
Audit Committee

TUESDAY, 10TH JULY, 2007 at 19:00 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, N22 8LE.

MEMBERS: Councillors Rahman Khan (Chair), Bull, Davies, Gorrie, Mallett (Vice-Chair), Vanier, Whyte and Wilson

AGENDA

1. APOLOGIES FOR ABSENCE

2. 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 at item below).

3. DECLARATIONS OF INTEREST

A member with a personal interest in a matter who attends a meeting of the authority at which the matter is considered must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.

A member with a personal interest in a matter also has a prejudicial interest in that matter if the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the member's judgement of the public interest.

4. MINUTES (PAGES 1 - 8)

To confirm and sign the Minutes of the meeting of the Audit Committee held on 26 June 2007.

5. DEPUTATIONS AND PETITIONS

6. STATEMENT OF ACCOUNTS 2006/07 AND ACCOUNTING POLICIES - REPORT OF THE ACTING DIRECTOR OF FINANCE (PAGES 9 - 124)

To detail out the council's accounting policies that have been applied in 2006/07, in order for the committee to ensure the appropriate accounting policies have been followed.

7. PROGRESS REPORT TO THE AUDIT COMMITTEE - AUDIT COMMISSION 2006/07 - AUDIT SUMMARY REPORT - JULY 2007 (PAGES 125 - 134)

8. 2007/08 AUDIT AND INSPECTION PLAN (REPORT OF EXTERNAL AUDITORS - ROBSON RHODES) (PAGES 135 - 162)

9. PROGRESS REPORT ON COUNTER FRAUD ACTIVITY RELATING TO HOUSING BENEFIT AND COUNCIL TAX BENEFIT :

- To advise and update Members on the Counter Fraud performance of the Benefits and Local Taxation Service from 1 April 2007 – 30 June 2007 and of the progress of Pathfinders. **TO FOLLOW**

10. JOINT INSPECTION ACTION PLAN MENTAL HEALTH (PAGES 163 - 200)

To receive an update in respect of the joint inspection action plan - mental health

11. INTERNAL AUDIT PROGRESS REPORT 2007/8 – QUARTER ONE: (REPORT OF HEAD OF AUDIT AND RISK MANAGEMENT) (PAGES 201 - 278)

To inform the Audit Committee of the work undertaken by the Internal Audit Service for the first quarter 2007/08 and reports outstanding from 2006/07.

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12. UPDATE ON RISK MANAGEMENT (REPORT OF HEAD OF AUDIT AND RISK MANAGEMENT) (PAGES 279 - 282)

To inform the Audit Committee of the progress made during 2006/07 in implementing the Council's risk management strategy.

13. REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE (REPORT OF HEAD OF AUDIT AND RISK MANAGEMENT) (PAGES 283 - 294)

To advise Members of requirements of the CIPFA guidance, IPF Toolkit and the Audit Commission feedback as part of the Use of Resources assessment relation to local authority Audit Committees and their effectiveness.

14. NEW ITEMS OF URGENT BUSINESS - TO CONSIDER ANY NEW ITEMS OF URGENT BUSINESS ADMITTED AT ITEM 2 ABOVE.

15. DATES OF NEXT MEETINGS :

Monday, 29 October 2007 at 19:30 at the Civic Centre
Monday, 28 January 2008 at 19:30 at the Civic Centre
Monday, 28 April 2008 at 19:30 at the Civic Centre

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2 July 2007

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MINUTES OF THE AUDIT COMMITTEE
TUESDAY, 26 JUNE 2007

Present:

Councillors Rahman Khan (Chair), Mallett (Vice-Chair), Whyte and Wilson

Apologies Councillor Bull, Davies, Gorrie

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PRAC01.	APOLOGIES FOR ABSENCE (IF ANY) Apologies for absence were received on behalf of Councillors Davies and Bull, and for lateness and possible non-attendance from Councillor Gorrie.	
PRAC02.	URGENT BUSINESS There were no items of urgent business.	
PRAC03.	DECLARATIONS OF INTERESTS <i>Councillor Khan, Chair, declared personal interests in respect of Item 4 – Minutes (AUD 61) on the agenda, because of his membership of the Haringey Council Pension Fund.</i>	
PRAC04.	MINUTES RESOLVED <i>That minutes of the meeting of the Audit Committee held on 26 April 2007 be confirmed and signed as a correct record.</i> Councillor Wilson however referred to Minute AUD65 in respect of a further report on Action Plans, relating to Social Services in particular Mental Health and when the Committee would receive an update. In response Mr Bartle advised that he had liaised with Social Services and that with the Chair's permission an update report would be given to the next meeting on 10 July 2007. The Chair felt it most appropriate to submit a report on 10 July 2007. NOTED	

MINUTES OF THE AUDIT COMMITTEE
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PRAC05.	DEPUTATIONS / PETITIONS - TO CONSIDER RECEIVING DEPUTATIONS AND / OR PETITIONS IN ACCORDANCE WITH STANDING ORDER NO. 35. There were no deputations or petitions. NOTED	
PRAC06.	STATEMENT OF ACCOUNTS 2006/07 AND ACCOUNTING POLICIES (REPORT OF THE ACTING DIRECTOR OF FINANCE) The Chair advised that he already advised the Committee Secretary this item was to be withdrawn from consideration at this meeting due to the fact that the Committee as per its terms of reference was asked to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council, whereas the draft accounts were not previously circulated. RESOLVED; That this item, to be taken to the Audit Committee on 10th July 2007.	
PRAC07.	ANNUAL INTERNAL AUDIT REPORT (REPORT OF HEAD OF AUDIT AND RISK MANAGEMENT) In a brief introduction of the report the Head of Audit and Risk Management – Ms Woods advised that in accordance with the provisions of the terms of reference of Audit Committee, the report before them detailed the annual audit report and assurance statement 2006/07. It outlined the overall adequacy and effectiveness of the system of internal control and risk management operating throughout 2006/07, and summarised the audit work undertaken to formulate the opinion, which included the reliance placed on work by other bodies. (The Acting Director of Finance arrived at 19:37hrs) Ms Woods highlighted that internal controls had been deemed effective based on the existing systems and protocols and referred the Committee to sections 8 – 15 which gave a overall summary of • Corporate governance arrangements • Financial Management and Budgetary Control • Performance Management • Risk management • Summary of Internal Audit work • In-house team – fraud and irregularities • Statement on Internal Control • Other sources of assurances The Chair thanked Ms Woods for her introduction and asked if there were any questions. Councillor Wilson referred to the reference within the report of project	

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management and sought clarification as to what this actually meant. He commented that it appeared that a number of detailed projects that had been reported to Cabinet did not see to have an end date, and that the details in the project reports appeared to be 'cut and paste' from other projects.

In response Ms Woods advised that the projects that the Council considered to be key were listed in Achieving Excellence report and these projects were those that the audit service looked at based on the level of risk attached to them. The 'building schools for the future' and 'IT in sourcing' projects and been looked at in depth during 2006/07 as these were considered to be the projects with the highest risk to the Council not achieving its objectives. Ms Woods also commented that the annual Internal Audit plan contained 50/60 days that would be used to provide assurance on key projects identified in the Achieving Excellence programme. Mr Khatib from Deloitte commented that the audits included a review of the financial and management information provided to Project Boards.

In response to further points of clarification from Councillor Wilson and the Chair Ms Woods advised that reports were produced for all projects reviewed and the results of these were reported as part of the quarterly assessment report and any discrepancies or difficulties were highlighted then. If audit reviewed a particular project and found evidence of poor management both the Cabinet Member and the Chair of Audit would receive a briefing in the first instance.

The Chair commented that where projects were being reported to the Cabinet it should be the case that should there be any irregularities i.e. the tech refresh project - and failings/difficulties with said projects then these should be reported firstly to the Audit Committee prior to being reported to the Executive. The Chair also advised that the Acting Director of Finance in his capacity as Section 151 officer had a duty, in accordance with corporate governance to report any such findings to the Audit Committee. The Chair commented that whilst he accepted that the quarterly reports would highlight progress any individual project that was having any difficulty should be reported separately.

In response the Acting Director of Finance – Mr Almeroth advised that the quarterly monitoring report did report the progress of key projects and that it was his duty to ensure that management was in place to see the projects through. In terms of the report to the Cabinet this would be prepared as a matter of course if there appeared to be any project at risk. If the matter was a service issue then this would also be reported to this Committee as a matter of course.

Councillor Wilson briefly commented on TABLE 3 at para 12.4 of the report the issue of limited assurance and sort clarification as to this figure and who it related to. Ms Woods advised that this was in relation to the payroll and expenses report. The system received a limited assurance rating as a result of some system weaknesses and previous recommendations not being implemented and being re-raised as part of

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the 2006/07 audit. As a result, further pro-active anti-fraud resources were allocated to this area in 2007/08 and the results of this would be provided to this committee in due course.

Mr Almeroth commented that this was a good example of where the Audit Committee could be more effective in that if Members considered that there was a service issue which was raised by an audit report, Members may require the attendance of the Head of Service at the Committee to comment on weaknesses of the service and their proposed action to deal with this.

The Chair confirmed that in such cases the Committee should take advice from the Director of Finance and the Head of Audit, and if there were control issues which were considered to be serious, then the service concerned should be answerable, including facing appropriate action by the Council and should attend Audit Committee to explain their responses.

Mr Almeroth commented that in terms of the Payroll service it was a case of there being views as to the processes within the service, but it was not a control risk.

With regard to concerns of Councillor Wilson as to the missed target at table 4 of the report and what would change to meet that target Ms Woods advised that the table detailed actual projects that had been completed but that there were further days delivered by Deloitte to assist services, in terms of advice and information especially with regard to risk management and project management. However, these resources did not result in a report being produced. In terms of actual audit days delivered, these met the target, but the report highlighted areas where improvements were needed. Further tighter controls were now in place, and were built in to Deloitte's contract.

There being no further discussion the Chair moved and it was:

RESOLVED

- i. that the contents of the annual report and assurance statement for 2006/07 be noted; and
- ii. that the annual audit report be referred to the next available full Council meeting for information.
- iii. that whenever there is any serious irregularity, (for example of the grave nature of irregularities, similar to the former Tech Refresh Project) discovered, while reporting the "Project Management Report periodically to the Executive, it is expected that it must be reported immediately to the Audit Committee.

