.5 The remit of Internal Audit covers the entire control environment of the Council. This includes the objective examination of evidence to create independent assessments to the Audit Committee, the Corporate Leadership Team, management and others on the adequacy and effectiveness of governance,

¹ Officers includes all temporary and permanent employees of Haringey Council, together with any agency workers, contractors and volunteers working for the Council.

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risk management and internal control. Internal audit assurance assessments include evaluating whether:

- The Council properly identifies and manages risks on its strategic and other objectives;
- The actions of the Council's officers and contractors comply with the Council's policies, procedures and applicable laws, regulations and governance standards;
- The results and output of Council work and programmes are consistent with agreed goals and objectives;
- The Council undertakes its work and programmes effectively and efficiently;
- The Council's systems enable compliance with the policies, procedures, laws and regulations that could cause significant impact;
- All information and the means used to identify, measure, analyse, classify and report such information are reliable and have integrity; and
- The Council obtains assets economically, uses them efficiently, and safeguards them adequately.

- 5.6 Internal Audit also provides an independent and objective consultancy service, which is advisory in nature, and generally performed at the specific request of management. Such consultancy or advisory work is separate from Internal Audit's assurance work but may contribute to the annual opinion that Internal Audit provides on risk management, internal control and governance.
- 5.7 Where appropriate, Internal Audit will undertake audit or consulting work for the benefit of the Council in organisations that are wholly or partly owned by the Council.
- 5.8 Internal Audit may also conduct any special reviews requested by the Council, Audit Committee or the s151 Officer, provided such reviews do not compromise its objectivity, independence or achievement of the approved annual internal audit plan.
- 5.9 Internal Audit will consider all requests from the Council's external auditors for access to any information, files or working papers obtained or prepared during audit work that has been finalised, which external audit would need to discharge their responsibilities.
- 5.10 The Head of Audit and Risk considers relying on the work of other internal or external assurance and consulting service providers when forming their annual opinion.

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6. Independence of Internal Audit

6.1 The Head of Audit and Risk Management has free and unfettered access to:

- Chair of the Audit Committee;
- Chief Executive;
- Chief Finance Officer;
- Monitoring Officer; and
- Any other member of the Corporate Leadership Team.

6.2 The Head of Audit and Risk Management reports functionally to the Board, and organisationally to the Director of Finance, who is also the Council's S151 officer. The Head of Audit and Risk Management has direct access to the Chief Executive who carries the responsibility for the proper management of the Council and for ensuring that the principles of good governance are reflected in sound management arrangements.

6.3 The independence of the Head of Audit and Risk Management is further safeguarded by ensuring that their annual appraisal is not inappropriately influenced by those subject to audit. This is achieved by ensuring that the Chief Executive and/or the Chair of the Audit Committee contribute to, and/or review the appraisal of the Head of Audit and Risk Management.

6.4 All Council and relevant contractor staff in Audit and Risk Management are required to make an annual declaration of interest to ensure that auditors' objectivity is not impaired and that any potential conflicts of interest are appropriately managed.

6.5 Internal Audit may also provide consultancy services, such as providing advice on implementing new systems and controls. However, any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken by Internal Audit will be reported to the Audit Committee. To maintain independence, any Internal Audit staff involved in significant consulting activity will not be involved in the audit of that area for at least 12 months after the consulting assignment has ended. When performing consulting assignments, the internal auditor will maintain objectivity and not take on any management responsibility.

6.6 Where it is considered necessary to the proper discharge of the internal audit function, the Head of Audit and Risk Management has direct access to elected Members of the Council and in particular those who serve on committees charged with governance (i.e. the Audit Committee).

6.7 Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of

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all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

- 6.8 The Head of Audit and Risk Management will confirm to the board, at least annually, the organisational independence of the internal audit activity.

7. Non-audit Areas

- 7.1 The PSIAS require the Internal Audit Charter to identify any 'Non-audit' areas that fall under the management of the Internal Audit service. For Haringey these are:

- **Counter-Fraud.** Promoting fraud awareness and maintaining effective anti-fraud policies and procedures; acting as a corporate service for the investigation of irregularities and, where criminal investigation is considered, to liaise directly with the police and advise services on such matters. The Fraud Team plays a specific counter-fraud and investigation role jointly with Homes for Haringey in relation to Housing Tenancy Fraud; the investigation of serious whistleblowing concerns raised via the Council's whistleblowing policy also fall within the Team's remit.
- **Insurance and operational risk management.** Providing a full claims handling service for the Council and Homes for Haringey; procuring and management of all externally provided insurance contracts; management of the leasehold property insurance portfolio; providing claims related and financial information to managers; and training and development on insurance and operational risk management for staff.
- **Risk Management.** Providing risk management support to Haringey Council; promoting the consistent use of risk management and ownership of risk at all levels across the Council; managing and reviewing the Council's risk management framework.

- 7.2 In order to fulfil the requirements of the PSIAS and avoid potential conflicts of interest and loss of objectivity, the 'non-audit' functions are independently audited on a regular basis by the externally procured audit service and the Council's external auditors, with the results reported to the Audit Committee.

8. Reporting

- 8.1 The PSIAS require the Head of Audit and Risk Management to report at the top of the organisation and this is done in the following ways:
- The Internal Audit Strategy and Charter and any amendments to them are reported to the Corporate Leadership Team and Audit Committee for review and approval;
 - The Annual Internal Audit Plan is compiled by the Head Audit and Risk Management, taking account of the Council's risk framework and after input from the Statutory Officers and the Corporate Leadership Team. It

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is then presented to the Audit Committee for formal approval. The Head of Audit and risk Management will review and adjust the internal audit plan, as necessary, in response to changes in the Council's business, risks, programmes, systems and controls, including emerging risks, threats and other issues;

- The adequacy, or otherwise, of the level of internal audit resources (as determined by the Head of Audit and Risk Management) and the independence of internal audit is reported annually to the Audit Committee. The approach to providing resource is set out in the Internal Audit Strategy;
- Performance against the Internal Audit Plan and any significant risk exposures and control issues arising from audit work are reported to the Corporate Leadership Team and Audit Committee on a quarterly basis;
- Any significant consulting or advisory activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the Audit Committee;
- Results from internal audit's performance management processes and performance indicators will be reported to the Audit Committee; and
- Any instances of non-conformance with the Public Sector Internal Audit Standards must be reported to the Audit Committee and will be included in the annual Head of Internal Audit report. If there is significant non-conformance this may be included in the Council's Annual Governance Statement.

9. Due Professional Care

9.1 The Internal Audit function is bound by the following standards:

- Institute of Internal Auditor's International Code of Ethics;
- Seven Principles of Public Life (Nolan Principles);
- UK Public Sector Internal Audit Standards (PSIAS);
- CIPFA Local Government Application Note (LGAN) for internal audit functions operating in the local government sector;
- The respective ethical codes for the professional bodies that Internal Audit staff qualified under;
- All Council Policies and Procedures; and
- All relevant legislation.

9.2 Internal Audit is subject to a quality assurance and improvement programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the UK PSIAS and the



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LGAN, ongoing performance monitoring and an external quality assessment at least once every five years by a suitably qualified, independent assessor.

- 9.3 A programme of Continuous Professional Development (CPD) is maintained for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies. The Head of Audit and Risk Management and his deputy are required to hold a relevant professional qualification (CCAB or equivalent, or CMIIA) and be suitably experienced.

Internal Audit Activity charter

Approved on 11 March 2025

Minesh Jani

Head of Audit and Risk Management (Chief Audit Executive)

Chief Executive (Chief Executive Officer)

Chair of Audit Committee (Audit Committee)

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Internal Audit Process

Haringey
LONDON

1

Audit Planning

The Audit Manager will agree the scope and date for internal audit to take place. The service / school will have a one month's notice to allow the key contact to prepare and plan for the visit.

2

Fieldwork

The auditor will hold an opening meeting with the key contact and other relevant stakeholders.

The auditor will review processes by interviewing staff, examining documents, observing how systems operate and by testing a sample of transactions.

At the end of the visit, the auditor will hold an exit meeting, highlighting key findings arising from the visit.



4

Follow-up

Between 6-12 months from the issue of the final report, the auditors will check the agreed actions have been implemented and report on progress.

3

Audit Reporting

The auditor will issue a draft report within 15 working days of the exit meeting. The report will set out the auditor's findings and the overall assurance over the systems of control in operation.

The auditor will need a written response from the key contact within 10 days of the issue of the draft report including completion in full of the action plan.

The auditor will issue the final report incorporating comments from the key contact as appropriate.

Internal Audit Visit

This guide is intended to give information on how internal audit carries out its work, to help you understand the role of internal audit and what you need to do to prepare for the audit visit. Throughout the audit process, the auditors will engage with you by asking questions, seeking information and explanations, updating you on how the audit is progressing and highlighting any material findings. Please support the audit process by responding promptly to requests from the auditors. This will allow the auditors to complete their work in a timely manner, and to give you prompt feedback.

Role of Internal Audit

Internal audit is an essential part of the Council's governance arrangements and its purpose is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. It achieves this by providing an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. The work of internal audit is set out in the audit charter and strategy, which can be found at <http://intranet/service-areas/corporate-governance/audit-and-risk-management/audit-and-risk-management>.

Who are the Internal Auditors?

The Council's internal audit service is provided by Mazars who specialise in audit, accountancy, tax, legal and advisory services and the contract is overseen by the Head of Audit and Risk Management. Mazars have a large public sector practice delivering internal audits all over the country. At Haringey, Mazars carry out internal audits for the Council and Homes for Haringey. The type of audits can vary considerably, though most are designed to provide assurance risks being managed.



The frequency and type of audit is dependent on risk. Before the start of an audit, a risk assessment is carried out, which is based on a number of factors such as the importance of the audit area, its inherent risk, when it was last audited, previous last assurance rating, whether there have been any key changes in staffing or legislation, management concerns etc.

Internal Audit Planning and Performance

Every year, Head of Audit and Risk Management prepares an annual internal audit plan showing the areas that will be audited. The plan is ratified by the Corporate Board and the Audit Committee. The expectation is for all areas to be audited in the year. Quarterly progress reports are produced and any delay has to be reported to the Chief Executive and the Chair of the Audit Committee.



Before the Audit

Notice of Audit & Pre-Work

The programme of audits is determined in Jan/Feb of each year. Audits are then split across the four quarters. You will usually be contacted during the month prior to the quarter in which your audit will occur to agree the scope of the audit and arrange a mutually convenient start date for the on-site audit work.

Once the scope and a start date is agreed, you will receive an audit brief which details:

- The risks the service is managing;
- The scope of audit
- A list of proposed project milestones, and
- Reporting arrangements

For schools, the audit brief will list of the main documents that the auditor is likely to want to see when they visit – it would be helpful if you can have them to hand when the auditor first visits.

It is worth noting the list can never be exhaustive because of the nature of the work.

During the Audit

On site Fieldwork

Usually, the audit will start with a meeting between the auditor and the key contact on the first morning. This will allow the auditor to explain the audit process, to plan the approach to minimise service disruption, and to establish the key logistics in terms of relevant contacts, access arrangements and work space for the audit as well as to explore any material issues or concerns the service has, and to initially assess arrangements in place to mitigate key risks.

The audit will progress with the auditor undertaking testing across the areas mentioned in the audit brief. This will take the form of interviews with staff, examination of documentation, observation of processes and sample testing of transactions. Any queries arising or significant findings will be discussed with the relevant person during this time. As the auditor has limited time to complete the audit, we ask that information is provided as soon as possible.

Exit meeting

Before the auditor commences the fieldwork the auditor will arrange an exit meeting for the last day on site with the Assistant Director, Head of Service and/or other nominated officers. At the meeting, the auditor will set out his/her findings and ensure the findings are factually accurate. The meeting also provides an opportunity for the Assistant Director/ Head of Service to provide details of any actions already taken and any extenuating circumstances that should be considered. Please note that at this point the auditor will not be in a position to give any overall audit opinion, as the findings are subject to quality review and moderation by the Mazars' Senior Audit Manager. Accordingly, some findings and recommendations might change during the review process but any new issues will be communicated to the key contact prior to any report being issued.

After the Audit

Reporting

The auditor will draft the report and the Manager will review the report before the report is issued to management. The draft report will be emailed to the agreed contacts within 15 working days of the exit meeting unless additional information is required arising from the exit meeting or quality assurance review. The report is draft at this stage and sent to the Head of Service and other key contacts so that they

can consider the issues raised and check for factual accuracy before the report is circulated more widely as a Final report. Where appropriate, the auditor will raise recommendations. The recommendations are prioritised as:

Priority 1 – Major issues for the attention of senior management that need urgent attention

Priority 2 – Important issues to be addressed by management in their areas of responsibility

Priority 3 – Minor issues resolved on site with local management or suggestion of best practice

The draft report includes an overall assurance opinion over the governance, controls and management of risk. There is no hard and fast rule as to how the assurance level is determined - it is dependent on the number, priority and nature of issues identified and the quality assurance process ensures consistency across audits.



Assurance ratings range from SUBSTANTIAL ASSURANCE - where everything is in place and operating as it should, to NO ASSURANCE - where processes are weak and controls are not functioning that leaves the service open to significant error or abuse. The most common assurance levels are ADEQUATE ASSURANCE - where some weaknesses in processes have been found and/or some controls aren't being complied with and LIMITED ASSURANCE – where process weaknesses and controls not being complied with are significant enough to cause concern. The report will also include a 'travel of direction' view to indicate whether the service has improved since it was last audited.

The key contact is asked to provide a written response within 10 days of receipt of the draft report. This will include agreement to the recommendations raised, including the actions taken/proposed, by whom and by when.

The response will be incorporated into a final report which will be issued to the key contacts. A copy of the final report will be sent to the relevant Director of service, the Director of Finance and Chief Executive. For schools, the final report is sent to the Head Teacher, Chair of Governors and the Local Education Authority. A digest of the report will be reported to Audit Committee.

Follow up

Within twelve months of issue of the final report, Internal Audit will make contact with the service to ask for an update of actions taken in response to the recommendations made. As appropriate, additional evidence will be requested and the auditor may choose to visit the service to undertake brief follow up testing.

Arising from the follow up work, a report may be made indicating if satisfactory progress has been made since the audit visit.

Feedback

I am keen to hear from you about the audit and whether there is anything that we could do differently to improve the audit process. The Senior Internal Audit Manager will send a satisfaction survey after the final report, please send your response to me with your feedback.



Contact

If you have any comments or queries about the audit process, please contact:

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Senior Internal Audit Manager - Risk Assurance Services

Mazars LLP

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	A	B	C	D	E	F	G	H	I	J	K
1											
2		Assurance Map of Corporate Risks as at 31 January 2025									
3											
4											
5	No.	Risk Event Description	Risk Owner	Current			Proximity	Future			Internal Audit Assurances
6				Impact	Likelihood	Risk Score		Impact	Likelihood	Risk Score	
7	1	Maintaining and strengthen financial viability/balance across MTFP including failure to deliver identified savings.	CLT Director of Finance	5	5	25	Short and Medium term	5	4	20	Governance over and Delivery of Savings (x2) Project Management of Non Corporate Savings (Directorate) Compliance with Cost Management Measures (Spend Controls) Compliance with Management of Agency and Other Temporary Resources Corporate Arrangements for Effective Commissioning Forecasting, Reporting and Financial Sustainability Children with Disabilities Strategic review over Children's Social Care Demand Management Commissioning Social Care services Management and collection of clients contributions Efficient and Effective use of Temporary Accommodation (use of all types of accommodation and the rate paid, systems for procuring, only paying for what we use) Review of Parking Operations (PCN and Pay and Display) Data, Intelligence and Category Management to secure VfM from procurement activities Arrangements for improving contract management Management and Use of Contract Waivers Council Tax Billing, Collection and Administration Business Rates Billing, Collection and Administration Managing Housing Benefit Overpayments
8	2	Non-delivery of transformational change due to lack of corporate change functions transformation does not deliver	All	5	4	20	Short and Medium term	4	3	12	Governance over and Delivery of Savings (x2) Project Management of Non Corporate Savings (Directorate) Strategy and Management of High Road West Regeneration Scheme Implementation of the Customer Services Solution - Project Management and Delivery Review of the Outline Business Case for SAP Replacement Digital Transformation Management Implementation of the Source to Pay Solution (Project Management) Implementation of the New Operating Model for Strategic Procurement Source to Pay Application Review - Key controls review
9	3	Unable to attract and retain scarce skills or those in high demand. The Council does not have the appropriate skills, capacity and capabilities in place and/or recruited to deliver the Corporate Delivery Plan effectively.	All	5	4	20	Short & Medium term	5	3	15	
10	4	Failure to prepare for the impact associated with climate change, including air quality and pollution, extreme weather (e.g. flooding, heat).	Director of Environment & Resident Experience	5	4	20	Medium term	4	3	12	Street Lighting Contract Management
11	5	Failure to meet Housing / Achieve full regulatory compliance for Council Housing Stock standards	Director of Placemaking and Housing	4	4	16	Short & Medium term	4	2	8	Management and Operation of Partnering Contracts Management of the Concierge Service Leasehold Charges including Major Works Management and Control over the use of Service Connect Arrangements to monitor and manage compliance with big six standards
12	6	Serious Cyber Security Incident leading to all or multiple council systems shutdown and/or council unable to undertake business and/or significant ICO fine & reputational damage due to data breach, malware outbreak, phishing or ransomware attack.	Chief Information Officer & Director of Culture, Strategy & Engagement	5	3	15	Short term	4	2	8	Cyber attack preparedness Information Security Vendor Management
13	7	Adequate processes are not in place to safeguard vulnerable children and adults within the borough who were or should have been in receipt of services, either from the council or a partner agency.	Director of Children's Services Director of Adults, Health & Communities	5	3	15	Medium Term	5	2	10	Children's Services: Children with Disabilities Virtual Schools Strategic review over Children's Social Care Demand Management Support for Case Management SEN Transport Adult Services: Arrangements to Manage Transitions Demand, Localities and Waiting List Management Supply, Demand and Utilisation of Day Services Commissioning Social Care services Management and collection of clients contributions

	A	B	C	D	E	F	G	H	I	J	K
14	8	Failure to instigate arrangements for the proper management of Council property (including commercial and administrative buildings).	Director of Placemaking and Housing	4	3	12	Medium Term	4	2	8	Management of Garages Arrangements for the Acquisition and Disposal of Assets Repairs and Maintenance of Commercially Leased Property
15	9	Integrated delivery models for local health & care services does not deliver	Director of Adults, Health & Communities	4	3	12	Medium term	3	2	6	
16	10	Failure to transform insourced leisure services including culture and operations to improve performance	Director of Environment & Resident Experience	3	3	9	Short Term	3	2	6	Management of Leisure Services (inc Fees and Charges)
17	11	Potential health and safety incident affecting employees or member of the public.	Director of Placemaking and Housing	4	2	8	Long term	4	2	8	Asbestos Management in Housing Stock

Report for: Audit Committee – 11 March 2025

Item number: 11

Title: Internal Audit Progress Report 2024/25 – Quarter 3

Report authorised by: Director of Finance

Lead Officer: Minesh Jani, Head of Audit and Risk Management
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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** N/A

1. Describe the issue under consideration

- 1.1 This report details the work undertaken by Internal Audit for the period 1 November 2024 to 31 January 2025 and focuses on progress on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised – work undertaken by the external provider (Forvis Mazars).

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 The Audit Committee is recommended to note the audit coverage and follow up work completed.

4. Reasons for decision

- 4.1 The Audit Committee is responsible for monitoring the completion of the annual internal audit plan and the implementation of agreed recommendations as part of its terms of reference.
- 4.2 In order to facilitate this, progress reports are provided on a regular basis for review and consideration by the Audit Committee on the work undertaken by the Internal Audit Service in completing the annual audit plan. Where further action is required or recommended, this is highlighted with appropriate recommendations for the Audit Committee.

5. Alternative options considered

5.1 Not applicable.

6. Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes'

6.1 The internal audit work makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all key corporate objectives.

7. Carbon and Climate Change

7.1 There are no direct Carbon implications arising from this report.

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

8.1 Finance and Procurement

Finance

There are no direct financial implications arising from this report. The work completed by Forvis Mazars is part of the framework contract which was awarded to the London Borough of Croydon to 31 March 2026, in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget. The maintenance of a strong internal audit function and a proactive and reaction fraud investigation team is a key element of the Council's system of Governance.

Procurement

Strategic Procurement note the contents of this report and have been consulted on the relevant audits where required. Actions arising related to procurement and the letting of contracts are contained within the relevant audit reports and will be actioned accordingly.

8.2 **Assistant Director of Legal & Governance - Benita Edwards Head of Legal Services**

The Assistant Director of Legal and Governance has been consulted in the preparation of this report and advises that there are no direct legal implications arising from 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.

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 – Forvis Mazars Progress Report – Internal Audit

10. Background Information

None

11. Performance Management Information

- 11.1 Although there are no national or Best Value Performance Indicators, local performance targets have been agreed for Audit and Risk Management. Table 1 below shows the targets for each key area monitored and gives a breakdown between the quarterly and cumulative performance.

Table 1 – Performance Indicators

Ref.	Performance Indicator	1 Nov 24 – 31 Jan 25	Year to date	Year-end Target
1	Internal Audit work (Forvis Mazars) – Days Completed vs. Planned programme	34%	74%	95%
2	Priority 1 recommendations implemented at follow up	N/A	100% *	95%

12. Internal Audit work – Forvis Mazars

- 12.1 The activity of Forvis Mazars for the first period of 2024/25 is detailed at Appendix A. Forvis Mazars planned to deliver 595 days of the annual audit plan (790 days) during the period (to 31 January 2025) and delivered 576 days audit work during this period. There has been some change to the audit plan to reflect the changing priorities within the Council and there is a separate report of the changes as part of my annual audit report to the Audit Committee's elsewhere on the agenda.

12.2 Members of the Audit Committee receive detailed summaries of all projects for which a final report has been issued to allow for any concerns which members may have to be considered in a timely manner. Appendix A provides a list of all final reports which have been issued since the start of the financial year. Since the last Audit Committee meeting in December, 16 internal audit reports have been issued. Those audit areas where the level of assurance is low are detailed below.

12.3 Significant issues arising in Quarter 3

In this period, there were 16 final internal audit reports; one was assigned “Substantial Assurance,” five were assigned “Adequate Assurance” and eight were assigned “Limited Assurance.” A further two audit area were advisory audits and were not assigned an assurance. The audit area, nature of the service and key residual risks arising from audit review with “Limited Assurance” are noted below.

Financial Assessment of Clients – “Limited” Assurance

The financial assessment process is used by the Council’s Financial Assessment team to determine eligibility for financial assistance with social care costs (such as care home). The Financial Assessment team within the Adults Services conducts a means test to assess the service user’s financial situation, which includes assessing income (pensions, benefits, earnings from savings or investments), savings and investments, and property assets. This assessment ensures that those who need support receive it, while those with sufficient means are expected to self-fund their care.

As of June 2024, there was a backlog of 794 clients who had started receiving care but have not had a financial assessment. The audit noted the Financial Assessment team does not carry out regular formal reconciliations to ensure that financial assessments have been completed for clients who are receiving care. The audit also noted the Council has had difficulty in monitoring and collecting outstanding client debt and as of June 2024, there was a total of £10,726,965 debt across Adult Social Care.

The audit highlighted the following key areas of risk:

- There is no formalised approach or guidance regarding the communication of the consequences of client non-engagement. The Financial Assessment team have not prioritised creating new outcome letters;
- A lack of a defined, clearly communicated process for engaging with clients has led to an inconsistent approach amongst Financial Assessment Officers;

- No agreed process to carry out formalised reconciliations or maintain oversight over the backlog of financial assessments. Functionality limitations within ContrOCC (the financial module of Liquid Logic), restrict integration with LAS, which prevents effective oversight of monitoring the backlog;
- The use of ContrOCC and PowerBi is still relatively new, and the team are working out how best to utilise the systems, monitor financial assessments and report financial assessment data;
- Resource constraints has meant the Corporate Debt Management team has not prioritised monitoring all low value invoices;
- There is no agreed process for Financial Assessment Officers to engage with clients in the annual review process; and
- The Financial Assessment team are aware of the need to update their Policy but have not prioritised it yet. The Covid-19 pandemic led to a different approach to offering home visits, however this has not been re-assessed or defined within an approved policy or procedure.

The auditors raised nine recommendations, three “priority 1”, six “priority 2” and three “priority 3”. All recommendations are due for implementation by the end of March 2025.

Corporate Performance and Intelligence and Change Portfolio – “Limited” Assurance

Typically, local authorities with robust and transparent performance management information have developed documents outlining the methodologies for compiling performance reports. These often include performance frameworks, clear calculation methodologies, roles and responsibilities for reporting, data sources, rationale for RAG banding, and any required data validation processes. While the audit review of the performance framework identified improvements and continuous development, in the new approach to reporting against the Corporate Delivery Plan (CDP), and the procedural guidance for managing the Change Portfolio, is not set out in a policy, procedure or framework.

Where there is reliance on services in providing data across the authority, the audit would typically see roles and responsibilities of key stakeholders e.g., Central Performance Management team, Directors, and the CLT being clearly defined to ensure there is a shared understanding of the process. The audit found that roles and responsibilities of all stakeholders have not been defined. As such, the creation of a framework or policy could provide additional clarity here and help to develop robust processes.

Embedding a standardised approach to measuring performance and progress can increase the efficiency of the process as well as ensuring consistency across the organisation. The authority has adapted its reporting methodology for the CDP in July 2024. The methodology includes a RAG rating for five factors - time, budget, resources, benefits and risk and a documented and publicised RAG criteria is in place. However, KPIs have not been updated in the Dashboard and comparators, such as benchmarking data or baseline averages are not always in place. This could undermine the ability to monitor the impact of the actions in the CDP.

The audit highlighted the following key areas of risk:

- Lack of clarity around the frequency of reporting and KPIs were not updated or reported for quarter one 2024/25;
- Director sign off was not obtained for 73 of 186 CDP updates in Q1 updates - 47 Greens, 22 Ambers and 4 Reds; and
- No metric based KPI reporting on the expected benefits from the Change portfolio and activities within the CDP.

The auditors raised seven recommendations, four “priority 2” and three “priority 3”. The recommendations are due for implementation by December 2025.

Review and Management of Off Contract Spend – “Limited” Assurance

There is an expectation that purchases outside agreed contractual arrangements arise exceptionally. This audit sought to review the arrangements for identifying off contract spend and taking steps to review and regularise, where necessary.

Potential off contract spend is flagged by the Accounts Payable (AP) team when an invoice is received which cannot be matched to a purchase order and a goods receipted note, as required by the Procurement Code of Practice (January 2019). The Chief Procurement Officer and the Head of Financial Admin explained that while efforts are made to understand the nature / reasoning for the off contract spend, no standardised investigations are carried out into whether the potential off contract spend has gone through the appropriate channels, whether the waiver/extension process has been legitimately carried out, and whether a formal contract is in place.

Where staff do not test the market to ensure that they are getting the best price, there is increased risk the procurement processes will not achieve VfM. Reporting on off contract spend can be used to hold officers who do not follow the procurement procedures to account. This prevents them from unnecessarily procuring off contract spend and not getting the best VfM available on the

market when procuring. While the AP team highlight confirmed non-compliant spend to departments, the audit could not verify reporting to CLT, to facilitate review and challenge of non-compliant spend. The Head of Financial Admin produces monthly reports which highlight potential off contract spend for purchases which have a late purchase order (PO). There were 363 cases (total population of 1,092) identified of purchases not having the correct PO between January and September 2024. Our sample testing of a selection of nine purchases from the above report identified that 67% of the tested cases did not have a legitimate contract in HPCS (Haringey Procurement System).

The audit highlighted the following key areas of risk:

- For five procurements over £10k (of nine tested), contracts are not held on Haringey Procurement and Contracting System(HPCS), or they are not signed;
- Waiver reports are not produced in a timely manner i.e., before existing contracts expire;
- Directors and the wider Corporate Leadership Team (CLT) are not provided sufficient oversight of off contract spend;
- A lack of an automated system to confirm whether procured services have a contract in place until the invoice is received; and
- Procurement training ends at using the HPCS system and does not try to address the larger issue of effective procurement.

The auditors raised six recommendations, three “priority 1” and three “priority 2”. The recommendations are due for implementation by December 2025.

Children's Provider Payments – “Limited” Assurance

The purpose of this audit was to assess the design and effectiveness of the control framework for managing the children’s provider payments process. In line with other local authorities the audit found that the Payments team use LiquidLogic and ContrOCC to manage care packages and provider payments. This allows case information to be stored and accessed in one place. From our sample of ten provider payments, we found that all packages were present on LiquidLogic and ContrOCC and had interfaced with SAP apart from two of the sample where the invoice had yet to be received by the Payments team.

The audit highlighted the following key areas of risk:

- Commitment reports held by the Payments team are not clear and lack data integrity checks and the budget monitoring process is not documented;

- No performance monitoring or reporting key root causes;
- Lack of information regarding the forecast process is shared between the Payments team and Finance and some of the current commitment reports are very useful;
- Different ways of working; knowledge and dependency across Directorates and the Payments team; and
- Training and development on processes and procedures impacting the payment's function has not been identified, improved or sufficiently delivered to key staff within the CYPS Directorate.

The auditors raised five recommendations, three "priority 1" and two "priority 2". The recommendations are due for implementation by March 2025.

Voids and Follow up of Lettings – "Limited" Assurance

Void properties are unoccupied dwellings arising, usually, at change of tenancy. Effective management of void properties is essential to avoid significant income losses that are associated with properties not being in an adequate state to be re-let or sitting unoccupied for extended periods. Effective use of time and management of resources are paramount so that all key stages of the void management and allocations processes can be completed swiftly, economically and to satisfactory standards.

The voids process at the Council starts with the tenant submitting a Tenancy Termination Form. This is circulated across teams, including the voids, lettings and tenancy teams. The Team Leader of that void should undertake two initial actions: arrange for a Locksmith to change the locks and ensure a Surveyor inspects the property. Both these milestones should occur within 24 and 48 hours of the keys being returned. The Locksmith will then change the locks and puts a key safe up, following which the Surveyor will inspect the property.

Where the Surveyor deems that work is required to be completed within the property, it should be scheduled and booked by the Team Leader, following the receipt of the initial inspection form, completed by the Surveyor. Work will then be carried out and a post inspection will be completed by a Team Leader or Surveyor. Before the property can be re-let, it must be confirmed as 'Suitable for advertising' once it has passed the post inspection. The management of voids has been hampered by regular changes in management and processes over the past few years and vacancies in the Housing Repairs Service Commercial Team and wider Repairs Team. A briefing paper on voids performance delivered to the Housing Improvement Board identified more

broadly factors such as the under investment in asset management, the growth of disrepair, compliance issues and the increased focus on damp and mould which have further increased pressure on the service.

The target turnaround of voids is 23-days, however due to current issues with capacity and resourcing, this target timeframe has been paused, and is significantly exceeded.

The audit highlighted the following key areas of risk:

- Lack of complete data on key stages of the voids process;
- No defined timescales for individual stages of the voids process;
- Lack of documented policy for empty properties and management of voids;
- The pre-inspection process to help to reduce the time taken to complete the voids process is not used;
- Delays in scheduling works for void properties; and
- Satisfaction surveys for new tenants have not been used in the last 12 months.

The auditors raised six recommendations, two “priority 1” and four “priority 2”. The recommendations are due for implementation by April 2025.

Management over Gifts and Hospitality – “Limited” Assurance

The authority utilises a ticketing system, Halo to declare gifts and hospitality. Halo has a built-in declaration form which staff fill out to declare the receipt of any gifts or hospitality. Halo automatically records the data entered into the form into the Council’s Gifts and Hospitality Register (Register) and this can be exported into an Excel document. This reduces the need for manual resources to manage the declaration process. Officers are typically required to declare gifts and hospitality prior to accepting and document when a gift or hospitality was offered.

The audit highlighted the following key areas of risk:

- There is no oversight over the gifts and hospitality declaration process;
- Not all staff have been assigned or completed the mandatory Anti-Bribery e-learning;

- Gifts and hospitality are accepted before approval from Line Managers and some individuals do not have approvers;
 - The Gifts and Hospitality Register is missing key information; and
 - Lack of reporting to senior management of gifts and hospitality.
- The auditors raised six recommendations, five “priority 2” and one “priority 3”. The recommendations are due for implementation by June 2025.