At this point in the proceedings Mr Almeroth introduced Mr Paul Dossett and Mr Stuart Lloyd from Robson Rhodes – the Council's newly appointed external auditors. The Chair welcomed Mr Dossett and Mr Lloyd on behalf of the Committee and stated that he looked forward to

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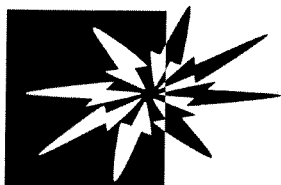
	working in better partnership with them for the forthcoming year for the greater interest of better corporate governance of this council.	
PRAC08.	REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT (REPORT OF HEAD OF AUDIT AND RISK MANAGEMENT) In a brief introduction of the report Ms Woods commented that in accordance with the Accounts and Audit Regulations arrangements were made between LB Haringey and the Royal Borough of Kensington and Chelsea to carry out reciprocal peer group reviews of compliance with the standards set out in the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006. Ms Woods advised that Haringey's review was carried out – the findings of which were detailed at appendix B of the report. In summary the findings were that Haringey complied with the standards set out in the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006. Although no high priority recommendations were made the review did highlight some areas of improvement. An action plan had subsequently been drawn up to deal with those areas of improvement which was attached at appendix C. In response to clarification from the Chair in relation to regulations 4 and 6 Ms Woods confirmed that whilst there were other regulations they were not directly relevant to this report, and only regulations 4 and 6 required a system of internal control/internal audit and were only of relevance. The Chair commented that the other regulations (1-3,5,7-14) were vital and therefore should be stated. Ms Woods, in agreeing that the other regulations were of importance, felt that they were not as vital as Regulations 4 and 6 and that these two were highlighted as having the most impact on the review. Councillors Whyte and Wilson commented on the functions of the Audit Committee and questioned the relevance and purpose of a Committee that only noted issues/reports but actually did not take definitive decisions, and that it acted in a 'tick box' capacity. Ms Woods responded that the purpose of the Committee was to act as regulator and ensuring compliance to agreed procedures and to review such actions. Mr Almeroth also referred to decisions taken previously, particularly at the last meeting where the Committee had asked for action to be taken in relation to action plans to ensure a robust approach to improvements. The Chair responded that the Committee's terms of reference were clearly set out and asked that the Clerk to the Committee circulate the terms of reference to all Members. The Chair then summarised and it was: RESOLVED	

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	i. that the findings of the review and the effectiveness of the system of internal audit be noted; ii. that approval be given to the action plan to address the identified areas of development; iii. that in future the other regulations, such as 5 (Accounting Records & Control System), regulation 7 – Statement of Accounts –proper practices, Regulation 9,10,11,12 &14 be included and compiled with.	
PRAC09.	CPA – USE OF RESOURCES 2007 – ACTION PLAN (REPORT OF THE ACTING DIRECTOR OF FINANCE) In a brief introduction of the report the Acting Head of Corporate Finance – Mr Bartle advised that the report detailed the Council's action plan in preparation for the 2007 CPA use of resources assessment. As detailed in the report Mr Bartle highlighted those areas where previously scores had been given as 2's and 3's and that the target was now to increase to 3's and 4's respectively. In highlighting at appendix A the work plan and key lines of enquiry under the traffic light status most were set at 'Green'. Mr Bartle had met with Ms Hill from the Audit Commission who had given further pointers and a steer and areas where additional emphasis was required. Mr Bartle concluded that in his view the Authority was working within the right climate. The Chair, in thanking Mr Bartle for his introduction, referred to the minutes of the Committee of 25 January 2007 which asked the Director of Finance to enable the Audit Committee by to provide an effective challenging role as recommended by the Audit Commission, but at the recommended action plan mentioned nothing to that direction, as such, he had commented on the need for developing that role. Mr Bartle responded that this challenge would be achieved and that the action plan would be improved as necessary to fulfil that responsibility. Mr Almeroth suggested that the Audit Committee's role in challenging the action plan would be discussed at the next meeting where specific tasks for the Committee would be determined. In response to further comments by the Chair Mr Almeroth advised that the purpose of the plan was to focus on lifting the scores, as outlined by Mr Bartle. The Chair then summarised and it was:- RESOLVED That the CPA Use of Resources Action Plan attached at Appendix A to the report be noted with the comments as mentioned above for further improvement of the action plan as the chair was determined to meet the challenge for the benefit of further improvement in corporate governance.	

Chair

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Haringey Council

Agenda Item

Audit Committee

On 10 July 2007

Report title: **Accounting Policies and Accounts 2006/07**

Report of: **Acting Director of Finance**

Ward(s) affected: All

Report for: Decision

1. Purpose

1.1 To report and consider the accounting policies that have been followed in the production of the Council's financial statements for 2006/07.

2. Recommendations

2.1 That the Committee consider whether appropriate accounting policies, as set out, have been followed in the preparation of the financial statements of the Council.

Report authorised by: Gerald Almeroth - Acting Director of Finance

Contact officer: Graham Oliver – Head of Finance – Accounting and Control
Telephone 020 8489 3725

3. Executive Summary

3.1 The Audit Committee has a role to ensure that the Council is applying appropriate

accounting policies in the compilation of it's financial statements. 3.2 The accounting policies applied are detailed in this report and specifically any changes that have occurred in 2006/07.
4. Reasons for any change in policy or for new policy development (if applicable) 4.1 None.
5. Local Government (Access to Information) Act 1985 The following background papers were used in the preparation of this report: Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice (SORP) – (CIPFA Publication) Local Government Finance Act 1992 Local Government Act 2003

6. Background

- 6.1 The Statement of Accounts set out the Financial Statements for the Council and the Council's Pensions Fund and are prepared in accordance with the Accounting Code of Practice in Great Britain (ACOP) and the Best Value Accounting Code of Practice (BVACOP). These codes are incorporated into a Statement of Recommended Practice (SORP) which details who the accounting policies need to be applied and is the benchmark against which the accounts are audited.
- 6.2 A key part of the production of the accounts of the Authority is ensuring that accounting policies are applied in the most appropriate manner. The accounting policies that have been applied are found in the attached appendix.
- 6.3 The Audit Committee has a role to review the annual statement of accounts of the Authority specifically in relation to the application of these policies.
- 6.4 Internal Audit and the Audit Commission have both given assurances that the Council has correctly applied appropriate accounting policies in relation to previous years.
- 6.4 In preparation of the 2006/07 statements there have been some fundamental presentational changes brought about. These are due to changes in the accounting regulations that govern the preparation of the accounts. The main changes are as follows:

- The removal of the Consolidated Revenue Account (CRA) replaced by an Income and Expenditure Account and a Statement of Movement on the General Fund.
- A new Statement of Total Recognised Gains and Losses (STRGL).
- The order of the statements and the notes have changed.
- The Housing Revenue Account (HRA) replace by an HRA Income and Expenditure Account and a Statement of Movement on the HRA.
- Group Accounts produced for the first time, with Homes for Haringey accounts being grouped with Haringey's Accounts, as a 100% subsidiary of Haringey Council.
- The accounts of Alexandra Palace and Park are now contained as an appendix to the main statements purely for information.

6.5 The majority of these are presentational changes and do not change the accounting policies being implemented. However the wording of the prior year adjustment accounting policy has been amended to inform readers that the prior year figures have been amended.

7. Accounting Policies

7.1 The vast majority of the accounting policies have remained the same as in previous years. As stated above the format of the accounts has fundamentally changed but this has not resulted in any fundamental changes to the accounting policies.

7.2 The only changes in accounting policies are:

- **Basis of consolidation** – this has been amended to take out references to Alexandra Park and Palace, as the accounts of the Trust do not form any part of the Haringey accounts and are just appended to the accounts for information. The accounts of the Trust are signed off by their own external auditors and therefore will not require auditing by the Audit Commission as part of their review other than in so much as transactions directly affect the Council.
- **Basis of charges for use of fixed assets** – This has been removed as the ACOP no longer recognises the notional interest charge that Local Authorities have been required to make. This is as a direct result in the new SORP requirement that the Council's Income and Expenditure Account no longer contains notional interest. Therefore this has been removed from the 2006/07 figures and the prior year comparators.
- **Debt Restructuring** – This has been added to clearly state what the Council's accounting policy is. There is no change in policy or application and therefore there is no impact upon the financial statements.

7.3 The accounting policies and their application is reviewed every year by the Audit Commission as part of the annual audit and there have been no issues raised in recent years with regard to this application.

8. Other important matters

- 8.1 We have worked closely with the Audit Commission to improve on the closure of accounts process in 2006/07 and fully taken into account recommendations that arose for the 2005/06 audit of accounts.
- 8.2 The Council has improved the 2006/07 accounts by working through the Audit Commission's action plan arising from the production of the 2005/06 accounts and by taking into account matters arising from the CPA Use of Resources action plan.
- 8.3 Particular emphasis has been placed on achieving excellent working papers to accompany the statements, which we have worked with the external auditors on, in order to gain a better understanding of what their requirements are.
- 8.4 In 2005/06 an Annual Report was produced which incorporated a set of summary accounts. For 2006/07, following positive feedback from the 2005/06 Annual Report and further consultation carried out, an Annual Report is again being produced and will be sent to all households with the September edition of Haringey People, as well as being published on the Council's website.
- 8.5 The external audit for 2006/07 accounts commenced on 1 July, the auditors will report any issues to the General Purposes Committee on 11 September and then the accounts are due to be signed off by the auditors at the end of September.

9. Recommendations

- 9.1 That the Committee consider whether appropriate accounting policies, are set out, have been followed in the preparation of the financial statements of the Council.

Statement of Accounting Policies

The accounting policies set out below apply to the Financial Statements of the Authority and the Pension Fund.

General Principle

These accounts have been prepared in accordance with the Accounting Code of Practice on Local Authority Accounting in Great Britain (ACOP) and the Best Value Accounting Code of Practice (BVACOP), as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). These codes have been approved as a Statement of Recommended Practice (SORP). The pension fund has been prepared in accordance with the Pensions SORP.

Accruals of Income and Expenditure

In the Revenue Account, income and expenditure are generally accounted for in the year in which they arise on an accruals basis, by the creation of material debtors and creditors, including estimates where appropriate.

Treatment of Debtors

The Authority undertakes to recover all outstanding debts. However, where debts prove to be irrecoverable, provisions are made and the debt is written off.

Government Grants and Contributions

Government grants and other contributions are accounted for on an accruals basis. They are shown in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution is to be received.