International Recruitment – “Limited” Assurance

International recruitment is governed by a series of policies and procedures, including Recruitment Policy (May 2023); Relocation Policy (August 2023); and Contract Procedure Rules (April 2023). The policies and procedures provide clarity across the full scope of recruitment actions required to facilitate an international recruitment campaign. Specific reference to campaign budgets, recruitment agencies and prospective employee interviews can be found in the Recruitment Policy, while the Contract Procedure Rules identify the criteria required to waive contract standing orders. The focus of this review was the Council’s recruitment campaign in India, completed between August and November 2022, which was aimed at hiring 16 new council officers. The officers would relocate to the UK and help to address the shortage of suitable domestic candidates.

The audit highlighted the following key areas of risk:

- Late submission of decision reports for the procurement of international recruitment in March 2023, seven months after the international recruitment campaign held in August 2022; and
- Absence of decision report on financial approval for relocation payment.

The auditors raised six recommendations, five “priority 2” and one “priority 3”. Most recommendations are due for implementation by March 2025, and one recommendation by March 2026.

Governance arrangements over Regeneration of Broadwater Farm – “Limited” Assurance

The Broadwater Farm Programme (the Programme) has emerged following the identification of serious structural failings between 2017 and 2018, within 11 of the 12 blocks on the Broadwater Farm Estate (the Estate), in the wake of the Grenfell Tower tragedy. The Estate is situated within the West Green ward in the east of the borough and comprises of 12 blocks and 24 houses.

Construction on the blocks began in 1969 and was completed in the early 1970s using a Large Panel System (LPS) method of construction. The Broadwater Farm Project Initiation Document (PID) was approved by the Broadwater Farm Steering Group in March 2019 and includes nine projects which form the Estate Improvement Programme, developed to ensure each project is aligned and understood as one holistic programme.

The target completion date for the Programme is June 2031, based on the Broadwater Farm High Level Programme Timeline which was last updated on the 4th April 2024.

The Programme is governed through the Broadwater Farm Steering Group, whose main purpose is to monitor performance of the Programme against agreed milestones and targets. The Project Delivery Team are also responsible for providing progress updates to the Capital Programme Board. The main function of this board is to monitor and retain a strategic overview of the capital and major works programme. Strategic issues and risks related to the Programme should be reported to the Placemaking and Housing Board by exception. This board's primary function is to resolve and / or escalate strategic issues and risks appropriately within the Council's governance mechanisms.

The audit highlighted the following key areas of risk:

- A formal business case is not in place for the Programme and the Project Initiation Document has not been updated since March 2019. Consequently, there is a lack of a robust rationale and defined management controls for the Programme and it is difficult to gain a holistic view of initial Programme scope, impacting the Council's ability to hold decision-makers accountable for Programme outcomes; and
- The Programme's Highlight Reports do not include budget monitoring information, hindering effective financial oversight as decision-makers lack visibility into financial performance.

The auditors raised six recommendations, one "priority 1", one "priority 2" and four "priority 3". The recommendations are due for implementation by March 2025.

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LONDON BOROUGH OF HARINGEY

Audit Committee – March 2025

Forvis Mazars Internal Audit Progress Report

Date Prepared: February 2025

Strictly private and confidential

1. Snapshot of Internal Audit Activity

Below is a snapshot of the current position of the delivery of the 2024/25 Internal Audit Plan.



Audit Committee decision needed

- Note the progress being reported and consider final reports included separately in the paper pack.

RAG status of delivery of plan to timetable

On Track

Key updates

All work included in the 2024/25 Plan is assigned to an auditor and fieldwork is due to be completed by 31 March 2025.

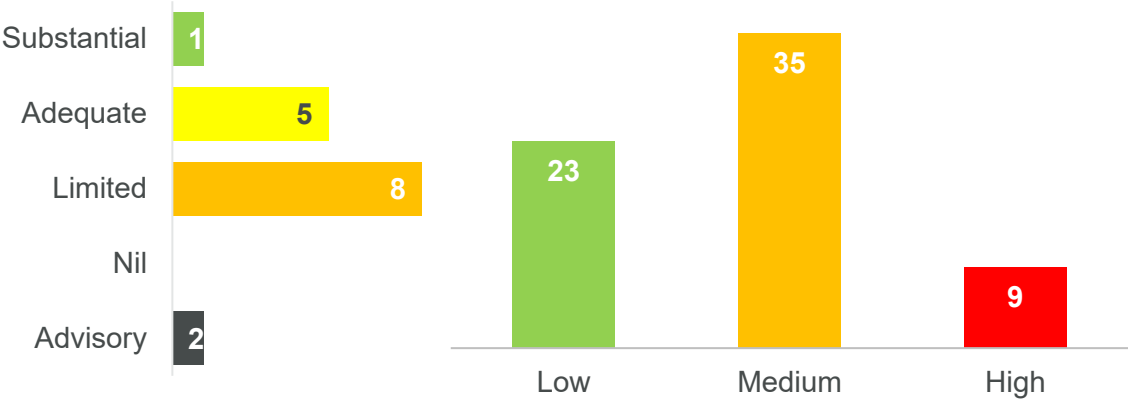
The responses to the draft report for **Management, Monitoring and Collection of Income, Scheme of Delegation** are overdue from management.

We continue to meet with the Head of Internal Audit and Deputy Head of Internal Audit on a bi-weekly and monthly basis, with the last meeting held on 10 February 2025.

- We have undertaken follow ups of the four schools from the 2023/24 Plan which received a Limited assurance. Details of these can be found in section 2.
- A final position of audits relating to financial year 2023/24.

An overview of the Internal Audit Plan can be found in Section 3.

Assurance opinions in reporting period Audit recommendations in reporting period



2. Overview of Follow up activity

Between December 2024 and February 2025, we followed up on the four schools which received a ‘Limited’ assurance in the 2023/24 audit plan. The outcomes of our follow up are tabled below.

School	Total recommendations raised	High	Medium	Low	No Evidence Received	Implemented	Overdue
Gladesmore	4	-	2	2	-	2	2
Muswell Hill	7	1	1	5	-	6	1
Stroud Green	14	1	4	9	3	9	2
Lordship Lane	19	-	15	4	9	6	4
Totals	44	2	22	20	12	23	9

3. Latest Reports Issued – Summary of Findings 2024/25

Since our last update, we have issued our final report relating to our review of the **Financial Assessment of Clients** from the 2024/25 Plan. A summary of our most significant findings and the root cause(s) of issues is included below.

Your One Page Summary

Audit Objective: to review the key systems and controls in relation to the management of client contribution towards care services, within Adult Social Services.

Audit rationale		
Why the Audit is in Your 2024/25 Plan	Your Strategic Risk	Your Strategic / Tactical Objective
It is an area with a high risk of fraud.	Inaccurate or fraudulent financial contributions are made.	Increased awareness of, access to, financial advice and support in the borough.

Summary of our opinion					
<div>Limited Assurance</div> <div>See Appendix A2 for definitions</div>		Summary of Recommendations			
		High (Priority 1)	3	Actions agreed by you	100%
		Medium (Priority 2)	6	Priority 1 completion	March 2025
		Low (Priority 3)	3	Overall completion	March 2025
		X			

Summary of findings		
Examples of good practice	High Priority Findings	Key root causes
<div>✓ Invoices raised by the Financial Assessment team aligned to the debt management system</div> <div>✓ The Financial Assessment Form contain key fields e.g., personal information, income and welfare benefits, savings etc</div>	<div>• Unpaid invoices are not identified</div> <div>• No performance or debt reporting to senior management</div> <div>• The care management system lacks key functionalities</div>	<div>• Resource constraints</div> <div>• Key documentation was lost during the migration from Mosaic to LAS/ContrOCC</div> <div>• A lack of defined processes and expectations within the Financial Assessment team</div>

3. Latest Reports Issued – Summary of Findings 2024/25

Since our last update, we have issued our final report relating to our review of the **Corporate Performance and Intelligence and Change Portfolio** from the 2024/25 Plan. A summary of our most significant findings and the root cause(s) of issues is included below.

Your One Page Summary

Audit Objective: To assess the design and effectiveness of the control framework for managing corporate performance and change portfolio.

Audit rationale				
Why the Audit is in Your 2024/25 Plan		Your Strategic Risk		Your Strategic / Tactical Objective
To ascertain whether the Council has a framework to manage and oversee corporate priorities to improve their services		Council services are not responsive to the needs of residents and are not of a high quality		Continuous improvement in service delivery
Summary of our opinion				
<div>Limited</div> <div>See Appendix A1 for definitions</div>		Summary of Findings		
		High (Priority 1)	-	Actions agreed100%
		Medium (Priority 2)	4	Priority 1 completionN/A
		Low (Priority 3)	3	Overall completionDecember 2025
<div><div></div><div></div><div>X</div><div></div></div>				
Summary of findings				
Examples of good practice		Medium Priority Findings		Key root causes
<div>✓ Updates on the Corporate Delivery Plan (CDP) and Change Portfolio are obtained quarterly and monthly, respectively and are reported via the Change Delivery Group (Change), Corporate Leadership Team (CLT), Cabinet and Scrutiny</div> <div>✓ Standardised approach to RAG ratings across the CDP and Change Portfolio RAG ratings reporting on RAG status, completed actions and achieved Milestones</div>		<div>• Lack of clarity around the frequency of reporting and KPIs are not updated or reported on for quarter one 2024/25</div> <div>• Director sign off was not obtained for 73 of 186 CDP updates in Q1 updates: 47 Greens, 22 Ambers and 4 Reds</div> <div>• No metric based KPI reporting on the expected benefits from the Change Portfolio and activities within the CDP.</div>		<div>• Limited capacity within the Central Performance Management team</div> <div>• The Change Management Function has undergone a restructure and is not yet at capacity</div> <div>• Roles and responsibilities are not clearly defined</div>
This audit has not provided assurance on whether the Council will achieve its corporate priorities and change projects and programmes portfolio.				

3. Latest Reports Issued – Summary of Findings 2024/25

Since our last update, we have issued our final report relating to our review of **Review and Management of Off Contract Spend** from the 2024/25 Plan. A summary of our most significant findings and the root cause(s) of issues is included below.

Your One Page Summary

Audit Objective: to assess the design and effectiveness of the control framework for reviewing and managing off contract spend.

Note for the sample testing data requested, we only received data to undertake testing after fieldwork had initially planned to be concluded. When selecting a sample, we found that only one of the nine samples was a full end-to-end tender bid and award, which was re-awarded to the previous supplier as they were the only bidder to respond to the request for quote. We therefore did not investigate the bid process any further, due to time restrictions and limited value of that sample. Our full limitations are outlined in Appendix A1.

Audit rationale						
Why the Audit is in Your 2024/25 Plan			Your Strategic Risk			
There are concerns around high / inappropriate off contract spend across the Council.			Failure to achieve value for money/a loss of savings.			
Summary of our opinion						
<div>Limited Assurance</div> <div>See Appendix A1 for definitions</div>			Summary of Findings			
			High (Priority 1)	3	Findings agreed	100%
			Medium (Priority 2)	3	Priority 1 completion	31 December 2025
			Low (Priority 3)	-	Overall completion	31 December 2025
		X				
Summary of findings						
Examples of good practice		Highest Priority Findings		Key root causes		
<div>✓ Contract Standing Orders (CSOs) (July 2023) provide instruction for procurement at different thresholds, including roles and responsibilities, the tender process, and sign off requirements. The approved CSOs are available on the Council's website, and form part of the Council's constitution</div> <div>✓ The Financial Administration team produces monthly Non compliant spend reports, which highlight spend in each directorate that has been identified as being potentially off contract spend.</div>		<div>• For five procurements over £10k (of nine tested), contracts are not held on Haringey Procurement and Contracting System(HPCS), or they are not signed</div> <div>• Waiver reports are not produced in a timely manner i.e., before existing contracts expire.</div> <div>• Directors and the wider Corporate Leadership Team (CLT) have no oversight of off contract spend.</div>		<div>• Budget holders bypass HPCS when procuring goods and services.</div> <div>• A lack of an automated system to confirm whether procured services have a contract in place until the invoice is received.</div> <div>• Accountability for following up on potential off contract spend is not assigned.</div> <div>• Waivers are used to extend long standing contracts. The Chief Procurement Officer explained that the timing of contract is not viewed as a priority.</div>		

3. Latest Reports Issued – Summary of Findings 2024/25

Since our last update, we have issued our final report relating to our review of the **Management over Gifts and Hospitality** and from the 2024/25 Plan. A summary of our most significant findings and the root cause(s) of issues is included below.

Your One Page Summary

Audit Objective: To assess the design and effectiveness of the control framework for management of gifts and hospitality declarations.

Audit rationale

Why the Audit is in Your 2024/25 Plan

This area has not been subject to an audit recently.

Your Strategic Risk

Non-compliance with the Bribery Act, 2010.

Summary of our opinion

Limited Opinion

See Appendix A1 for definitions

Summary of Findings

High (Priority 1)	0	Actions agreed	100%
Medium (Priority 2)	5	Priority 1 completion	N/A
Low (Priority 3)	1	Overall completion	June 2025



Summary of findings

Examples of good practice	Medium Priority Findings	Key root causes
<ul style="list-style-type: none">✓ Gifts and hospitality are declared using the ticketing system, Halo which automatically sends approval request to Line Managers✓ Annual reminders are sent out to staff regarding declarations of gifts and hospitality	<ul style="list-style-type: none">• There is no oversight over the gifts and hospitality declaration process• Not all staff have been assigned or completed the mandatory Anti-Bribery e-learning• Gifts and hospitality are accepted before approval from Line Managers and some individuals do not have approvers• The Gifts and Hospitality Register is missing key information• Lack of reporting to senior management of gifts and hospitality	<ul style="list-style-type: none">• Corporate ownership has not been considered / assigned• Management have not documented the requirement for gifts/hospitality declarations to be approved prior to them being accepted• Halo declaration form can be submitted without certain fields being filled in resulting in blank sections in the Gifts and Hospitality Register• Management have not considered the need to regularly report declared gifts and hospitality to senior management

3. Latest Reports Issued – Summary of Findings 2024/25

Since our last update, we have issued our final report relating to our review of **Children's Provider Payments** from the 2024/25 Plan. A summary of our most significant findings and the root cause(s) of issues is included below.

Your One Page Summary

Audit Objective: to assess the design and effectiveness of the control framework for managing the children’s provider payments process.

Audit rationale					
Why the Audit is in Your 2024/25 Plan The system for making provider payments has changed and there is a requirement to review current and proposed ways of working		Your Strategic Risk Financial risks around payments and funding processes, governance, insight, management, overview and analysis Failure to adopt new ways of working due to a misalignment between systems and working practices		Your Strategic / Tactical Objective To address concerns relating to the financial health of the Children’s Directorate and improve operational activity to address key concerns	
Summary of our opinion					
<div>Limited Opinion</div> <div>See Appendix A1 for definitions</div>		Summary of Findings			
		High (Priority 1)	0	Actions agreed	100%
		Medium (Priority 2)	3	Priority 1 completion	February 2025
		Low (Priority 3)	2	Overall completion	March 2025
Summary of findings					
Examples of good practice <ul style="list-style-type: none">✓ Payments Officers review provider payments and they are approved by the Payments Team Manager✓ Justification for variances to payments is provided and variances are checked by the Payments Team Manager for each payment run		Medium Priority Findings <ul style="list-style-type: none">• Commitment reports held by the Payments team are not clear and lack data integrity checks and the budget monitoring process is not documented• No performance monitoring or reporting		Key root causes <ul style="list-style-type: none">• Lack of information regarding the forecast process is shared between the Payments team and Finance and some of the current commitment reports are not fit for purpose• Required output reports are not fit for purpose i.e., they lack accuracy, valuable data and insights	

3. Latest Reports Issued – Summary of Findings 2024/25

Since our last update, we have issued our final report relating to our review of the **Management of Council Tax Reduction Scheme** from the 2024/25 Plan. A summary of our most significant findings and the root cause(s) of issues is included below.

Your One Page Summary

Audit Objective: assess the design and effectiveness of the control framework for managing the Council Tax Reduction Scheme (CTRS).

This audit has not provided assurance on the accuracy of the decisions of CTRS applications, therefore our work should not be relied upon for assurance that that the correct reduction was applied. The spreadsheet of CTRS claims we were provided did not indicate if a claim was verified by the DWP or the Council, as such we could not differentiate between claims handled by the DWP and those handled directly by the Council. Therefore, we were unable to review the supporting evidence for our sample of ten CTRS claims as they were either Universal Claim or pensioners applications and the verifications were completed by the Department for Work and Pensions (DWP) and not the Council. We were unable to go into each claim on the system to determine if it was handled by the DWP or the Council due to time/budget restrictions. Our full scope limitations are outlined within Appendix A1.

Audit rationale															
Why the Audit is in Your 2024/25 Plan		Your Strategic Risk													
To ascertain whether the Council has appropriate controls to management the CTRS.		Fraudulent CTRS claims are authorised, resulting in financial loss.													
Summary of our opinion															
<div><div>Adequate</div><div>See Appendix A1 for definitions</div></div>		Summary of Findings													
<div><div></div><div>X</div><div></div><div></div></div>		<table><tr><td>High (Priority 1)</td><td>-</td></tr><tr><td>Medium (Priority 2)</td><td>1</td></tr><tr><td>Low (Priority 3)</td><td>1</td></tr></table>	High (Priority 1)	-	Medium (Priority 2)	1	Low (Priority 3)	1	<table><tr><td>Actions agreed</td><td>100%</td></tr><tr><td>Priority 1 completion</td><td>N/A</td></tr><tr><td>Overall completion</td><td>31 March 2026</td></tr></table>	Actions agreed	100%	Priority 1 completion	N/A	Overall completion	31 March 2026
High (Priority 1)	-														
Medium (Priority 2)	1														
Low (Priority 3)	1														
Actions agreed	100%														
Priority 1 completion	N/A														
Overall completion	31 March 2026														
Summary of findings															
Examples of good practice		Medium Priority Finding	Key root causes												
<ul style="list-style-type: none">✓ CTRS guidance is available on the Council's website.✓ A sample of ten new CTRS applications, they were approved by the Benefits Manager before the approval letters were issued to the applicant.✓ A monthly report covering caseloads and service performance is produced via the NEC system.		<ul style="list-style-type: none">• CTRS applications are not processed timely.	<ul style="list-style-type: none">• Service restructuring between December 2023 and January 2024 and there is no automated method to identify overdue cases.												

3. Latest Reports Issued – Summary of Findings 2024/25

Since our last update, we have issued our final report relating to our review of **Treasury Management** from the 2024/25 Plan. A summary of our most significant findings and the root cause(s) of issues is included below.

Your One Page Summary

Audit Objective: To assess the design and effectiveness of the control framework for treasury management.

Audit rationale																	
Why the Audit is in Your 2024/25 Plan			Your Strategic Risk														
To ascertain the controls in place around the Council's Treasury Management function.			Failure to effectively manage cashflow.														
Summary of our opinion																	
<div><div>Adequate Opinion</div><div>See Appendix A1 for definitions</div></div>			<div>Summary of Findings</div> <table><tr><td>High (Priority 1)</td><td>0</td></tr><tr><td>Medium (Priority 2)</td><td>1</td></tr><tr><td>Low (Priority 3)</td><td>2</td></tr></table> <table><tr><td>Actions agreed</td><td>100%</td></tr><tr><td>Priority 1 completion</td><td>N/A</td></tr><tr><td>Overall completion</td><td>31 March 2025</td></tr></table>			High (Priority 1)	0	Medium (Priority 2)	1	Low (Priority 3)	2	Actions agreed	100%	Priority 1 completion	N/A	Overall completion	31 March 2025
High (Priority 1)	0																
Medium (Priority 2)	1																
Low (Priority 3)	2																
Actions agreed	100%																
Priority 1 completion	N/A																
Overall completion	31 March 2025																
<div><div>Summary of findings</div><table><tr><td>Examples of good practice</td><td>Medium Priority Finding</td><td>Key root causes</td></tr><tr><td><ul style="list-style-type: none">✓ The approved Treasury Management Strategy Statement for 2024/25 is publicly available on the Council's website.✓ A daily investment plan is prepared by an officer and approved by the Senior Accountant or Head of Pensions and Treasury in line with delegated authority limits.✓ For our sample of three short-term and three long-term borrowings, each were recorded in the finance system, SAP as well as Logotech (the treasury management system), and loan certificates were retained.</td><td><ul style="list-style-type: none">• Borrowing Decision Sheets kept on file for 2023/24 had not been signed by the S151 Officer and/or Head of Pensions and Treasury. Additionally, the Sheets did not make clear the cumulative total borrowing approved for the financial year 2023/24.</td><td><ul style="list-style-type: none">• Borrowing Decision Sheets are not signed due to other methods of approval being utilised i.e., via email and they only detail additional new borrowing approved, rather than showing cumulative borrowing approved for a given financial year.</td></tr></table></div>						Examples of good practice	Medium Priority Finding	Key root causes	<ul style="list-style-type: none">✓ The approved Treasury Management Strategy Statement for 2024/25 is publicly available on the Council's website.✓ A daily investment plan is prepared by an officer and approved by the Senior Accountant or Head of Pensions and Treasury in line with delegated authority limits.✓ For our sample of three short-term and three long-term borrowings, each were recorded in the finance system, SAP as well as Logotech (the treasury management system), and loan certificates were retained.	<ul style="list-style-type: none">• Borrowing Decision Sheets kept on file for 2023/24 had not been signed by the S151 Officer and/or Head of Pensions and Treasury. Additionally, the Sheets did not make clear the cumulative total borrowing approved for the financial year 2023/24.	<ul style="list-style-type: none">• Borrowing Decision Sheets are not signed due to other methods of approval being utilised i.e., via email and they only detail additional new borrowing approved, rather than showing cumulative borrowing approved for a given financial year.						
Examples of good practice	Medium Priority Finding	Key root causes															
<ul style="list-style-type: none">✓ The approved Treasury Management Strategy Statement for 2024/25 is publicly available on the Council's website.✓ A daily investment plan is prepared by an officer and approved by the Senior Accountant or Head of Pensions and Treasury in line with delegated authority limits.✓ For our sample of three short-term and three long-term borrowings, each were recorded in the finance system, SAP as well as Logotech (the treasury management system), and loan certificates were retained.	<ul style="list-style-type: none">• Borrowing Decision Sheets kept on file for 2023/24 had not been signed by the S151 Officer and/or Head of Pensions and Treasury. Additionally, the Sheets did not make clear the cumulative total borrowing approved for the financial year 2023/24.	<ul style="list-style-type: none">• Borrowing Decision Sheets are not signed due to other methods of approval being utilised i.e., via email and they only detail additional new borrowing approved, rather than showing cumulative borrowing approved for a given financial year.															

3. Latest Reports Issued – Summary of Findings 2024/25

Since our last update, we have issued our final report relating to our review of **Deprivation of Liberty Safeguarding** from the 2024/25 Plan. A summary of our most significant findings and the root cause(s) of issues is included below.

Your One Page Summary

Audit Objective: assess whether adequate and appropriate policies, procedures, and controls are in place to manage risks relating to Deprivation of Liberty Safeguards.

This audit is focussed on the Council's internal controls to complete assessments and make decisions in place, it has not provided assurance on whether the Council has correctly issued DoLS.

Audit rationale			
Why the Audit is in Your 2024/25 Plan		Your Strategic Risk	Your Strategic / Tactical Objective
It is an area with high statutory risk for the Council		Adults within the scope of s.4A(5) Mental Capacity Act 2005 as amended in 2007 ("MCA 2005") are not assessed as per the requirements set out by the law.	To complete all DoLS requests within the statutory time frame as per the procedure set by the law" corresponding with the agreed strategic risk.
Summary of our opinion			
<div>Adequate Assurance</div> <div>See Appendix A1 for definitions</div>		<div>Summary of Findings</div>	
<div><div></div><div>X</div><div></div><div></div></div>		<div>High (Priority 1)</div>	<div>-</div>
		<div>Medium (Priority 2)</div>	<div>1</div>
		<div>Low (Priority 3)</div>	<div>2</div>
		<div>Actions agreed</div>	<div>100%</div>
		<div>Priority 1 completion</div>	<div>N/A</div>
		<div>Overall completion</div>	<div>June 2025</div>
Summary of findings			

- ✓ All relevant assessment forms were completed for our sample of ten DoLS applications
- ✓ The Liquidlogic case management system stores all communication and completed assessments for each DoLS case
- ✓ From our sample of ten DoLS applications, a Relevant Person Representative / Paid Relevant Person Representative was appointed

- Non-compliance with statutory timeframes

- Nationwide shortages for Independent Mental Capacity Advocates and Mental Health Assessors impact the Council's ability to process DoLS applications within the statutory timeframes

3. Latest Reports Issued – Summary of Findings 2024/25

Since our last update, we have issued our final report relating to our review of **Pensions Investment Management** from the 2024/25 Plan. A summary of our most significant findings and the root cause(s) of issues is included below.

Your One Page Summary

Audit Objective: to assess the design and effectiveness of the control framework for Pension Investment Management.

We are not pensions and/or investment management experts. Staff completing the work were public sector internal auditors and not specialists. We have not provided assurance over the appropriateness or accuracy of the Council’s pensions investments and whether these are compliant with the Council’s Investment Strategy but the internal controls in place to govern the Pensions Fund. Nothing in this report should be construed as Forvis Mazars providing an expert opinion on the probity of the process examined. Our full limitations are outlined in Appendix A1.

Audit rationale															
Why the Audit is in Your 2024/25 Plan		Your Strategic Risk													
This area has potentially significant financial implications of increased Council contributions if the Pensions Fund is not appropriately managed.		Failing to invest in appropriate pension funds, this could lead to financial loss.													
Summary of our opinion															
<div><div>Adequate</div><div>See Appendix A1 for definitions</div></div>		<div>Summary of Findings</div> <table><tr><td>High (Priority 1)</td><td>-</td></tr><tr><td>Medium (Priority 2)</td><td>1</td></tr><tr><td>Low (Priority 3)</td><td>-</td></tr></table> <table><tr><td>Actions agreed</td><td>100%</td></tr><tr><td>Priority 1 completion</td><td>NA</td></tr><tr><td>Overall completion</td><td>June 2025</td></tr></table>		High (Priority 1)	-	Medium (Priority 2)	1	Low (Priority 3)	-	Actions agreed	100%	Priority 1 completion	NA	Overall completion	June 2025
High (Priority 1)	-														
Medium (Priority 2)	1														
Low (Priority 3)	-														
Actions agreed	100%														
Priority 1 completion	NA														
Overall completion	June 2025														
<div><div></div><div>X</div><div></div><div></div></div>															
Summary of findings															
Examples of good practice		Medium Priority Finding	Key root cause												
<div><div>✓</div>Quarterly performance monitoring and reconciliation activities were performed by officers to verify the accuracy of reporting from fund managers.</div> <div><div>✓</div>Pension Committee and Board is in place to oversee and scrutinise pensions-fund activity</div> <div><div>✓</div>The Investment Strategy Statement for 2024/25 outlines the portfolio parameters including asset category, target allocation and performance objectives to govern the</div>		<div><div>•</div>Lack of documented guidance and mandatory training for officers responsible for pension investment-related processing.</div>	<div><div>•</div>It is a small team and therefore formalised guidance, and mandatory training have not been previously considered.</div>												

3. Latest Reports Issued – Summary of Findings 2024/25

Since our last update, we have issued our final report relating to our review of the **Future Design of Waste Management Services** from the 2024/25 Plan. A summary of our most significant findings and the root cause(s) of issues is included below.

Your One Page Summary

Audit Objective: assess the design and effectiveness of key systems and controls in relation to the **Future Design of Waste Management Services**.

This audit has not provided assurance over whether the Council made the 'correct' decision with regards to the provision of its waste service but the processes in place to reach this decision.

Audit rationale									
Why the Audit is in Your 2024/25 Plan		Your Strategic Risk							
The Council's waste services contract with Veolia is coming to an end and the future service offering is being explored.		Failure to achieve value for money from the waste services contract.							
Summary of our opinion									
<div>Substantial</div> <div>See Appendix A1 for definitions</div>		Summary of Findings							
<div>X</div> <div></div> <div></div> <div></div>		<div>High (Priority 1)</div> <div>Medium (Priority 2)</div> <div>Low (Priority 3)</div>	<table><tr><td>Actions agreed</td><td>100%</td></tr><tr><td>Priority 1 completion</td><td>N/A</td></tr><tr><td>Overall completion</td><td>28/02/2025</td></tr></table>	Actions agreed	100%	Priority 1 completion	N/A	Overall completion	28/02/2025
Actions agreed	100%								
Priority 1 completion	N/A								
Overall completion	28/02/2025								
Summary of findings									
Examples of good practice		Low Priority Findings							
<div>✓ Risks were assessed for each option considered.</div> <div>✓ All potential eight options for the future of waste service were assessed using a cost modelling analysis and qualitative analysis; the qualitative analysis included service quality, social value and timing.</div> <div>✓ Prior to the approval of the Business Case by Cabinet it was shared with the Corporate Leadership Team (CLT), Members and the Commercial Board for their review.</div>		<div>• The Project Initiation Document (PID) did not detail responsibilities of the waste commissioning project (the project) staff or the reporting structure for the project and it was not signed to evidence approval from the Waste Commissioning Project Sponsor (Assistant Director for Stronger and Safer Communities).</div> <div>• The Waste Services Review (WSR) did not formally establish mitigations for identified risks.</div>							
		Key root causes							
		<div>• The original PID (August 2022) was updated in January 2024, and it was not deemed necessary to restate the information that had not changed from the original PID or obtain approval as the project was underway.</div> <div>• The Council did not view identifying mitigations as necessary until the preferred option was selected.</div>							

4. Overview of Internal Audit Plan 2024/25

The table below lists the status of all reviews within the 2024/25 Plan that have a status of draft terms of reference (ToR) issued or beyond.

Review	Audit Sponsor	Status	Start Date	Date Finalised	Audit Committee	Assurance Level	Total	High	Medium	Low
Management of FOIs	Director of Culture, Strategy and Engagement	Final Report	June 2024	August 2024	September 2024	Adequate	5	-	2	3
Financial Assessment of Clients	Director of Adults, Health & Communities	Final Report	June 2024	December 2024	March 2025	Limited	12	3	6	3
Implementation of Panacea	Director of Finance	Draft Report	June 2024							
Arrangements for LADO	Director of Children's Services	Final Report	June 2024	October 2024	December 2024	Substantial	2	-	-	2
Governance over Delivery of Savings	Director of Finance	Final Report	July 2024	September 2024	December 2024	Limited	4	-	3	1
Children Provider Payments	Director of Children's Services	Final Report (additional work requested)	July 2024 / December 2024	October 2024 / February 2025	March 2025	Limited	5	-	3	2
Leisure Services Insourcing (pre-implementation)	Director of Environment and Resident Experience	Draft Report	July 2024							
Management of Staff Performance	Chief People Officer	Final Report	July 2024	September 2024	December 2024	Limited	5	3	1	1
Birchtree Landlords Fact Finding	Director of Environment and Resident Experience	Final Report	August 2024	September 2024	December 2024	N/A	-	-	-	-
Birchtree	Director of Culture, Strategy and Engagement	Draft Report	August 2024							
Lettings Fact Finding	Director of Placemaking and Housing	Review	August 2024				-	-	-	-
New Operating Model - the Procurement Act	Director of Finance	Final Report	August 2024	October 2024	December 2024	Limited	3	-	3	-

4. Overview of Internal Audit Plan 2024/25

The table below lists the status of all reviews within the 2024/25 Plan that have a status of draft terms of reference (ToR) issued or beyond.

Review	Audit Sponsor	Status	Start Date	Date Finalised	Audit Committee	Assurance Level	Total	High	Medium	Low
Scheme of Delegation	Director of Finance	Draft Report	August 2024							
Management, Monitoring and Collection of Income in Council	Director of Finance	Draft Report	August 2024							
Planning	Director of Placemaking and Housing	Final Report	September 2024	October 2024	December 2024	Adequate	4	-	1	3
Corporate Performance and Intelligence and Change Portfolio	Director of Culture, Strategy and Engagement	Final Report	September 2024	January 2025	March 2025	Limited	8	-	4	4
Management over Gifts and Hospitality	Chief People Officer	Final Report	September 2024	November 2024	March 2025	Limited	6	-	5	1
Treasury Management	Director of Finance	Final Report	October 2024	February 2025	March 2025	Adequate	3	-	1	2
Management of Council Tax Reduction Scheme	Director of Environment and Resident Experience	Final Report	October 2024	January 2025	March 2025	Adequate	2	-	1	1
Review and Management of Off Contract spend	Director of Finance	Final Report	October 2024	February 2025	March 2025	Limited	6	3	3	-
Future Design of Waste Management Services	Director of Environment and Resident Experience	Final Report	November 2024	January 2025	March 2025	Substantial	2	-	-	2
Deprivation of Liberty Safeguards	Director of Adult Social Services	Final Report	November 2024	February 2025	March 2025	Adequate	3	-	1	2
Management of Green Haringey	Director of Environment and Resident Experience	Draft Report	November 2024							
Cyber Governance and Risk Management	Director of Culture, Strategy and Engagement	Draft Report	November 2024							
Planned Maintenance - Kenneth Robbins and Stellar House	Director of Placemaking and Housing	Review	November 2024							

4. Overview of Internal Audit Plan 2024/25

The table below lists the status of all reviews within the 2024/25 Plan that have a status of draft terms of reference (ToR) issued or beyond.