Grants and contributions relating to fixed assets are credited to the Government Grants Deferred Account and released to the Asset Management Revenue Account in line with depreciation.

Cost of Support Services

The cost of central departments has been allocated to direct services on a variety of bases, reflecting the work provided by these support services.

Leases and PFI arrangements

Finance Leases – Under the Statement of Standard Accounting Practice (SSAP) 21, assets acquired under finance leases are treated as being in the ownership of the

lessee. Therefore the rental payments are charged to the Asset Management Revenue Account and the asset valuation is included within the Authority's fixed assets and depreciated accordingly.

Operating Leases - Rentals payable under operating leases are charged to revenue on an accruals basis and on a straight-line basis.

PFI (Private Finance Initiative) contracts and other long-term contracts are not accounted for on the Authority's balance sheet where the risks and rewards of ownership of the relevant assets have been transferred to or are with the contractor.

Basis of Consolidation

The Consolidated Balance Sheet aggregates the balance of each of the Authority's separate funds except for Trust Funds and the Pension Fund, for which separate information is provided.

Valuation of Stock

Stocks have been valued at net current replacement value, which is not in accordance with SSAP 9, as the difference between cost and net realisable value is not considered to be material.

Capital Receipts

These arise from the sale of long-term assets and from the repayment of capital advances for home purchases and housing associations. The receipts arising from the sale of General Fund assets are 100% usable by the Authority on capital expenditure. For the sale of HRA assets the Local Government and Housing Act 1989 requires these generated from the sale of Council housing to be split between a usable and a reserved element (25%/75%), any receipts generated from the sale of other housing land and buildings are split 50%/50%. As from 1st April 2004 the reserved element is paid over to Central Government. The usable part may be used to finance capital expenditure.

Deferred Capital Receipts

When the Authority disposes of long-term assets such as council dwellings and advances a mortgage to the purchaser, the mortgage is shown in the balance sheet as a long-term debt and an equal amount is shown as a deferred capital receipt. The long-term debt and deferred capital receipt are both written down as the principal is repaid by mortgagees.

Fixed Assets

Fixed assets are included in the Balance Sheet on the following basis:

- (a) operational land and properties are valued based on their existing use;
- (b) council housing is valued at market value and then has a social housing percentage applied to arrive at the valuation.

- (c) non-operational assets and investment properties are valued on the basis of their open market value and are classified in line with the 2006 SORP requirements;
- (d) infrastructure assets are included in the Balance Sheet at historical cost basis net of depreciation;
- (e) community assets such as parks are recorded at a nominal value;
- (f) intangible assets are valued at cost.

All valuations are subject to review as part of a five year rolling programme.

The Authority has a process for identifying impairments that have incurred on fixed assets, e.g. where fire damage has occurred to an asset resulting in a reduced valuation, and have applied this in accordance with Financial Reporting Standard (FRS) 11.

Where assets were purchased by finance leases, the annual rentals are charged to the revenue account. The related liability of future rentals payable is not shown in the accounts. The assets acquired by this facility are valued within fixed assets, where they are still owned by the Authority.

Deferred Charges

Deferred charges relate to expenditure on assets that do not belong to the Authority, for example Improvement Grants. The treatment of these costs is in line with CIPFA's recommendations in that:

- (a) Expenditure charged to the balance sheet is written out to service revenue accounts in the year in which the expenditure is incurred;
- (b) Financing costs for deferred charges are accounted for corporately after net expenditure has been disclosed.
- (c) No asset is shown within the Authority's balance sheet.

Depreciation

Where asset life is short-term, the value of those assets is written out to revenue using the straight-line method over the following periods:

Vehicles Plant & Equipment	5 years
Intangibles	5 years
Infrastructure	30 years
Buildings	20 to 60 years

Depreciation is charged on all assets except non-operational investment assets. Newly acquired assets are not depreciated in the year of acquisition and assets in the course of construction are not depreciated until they are brought into use.

Minimum Revenue Provision

In accordance with the requirements of the Local Government and Housing Act 1989, the authority has set aside a minimum revenue provision for repayment of debt. In addition the Authority has set aside a voluntary revenue provision to cover a capital

determination awarded by the Office of the Deputy Prime Minister (ODPM) in 2004/05 regarding the Alexandra Park and Palace debt.

Repurchasing of Borrowing

Where debt premiums or discounts have been incurred due to restructuring of the Council's debt portfolio these are written off over the lifetime of the old loan period, in the case of premiums or 10 years in the case of discounts.

Provisions

The Authority has made a number of provisions for liabilities that are certain to occur, but the timing and amounts are uncertain and have applied this in accordance with Financial Reporting Standard (FRS) 12.

Reserves

Expenditure is charged to revenue and not directly to any reserve. For each reserve established, the purpose, usage and basis of transactions are identified in the notes to the Authority's Financial Statements.

Retirement Benefits

The accounts have been produced in accordance with FRS17. The discount rate used in the calculation of FRS17 is the AA corporate bond rate in of 5.4%.

Value Added Tax

VAT is included within the accounts only where it is irrecoverable and where reimbursement of VAT paid is due from Customs and Excise.

Contingencies

Where the Authority can estimate with some certainty a contingent loss or gain, it has been included in the financial statements. However, where the cost cannot be accurately estimated, it is detailed by way of a note to the accounts.

Prior Year Adjustments

A number of changes to the SORP governing Local Authority Accounting have occurred this year which has resulted in fundamental changes to the format and layout of the Authority's accounts. Where these changes have occurred the comparator figures for 2005/06 have been amended, to allow for useful comparison, and notes have been included in the accounts to inform readers of where these changes have occurred.

Associated and Subsidiary Companies (FRS2)

The Authority has a financial relationship with a number of companies. Details are contained in the notes to the Authority's Financial Statements. The SORP requires Authorities to produce group accounts where group relationships occur with associated and subsidiary companies. London Borough of Haringey has a wholly

owned subsidiary in Homes for Haringey Ltd and therefore group accounts have been prepared in accordance with the accounting standards.

Post balance sheet events

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements were authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date); and
- those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date)

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LONDON BOROUGH OF HARINGEY
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2007

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SECTION 1

INTRODUCTION & REVIEW OF THE YEAR

2006/07

Foreword

This document sets out the Financial Statements for Haringey Council, the Authority's Pension Fund and its Group accounts.

Statement of Responsibilities

The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In Haringey that officer is the Acting Director of Finance.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Internal Financial Control

The Authority recognises its responsibilities to ensure proper financial management and control of its affairs. The Authority approves an annual revenue and capital budget and publishes annual accounts, which are approved by the Authority and subject to external audit.

The Acting Director of Finance has direct management responsibility for the Internal Audit section, which maintains a regular review of the Authority's financial systems and investigates any irregularities that arise. Further information is contained within the Statement on Internal Control.

The Acting Director of Finance's responsibilities

The Acting Director of Finance is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice in Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing the Statement of Accounts, the Acting Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

The Acting Director of Finance has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Acting Director of Finance has signed and dated the Statement of Accounts for the year ended 31 March 2007.

The Statement of Accounts

In 2006/07 there have been a number of fundamental changes to the layout and format of the accounts, with the aim of moving local Authority accounts more in line with UK General Accepted Accounting Practices (UK GAAP). The end result is that there are some new statements this year, resulting in the figures for 2005/06 having to be re-stated to allow for reasonable year on year comparators, and the order of the statements and notes have changed. Each of the principle statements and sections of these accounts are set out below.

Statement on Internal Control

This details the processes in place during 2006/07 for ensuring appropriate management and control. It then reviews the effectiveness and raises any major issues that have arisen in the year. (Page 15)

Statement of Accounting Policies

An explanation of the basis on which the accounts have been prepared and their compliance with the guidance of the relevant regulatory bodies. (Page 19)

Income and Expenditure Account

This statement replaces the Consolidated Revenue Account (CRA) and summarises the income and expenditure of all the Authority's services, providing a breakdown by service, in line with UK GAAP. The Account also shows how the Authority's services are funded: the four main sources being specific income, council tax, national non-domestic rates and government grants. (Page 25)

Statement of Movement on the General Fund Balance

The Income and Expenditure Account shows entries that are in line with accounting principles but not necessarily in accordance with Government requirements for Local Authority accounts and Council Tax. An example is the requirement for Local Authorities to make a minimum revenue provision for debt repayment. The statutory entries are put through this statement which moves the balance on the Income and Expenditure Account to the net overall effect on the General Fund balances for the year. (Page 26)

Statement of Total Recognised Gains and Losses (STRGL)

This statement records those gains and losses experienced by a local authority that are not reflected in the Income and Expenditure Account. For example, gains on revaluations of fixed assets and pension actuarial gains and losses are not reflected in the Income and Expenditure Account. The STRGL allows a full assessment of the financial result for the period to be considered. (Page 27)

The Balance Sheet

This records the Authority's year-end financial position. It shows the balances and reserves at the Authority's disposal and its long-term debt, the net current assets or liabilities, and summarised information on the fixed assets held. It excludes the trust funds and the Pension Fund. (Page 28)

Cashflow Statement

This summarises the inflows and outflows of cash arising from transactions with third parties for capital and revenue transactions. (Page 30)

Notes to the Primary Statements

All the notes to the statements detailed above then follow these primary statements. (Pages 31 to 60)

Housing Revenue Account Income and Expenditure Account

This records the Authority's statutory obligation to account separately for the costs of its landlord role. It shows the major elements of housing revenue expenditure – maintenance, administration and capital financing costs – and how these are met by rents, housing subsidy and other income. As with the new Income and Expenditure Account this statement is in accordance with UK GAAP. (Page 56)

Statement of Movement on the HRA Balance

As with the Statement of Movement on the General Fund Balance this statement brings in the statutory transactions which move the balance on the HRA Income and Expenditure Account to the net overall effect on the General Fund balances for the year. (Page 56)

Collection Fund

The Authority is responsible for collecting council tax and national non-domestic rates, the latter on behalf of the government. The proceeds of the council tax are distributed to two preceptors: the Authority itself and the Greater London Authority. The Fund shows the income due from council tax and national non-domestic rates and the application of the proceeds. (Page 59)

Pension Fund Account and Net Assets Statement

The Pension Fund Account shows the contributions to the Fund during 2006/07 and the benefits paid from it. The Net Assets Statement sets out the financial position for the Fund as at 31 March 2007. The Fund is separately managed by the Authority acting as trustee and its accounts are separate from the Authority's. (Page 73)

The Group Accounts

Group Accounts are prepared where a local authority has interests in companies such as Homes for Haringey, the Haringey Arms Length Management Organisation (ALMO). The authority's financial statements do not present the full picture of its financial position. Group financial statements are therefore required in order to reflect the extended service delivery of all the activities under the control of the parent reporting authority. (Page 63)

Review of the Financial Year

The Community Strategy vision was adopted by the Authority in 2002. 2006/07 is the last year of the 5 year strategy. The vision is:

'To measurably improve the quality of life for the people of Haringey by tackling some of our biggest problems and making it a borough we can all be proud of.'