Review	Audit Sponsor	Status	Start Date	Date Finalised	Audit Committee	Assurance Level	Total	High	Medium	Low
Reablement	Director of Adult Social Services	Draft Report	December 2024							
IT Change and Problem Management	Director of Culture, Strategy and Engagement	Fieldwork	February 2025							
Pensions Investment Management	Director of Finance	Final Report	December 2024	February 2025	March 2025	Adequate	1	-	1	-
Accounts Receivable (Sundry Debtors)	Director of Finance	Draft Report	January 2025							
Delivery of New Council Homes	Director of Placemaking and Housing	Review	January 2025							
Arrangements for Managing Contracts within Housing Services (Letting of Contract, Use of Waivers, Novation etc)	Director of Placemaking and Housing	Fieldwork	January 2025							
Housing Repairs - Responsive	Director of Placemaking and Housing	Fieldwork	January 2025							
Homecare Services	Director of Adult Social Services	Fieldwork	January 2025							
Recycling	Director of Environment and Resident Experience	Fieldwork	February 2025							
Performance and Project Management Governance Framework	Director of Culture, Strategy and Engagement	Draft ToR	February 2025							
Digital Transformation	Director of Culture, Strategy and Engagement	Draft ToR	February 2025							
Regulatory and Enforcement Services	Director of Environment and Resident Experience	Draft ToR	March 2025							
Sickness Management	Chief People Officer	Final ToR	March 2025							
Management of Community Assets	Director of Placemaking and Housing	Draft ToR	March 2025							

4. Finalised Overview of Internal Audit Plan 2023/24

The table below lists the status of all reviews within the 2023/24 Plan.

Review	Original Days	Revised Days	Audit Sponsor	Status	Start Date	Assurance Level	Total	High	Medium	Low
Residential Placements (2022/23)	10	15	Director of Children’s Service	Final Report	May-23	Nil	10	2	6	2
Commercial Property	10	15	Director of Placemaking & Housing	Final Report	Jun-23	Limited	16	6	6	4
Children In Care	10	10	Director of Children’s Service	Final Report	Jan-24	Limited	5	1	3	1
Policies around Damp and Mould	10	10	Director of Placemaking & Housing	Final Report	Jan-24	Limited	11	3	6	2
Regeneration of Canning Crescent / Osbourne Grove	10	10	Director of Placemaking & Housing	Final Report	Mar-24	Adequate	3	-	2	1
HCBS audit	20	16	Director of Placemaking & Housing	Final Report	Mar-24	Limited	3	-	2	1
HFH audit	20	16	Director of Placemaking & Housing	Final Report	Mar-24	Limited	8	-	5	3
Management of Council Purchase Cards (including how we want to use them)	12	12	Director of Finance	Final Report	Apr-24	Limited	3	1	2	-
Tenancy Management	10	10	Director of Placemaking & Housing	Final Report	Apr-24	Limited	12	-	5	7
Homeownership Service	7	10	Director of Placemaking & Housing	Final Report	Mar-24	Limited	3	1	-	2
Follow up Actions from Property Improvement Plan	8	8	Director of Placemaking & Housing	Final Report	Apr-24	N/A	-	-	-	-
Coroner’s Service	10	10	Monitoring Officer	Final Report	May-24	N/A	8	0	6	2

4. Finalised Overview of Internal Audit Plan 2023/24

The table below lists the status of all reviews within the 2023/24 Plan.

Review	Original Days	Revised Days	Audit Sponsor	Status	Start Date	Assurance Level	Total	High	Medium	Low
International Recruitment	12	12	Chief People Officer	Final Report	Oct-24	Limited	6	-	5	1
Voids and Follow up of Lettings	12	12	Director of Placemaking and Housing	Final Report	Jan-24	Limited	6	2	4	-
Statutory Compliance KPI Assurance	30	30	Operational Director for Housing Services and Building Safety	Final Report	Mar-24	N/A	4	1	1	2
Governance arrangements over Regeneration of Broadwater Farm	10	10	Director of Placemaking and Housing	Final Report	Apr-24	Limited	6	1	1	4
Administration of the Landlord Licensing Scheme and Learning Lessons from its use	10	10	Director of Environment and Resident Experience	Final Report	Apr-24	Adequate	4	-	-	4

Forvis Mazars

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Statement of Responsibility

We take responsibility to 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 Forvis 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, reinterperatation amendment and/or modification by any third party is entirely at their own risk.

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Report for: Audit Committee 27th January 2025

Item number: 12

Title: Anti – Fraud and Corruption Progress Report Quarter 3 2024/25

Report authorised by: Taryn Eves – Director of Finance

Lead Officer: Minesh Jani – Head of Audit & Risk Management
Minesh.Jani@Haringey.gov.uk
07817 617839

Ward(s) affected: N/a

**Report for Key/
Non-Key Decision:** N/a

1. Describe the issue under consideration

This report details the work undertaken by the in-house resources in the Audit and Risk team and communicates a third quarter update on completion of the work plan for 2024/25.

2. Cabinet Member Introduction

Not Applicable.

3. Recommendations

The Audit Committee is recommended to note the activities of the team during quarter three of 2024/25.

4. Reasons for decision

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

Not Applicable.

6. Background information

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

7. Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes.

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 strategic priority outcomes.

8. Carbon and Climate Change

There are no direct financial implications arising from this report.

9. Statutory Officers comments (Director of Finance (procurement), Assistant Director of Legal and Governance, Equalities)

Finance

There are no direct financial implications arising from this report.

Procurement

There are no direct contract and/or procurement implications arising from this report.

Legal

The Council's Head of Legal and Governance has been consulted in the preparation of this report, and in noting the progress made with delivering the Audit Plan, 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.

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.

10. Use of Appendices

Not Applicable

11. Background papers

Not Applicable

12. INTRODUCTION

- 12.1 This report covers the period from 5 October 2024 to 3 January 2025 and summarises the work of the Audit & Risk Service in relation to anti-fraud and corruption.
- 12.2 The work of the team is driven by the Council's Anti-Fraud, Bribery & Corruption Strategy which was reviewed in September 2024. The Strategy is supported by a risk assessment and operational work plan, which is annually reviewed. More information is provided in section 13 of the report.
- 12.3 The Fraud resources within the Audit & Risk Service consists of a Head and Deputy Head of Audit & Risk and six Fraud Investigators. Resources available for Anti-Fraud, Corruption and Bribery work total circa 6.5 FTEs.
- 12.4 Fraud risk is considered when scoping all audit assignments, undertaken by Mazars, and where there is a high inherent risk of fraud in the system and process additional focus is included in the scope. The in-house resource investigates issues that arise, or other risk areas identified in the strategic audit planning. The results of all this work feeds into our assessment of fraud risk in the council.
- 12.5 Annually the governance of the organisation is reviewed, and this informs the Annual Governance Statement, which was presented to Members in July. This review considers the system of internal control which helps to inform our overall risk assessment. The Annual Report and Head of Internal Audit Opinion outlines weaknesses in internal control. There are several areas of the council where our first and second line of defence control are not robust enough to prevent and detect fraud.

13. Risk Assessment 2024/25

- 13.1 There have been no changes to our fraud risk assessment in quarter three.

14. Anti-Fraud & Corruption Work Plan for 2024/25

- 14.1 The review of the Anti-Fraud, Corruption and Bribery Policy and Strategy in quarter two has created an action plan for 2024/25 to refresh and create procedural and guidance material for stakeholders to ensure the service complies with good practice. The team have a target of March 2025 to complete this work, however the current pressures on the team are diverting resources to audit and reactive fraud tasks.
- 14.2 The team's work plan this year includes proactive work relating to:
- **National Fraud Initiative (NFI)** the team facilitated the update of all data sets in quarter three in preparation for the next exercise, results started to arrive late December.

- **Temporary Accommodation** which was carried over from 2023/24 - data alone has been unable to drive the outcomes of this work it is believed that physical door knocking may be the only way to identify fraud occurring.
- **Hidden Assets in Financial Assessments** which was carried over from 2023/24 - this work is on hold, but findings from our intelligence work have been shared with management, Mazars have completed an Internal Audit and the Deputy Head of Audit & Risk is monitoring progress by attending an officer working group whose remit is to ensure the processes within social care around charging, collecting income and recovering debt are strengthened.
- **Procurement due to the fraudulent activity identified in 2023/24.** An analysis of all 2023/24 spend has been undertaken to determine if other similar frauds have occurred. Our work found none, however further work will be undertaken with regards 15 suppliers to establish whether breaches of our internal rules and procedures have occurred.
- We have as yet been unable to complete the work regarding the **Use of Death List information** which was planned in to try to ensure that the Council has the information and promptly stops services no longer required, preventing those identities, public funds, and properties from being misused. We do continue to identify cases where services or payments are still being made post death as part of our daily work and these are communicated to management and tracked until actions are complete.

14.3 This was a challenging proactive plan for the year but all high-risk areas where work is needed from both the fraud and audit perspective. As noted above, reactive workloads are putting pressure on our resources available to deliver the proactive work.

14.4 As part of our work to prevent fraud the team have continued in quarter three to also support, via advice and training, other council teams to better utilise intelligence checks as part of application processing or financial / service assessment. This work has also moved teams off a high-cost service provider onto our provider, who is not for profit, which will save the council considerable money in coming years.

15. **ANTI-FRAUD ACTIVITY**

15.1 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. After a downturn in outcomes because of the impact covid had on Housing processes the team are finally starting to see a return to pre covid levels of performance.

15.2 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 was then revised to £42,000 by a network of housing

and fraud bodies and was at the time supported by the Cabinet Office. Most recently the Cabinet Office has valued a property recovery at £78,300.

15.3 Table 2 - Local Performance measures – anti fraud activity

Performance Indicator	Q3	YTD	Annual Measure
Properties Recovered	12	28	50
Right to Buys prevented	9	31	80

15.4 Tenancy Fraud – Council properties

15.5 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, however this post in the main undertakes proactive fraud prevention checks for housing. There are plans to do cross team proactive tenancy fraud campaigns and use data matching however this work will not be completed until the Housing Improvement Programme has improved systems, process, and technology across Housing services. It is hoped these process and control improvements, and the planned proactive work will help to not only detect fraud but also deter it, in future. In quarter three conversations about next year's work plan for the team are exploring providing extra resources for reactive and proactive work in the housing directorate.

15.6 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. Circa half the live cases were generated from proactive work by the team: attending gas safety's; data matching or proactive fraud work the other half mainly from internal officer referral, tenancy officers, and small number from members or residents. Of the 435 ongoing investigations 241 currently sit with other teams for action and 194 are live investigations. The team have no live housing fraud prosecutions currently but there are two cases where prosecution is the central objective of the investigation plan. Data cleansing work planned in quarter three was only part completed; this will need to be completed by year end.

15.7 Table 3 - Tenancy Fraud Activity and Outcomes

Opening Caseload	417	
New Referrals received	40	
Total		
Properties Recovered		12

Case Closed – no fraud/no recovery action possible		10
Total		(-)
Ongoing Investigations		435

15.8 Right-to-buy (RTB) applications

15.9 At the end of quarter three were 237 ongoing applications with 84 under investigation as part of the statutory money laundering stage of the process. During quarter three, 9 RTB applications had been 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. 15 other applications ceased for reasons other than the Corporate Anti-Fraud Team's direct intervention. The applicants are served reminders, by homeownership and 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. 77 new applications were received in this period for review, five properties are awaiting re-valuation of the property value, and 6 properties were sold.

15.10 In quarter three planning has taken place to look at how the teams involved in this process will cope with the high number of right to buy applications received when the discount available was changed in November 2024. Monthly meetings are diarised at both strategic and operational levels to ensure the resources are optimising outcomes.

15.11 Blue Badge Fraud

15.12 To date there have been 131 cases accepted as part of the fraud prevention project. Outcomes from cases to date:

- 70 closed, no further action
- 2 Prosecution
- 3 cases with legal
- 36 cautions administered.
- 20 live cases – 8 at interview under caution stage

15.13 The project has proven to be successful, and it has been agreed with Parking that the activity must continue a business case is being developed to embed the process as business as usual with support from digital services to streamline and automate the process. The aspiration is that with increased automation, the sanctions from this work will cover the costs to the fraud team for the resources needed to administer all referrals expected in business as usual.

15.14 The following is the notional cost to the public purse used in prosecution cases "blue badge fraud is significant and, by claiming exemption from the

congestion charge, a blue badge holder saves £2,500 per year. They may also avoid having to pay for a resident's parking permit, at £50 - £250 a year. If the motorist avoids paying hourly on-street parking charges of £3 per hour for 40 hours a week, this adds up to a further £6,000 a year (this could be even higher if commuting to central London). Fraudulent misuse could be costing local government (TfL and the boroughs) £5,000 - £10,000 a year per badge, in addition to the extreme inconvenience for disabled motorists and passengers”.

15.15 Pro-active counter-fraud projects

No outcomes to report. Update provided in 14.2.

15.16 NFI

No outcomes to report. Update provided in 14.2.

15.17 Void Properties project update 2023/24

A proactive exercise to identify void properties / tenancies that need terminating, using death list data and council tax records that had a class F exemption (in the name of 'executors of') was completed in 2023/24.

The 69 cases identified by IA have been reported to Housing. 41 of them were known to Housing but were either not being pursued or were complex cases for resolution; for 13 of these anti-fraud officers were already assisting.

As at end of December 2024, only eleven cases remain open, four are with legal and seven are with housing for action. It is hoped that those not requiring legal process will be closed by year end.

The recoveries generated by this project are not included within the tenancy fraud performance to avoid double counting and because these cases were identified to proactively deter fraud occurring and to achieve other council objectives.

15.18 No Recourse to Public Funds (NRPF)

In quarter three, ten 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.

15.19 Squatting

Due to a high incidence of squatting in council properties the Audit & Risk team are looking at new incidences and reviewing them for trends, and evidence of criminal activity, as part of this work advice on risk and control is provided. Officers also attend evictions to gather evidence from squatters, the team have reviewed 12 cases referred by housing colleagues so far in 2024/25, and our primary role is to look for employee involvement and or intelligence that may support a police criminal enquiry. In quarter three concerns regarding control environment have been formally reported to management for action due to the increasing occurrences of squatting.

15.20 Ad hoc requests

The team deal day to day with many ad hoc requests from management for advice and guidance. They also respond to data protection requests from other teams and organisations.

A case which was referred incorrectly amongst squatting cases, was reviewed and it was identified that the council needed to act more strategically to resolve a complex housing case. The team accepted this under our audit role and documented case fully and raised audit recommendations to Management to proactively encourage resolution. Audit & Risk will track this case until resolution now to ensure efficient use of resources and collaborative working across teams continues.

15.21 Internal Employee Investigations

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

At the start of quarter three the team had two employee cases open. Both cases remain open at the end of the quarter. One case is criminal in nature and relates to an ex-employee, these investigations take many months to conclude. All new referrals re employees in quarter 3 have been accepted primarily due to allegations of polygamous working, see 15.22.

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.

For all cases there is consideration of root causes and where weaknesses in our control environment have contributed or enabled fraud, corruption, or other breaches of code of conduct and other rules and procedures to occur. These audit observations are highlighted to management.

15.22 Dual Employment Cases / Agency Worker cases

In quarter three the team worked on three cases relating to ex agency Workers from a fraud and corruption perspective. One is closed as there was insufficient evidence, the second we have provided all the evidence to the workers employee as will support their case as required. The third is a live case for us which involves three other councils.

We also had three employee related cases referred. Two current and one ex employee. The ex-employee case is closed as we have provided all the required evidence to their current employer. The two other cases remain live at the end of the quarter, both are also in the disciplinary process.

15.23 Whistleblowing Referrals

The Head of Audit and Risk Management maintains a record of referrals made using the Council's Whistleblowing Policy. At the start of quarter three, the team had one whistle-blower that related to an external organisation providing services on behalf of the council. This case remains on-going working in partnership with other council teams and other agencies, a closure meeting is planned for quarter four. No new whistleblower reports were received in quarter three.

Report for: Audit Committee – 11 March 2025

Item number: 13

Title: Updated Corporate Risk Register

Report authorised by : Taryn Eves, Director of Finance

Lead Officer: Minesh Jani, Head of Audit and Risk Management
Tel: 020 8489 5973
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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** N/A

1. Describe the issue under consideration

- 1.1 The Audit Committee is responsible for providing assurance about the adequacy of the Council's Risk Management Framework and Policy and monitoring the effectiveness of systems for the management of risk across the Council and compliance with them as part of its Terms of Reference.
- 1.2 Under its terms of reference, the Committee is also required to note the Council's Corporate Risk Register and be satisfied appropriate mitigating actions are being completed in a timely manner.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 The Audit Committee is asked to note the Corporate Risk Register as at 31 January 2025, attached at Appendix A.

4. Reasons for decision

- 4.1 The Corporate Risk Management Policy and Strategy sets out the assurance framework of the Council; how risk management fits with other management and operational functions; and the roles and responsibilities of members and officers in the risk management process. The Audit Committee is responsible for reviewing and approving the Risk Management Policy as part of its Terms of Reference and the committee approved the Policy in October 2024. The Committee also receives regular updates on the Council's Corporate Risk Register and the accompanying guidance (attached at Appendix B).

5. Alternative options considered

- 5.1 Not applicable. The requirement to have a corporate risk management policy and strategy is recommended best practice and forms part of the overall assurance framework of the Council. Further, the identification of risks as part of a risk management process is considered essential as part of a good governance framework.

6. Background information

- 6.1 The Corporate Risk Management Policy and Strategy has been reviewed to incorporate changes to the Council's approach, to ensure it is fit for purpose for the future and meets current good practice requirements.
- 6.2 The full Corporate Risk is attached at Appendix A. The Corporate Leadership Team last reviewed and discussed the full register on 20 February 2025. The profile of the Council's residual risk is shown in the table below.

I M P A C T	Catastrophic (5)			6,8	2,12, 9	1
	Severe (4)		8	11, 13	5	
	Material (3)			7		
	Minor (2)					
	Negligible (1)					
		Rare (1)	Unlikely (2)	Possible (3)	Probable (4)	Almost Certain (5)

LIKELIHOOD

- 6.3 The main changes to the corporate risk register are as follows:

Risk 1 - Maintaining and strengthen financial viability/balance across MTFP including failure to deliver identified savings – the forecast score has increased from “10” to “20” and future actions updated.

Risk 2 - Non-delivery of transformational change due to lack of corporate change functions. The risk wording has been updated with emphasis on lack of corporate change and the future risk increased from “8” to “12”.

Risk 9 - Failure to prepare for the impact associated with climate change, including air quality and pollution, extreme weather (e.g. flooding, heat). The future risk has increased from “12” to “20” and the future actions updated.

Risk 6 - Serious Cyber Security Incident leading to all or multiple council systems shutdown and/or council unable to undertake business and/or

significant ICO fine & reputational damage due to data breach, malware outbreak, phishing or ransomware attack. The future risk has decreased from “20” to “12” and the future actions updated.

Risk 7 - Failure to fully integrated functions transferring into the Council from Fusion, including culture and operations to improve performance. This risk has been removed and updated following the insourcing of leisure services. The new risk is “Failure to transform insourced leisure services including culture and operations to improve performance” and has a residual risk score of “9”.

Risk 11 - Failure to instigate arrangements for the proper management of Council property (including commercial and administrative buildings). The implementation date has been changed from 31/3/2025 to 31/12/2026.

Risk 3 - Impact of significant external economic factors, affecting service delivery, the local economy, employment opportunities and cost of living for residents. This risk has been removed from the corporate risk register.

- 6.4 Following a tender process to acquire a centralised and dedicated risk management system to capture and manage risks, the authority has procured JCAD Core. The system is being configured and will go live from 1 April 2025. It is envisaged that by moving away from a manual, spreadsheet based risk management approach, the use of a dedicated system will allow risk and action owners to be more risk aware and improve the practice of risk management across the organisation.

7. Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes

- 7.1 The internal audit work makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all key priority areas.

8. Carbon and Climate Change

- 8.1 There are no direct Carbon implications arising from this report.

9. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Legal and Governance, Equalities)

- 9.1 Finance and Procurement

Finance

There are no direct financial implications arising out of this report as the work associated with updating and monitoring the Council's corporate risk approach is included within service areas' revenue budgets.

The risks included in the corporate risk register could have significant financial implications for the Council if they were to materialise. Regular review and monitoring of existing and emerging risks helps to mitigate any potential financial implications.

Procurement

Strategic Procurement note the contents of this report and have been consulted on the relevant audits where required.

Actions arising related to procurement and the letting of contracts are contained within the relevant audit reports and will be actioned accordingly.

9.2 Assistant Director of Legal & Governance - Benita Edwards Head of Legal Services

Approval of the Corporate Risk Management Policy is a matter for Audit Committee, whose terms of reference and statement of purpose provide –

The Committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

The Committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

Accordingly, there are no legal reasons why Audit Committee should not approve the recommendations in this report.

9.3 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.

There are no direct equality implications arising out of this report.

10. Use of Appendices

Appendix A – Corporate Risk Register as at 31 January 2025

Appendix B – Risk Management Guidance

11. Background Information

None

CORPORATE RISK REGISTER													
No.	Risk Event Description	Risk Owner	Current Impact	Current Likelihood	Current Risk Score	Priority	Mitigating Actions to Date	Future Impact	Future Likelihood	Future Risk Score	Action Owner(s)	Future Actions / Update	
1	Maintaining and strengthening financial stability/ resilience across MFPF including future to deliver identified savings.	CLT Director of Finance	5	5	25	Short and Medium term	<p>The Council's financial position is challenging and necessary action must take place to bring it long term financial sustainability and reduce reliance on exceptional financial support.</p> <p>During 2024 the has included:</p> <ul style="list-style-type: none"> Rebuilding and set of budget and financial planning principles. Ad-hoc and temporary restructuring across the organisation, including with CLT and Members for organisational savings of the financial position. Review of financial provisions increasing the use of data and evidence to forecast provisions, contracts pricing and a more realistic view of risks with the estimates. Review of all of our cost and expenditure to find their ability and assurance on delivery. Improvement in forecasting and a focus on delivery of savings. Review of all of our expenditure, including the impact of our services across the financial position across the next five years. Regular review of all of our expenditure through the annual budget setting process as new information comes to light, up to the point of publication. Review of the Capital Programme which will be undertaken annually as part of the budget process and its governance. This includes establishment of a Strategic Capital Board to oversee the development, monitoring and reporting of the whole programme and ensure the realistic setting of all schemes. A reduced budget block in June 2024 and further planned for 2025 with a focus on increasing awareness and accountability of leadership between and time within the week for identifying budget proposals and delivery plans. Review of 'unreserved' reserves to identify any which can be transferred to manage risks and uncertainties. Annual report to support a full review of all services to identify further opportunities to reduce costs and spending and increase income. 	5	4	20	CLT Director of Finance	<p>Future actions:</p> <ul style="list-style-type: none"> Review of the medium term financial planning and work to balance the 2025/27 budget will commence before the end of the current financial year. Link to recovery plan to be inserted when available. More structured communications plan with the whole organisation on the position and changes ahead. A full financial recovery plan to be developed and submitted to the Chief Executive and Director of Finance, which will establish an organisation response to the immediate financial position for 2024/25 and onwards, and deliver a reduction of 8%. Early Government through various channels for future funding to recognise the importance of nature used in funding allocations. This includes through consultation processes, various professional networks and MPs. 	11/10/2025 and on wards
2	Non-delivery of transformational change due to lack of corporate change functions	AD	5	4	20	Short and Medium term	<p>The Change Framework for Category A programmes was established following CLT approval in January 2024 and sits with the Digital and Change team under the Chief Digital and Information Officer.</p> <p>This Framework has established three change functions that cover the areas of Corporate, People and Place.</p> <ul style="list-style-type: none"> Lead by 3 'Heads of Change', they consist of a core team of permanent officers who are configured to deliver outcomes and impact. Manage the permanent roles, there will be the ability to flex up and down according to demand project management. Equal focus on implementing change, service redesign and benefits as well as additional project management. A transformational action plan with shared business resources. But also can take their approach to the needs of their services. The business resources across all of our projects, meaning reporting and cost management. Benefits reporting will continue to come to CLT. The business resources across all of our projects, but a targeted focus on CLT to review these programmes in light of the savings the council needs to make. Regular reporting of progress to CLT. Through 2024 we were operating under capacity, but two teams are now fully recruited and effective, and a portfolio of work has been allocated. Core funding agreed for 2024, funding for future years still. Change Delivery Group to place and deliver reporting over next year. All live Cat A programmes and projects properly documented and governed. Financial benefits tracked and underflow performance clearly understood. Initial work to do in other key internal delivery partners underway (justice, HR, digital, finance etc). 	5	4	20	Chief Digital & Information Officer	<p>In line with the agreed emerging change framework, a summary of all Category A projects are reported for discussion twice in the Change Delivery Group (monthly) and CLT quarterly as part of performance monitoring which also includes Corporate Delivery plan, Capital projects and Finance MFPF.</p> <ul style="list-style-type: none"> 'Heads of Change' have been appointed and recruitment is underway to recruit/complete teams under Corporate and People. HRD Place only commenced last month so recruitment of team still completed by Sep 25. Teams will have/complete delivery of Cat A projects according to area/del. A summary of all emerging Cat A project projects, with exception reporting continuing to go to CLT (once monthly/weekly). A summary of the structure being planned for the right combination of staff/deliverables to be reviewed from April 2025. Change Framework and areas being rolled out after annual review and progress to CLT on Feb 20th 2025. How far of work being assessed for Cat A and Cat B suitability, with MFPF already prepared for work direction to ensure future monitoring. Assessment of income generation and will need to have done being carried out to spot this to Cat A/B, identify duplication and ensure feasibility. Resource planning being done to ensure appropriate support for deliver at place. This will require support from Finance to provide alternative funding if/when change occurs. Consultation of wider CLT, Governance and CLT communication planned for. 	Apr-25
												<ul style="list-style-type: none"> Change Delivery Group to have Board status to ensure sufficient challenge and go across all Cat A/B work. Capacity building offer to organisations to be launched ready for new financial year. MFPF targets will require robust alignment/challenges to ensure they remain robust to deliver and there should be a viable to reforecast savings for future reporting. 	
12	Unable to attract and retain senior staff or those in high demand. The Council does not have the appropriate skills, capacity and capabilities to place and/or recruited to deliver the Corporate Delivery Plan effectively	Director of Culture, Diversity & Engagement	5	4	20	Short and Medium term	<p>New Workforce Development Strategy 2024 has been approved and launched in September 2024.</p> <p>Review of the use of Agency Workers is ongoing and there is an accelerated recruitment protocol plan.</p> <p>Restructure and Recruit Recruitment Campaigns - high volume across departments and recruitment campaigns arranged as required.</p> <p>Templates and workshops designed to assist Directors in formulating workforce action plans</p> <p>New approach to Manager Training has been designed and the pilot has launched in September 2024, which will inform future activity</p>	5	3	15	Chief People Officer	<p>Extension with three plans are being developed during 2025, this will include specific retention and recruitment plans to ensure suitable recruiting and succession planning.</p> <p>Human Resources are looking at additional employee benefits</p> <p>New purchasing annual leave scheme will be launched in April 2025</p> <p>New recruitment methods, such as video applications, are being investigated for future potential.</p>	December 2025 Ongoing April 2025 March 2026
3	Failure to prepare for the worst associated with climate change, including on safety and pollution, extreme weather (e.g. flooding, heat).	Director of Environment & Resident Experience	5	4	20	Medium term	<p>Responding to the Climate Emergency is one of the council's corporate priorities and is monitored through the Corporate Delivery Plan (CDP).</p> <p>Mitigation include producing long term strategies and plans to reduce the risk and consequences of climate change in the borough.</p> <p>A range of actions and policies are detailing the Council's approach to mitigate against the impact of Climate Change, such as the Local Plan, the Energy Change Change Plan (2), the Local Plan (3), the Local Plan (4), the Local Plan (5), the Local Plan (6), the Local Plan (7), the Local Plan (8), the Local Plan (9), the Local Plan (10), the Local Plan (11), the Local Plan (12), the Local Plan (13), the Local Plan (14), the Local Plan (15), the Local Plan (16), the Local Plan (17), the Local Plan (18), the Local Plan (19), the Local Plan (20), the Local Plan (21), the Local Plan (22), the Local Plan (23), the Local Plan (24), the Local Plan 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Guidance

This document has been developed as a generic template for all risks managed within Haringey Council.
It should be adopted by the risk owners.

Appendix C**Definitions**

A **Risk** is 'uncertainty of outcome'. Something that may happen and could throw the programme off track.

An **Issue** is 'a concern that cannot be avoided'. Something that has happened or are current situations that are a cause for concern now.

A **Threat** is 'a factor which could lead to a risk being identified'.

Risk likelihood

Probability	Definition	Score	Likelihood percentage
Almost Certain	Is almost certain to occur	5	95%
High	Is likely to occur	4	75%
Medium	Is as likely as not to occur	3	50%
Low	May occur	2	25%
Very Low	Unlikely to occur	1	5%

Definitions of risk impact classifications

Impact	Impact on cost	Impact on quality	Impact on time	Impact on savings realisation	Score
Catastrophic	Increased costs threaten viability of the project.	Project outcomes effectively unusable.	Delay jeopardises viability of the project.	>20% project cashable savings at risk	5
Major	Requires significant additional	Failure to meet the needs of a	Failure to meet key deadlines in	15%-20% project cashable	4
Moderate	Requires significant additional	Significant elements of scope or	Delay affects key stakeholders	10%-15% project cashable	3
Minor	Requires some additional funding	Failure to include certain 'nice to	Slight slippage against key	5%-10% project cashable savings	2
Insignificant	Variations manageable within	Slight reduction in quality/ scope	Slight slippage against internal	< 5% project cashable savings at	1

Risk Scoring and Matrix for RAG Status

		Probability				
		Very Low	Low	Medium	High	Almost Certain
Impact	Catastrophic	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Minor	2	4	6	8	10
	Insignificant	1	2	3	4	5

Proximity Rating. You should assess the proximity of

Immediate – within 1 month

Short term – within 2 - 5 months

Medium term – within 6 -12 months

Long term – greater than 12 months

Report for: **Audit Committee – 11 March 2025**

Item number: **14**

Title: **Money Laundering Policy**

**Report
authorised by:** **Taryn Eves – Director of Finance**

Lead Officer: Minesh Jani, Head of Audit and Risk Management
Minesh.Jani@Haringey.gov.uk
07817 617839

Ward(s) affected: N/a

**Report for Key/
Non-Key Decision:** N/a

1. Describe the issue under consideration

The Audit Committee is responsible for Anti-fraud and Corruption arrangements as part of its Terms of Reference. In October 2024 the Anti-fraud, Corruption and Bribery policy was approved. At that time, this appendix had not been updated but the work is now complete and updated policy ready for approval.

2. Cabinet Member Introduction

Not Applicable.

3. Recommendations

That the Audit Committee reviews and endorses the Money Laundering Policy.

4. Reasons for decision

The Audit Committee is responsible for approving the Council's Anti-Fraud and Corruption Policy and Strategy under its Terms of Reference.

5. Alternative options considered

Not Applicable.

6. Background information

- 6.1 Haringey Council seeks to maintain high standards of probity and has put in place arrangements for protecting the public purse. Sound systems to demonstrate public accountability and also compliance with relevant legislation are vital for effective management of services, fulfilment of statutory responsibilities and maintaining public confidence.

- 6.2 The aims of this policy are to ensure that appropriate arrangements are in place to mitigate the risk of the council from participating in any transactions that support illegal activity.
- 6.3 The Money Laundering Policy is part of a wider framework of policies relating to financial governance and is appended to the Council's Anti-Fraud, Bribery and Corruption Policy.
- 6.4 The Council has set out its response and the roles and responsibilities within the organisation and risk regarding Money Laundering and Terrorist Financing is considered as part of the periodic review of risk completed by the Head of Audit & Risk Management.

7. Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes'?

The Council has an important role to demonstrate stewardship of the public purse. The management of fraud risks is an important part of the Council's work to enable the Council to utilise its resources to achieve its corporate aims.

8. Carbon and Climate Change

There are no direct Carbon implications arising from this report.