Our priorities are to:

1. Improve services
2. Narrow the gap between the east and the west of Haringey
3. Create safer communities
4. Improve the environment
5. Raise achievement in education and create opportunities for life long success

This review sets out the Authority's financial performance in its principal financial areas:

- The General Fund
- The Housing Revenue Account
- Capital Investment

This commentary is supplemented by a review of the Pension Fund.

The General Fund

The General Fund contains the income and expenditure relating to the services of the Authority, other than Council housing. In 2006/07 the Authority planned net expenditure of £365.9 million, as set out in the following table.

	Budget £'000	Outturn £'000	Variance £'000
Children's Services	215,887	215,630	(257)
Housing Services	(3,274)	(3,521)	(247)
Social Services	57,966	58,111	145
Environmental Services	51,799	51,378	(421)
Finance Services	10,726	10,360	(366)
Chief Executive's Services	26,132	24,471	(1,661)
Services	359,236	356,429	(2,807)
Non service revenue	5,993	5,274	(719)
Transfer deficit on schools		(538)	(538)
Transfer underspend on DSG		1,355	1,355
Cabinet agreed transfers to reserves (19/6/07)		2,946	2,946
Planned contributions to/(from) reserves	691	691	0
Total on General Fund	365,920	366,157	237
General balances 1 April 2006			(12,405)
Collection Fund Surplus			(98)
Movement between reserves 06/07			259
General balances 31 March 2007			(12,007)

There is a net service underspend of £2.8 million. There was a £0.5 million overspend on schools which is funded from the schools earmarked reserve (£5.8 million as at 31 March 2006). The Dedicated Schools Budget was underspent by £1.3 million which is carried forward and ring-fenced in 2007/08. If schools and the Dedicated Schools Grant (DSG) are excluded, there is an overall service underspend of £2.0 million.

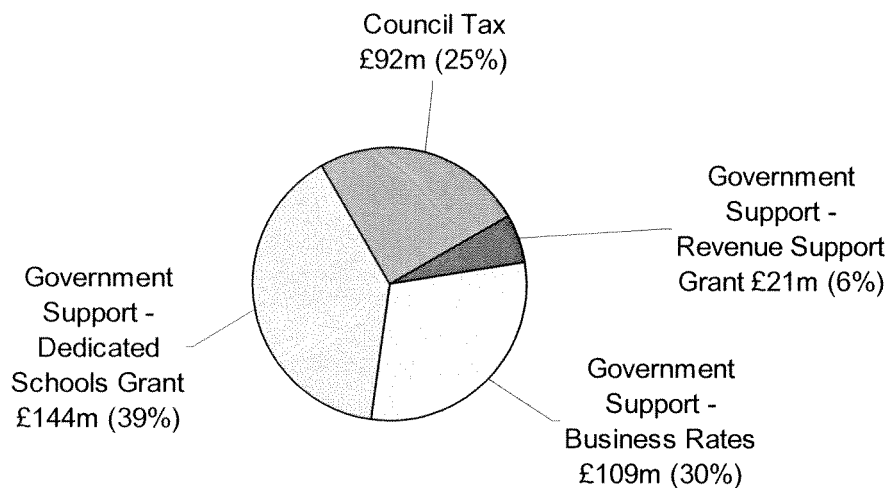
With the exception of schools expenditure all other services spend was broadly in line with expectations. The homelessness budget continues to underspend and some of this has been moved into reserves to cover the Authority against potential future loss of subsidy paid by central government on homeless accommodation.

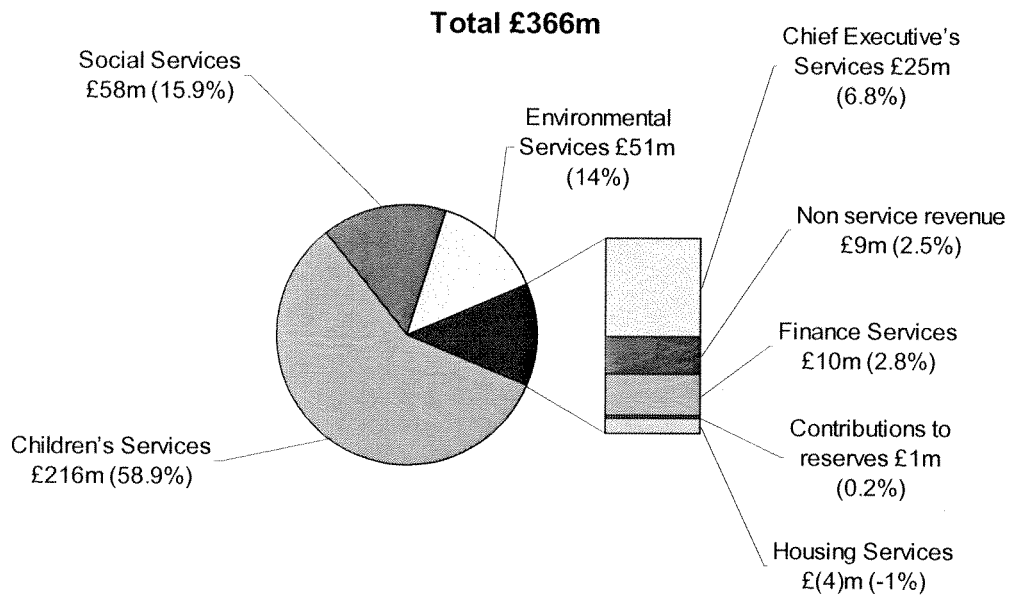
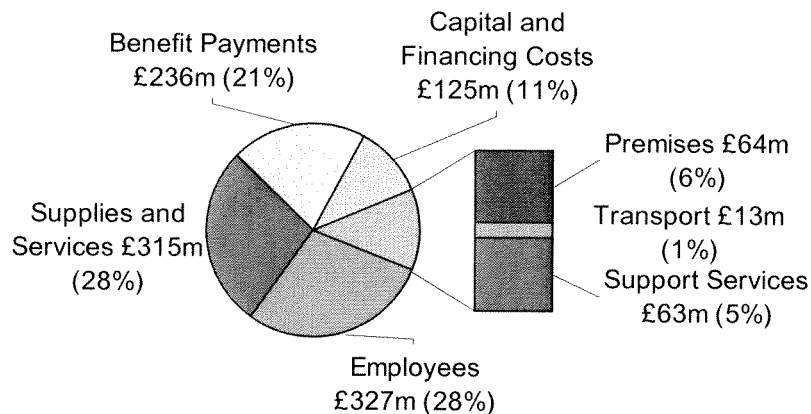
Overall the General Fund made a small deficit of £237 thousand.

Below is a graph showing the revenue funding sources such as Government Grants, NNDR and Council Tax. 2006/07 saw a major change in Government funding for Local Authorities with the introduction of the Dedicated Schools Grant (DSG). This grant is ring-fenced for schools and has been taken from the Revenue Support Grant (RSG).

Sources of Revenue Funding 2006/07

Total £ 366 m



How The Money Was Spent**Subjective Analysis of Gross Revenue Expenditure****Total £ 1,143m****The Housing Revenue Account**

The Housing Revenue Account is a statement of the income and expenditure on Council housing. The Authority is landlord for 16,627 dwellings and the income and expenditure relating to these is ring-fenced, that is the Authority is prevented by legislation from subsidising the cost of Council Housing from its General Fund.

In 2006/07, the Authority spent £101.4 million on its Council housing and had income of £100.6 million. After financing and appropriation adjustments, there was a deficit of £0.8 million on the account. (page 56)

Capital investment

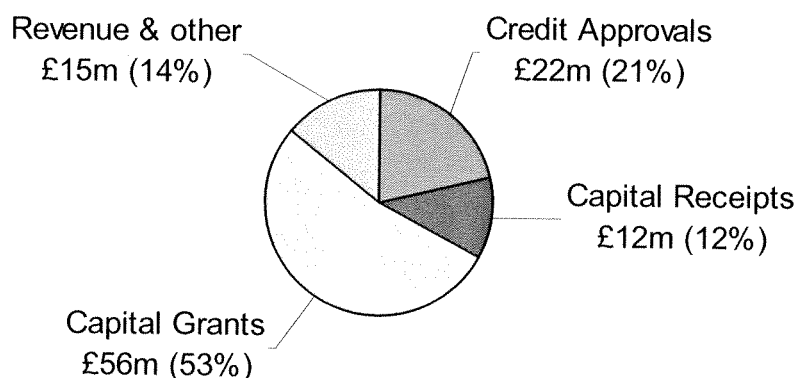
In 2006/07, the Authority planned to spend £112.6 million on capital investment, as shown in the following table. The actual expenditure was £107.3 million. The main reason for the £5.3 million underspend was scheme slippage. The total long-term debt of the Authority is £634 million, which relates to capital investment in previous years. 59% of this debt relates to Council housing investment.

	Budget £'000	Outturn £'000	Variance £'000
Social Services	6,322	5,658	(664)
Housing - GF	3,222	2,135	(1,087)
Housing - HRA	18,136	18,032	(104)
Chief Executive	12,667	8,879	(3,788)
Finance	4,147	3,597	(550)
Environment	17,600	15,812	(1,788)
Children's & Young People	52,304	53,205	901
Total	114,398	107,318	(7,080)

The graph below details how this capital expenditure was financed.

Capital Financing 2006/07

Total £105m



The difference between the capital outturn and the capital financed is capital accruals from 2005/06 which were financed in 2006/07. See the Capital Expenditure note to the Balance Sheet. (Page 43)

The Pension Fund

The Pension Fund is part of the Local Government Pension Scheme. This funds the pensions of Authority staff, other than teachers, and receives contributions from members of the scheme and employer bodies. In 2006/07, the Fund made payments to pensioners of £24.4

million and received contributions of £38.0 million (£8.4 million from members and £29.6 million from the employers).

The Fund is worth £620 million, most of which is invested in the stock market. In 2006/07 the Fund increased in value by £47 million following the overall trend in the UK and global stock markets.

Approval of the Accounts

The Accounts and Audit Regulations 2005, require the accounts to be approved by the Authority.

ACTING DIRECTOR OF FINANCE'S CERTIFICATE

I certify that the accounts set on pages 23 to 70 set out the financial position of the London Borough of Haringey as at 31 March 2007 and its income and expenditure for the year ended and that the accounts on pages 71 to 82 set out the net assets of the London Borough of Haringey Pension Fund as at 31 March 2007 and its income and expenditure for the year then ended.



Gerald Almeroth, CPFA
Acting Director of Finance
28th June 2007

Independent auditor's report to the London Borough of Haringey

SECTION 2

**INTERNAL CONTROL AND ACCOUNTING
POLICIES**

2006/07

Internal Control and Accounting Policies

Statement on Internal Control 2006/07

1. Scope of responsibility

- 1.1 Haringey is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Haringey also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Haringey is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of Haringey's functions and which includes arrangements for the management of risk.

2. The purpose of the system of internal control

- 2.1 The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Haringey's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.2 The system of internal control has been in place at Haringey for the year ended 31st March 2007 and up to the date of the approval of the annual report and accounts.

3. The internal control environment

- 3.1 The key elements of the internal control environment are:

- a) establishing and monitoring the achievement of the authority's objectives

Haringey has well established and documented aims and objectives in order to improve the quality of life for people living and working within the borough and ensure that high quality services are delivered efficiently and effectively. These are set out in the Community Strategy and all the Council's business and financial planning documents reflect these aims and objectives. Delivery of these is through an integrated annual business and financial process, which are subject to full consultation and review by the Overview and Scrutiny Committee, formal adoption by the Cabinet and approval by the Council.

- b) the facilitation of policy and decision making

The Council's Constitution sets out the policy and decision making framework for the authority. The role of the whole Council, the Cabinet, other committees, Cabinet Members and officers is clearly documented, and there are also protocols governing the relationships between members and officers. This is subject to regular review and updated to reflect functional and organisational changes to the Council.

- c) ensuring compliance with established policies, procedures laws and regulations

The Council Constitution contains the Financial Procedure Rules and Contract Standing Orders, which must be complied with in carrying out all operational functions. Officer Employment Rules and a Monitoring Officer Protocol are also contained within the Constitution.

Haringey has a well-established and publicised anti-fraud and corruption policy and strategy, including a fraud response plan and Whistle-blowing policy which complies with relevant legislation and is monitored and managed by Internal Audit.

The Constitution also details the roles of key compliance officers, including the Council's Monitoring Officer and S151 Officer, as well as specific functional responsibilities for the Cabinet, committees, other bodies and officers.

- d) how risk management is embedded in the activity of the authority

Haringey has a Risk Management Strategy which was updated and approved by the Audit Committee in 2005 and, through a variety of processes and procedures, ensures that risk management is embedded across the organisation and its activities. The Council has developed a corporate risk register and all departments and business units have risk registers in place. These risk registers are tested by Internal Audit to ensure that managers are controlling the risks identified. Regular reports are provided to the Audit Committee detailing progress in embedding risk management throughout the Council. The Council also has agreed Business Continuity Plans which conform to the requirements of the Civil Contingencies Act 2004. In addition, the project management framework requires risks to be identified and monitored throughout the duration of each project, with agreed escalation process in place to ensure that risks which may prevent the project achieving its objectives are managed appropriately. All business plans also detail how each of the business units' key risks are being controlled and managed.

- e) ensuring the economical, effective and efficient use of resources

The Council is committed to delivering value for money. This is achieved through a variety of mechanisms including a well established business planning process, and a robust performance management system. There is an approved scheme of delegation in place to ensure that decisions are taken at the most appropriate level.

- f) the financial management of the authority

Financial management is based on a framework of regular management information and review to inform managers and members of the current budget position. This is supported by the finance and contract procedure rules and the scheme of delegation. Key elements of the financial management system include integrated budgeting and medium term financial planning systems, regular budget monitoring reports to the Cabinet, systematic review of all key financial control processes, monitoring of key financial and other targets, and formal project management processes.

- g) the performance management of the authority

Haringey has comprehensive and robust performance management systems, which include Business Plans, Service Improvement Plans, Best Value Performance Plans and National and Local Performance Indicators. Performance measurement is undertaken at various levels and is subject to review both internally and externally by the Audit Commission. The Cabinet receives regular reports highlighting key financial and performance management information, which includes a corporate 'balanced scorecard' and allows them to effectively monitor compliance with all key policies and Council objectives.

4. Review of effectiveness

- 4.1 Haringey has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. This review is informed by the work of the internal auditors and the managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 Under the Comprehensive Performance Assessment Haringey achieved a rating of three stars (out of four), and 76% of best value performance indicators have maintained or improved performance over the year. The Audit Commission, in its March 2007 Annual Audit

and Inspection Letter, stated that the Council is improving well and that improvements have been evidenced in the Council's internal control arrangements.

- 4.3 The risk management strategy was revised in 2005 and improvements to ensure that the recommendations from external audit and the 2005/06 SIC action plan were incorporated. Risk management is an area which continues to develop as both internal and external issues affect the council and work will continue to ensure that under the re-shaped structure key operational and strategic risks are identified, managed and reported appropriately.
- 4.4 Directors have submitted a statement of assurance covering 2006/07 which is informed by work carried out by internal audit, external assessment and risk management processes. The statements provide assurance that any significant control issues that have been brought to their attention have been dealt with appropriately.
- 4.5 The Head of Audit and Risk Management provided an Annual Audit Report for 2006/07, which concluded that overall there are sound internal financial control systems and corporate governance arrangements in place.

5. Actions to deal with outstanding internal control issues

- 5.1 In 2005/06, a number of actions were reported in the SIC to deal with outstanding control issues. During 2006/07, some of these issues were addressed. The implementation of a revised project management framework assisted in improving monitoring and reporting processes. In addition, the action plan following the Audit Commission's review of the IT infrastructure upgrade has been implemented.
- 5.2 During 2006/07, further work has been done to address internal control issues and these are included below for continuing action. The following actions have been agreed to address the outstanding control issues identified as a result of the review of the effectiveness of the system of internal control:
 - Further work will be undertaken to ensure that the business unit, departmental and corporate risk registers are monitored, reviewed and updated appropriately to take account of the re-shaped organisational structure.
 - Partnership working has been identified as a key development area for the Council. The risk management programme will therefore encompass all key partnerships to ensure that these have been properly identified, appropriate risk assessments are produced and reviewed and that there are effective arrangements in place for risk sharing.

 Councillor George Meehan Leader of the Council	 Dr. Ita O'Donovan Chief Executive
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Statement of Accounting Policies

The accounting policies set out below apply to the Financial Statements of the Authority and the Pension Fund.

General Principle

These accounts have been prepared in accordance with the Accounting Code of Practice on Local Authority Accounting in Great Britain (ACOP) and the Best Value Accounting Code of Practice (BVACOP), as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). These codes have been approved as a Statement of Recommended Practice (SORP). The Pension Fund has been prepared in accordance with the Pensions SORP.

Accruals of Income and Expenditure

In the Revenue Account, income and expenditure are generally accounted for in the year in which they arise on an accruals basis, by the creation of material debtors and creditors, including estimates where appropriate.

Treatment of Debtors

The Authority undertakes to recover all outstanding debts. However, where debts prove to be irrecoverable, provisions are made and the debt is written off.

Government Grants and Contributions

Government grants and other contributions are accounted for on an accruals basis. They are shown in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution is to be received.

Grants and contributions relating to fixed assets are credited to the Government Grants Deferred Account and released to the Asset Management Revenue Account in line with depreciation.

Cost of Support Services

The cost of central departments has been allocated to direct services on a variety of bases, reflecting the work provided by these support services.

Leases and PFI arrangements

Finance Leases – Under the Statement of Standard Accounting Practice (SSAP) 21, assets acquired under finance leases are treated as being in the ownership of the lessee. Therefore the rental payments are charged to the Asset Management Revenue Account and the asset valuation is included within the Authority's fixed assets and depreciated accordingly.

Operating Leases - Rentals payable under operating leases are charged to revenue on an accruals basis and on a straight-line basis.

PFI (Private Finance Initiative) contracts and other long-term contracts are not accounted for on the Authority's balance sheet where the risks and rewards of ownership of the relevant assets have been transferred to or are with the contractor.

Basis of Consolidation

The Consolidated Balance Sheet aggregates the balance of each of the Authority's separate funds except for trust funds and the Pension Fund, for which separate information is provided.

Valuation of Stock

Stocks have been valued at net current replacement value, which is not in accordance with SSAP 9, as the difference between cost and net realisable value is not considered to be material.

Capital Receipts

These arise from the sale of long-term assets and from the repayment of capital advances for home purchases and housing associations. The receipts arising from the sale of General Fund assets are 100% usable by the Authority on capital expenditure. For the sale of HRA assets the Local Government and Housing Act 1989 requires these generated from the sale of Council housing to be split between a usable and a reserved element (25%/75%), any receipts generated from the sale of other housing land and buildings are split 50%/50%. As from 1st April 2004 the reserved element is paid over to Central Government. The usable part may be used to finance capital expenditure.

Deferred Capital Receipts

When the Authority disposes of long-term assets such as council dwellings and advances a mortgage to the purchaser, the mortgage is shown in the balance sheet as a long-term debt and an equal amount is shown as a deferred capital receipt. The long-term debt and deferred capital receipt are both written down as the principal is repaid by mortgagees.

Fixed Assets

Fixed assets are included in the Balance Sheet on the following basis:

- (a) operational land and properties are valued based on their existing use;
- (b) council housing is valued at market value and then has a social housing percentage applied to arrive at the valuation;
- (c) non-operational assets and investment properties are valued on the basis of their open market value and are classified in line with the 2006 SORP requirements;
- (d) infrastructure assets are included in the Balance Sheet at historical cost basis net of depreciation;
- (e) community assets such as parks are recorded at a nominal value;
- (f) intangible assets are valued at cost.

All valuations are subject to review as part of a five year rolling programme.