9. Statutory Officers comments (Director of Finance (procurement), Assistant Director of Legal and Governance, Equalities)

Finance

There are no direct financial implications arising from this report.

Procurement

There are no direct contract and/or procurement implications arising from this report.

Assistant Director for Legal & Governance

The Council's Head of Legal and Deputy Monitoring Officer has been consulted in the preparation of this report and advises that there are no reasons why Audit Committee should not adopt the recommendation in this report.

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.

10. Use of Appendices

Appendix 1 – Money Laundering & Terrorist Financing Policy (which is Appendix 2 of the Council's Anti-Fraud, Bribery and Corruption Policy and Strategy.

11. Background papers

Anti-Fraud, Bribery & Corruption Policy & Strategy

The Proceeds of Crime Act 2002

Terrorism Act 2000

Bribery Act 2010

Money Laundering and Terrorist Financing Regulations 2022,

Terrorist Financing and Transfer of Funds (information on the Payer)

Regulations 2017 (the as amended in 2022 and 2023)

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ANTI-MONEY LAUNDERING & COUNTER TERRORIST FINANCING POLICY

1. Legislation

- 1.1 The Proceeds of Crime Act 2002 and the Terrorism Act 2000, together with the Bribery Act 2010, Money Laundering and Terrorist Financing Regulations 2022, Terrorist Financing and Transfer of Funds (information on the Payer) Regulations 2017 (the as amended in 2022 and 2023) place obligations on the Council and its staff to establish internal procedures to prevent the use of services for money laundering or terrorist financing.
- 1.2 Whilst Local Authorities are not directly covered by the requirements of the Money Laundering Regulations 2022 as we don't carry out regulated activities, it is prudent and responsible practice for local authorities to comply with the underlying spirit of the legislation and to have in place appropriate and proportionate anti-money laundering safeguards.
- 1.3 Proceeds of Crime Act 2002 (POCA) states that money laundering offences are:
 - Concealing, disguising, converting, transferring, or removing from the UK any 'criminal property'
 - Becoming concerned in an arrangement which you know, or suspect facilitates the acquisition, retention, use or control of 'criminal property' by, or on behalf of, another person
 - Acquiring, using, or possessing 'criminal property'. It is also an offence to fail to disclose knowledge or suspicion of money laundering where you acquired such knowledge or suspicion in the course of your work.
- 1.4 There are further offences of tipping off and prejudicing an investigation. Criminal property can apply to anything of value that is the proceeds of crime, including cash, savings, vehicles, investment, land, and property. Consequently, there is the potential for any member of staff to commit an offence if they suspect money laundering and either become involved with it in some way and/or do nothing. It is extremely important that relevant staff are familiar with their legal responsibilities as serious criminal sanctions may be imposed for breaches of the legislation.

2. Scope of Policy

- 2.1 This Policy will apply to all Members and Officers of the Council. It aims to maintain the Council's high ethical standards by seeking to prevent criminal activity through money laundering. This policy forms part of the Council's wider financial governance framework along with the Anti-Fraud, Corruption and Bribery Policy. As with all policies failure by a member of staff to comply with the procedures set out which are appended to this Policy may lead to management considering disciplinary action being taken against the employee.



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3. Money Laundering

3.1 Money laundering is a process which criminals employ to make it appear the money they have obtained fraudulently or by criminal means is legitimate.

3.2 The three defined stages of money laundering are:

- **Placement:** represents the initial entry of the proceeds of crime into the financial system. Generally, this stage serves two purposes: it relieves the criminal of holding large amounts of cash, and it places the money into the legitimate financial system.
- **Layering:** a complex web of transactions to move money through the financial system. The primary purpose is to separate the illicit money from its source. This is done by the sophisticated layering of financial transactions that obscure the audit trail and sever the link with the original crime.
- **Integration:** money is returned to the criminal from what seem to be legitimate sources. Having been placed initially as cash and layered through several financial transactions, the criminal proceeds are now fully integrated into the financial system and can be used for any purpose.

4. Terrorist Financing

4.1 Financing terrorism is the act of providing financial support, funded from either legitimate or illegitimate source, to terrorists or terrorist organisations to enable them to carry out terrorist acts or will benefit any terrorist or terrorist organisation.

4.2 While most of the funds originate from criminal activities, they may also be derived from legitimate sources, for example, through salaries, revenues generated from legitimate business or the use of non-profit organisations to raise funds through donations.

4.3 Despite there being separate legislation to adhere to, the threats to the Council are similar to those relating to Money Laundering, both areas would involve the attempt to do legitimate business with the Council e.g. through the buying/leasing property, or paying for goods and services therefore our responses to both aligns as outlined below.

5. Council's response

5.1 To ensure adherence to this legislation we have:

- Nominated a Money Laundering Reporting Officer (MLRO);
- Made Training available to officers;



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- Included this threat in fraud risk assessments;
 - Services undertake client identification procedures, where required;
 - Implement a procedure to enable suspicions to be reported, appropriate disclosures to be made and adequate records to be held.
- 5.2 The Council's MLRO is the Head of Audit and Risk Management or in their absence reports should be made to the Deputy Head of Audit & Risk Management.
- 5.3 Mandatory E learning is part of the organisational development suit of courses available to officers and training needs outside of that are considered as part of bi-annual risk assessment and 'my conversations'.
- 5.4 Some examples of higher risk factors in transitions identified include:
- Payment of a substantial sum of money in cash (over £10,000), either in a single transaction, or a number of smaller transactions which total more than £10,000;
 - Payment of cash sums where cash is not the usual means of payment;
 - A new customer, or use of a new/shell company, with no financial history;
 - A customer who refuses to provide requested information without a reasonable explanation;
 - Concerns about the honesty, integrity, location, or identity of a customer;
 - Unnecessarily complex transactions e.g. routing or receipt of funds from third parties, or through third party accounts;
 - Involvement of an unconnected third party without any reasonable explanation;
 - Overpayments by a customer, or payments of deposits subsequently requested back;
 - Absence of an obvious legitimate source of funds;
 - Movement of funds overseas, particularly involving a higher risk country, or tax haven;
 - Transactions at substantially above or below current market values;
 - An inability to trace the customer, or organisation;
 - Individuals or companies that are insolvent but have funds.
- 5.5 The Council's higher risk activities include the purchase or sale of property, so client identification procedures are embedded; our relationships with suppliers of goods and services so again identification procedures are in place as part of the procurement rules and procedures; and any process where payments (overpayments) can be made on an account i.e. rent or other property related transactions, council tax, business rates etc to mitigate this and other risks refunds are subject to senior management approval and money laundering risk is considered.

6. Officer Responsibilities and Reporting Procedure



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6.1 Records must be maintained, including details of the customer due diligence, which will be kept for five years after the end of the business relationship; together with a record of the transactions also kept for five years. Guidance on performing the required due diligence checks can be obtained from the Head of Audit and Risk Management.

6.2 There is an enhanced requirement on certain Finance and Legal officers who must also comply with 'due diligence' requirements:

Simplified due diligence. Required when there is low risk of money laundering e.g. new business with a company; when checks on company and director registration details would represent sufficient due diligence.

Enhanced due diligence. Required when there is a higher risk of money laundering e.g. remote transactions where the customer is not present to be identified would require additional information and documents to be provided.

If satisfactory evidence cannot be provided, then the transaction cannot proceed.

6.3 Customer identification processes must be undertaken when the Council:

- Forms a business partnership with a customer;
- Undertakes a one-off transaction relating to property or debt of more than £10,000;
- Undertakes a series of linked transactions involving total payment of more than £10,000;
- Knows, or suspects, that a transaction or a linked series of transactions involves money laundering.

6.4 Customer identification must be completed before any business is undertaken with the individual in relation to accountancy, procurement, audit and legal services with a financial or real estate transaction. In order to complete customer identification, the following processes should be undertaken:

- Identify the person who wants to form the business relationship or complete the transaction;
- Verify their identity using independent sources of information;
- Identify who benefits from the transaction;
- Monitor transactions to make sure that they are consistent with what is understood about the individual or country;
- Understand the source of their funds;
- Ensure there is a logical reason why they would want to do business with the Council.



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- 6.5 If you feel you require support or training with regard this risk area or to ensure compliance with the policy this should be raised with your Director, the Head of Audit & Risk or the Director of Legal and Governance immediately.
- 6.6 If you have any questions or doubts about an individual, company, or transaction that you have been dealing with, then it is important to get advice from the MLRO as soon as possible – **do not delay reporting your concerns, as this may make you subject to criminal prosecution.**
- 6.7 Your report to the MLRO should include as much details as possible, including:
- Full details of the people involved e.g. name, address, company name, directorships, contact details etc;
 - Full details of their (and your) involvement;
 - The type(s) of money laundering activity suspected;
 - The date(s) of the suspected money laundering activity, including whether the transactions have happened, are ongoing, or are imminent;
 - Where they took place;
 - How they were undertaken (cash payment, bank transfer etc);
 - The (likely) amount of money or assets involved;
 - Why, exactly, you are suspicious.
- 6.8 Your report should also provide the MLRO with copies of any related supporting documentation. If you are acting in a legal capacity and consider that legal professional privilege may apply to the information, you should set this out in the report to the MLRO and why the information is legally privileged. The MLRO will determine whether the information should be exempt from any reports to the National Crime Agency (NCA). On reporting you should cease investigating and not discuss suspicions with any third party as this could be seen as tipping off see 1.4.

7 Responsibilities and disclosures by the MLRO

- 7.1 When the MLRO receives a report of suspected money laundering, they will review the information and any other relevant information, including:
- Reviewing any other transactions patterns and volumes;
 - The length of any business relationship involved;
 - The number of any one-off transactions and any linked one-off transactions;
 - Any identification evidence held.
- 7.2 The MLRO will complete their review, which may include speaking to the person who made the referral, in order to determine whether there is sufficient evidence of actual/suspected money laundering and whether there



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are reasonable grounds to know (or suspect) that this is the case. The MLRO will then determine whether the NCA needs to be involved, and their 'appropriate consent' obtained for a transaction to proceed. In these circumstances, the transaction must not proceed until the NCA consent has been formally received (or if no consent has been received from the NCA after 7 working days).

- 7.3 If the MLRO concludes that there are no reasonable grounds to suspect money laundering, they will record their decision on the report and give their consent to proceed with the transaction.
- 7.4 In cases where legal professional privilege may apply, the MLRO will liaise with the Director of Legal and Governance and the Council's s151 Officer to decide whether there is a reasonable reason for not reporting the matter to the NCA.

8. Monitoring

- 8.1 The Council's Monitoring Officer, the Director of Legal and Governance, is responsible for the maintenance and operation of this policy.

Report for: Audit Committee – 11 March 2025

Item number: 15

Title: Update on Procurement Modernisation Plan and Compliance with the Procurement Act

Report authorised by: Taryn Eves, Director of Finance

Lead Officer: Barry Phelps, Chief Procurement Officer

Ward(s) affected: N/A

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

1. Describe the issue under consideration

- 1.1 In March 2024 the Chef Procurement Officer (CPO) attended the Audit Committee to present an update on outstanding audit recommendations, which were primarily reliant on the implementation of the new e-procurement system.
- 1.2 A further request was made from Audit Committee to provide the following information:
- Examine a sample of request for quotes, which had only returned a single response and submit the outcome to the Audit Committee.
 - Provide benchmark local spend data.
 - Provide number of contracts let
 - Provide information on the Procurement Act.
- 1.3 This report provides an update on this specific request above but also a fuller update on progress with all internal audit recommendations relating to strategic procurement, progress with the implementation of the Procurement Modernisation Plan and current position with the implementation of the changes to ensure compliance with the Procurement Act 2023 which came effective on 24 February 2025.

2. Cabinet Member Introduction

N/A.

3. Recommendations

- 3.1. The Audit Committee is requested to note and discuss the information contained in this report.

4. Reasons for decision

N/A update provided as requested.

5. Alternative options considered

N/A

6. Additional Information Requested from March 2024 Meeting

Examine a sample of request for quotes, which had only returned a single tender.

- 6.1. The Council's current Contract Standing Orders (CSO's) require officers to obtain a minimum of three quotes for goods and services between £10k and £160k and between £10k and £500k for works, light touch (social care) and concession related contracts. (Note; the threshold to obtain 3 quotes will increase to £25k from April 2025, as this activity is centralised into Strategic Procurement. Procurements above the Regulated threshold or £500k (whichever is the higher), will require a compliant tender process).
- 6.2. As part of the request from Audit Committee, Strategic Procurement has undertaken a random sample of the Request for Quotes (RFQ's) via the Haringey Procurement and Contract Management System (HPCS) during 2023. The results are as follows:
- Total number of RFQ's below £160k is 1,772, sample tested 252 (14.2%)
 - 158 (63%) had a single supplier response.
 - 133 (53%) of these quotes were below £10k (which is compliant with the Councils Contract Standard Orders);
 - 25 (10%) of these quotes were £10k and above.
 - The remaining RFQ's had multiple responses.
- 6.3. The table below has previously been provided to the Audit Committee and provides an overview of the number of requests for quotes issued in the period July 2023 to June 2024 through the DPS and the percentage that returned one response.

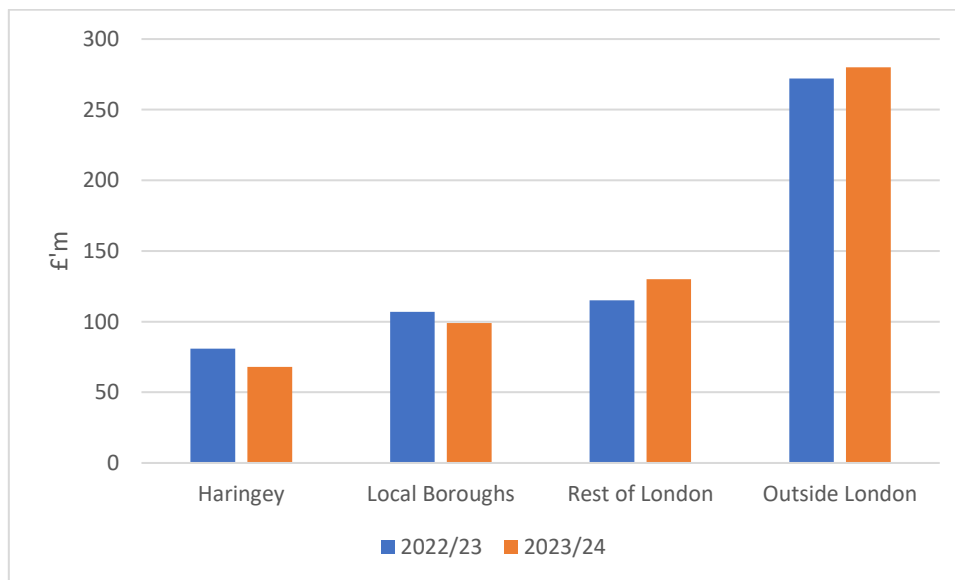
Supply Category	Number of quotes	Number with one response	% with one response	Average response
LCP Minor Works	126	17	13.50%	4
LCP Professional Services	38	5	13.20%	4
Passenger Transport	109	38	34.80%	5
Parks and Leisure	217	127	58.50%	2
Semi Independent Living	117	17	14.50%	1
Supported Living	160	56	35.00%	2

Supply Category	Number of quotes	Number with one response	% with one response	Average response
Home Support	393	123	31.30%	3
Childrens' Home Support	13	3	23.10%	3

- 6.4. There are some valid reasons why some categories have higher volumes of single responses. This could include the following:
- Works projects may have tight timescales for the works to be completed within. This can limit the responses due to available capacity to deliver the requirements in a short time period.
 - Passenger Transport will have ad hoc immediate requests which generally are issued to a single supplier to respond; having previously had discussions with the supplier to confirm they can respond immediately to the request.
 - Parks and Leisure services have the ability to manually distribute a requirement to an individual company in response to urgent reactive works that need to be undertaken immediately.
 - Semi-independent and supported living, require accommodation and there may be limited availability in the market for suitable accommodation. In addition, on average placements are due to commence within 6 days, which leads to an average tender period of just under 3 days for the market to respond.
 - The home support market has reduced in capacity since introducing large block booking arrangements and therefore availability for immediate care can be challenging.
- 6.5. Under the new Procurement Act 2023, there are new requirements that will reduce the ability to directly award. Further details are in paragraph 7.2 c) below.
- 6.6. Through the new Procurement Board, the Council will be expanding on monitoring and reporting on all aspects of procurement activity to ensure compliance with the Procurement Act but also improve compliance with CSOs and ensure value for money is achieved through contracts. This will be reliant on manual data collection until a new e-procurement system is in place.
- Provide benchmark local spend data.
- 6.7. This request relates to comparing Haringey's contract spend with local providers with that of other similar boroughs. The availability of such benchmarking data is fairly limited, mainly because other boroughs do not routinely publish this information and there will be differing definitions of 'local'.
- 6.8. However, the Council has been recording this information for the past few years. The chart below shows how much the Council has spent within Haringey,

neighbouring boroughs (Barnet, Camden, Enfield, Hackney, Islington, Waltham Forest), the remaining London boroughs and with companies outside of London, for the last two financial years.