The Authority has a process for identifying impairments that have incurred on fixed assets, e.g. where fire damage has occurred to an asset resulting in a reduced valuation, and have applied this in accordance with Financial Reporting Standard (FRS) 11.

Where assets were purchased by finance leases, the annual rentals are charged to the revenue account. The related liability of future rentals payable is not shown in the accounts. The assets acquired by this facility are valued within fixed assets, where they are still owned by the Authority.

Deferred Charges

Deferred charges relate to expenditure on assets that do not belong to the Authority, for example Improvement Grants. The treatment of these costs is in line with CIPFA's recommendations in that:

- (a) Expenditure charged to the balance sheet is written out to service revenue accounts in the year in which the expenditure is incurred;
- (b) Financing costs for deferred charges are accounted for corporately after net expenditure has been disclosed;
- (c) No asset is shown within the Authority's balance sheet.

Depreciation

Where asset life is short-term, the value of those assets is written out to revenue using the straight-line method over the following periods:

Vehicles Plant & Equipment	5 years
Intangibles	5 years
Infrastructure	30 years
Buildings	20 to 60 years

Depreciation is charged on all assets except non-operational investment assets. Newly acquired assets are not depreciated in the year of acquisition and assets in the course of construction are not depreciated until they are brought into use.

Minimum Revenue Provision

In accordance with the requirements of the Local Government and Housing Act 1989, the authority has set aside a minimum revenue provision for repayment of debt. In addition the Authority has set aside a voluntary revenue provision to cover a capital determination awarded by the Office of the Deputy Prime Minister (ODPM) in 2004/05 regarding the Alexandra Park and Palace debt.

Repurchasing of Borrowing

Where debt premiums or discounts have been incurred due to restructuring of the Council's debt portfolio these are written off over the lifetime of the old loan period, in the case of premiums or 10 years in the case of discounts.

Provisions

The Authority has made a number of provisions for liabilities that are certain to occur, but the timing and amounts are uncertain and have applied this in accordance with Financial Reporting Standard (FRS) 12.

Reserves

Expenditure is charged to revenue and not directly to any reserve. For each reserve established, the purpose, usage and basis of transactions are identified in the notes to the Authority's Financial Statements.

Retirement Benefits

The accounts have been produced in accordance with FRS17. The discount rate used in the calculation of FRS17 is the AA corporate bond rate of 5.4%.

Value Added Tax

VAT is included within the accounts only where it is irrecoverable and where reimbursement of VAT paid is due from Customs and Excise.

Contingencies

Where the Authority can estimate with some certainty a contingent loss or gain, it has been included in the financial statements. However, where the cost cannot be accurately estimated, it is detailed by way of a note to the accounts.

Prior Year Adjustments

A number of changes to the SORP governing Local Authority Accounting have occurred this year resulting in fundamental changes to the format and layout of the Authority's accounts. Where these changes have occurred the comparator figures for 2005/06 have been

amended, to allow for useful comparison, and notes have been included in the accounts to inform readers of where these changes have occurred.

Associated and Subsidiary Companies (FRS2)

The Authority has a financial relationship with a number of companies. Details are contained in the notes to the Authority's Financial Statements. The SORP requires Authorities to produce group accounts where group relationships occur with associated and subsidiary companies. London Borough of Haringey has a wholly owned subsidiary in Homes for Haringey Ltd and therefore group accounts have been prepared in accordance with the accounting standards.

Post balance sheet events

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements were authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date); and
- those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date)

SECTION 3

THE STATEMENT OF ACCOUNTS

2006/07

Income and Expenditure Account

This Statement shows the gross expenditure, income and net expenditure analysed by service and also shows how the Council's services are funded: the four main sources being specific income, council tax, national non-domestic rates and government grant.

	Notes	2006/07 Gross Expenditure £'000	2006/07 Gross Income £'000	2006/07 Net Expenditure £'000	2005/06 Net Expenditure £'000
Service					
Children and Young People's Service	5	339,279	(273,002)	66,277	196,670
Social Services - Adults and Older People	6	99,015	(42,094)	56,921	53,279
Housing Services - General Fund	7	278,917	(282,692)	(3,775)	(3,318)
Cultural, Environmental and Planning Services	8	81,597	(39,875)	41,722	35,651
Highways, Roads and Transport Services	9	26,913	(15,234)	11,679	10,643
Central Services	10	122,046	(112,408)	9,638	26,773
Coroners' Court Services		856	(731)	125	89
Total cost of Continuing Services	2-20	948,623	(766,036)	182,587	319,787
Housing Revenue Account (surplus) / deficit		105,556	(104,793)	763	3,203
Net Cost of Services				183,350	322,990
(Gain) / Loss on disposal of fixed assets				(2,852)	(1,092)
Levies	15			5,838	6,935
Net Surplus on Trading Activities-HRA	21			0	(1,056)
-General Fund	21			(316)	(343)
Interest Payable and Similar Charges				43,840	43,298
Contribution of housing capital receipts to Government pool				(8,494)	(17,462)
Interest and Investment Income				(4,547)	(3,223)
Pensions Interest Cost and Return on Assets	16			5,966	10,327
Net Operating Expenditure				222,785	360,374
Demand on the Collection Fund				(91,692)	(89,001)
(Surplus) / Deficit on Collection Fund				(98)	74
Government grants (not attributable to specific services)				(21,073)	(182,209)
Distribution from National Non-Domestic Rates Pool				(109,153)	(74,889)
(Surplus) / Deficit for Year				769	14,349

Statement of Movement on the General Fund Balance

	Notes	2006/07 £'000	2005/06 £'000
(Increase) / Decrease in General Fund			
(Surplus) / Deficit on Income & Expenditure Account		769	14,349
Additional amount required by statute and non-statutory proper practice	1	(371)	(16,703)
Total (Increase) / Decrease in General Fund		398	(2,354)
General Fund Balance brought forward		(12,405)	(10,051)
General Fund Balance carried forward		(12,007)	(12,405)
Analysis of General Fund Balance Movement			
Amount available to authority		(12,007)	(12,405)
		(12,007)	(12,405)

Statement of Total Recognised Gains and Losses

	Notes	2006/07 £'000	2005/06 £'000
(Surplus) / Deficit on Income & Expenditure Account		769	14,349
(Surplus) / Deficit arising on revaluation of fixed assets		(74,967)	336,374
Actuarial (gains) and losses on pension fund assets and liabilities	41	(34,374)	13,371
Other (gains) or losses		(14,790)	(3,776)
Total recognised (gains) or losses		(123,362)	360,318
Cumulative effect on reserves of prior period adjustments		0	0

Balance Sheet

The Balance Sheet shows the financial position of the Authority as a whole (excluding amounts attributable to the Pension Fund), and summarises its Assets and Liabilities

	Notes	31-Mar-07		31-Mar-06	
		£'000	£'000	£'000	£'000
Fixed Assets					
Housing Revenue Account Assets		1,132,788		1,055,982	
Other Operational Assets:					
Land and Buildings		267,693		228,810	
Vehicles, Plant, Furniture and Equipment		9,273		11,486	
Infrastructure Assets		98,268		90,056	
Community Assets		893		4,124	
Intangible Fixed Assets		1,235		1,210	
Non-Operational Assets		66,119		50,415	
Total Fixed Assets	22		1,576,269		1,442,083
Debt Restructuring Premium	27	25,150		28,906	
Long-term Debtors	28	804		1,167	
Total Long-term Assets			1,602,223		1,472,156
Current Assets:					
Stocks and Work in Progress		108		349	
Public Sector Debtors	29a	44,128		44,748	
Non Public Sector Debtors	29b	35,660		39,691	
Payments in Advance		15,631		15,897	
Investments		100,700		27,903	
Cash in Hand		10,326		11,009	
Total Current Assets			206,553		139,597
Current Liabilities:					
Temporary Borrowing		(144)		(142)	
Bank Overdraft		(8,191)		(18,338)	
Creditors	30	(88,482)		(75,700)	
Total Current Liabilities			(96,817)		(94,180)
Total Assets less current Liabilities			109,736		45,417
Net Current Assets			1,711,959		1,517,573
Long Term Liabilities:					
Long-term Borrowing	31	(634,026)		(587,170)	
Deferred Capital Receipts		(600)		(770)	
Deferred Credits		(4,430)		(4,671)	
Debt Restructuring Discounts		(1,275)		0	
Government Grants Deferred	34	(148,756)		(94,024)	
Provisions	36	(8,726)		(8,537)	
Liability related to defined benefit pension scheme		(299,987)		(331,604)	
Total Long Term Liabilities			(1,097,800)		(1,026,776)
Total Assets Less Liabilities			614,159		490,797
Financed by:					
Fixed Asset Restatement Account		414,045		353,943	
Capital Financing Account		406,192		386,782	
Usable Capital Receipts Reserve	39	10,044		8,517	
Earmarked Reserves		68,235		56,375	
General Fund		12,007		12,405	
Housing Revenue Account		3,597		4,384	
Pensions Reserve		(299,987)		(331,604)	
Collection Fund		26		(5)	
Total net worth			614,159		490,797

ACTING DIRECTOR OF FINANCE'S CERTIFICATE

I certify that the balance sheet above sets out the financial position of the London Borough of Haringey as at 31 March 2007.



Gerald Almeroth, CPFA
Acting Director of Finance
Date: 28th June 2007

Cash Flow Statement

This summarises the inflows and outflows of cash arising from transactions with third parties for capital and revenue reserves.

	Notes	2006/07 £'000	2005/06 £'000
Revenue Activities			
Payments:			
Cash paid to and on behalf of employees		282,051	306,102
Other operating costs		359,101	434,100
Housing Benefit paid out		236,944	218,824
Subtotal		878,096	959,026
Precepts paid		24,180	21,213
Payments to the Capital Receipts Pool		8,494	17,462
Non-domestic rates paid to National Pool		46,187	45,233
Total Payments		956,957	1,042,934
Receipts:			
Rents (after rebates)		(26,962)	(25,522)
Council Tax receipts		(79,547)	(72,956)
National non-domestic rate receipts from national pool		(48,208)	(46,591)
Government grants	46	(549,831)	(589,616)
Cash received for goods and services		(31,009)	(35,333)
Other revenue cash payments/income		(308,188)	(330,891)
Total Receipts		(1,043,745)	(1,100,909)
Net Cash Inflow from Revenue Activities	47	(86,788)	(57,975)
Servicing of Finance:			
Payments- Interest paid		45,503	42,930
Interest element of finance lease rental payments			
Receipts – Interest received		(4,353)	(2,410)
Net Cash Outflow from Servicing of Finance		41,150	40,520
Capital Activities:			
Payments:			
Purchase of fixed assets		97,650	99,503
Purchase of long-term investments			
Capital grants and advances		7,195	13,722
Total Payments		104,845	113,225
Receipts:			
Sale of fixed assets		(22,398)	(58,585)
Capital grants received		(57,334)	(16,767)
Other capital cash income		(14,876)	(12,272)
Total Receipts		(94,608)	(87,624)
Net Cash Outflow from Capital Activities		10,237	25,601
Net Cash Inflow before Financing		(35,401)	8,146
Financing:			
Payments:			
Repayments of amounts borrowed		48,342	8,743
Receipts:			
New loans raised		(77,000)	(25,000)
New short term loans		(18,200)	0
Net Cash Outflow before Financing	49	(46,858)	(16,257)
Net (Increase) / decrease in cash	48	(82,259)	(8,111)

Notes to the Primary Statements

1. Note of reconciling items for the Statement of Movement on the General Fund Balance

	2006/07 £'000	2005/06 £'000
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year		
Amortisation of intangible fixed assets	(24)	(21)
Depreciation and impairment of fixed assets	(40,948)	(37,059)
Government Grants Deferred amortisation	3,986	2,707
Net gain on sale of fixed assets	2,852	1,092
Net charges made for retirement benefits in accordance with FRS17	(26,907)	(29,542)
	(61,041)	(62,823)
Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year		
Minimum revenue provision for capital financing	9,724	9,111
Capital expenditure charged in-year to the General Fund balance	1,049	4,973
Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	8,494	17,462
Employer's contribution payable to the Pension Fund and retirement benefits payable direct to pensioners	24,110	24,907
	43,377	56,453
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year		
Housing Revenue Account Balance	(760)	(2,577)
Voluntary revenue provision for capital financing	5,723	5,222
Net Transfer to or from earmarked reserves	12,073	(12,980)
Adjustment to previous year General Fund balance	(99)	0
Transfers to/from General Fund	356	0
	17,293	(10,334)
Net additional amount required to be credited to the General Fund balance for the year	(371)	(16,704)

The Income and Expenditure Account shows entries that are in line with accounting principles but not necessarily in accordance with Government requirements for Local Authority accounts and Council Tax. An example is the requirement for Local Authorities to make a minimum revenue provision for debt repayment. The statutory entries are put through this statement which moves the balance on the Income and Expenditure Account to the net overall effect on the General Fund balances for the year.

2. Explanation of prior period adjustments

	Consolidated Revenue Account in 2005/06 Statement of Accounts £'000	Removal of capital financing charges £'000	Relocation of government grants deferred credits £'000	RCCO adjustment £'000	Other adjustments £'000	Recognition of gains and losses on disposal of fixed assets £'000	2005/06 comparatives in Income and Expenditure Account £'000
Service							
Children and Young People's Service	204,729	(5,698)	(878)	(1,480)	(3)	0	196,670
Social Services - Adults and Older People	53,965	(645)	(44)	0	3	0	53,279
Housing Services - General Fund	(2,769)	(144)	(89)	(316)	(0)	0	(3,318)
Cultural, Environmental and Planning Services	39,405	(2,113)	(674)	(967)	0	0	35,651
Highways, Roads and Transport Services	17,309	(3,957)	(917)	(1,792)	0	0	10,643
Central Services	27,509	(38)	(105)	(418)	(175)	0	26,773
Court Services	89	0	0	0	0	0	89
Impact on Cost of Continuing Services	340,237	(12,595)	(2,707)	(4,973)	(175)	0	319,787
Housing Revenue Account (surplus) / deficit	3,205	0	(2)	0	0	0	3,203
Impact on Net Cost of Services	343,442	(12,595)	(2,709)	(4,973)	(175)	0	322,990
Gain on the disposal of fixed assets	0	0	0	0		(1,092)	(1,092)
Net Surplus on Trading Activities-HRA	(920)	(136)	0	0	0	0	(1,056)
-General Fund	994	(1,337)	0	0	0	0	(343)
Asset management revenue account (Interest payable and similar charges in 2006/07)	5,493	14,068	2,709	0	21,028	0	43,297
Interest and Investment Income	(2,410)	0	0	0	(813)	0	(3,223)
Other entries in I&E 2006/07	(199)	0	0	0	0	0	(199)
Impact on Net Operating Expenditure	346,400	0	0	(4,973)	20,040	(1,092)	360,374

3. Income and Expenditure Account

The service expenditure headings in the Income and Expenditure Account do not conform to the 'Best Value Accounting Code of Practice' but represent more closely how the Authority has arranged its services. Below is a table showing the income and expenditure according to the 'Best Value Accounting Code of Practice'.

	2006/07 Gross Expenditure £'000	2006/07 Gross Income £'000	2006/07 Net Expenditure £'000	2005/06 Net Expenditure £'000
Service				
Education Services	287,128	(259,778)	27,350	159,882
Social Services	151,166	(55,318)	95,848	90,067
Housing Services	278,917	(282,692)	(3,775)	(3,318)
Cultural, Environmental and Planning Services	81,597	(39,875)	41,722	35,651
Highways, Roads and Transport Services	26,913	(15,234)	11,679	10,643
Central Services	122,046	(112,408)	9,638	26,773
Court Services	856	(731)	125	89
Total Cost of Continuing Services	948,623	(766,036)	182,587	319,787

4. Disclosure of deployment of the Dedicated Schools Grant

The council's expenditure on schools is funded by grant provided by the Department for Education and Skills: the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget includes elements for a restricted range of services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each school. Under and overspends on the two elements are required to be accounted for separately. The DSG allocated to individual schools was reduced in year by £279k following the DfES's data cleansing exercise, but this reduction was carried forward as a DSG overspend into 2007/08. In addition, schools utilised £538k of brought forward balances. Under and overspends on several centrally retained budgets totalling a net underspend of £1,341k are also being carried forward.

Details of the deployment of DSG receivable for 2006/07 are as follows:

	Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
Original grant allocation to Schools Budget for the current year in the authority's budget	18,965	125,737	144,702
Adjustment to finalised grant allocation	(14)	(279)	(293)
DSG receivable for the year	18,951	125,458	144,409
Actual expenditure for the year	17,610	126,275	143,885
(over)/underspend for the year	1,341	(817)	524
Planned top-up funding of ISB from Council resources	0	0	0
Use of schools balances brought forward	0	538	538
(over)/underspend from prior year	0	0	0
(over)/underspend carried forward to 2007/08	1,341	(279)	1,062

5. Children and Young People's Services

	2006/07 £'000	2005/06 £'000
Nursery	1,340	2,056
Primary	80,364	76,598
Secondary	59,911	51,137
Non-School	7,461	6,611
Special Schools	22,684	23,479
Dedicated Schools Grant	(144,409)	0
Childrens Serv Commissioning & Soc Wrk	12,687	9,641
Children Looked After	15,863	15,615
Family Support Services	2,159	1,496
Youth Justice	1,627	1,266
Other Children & Families Services	6,174	8,046
Asylum Seekers	416	725
Total Expenditure	66,277	196,670

In 2006/07 the arrangements for government support for the funding of schools changed. Previously funds were provided as part of the council's overall Revenue Support Grant but in 2006/07 the council received a specific grant – the Dedicated Schools Grant. The result of this is a reduction in the total of RSG received in 2006/07 and a reduction in the net expenditure of the Education service, however the overall resources available to the Council have not changed.

6. Social Services – Adults and Older People

	2006/07 £'000	2005/06 £'000
Other Adult Services	1,843	1,230
Adults Under 65 with Mental Health Need	6,579	5,303
Adults Under 65 with Learn Disabilities	15,225	13,815
Adults Under 65 Phys Disability/SensImp	7,774	7,141
Older People 65 & Over incl Mentally Ill	24,585	24,815
Service Strategy	915	975
Total Expenditure	56,921	53,279

7. Housing Services

	2006/07 £'000	2005/06 £'000
Housing Services	(5,162)	(3,109)
Housing Benefits	1,387	(209)
Total Expenditure	(3,775)	(3,318)

8. Cultural, Environmental and Planning Services

	2006/07 £'000	2005/06 £'000
Cultural & Related Services	13,135	11,435
Environmental Services	15,361	14,249
Planning and Development Services	13,226	9,967
Total Expenditure	41,722	35,651

9. Highways, Roads, and Transport Services

	2006/07 £'000	2005/06 £'000
Transport Planning , Policy & Strategy	(28)	(24)
Highways or Roads [Structural]	(528)	56
Construction Roads Bridges Revenue Costs	5,408	5,753
Highways or Roads [Routine]	1,523	154
Street Lighting	1,286	984
Traffic Management and Road Safety	432	(498)
Parking Services	(2,245)	(1,140)
Public Transport	5,831	5,358
Total Expenditure	11,679	10,643

10. Central Services

	2006/07 £'000	2005/06 £'000
Non Distributed Costs	(9,719)	(3,097)
Corporate and Democratic Core	11,840	21,392
Central Services to the Public	7,517	8,478
Total Expenditure	9,638	26,773

The 2005/06 values have been restated to show the Pensions FRS17 credit in Non Distributed Costs rather than Corporate and Democratic Core.

11. Publicity

A breakdown of expenditure on publicity is required by Section 5 of the Local Government Act 1986.

	2006/07 £'000	2005/06 £'000
Staff Recruitment	777	977
Communications Unit	489	848
Other Expenditure	1,464	1,814
Total Expenditure	2,730	3,639

12. Income and Expenditure under the Goods and Services Act 1970

Section 1 of the above Act authorises local authorities to supply goods and services to other public bodies. The table below summarises the surplus or (deficit) for 2006/07.

	2006/07 £'000	2005/06 £'000
Other London Boroughs	241	329
Other Local Authorities	14	12
Others	16	39
Grand Total	271	380

13. Audit Commission Fees

The table below details the actual amounts paid to the Audit Commission in respect of the Council's external auditor's fees.

	2006/07 £'000	2005/06 £'000
Statutory Inspection	156	89
Audit Fee	483	447
Grant Claims Audit	176	163
Other Audit Work	1	25
Total	816	724

14. Building Control Trading Account

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information on the setting of charges for building control. Certain activities within building control cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control function divided between chargeable and non-chargeable activities. The trading account is required to break even on its chargeable activities over a three year rolling period.