- 6.9. For the purposes of defining local spend, it is proposed under the pending social value policy, local spend will be expenditure with suppliers registered in Haringey and neighbouring boroughs. This is because the impact of spending with neighbouring boroughs will have more of a direct impact on Haringey residents, as many residents are employed within neighbouring boroughs.



- 6.10 The data indicates there has been a slight drop off in spend with suppliers in Haringey and local boroughs from 2022/23 to 2023/24. The 2024/25 data will be available later in the summer and identify if there are any emerging trends and insights into any reasons.
- 6.11 It can be extremely challenging to increase Council expenditure directly with local suppliers. This is partly due to the disconnect of services purchased by the Council and the profile of suppliers in the borough (i.e. the supply chain in Haringey is unable to provide the wide range of services procured by the Council).
- 6.12 Later in the year, the Council will be publishing its Social Value Policy for Contracts. Social value is defined through the Public Services (Social Value) Act (2012) which requires all public sector organisations and their suppliers to look beyond the financial cost of a contract to consider how the services they commission and procure can improve the economic, social and environmental wellbeing of an area. This will include considering how the Council can support local SMEs to participate in future procurements.

Provide number of contracts let in 2023/24

6.13 The below table indicates how many contracts were let in 2023/24.

Geographical Area	Number of Contracts	Total value of contracts Awarded
LBH	908	£68,392,983
Local Boroughs	1784	£99,356,591
Rest of London	774	£130,266,797
Outside of London	955	£280,241,044
Grand Total	4421	£578,257,415

7 Procurement Act.

7.1 At the meeting in March 2024, Audit Committee requested information regarding the Procurement Act 2023. This section of the report provides a much fuller update given that the new legislation came into effect on 24 February 2025. The changes represent a fundamental reform of the previous procurement legislation.

7.2 In summary the Act will:

- a) Consolidate all previous procurement legislation (i.e. Public Contract Regulations, Utilities, Defence etc.) into a single procurement regime and the introduction of a new centralised digital platform (CDP) where suppliers must be registered on CDP prior to awarding contract £25k. The CDP went live 24 February 2025.
- b) Now cover the entire commercial lifecycle (plan, define, procure and manage). This essentially means that all activity from planning through to contract management and termination will now be covered under the Act.
- c) Simplify the procurement processes and introduce an open flexible procedure, enabling the Council to design procurements to enable better value for money and outcomes to be achieved. Options will be 'Open procedure', 'Open flexible procedure' and 'Direct award' (only permitted under defined circumstances i.e. to protect life as directed by a Minister of the Crown, user choice contracts, urgency etc.). Feedback must be provided on the evaluation on winning bidder and how each bidder could have scored the next level available (i.e. scored 3, how to achieve a 4). Specifications must be performance or functional based, not detailed descriptive characteristics.
- d) Require authorities to consider the National Procurement Policy Statement (NPPS). The Council's Procurement Strategy is already aligned to the NPPS, which heavily endorses Social Value requirements within procurement activity.
- e) Introduce significant increased transparency requirements. There are up to 17 notices that need to be published for each procurement and below are some examples of what the Council will be required to publish:

- A minimum 18-month pipeline of contracts exceeding £2m the Council intends to procure and an expectation to undertake pre-market engagement.
 - Award notice (is now intention to award).
 - Contract details notice (following contract signature).
 - Publication of contracts above £5m
 - Contractor Key Performance Indicator (KPI's) and performance against KPI's for contracts above £5m annually as a minimum.
 - Termination of a contract.
- f) A debarment list of contractors. This will be a list of contractors who are mandated to be excluded from public sector contracts (some very exceptional exemptions) and those where the Council will have discretionary powers to exclude suppliers.
- g) Consider supplier performance, which will have an impact on whether a supplier is placed on the debarment list. All contracts over £5m must have a minimum of three published KPI's. Poor supplier performance which leads to breach or partial breach of contract must be published within 30 days and contract performance at point of termination or end of contract will need to be published.
- 7.3 At the time of this report, the Procurement Act 2023 has come into effect and the Council is compliant with the new legislation but there are a number of improvements that are planned over the next 12 months. Meeting the requirements means a number of manual processes are in place pending implementation of a new e-procurement system.
- 7.4 Key updates for Audit Committee to note include:
- A review and refresh of the Contract Standing Orders that will be considered by Standards Committee on 10 March before Full Council approval of 24 March 2025 to align with the Procurement Act 2023.
 - The Code of Practice will provide more information to comply with Procurement Act and this will be refreshed to pick up more detailed operational requirements, address audit recommendations and increase compliance. The update is expected to be published by 1 April 2025.
 - From April 2025, Strategic Procurement will support most procurements over £25,000. This will improve compliance and easier to manage low value spend category strategies. It is expected to speed up the current process and managed through the team that are familiar with procurement processes and systems and also embed a Category Management approach to procurement activity. Category management ensures a strategic approach to procurement where similar services are grouped together in order to improve value for money and also supplier relationships.

- Directors are required to complete their pipeline of procurements for the next two years. The focus is on procurements over £2m to ensure we are compliant with the Procurement Act but as best practice, the expectation is that the pipeline will cover all procurements regardless of value as good practice and forward planning and the pipeline will be managed through the newly formed Procurement Board.
- The Procurement Act includes transparency requirements relating to the performance of contracts over £5m. All Directors will need to assign a contract owner for contracts above £25k.
- All relevant officers within Strategic Procurement have received training on the new Procurement Act requirements and all are accredited practitioners having completed the Government Commercial College training (part of Government Commercial Organisation within the Cabinet Office). A comprehensive communications and training plan with the organisation is planned during the course of the next few months and will continue throughout 2025/26.

7. Wider Procurement Modernisation Plan

7.1 In 2023, the Council developed a wider modernisation and improvement plan for Strategic Procurement. This resulted from previous internal audit review recommendations, the requirements of the new Procurement Act and a general need to improve procurement activity and compliance across the organisation.

7.2 Some progress with the changes are highlighted in the above relevant sections in the report but other updates, include:

- The revised staffing structure to support the operating model is now in place and the centralisation of all procurement activity associated with contracts over £25,000 which will be managed and overseen through the Strategic Procurement Team. Strategic Procurement will also monitor and ensure compliance for spends under £25,000.
- Work has begun on implementing new category strategies to deliver better value for money through improved routes to market. This includes enhanced scrutiny of multiple contract awards to the same supplier and potential disaggregation of spend.
- Directors are going to be required to submit quarterly, an update on their pipeline of procurements planned for the next two years, with Strategic Procurement maintaining an up-to-date contracts register.
- Establishment of a new Procurement Board, which is a senior level board that amongst other things will oversee the pipeline of procurement activity (monitoring progress and timeliness of forthcoming procurements), compliance with CSOs, review of individual procurements at each gateway stage and compliance

monitoring of all procurement activity. Procurement Board will have overall responsibility for ensuring all the due diligence is complete before the launch of any tenders.

- Alongside, the Strategic Procurement Modernisation Plan, the Council will also be reviewing and improving its commissioning and contract management arrangements. This includes refreshed contract management training to alignment with central government 'best practice' contract management guidance.
- As Audit Committee are aware, the Council is reliant on Exceptional Financial Support from Government in order to balance its budget for 2025/26. This is requiring the Council to challenge and reduce its non-essential spending in all areas. With contract spending making up 55% of its spending in the General Fund, increased approvals have been put in place for all new contracts – currently all contracts over £1,000 must be signed off by an Assistant Director.

7.3 Delays in the implementation of the e-procurement solution will have an impact on the implementation of some controls until such time as the technology is fully in place but manual processes have been put in place in the interim. It is recognised that the implementation of a new system supports the Procurement Modernisation Plan, however, its implementation alone will not lead to the improvements needed in procurement practice and compliance.

8. Internal and External Audit Recommendations

- 8.1 A number of internal audit reviews have been undertaken over the last 24 months on aspects of procurement across the authority, of which some are related directly to Strategic Procurement. Through all the work undertaken to date with the modernisation programme, we have addressed previous audit recommendations, except for those that are reliant on a new e-procurement system.
- 8.2 As part of the 2023/24 Statement of Accounts, the Council's Annual Governance Statement identified procurement across the authority as an area of weakness [Haringey Council Draft Statement of Accounts 2023/24 – 28 June 2024](#) (page 176 – see Appendix 1 for extract). An update will be included in the next update to Audit Committee on the Annual Governance Statement in the summer.
- 8.3 Finally, as part of the External Audit process by KPMG on the 2023/24 accounts, their Annual Auditors Report has highlighted procurement processes across the authority as an area of significant weakness. Their report and management responses was presented to Audit Committee on 27 January [Annual Auditors Report](#) (page 33 – see Appendix 2 for extract). The findings are very similar to that reported in the Annual Governance Statement and an update will be presented to the committee in the summer.

9. Contribution to strategic outcomes

N/A

10 Statutory Officer Comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

Finance

10.1 There are no direct financial implications arising from the contents of this update report. The improvements being put in place to improve procurement and contract management processes across the organisation and fully embed the requirements of the new Procurement Act 2023 is expected to improve value for money on contract spending and contribute towards the Council's financial recovery plan to reduce non-essential spending the reliance on Exceptional Financial Support from 2026/27.

10.2 The 2025/26 draft budget for approval by Council on 3 March has assumed savings of £3m on contract spend and the improvements set out in this report will contribute towards the delivery of these savings.

Strategic Procurement

10.3 Strategic Procurement notes the contents of this report and confirms the data provided has been extracted from HPCS and the DPS.

Legal

10.4 The Assistant Director for Legal and Governance has been consulted and confirms that there are no direct legal implications arising from this report. The terms of reference for Audit Committee provide that its audit functions include "providing assurance about the adequacy of the Council's Risk Management Framework and Policy and monitoring the effectiveness of systems for the management of risk across the Council and compliance with them." Accordingly, consideration of this report falls within the remit of Audit Committee.

Equality

N/A

11 Use of Appendices

- a) Appendix 1 - P177 Draft Statement of Accounts
- b) Appendix 2 - Procurement Section - KPMG Annual Audit Report

12 Local Government (Access to Information) Act 1985

N/A

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Appendix 1 - Haringey Council Draft Statement of Accounts 2023/24 – 28 June 2024 (Page 177 extract)

Issue	Action	Responsibility	Due date
<p>The Council has recognised weaknesses with regards procurement and contract management arrangements in recent years, some incidents of Fraud have occurred in 2023/24 and there has been new regulatory requirements applied from 2023.</p>	<p>The Council has reviewed its procurement operating model and is embedding a new staffing structure, policies, and procedures along with a new technology platform in 2024.</p> <p>This is a significant change programme that continues into the new financial year 2024/25 with wide reaching impact on the governance framework centrally and across directorates.</p> <p>The project is classified as Category ‘A’, so monitoring and reporting goes to Corporate Leadership Team via the Corporate Project Office.</p> <p>Audit Committee periodically request updates and assurances from the Chief Procurement Officer, relating to risk and control due to historic limited assurance audit reports. Internal Audit resources have been allocated in 2024/25 to provide independent assurance to Senior Leaders and Members as part of the 2024/25 Audit Plan.</p>	<p>Director of Finance</p>	<p>March 2025</p>

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DRAFT Year End Report to the Audit Committee

Haringey London Borough Council

Year end report for the year ended 31 March 2024

27 January 2025

Significant Value for Money Risk

6 Procurement

Risk that value for money arrangements may contain a significant weakness linked to economy, efficiency & effectiveness

Significant Value for Money Risk

The Council does not have adequate procurement processes in place to enable it to achieve value for money in respect of contracts entered into for services received.

Our response

We have reviewed the processes in place for contract management and oversight of contract renewal and virements.

Our findings

Findings

The procurement team at Haringey currently have limited visibility on contract management across the Council and the monitoring of KPIs. There are varying degrees of contract management present at the council. The procurement team has no oversight on any spending decisions below £160k.

Strategic Procurement lacks oversight of service spending and relies on services to communicate savings after contract delivery. The current systems do not have the functionality to produce valuable monitoring data.

There is no performance reporting to senior management to allow for effective scrutiny of the contract management process

A lack of monitoring and involvement of procurement specialists may lead to Council funds being wasted on poorly managed or negotiated contracts.

From a compliance perspective, the Council is expected to adhere to a number of related regulations. Again, this lack of oversight exposes the Council to a risk of non-compliance.

Insufficient tracking and monitoring may result in unidentified quality and performance issues, which could result in disruption and diminution in the quality of services provided.

In extreme cases high profile failures can attract negative media attention, as experienced in respect of the Council's Leisure Services contract, threatening the loss of local taxpayers' trust.

Conclusion

Based on the above we have determined that there is a significant weakness in arrangements relating to procurement. See recommendation on page 34.

Value for Money: Recommendations

The recommendations raised as a result of our work in respect of significant value for money weaknesses in the current year are as follows:

#	Grading	Issue, Impact and Recommendation	Management Response/Officer/Due Date
5	High	<p>The Council does not have adequate procurement processes in place to enable it to achieve value for money in respect of contracts entered into.</p> <p>Strategic Procurement lacks oversight of service spending and relies on services to communicate savings and contract details after delivery. The current systems do not have the functionality to produce valuable monitoring data.</p> <p>The Council should ensure the implementation of the incoming new procurement system is prioritised. This will allow the team to have effective oversight on the monitoring of contracts. Relevant data should be discussed with senior members of staff to report performance and/or identify efficiencies.</p>	<p>This recommendation is accepted and implementation of new Procurement system is planned but review currently underway to ensure successful implementation across the organisation and support the Procurement Modernisation Plan to improve procurement processes, improve compliance and ensure all contracts offer value for money.</p> <p>This includes:</p> <ul style="list-style-type: none">• Review of scope of the current planned system, ensuring that the system meets all the requirements of the Procurement Act 2023 (PA).• Review of implementation plan, including timescales and budget. This includes a review of the programme to date to identify lessons learnt and make the changes to ensure successful implementation for the remainder of the programme. The new system will not be in place for February 2025 and therefore alternative manual processes are being developed to ensure compliance with PA.• Strengthened governance of the implementation progress has been put in place with SRO as the Director of Finance and for which the Programme Board includes all key stakeholders who enable the delivery.• Communications and engagement plan with services to ensure implementation at the point of organisational readiness. <p>It is recognised that the implementation of a new system supports the Procurement Modernisation Plan. Therefore, although a key factor, its implementation alone will not lead to the improvements needed in Procurement practice and compliance which will require a series of other actions which are currently in progress (See Management Response on next page).</p> <p>S151 Officer – September 2025</p>

The recommendations raised as a result of our work in respect of significant value for money weaknesses in the current year are as follows:

#	Grading	Issue, Impact and Recommendation	Management Response/Officer/Due Date
6	High	The Council should ensure services do a stock-take of contracts held to ensure procurement have access to this information and any key responsibilities and renewal dates therein.	<p>This recommendation is accepted. A review of procurement processes is underway and in line with the Procurement Act 2023 (PA) that will come into force in February 2025. This includes:</p> <ul style="list-style-type: none"> • Centralisation of all procurement activity associated with contracts over £25,000 which will be managed and overseen through the Strategic Procurement Team. Strategic Procurement will also monitor and ensure compliance for spends under £25,000. • All contracts over £2m to be published on the website to align with the PA. • Directors required to submit quarterly an update on their pipeline of procurements planned for the next two years, with Strategic Procurement maintaining an up to date contracts register. • Communications and Education plan to be developed to ensure all services comply with the requirements of the PA and new CSOs, including a review of the Code of Practice. • Establishment of a new Procurement Board which will among other things will oversee the pipeline of procurement activity (monitoring progress and timeliness of forthcoming procurements), compliance with CSOs, review of individual procurements at each gateway stage and compliance monitoring of all procurement activity. <p>S151 Officer – September 2025</p>