These figures are included within the Cultural, Environmental and Transport Services line of the Income and Expenditure Account.

	2006/07		
	Chargeable £'000	Non Chargeable £'000	Total £'000
Expenditure			
Employees	572	290	862
Transport	15	6	21
Supplies	15	6	21
Support Costs	144	62	206
Other	0	19	19
Total Expenditure	746	383	1,129
Total Income	(741)	0	(741)
Net (Surplus) /Deficit 2006/07	5	383	388
Net (Surplus) /Deficit 2005/06	(1)	326	325
Net (Surplus) /Deficit 2004/05	24	323	347
3 year Total	28		

The 3 year deficit is due to a deficit occurring in 2004/05. This was a one-off occurrence. The account has subsequently been operating with improved financial performance.

15. Levies

The table below details the amounts paid to levying bodies.

	2006/07 £'000	2005/06 £'000
London Pensions Fund Authority	228	224
North London Waste Authority	4,463	5,510
Lee Valley	249	242
Environment Agency	97	154
ALG Grants Committee	801	805
Total	5,838	6,935

The North London Waste Authority levy dropped overall from £41.837m to £33.231m for all partners. Haringey's individual levy fell accordingly in year.

16. Pension Costs

Teachers

Teachers employed by the authority are members of the Teachers' Pension Scheme, administered by the Teachers' Pensions Agency. It provides teachers with defined benefits upon their retirement, and the authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

In 2006/07 the Council paid £7,521,597 (2005/06 £7,160,684) to Teachers' Pensions in respect of teachers' pension costs which represent 13.65% of teachers' pensionable pay. The Council is responsible for all pension payments relating to added years it has awarded, together with the related increases, amounting to £81,766 in 2006/07 (2005/06 £67,304) equivalent to 0.15% of pensionable pay.

Other Employees

The Council's Pension Fund provides members with defined benefits related to pay and service. The Financial Statements of the Pension Fund are set out in Section 4 of this document.

The Council's contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being at 31st March 2006. Following this valuation, the Council increased its contribution rate from 19.6% in 2005/06 to 21.2% in 2006/07. Further increases to 22.9% in

2007/08 are planned, in accordance with the actuaries' recommendations. As part of the Council's budget process funding has been included for these stepped increases.

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

Income and Expenditure Account includes the pension fund costs in line with FRS17. We recognise the cost of retirement benefits in the Net Cost of Services when they are actually earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement on General Fund Balance statement (page 26) in order to ensure there is nil effect on the Council Tax and Council balances for the year. The following transactions have been made in the Council's accounts during the year.

	Pension Scheme	
	Year to 31-Mar-07 £'000	Year to 31-Mar-06 £'000
Net Cost of Services:		
Current service cost	(24,488)	(20,591)
Past service costs/curtailments	(6)	(489)
Net Operating Expenditure:		
Interest cost	(39,923)	(40,201)
Expected return on assets in the scheme	33,957	29,874
Net Return on Assets	(5,966)	(10,327)
Amounts to be met from Government Grants and Local Taxation:		
Movement in pensions reserve	2,774	4,634
Actual amount charged against council tax for pensions in the year:		
Employers' contributions payable to scheme	(24,110)	(23,753)

The Council's Pension Fund is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

As at 31 March 2007, the Authority had the following overall assets and liabilities for pensions

	2006/07 £'000	2005/06 £'000
Present value of scheme liabilities	767,348	829,467
Present value of unfunded liabilities	53,060	43,777
Estimated assets in scheme	(542,221)	(541,640)
Net Liability	278,187	331,604

The primary cause of the change from an estimated net liability of £332m as at 31 March 2006 to an estimated net liability of £278m as at 31 March 2007 is as a result of the transfer of the Council's former employees to Homes for Haringey. In addition the performance of the scheme has improved over the past year.

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The net liability of £278 million has a substantial impact on the net worth of the authority as recorded in the balance sheet, resulting in an overall balance of £636m. However, statutory arrangements for funding this deficit mean that the financial position of the authority remains healthy. The deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years based on estimates of mortality rates, salary levels,

etc. Liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations are:

	2006/07 %	2005/06 %
Rate of inflation	3.20	3.10
Rate of increase of salaries	4.70	4.60
Rate of increase in pensions	3.20	3.10
Rate for discounting scheme liabilities	5.40	4.90
Expected return on assets	7.00	6.70

Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of actuarial calculations may be affected by uncertainties within a range of possible values.

Assets in the Fund are valued at their fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund.

	Long term return %	31 March 2007 %	31 March 2006 %
Equity investments	7.8	72	74
Bonds	4.9	19	18
Property	5.8	6	5
Cash	4.9	3	3
		100	100

17. Statement of employees' salaries

The number of employees paid more than £50,000 is detailed below.

Salary range (£)	Staff numbers		Left in Year	
	2006/07	2005/06	2006/07	2005/06
50 – 59,999	117	117	8	12
60 – 69,999	43	37	1	3
70 – 79,999	25	15	1	1
80 – 89,999	12	4	2	0
90 – 99,999	5	4	1	1
100-109,999	1	2	1	0
110-119,999	0	0	0	0
120-129,999	1	1	0	0
130-139,999	1	0	1	0
140-149,999	0	0	0	0
150-159,999	1	0	0	0
160-169,999	2	0	1	0
Totals	208	180	16	17

18. Members allowances

The member allowances for 2006/07 were £1,031,056 compared to £884,933 in 2005/06. These figures are included in the Central Services line of the Income and Expenditure Account.

19. Pooled budget: partnership arrangements under section 31 of the Health Act 1999

The Council has entered into two Partnership agreements under Section 31 of the Health Act 1999. The first being with the Haringey Teaching Primary Care Trust (HTPCT) and the Barnet, Enfield and Haringey Mental Health Trust, in respect of the provision of services for people with Learning Disabilities. The second, also with the HTPCT is for an Integrated Community Equipment Store. Haringey acts as the host authority for both. The following are statements of the income and expenditure for all pooled budgets for the period 1 April 2006 to 31 March 2007. The overspends within the S31 Pool have been split between the partners and the Council share of deficits have

been absorbed within the overall Council finances.

These pooled budgets are included within the Social Services line in the income and expenditure account.

2006/07 Statement of Income and Expenditure of the Learning Disabilities Partnership					
	Cash	SP Grant	Partnership	TOTAL	TOTAL
	£'000	£'000	Fund	2006/07	2005/06
			£'000	£'000	£'000
Funding					
Other Contributions	1,484	67	0	1,551	1,338
LBH	6,678	0	0	6,678	6,043
LDDF	0	0	227	227	218
HPCT	0	0	1,418	1,418	1,388
MHT	0	0	92	92	92
Total Funding	8,162	67	1,737	9,966	9,079
Services Provided					
Management and assessment	3,108	0	0	3,108	3,132
Day Opportunities	3,540	0	0	3,540	3,563
Talbot Road Hostel	519	0	0	519	532
Linden Residential Home	672	0	0	672	359
Whitehall Residential Home	742	0	0	742	423
Mulberry House	474	0	0	474	427
Edwards Drive	496	0	0	496	477
Adult Care	164	0	0	164	180
Community Support	308	0	0	308	318
Total Expenditure	10,023	0	0	10,023	9,411
Net (Underspend)/Overspend				58	332

2006/07 Statement of Income and Expenditure of the Physical Disabilities Partnership					
	Cash	Staff	Partnership	TOTAL	TOTAL
	£'000	£'000	Fund	2006/07	2005/06
			£'000	£'000	£'000
Gross Funding					
LBH	113	0	0	113	108
HPCT	0	0	146	146	129
Total Funding	113	0	146	259	237
Expenditure					
Physical Disabilities OT Stores	289	0	0	289	313
Total Expenditure	289	0	0	289	313
Net (Underspend)/Overspend				30	76

20. Long Term Contracts and Operating leases

In October 2000, the Council entered into a Private Finance Initiative (PFI) contract to refurbish and expand its eight community secondary schools. In the 2006/07 financial statements, the income and expenditure account includes payments of £11.2 million (£9.6 million in 2005/06) to the PFI provider, the receipt of a government grant of £5.7 million (£5.7 million in 2005/06) to support the project and a transfer of £3 million (£1.5 million transferred to the reserve in 2005/06) from the PFI reserve.

The Council made a prepayment of £15 million in 2003/04 in order to reduce annual costs to be released over the following 22 years. £0.7 million was released in 2006/07. The contract is for 25 years, that is until 2025 and the estimated annual payment for a full service year is £9.9 million.

Operating Leases

Vehicles, Plant and Equipment - The Authority enters into operating lease agreements to acquire the use of plant, vehicles, equipment and computers. In 2006/07 £355,373 was charged to revenue for these leases (£306,206 in 2005/06). The outstanding rental commitments on these leases is

£324,849 (£104,118 in 2005/06). The ownership of the assets purchased under these agreements does not pass to the Council and they are excluded from fixed asset valuations. Included in these figures are leased vehicles used by Haringey Accord, in the provision of Environmental services, the costs totalling £158,024 are recharged to Haringey Accord.

Authority as Lessor - The Council owns a number of commercial properties which it leases out to third parties. In 2006/07 £3.517 million was received in rent for these properties (£3.835 million in 2005/06). The value of these assets on the balance sheet is £50.559 million.

Finance Leases

Vehicles, Plant and Equipment - The outstanding commitment in respect of old finance leases is £412k as at 31 March 2007 (£550k in 2005/06).

21. Trading activities

The trading activities of the Council are detailed below:

Trading Activity	Expenditure	Income	(Surplus)/Deficit 2006/07	(Surplus)/Deficit 2005/06
	£'000	£'000	£'000	£'000
Industrial Estates	4,826	(4,826)	0	654
Markets	140	(129)	11	0
School & Welfare	5,112	(5,127)	(15)	20
Catering				
Legal Services	6,297	(5,413)	884	320
General Fund Trading Account	16,375	(15,495)	880	994
Building Maintenance	0	0	0	(564)
Construction Related	0	0	0	(356)
Services				
HRA Trading Account	0	0	0	(920)
Total	16,375	(15,495)	880	74

In 2006/07 the HRA trading accounts transferred to Homes for Haringey, as part of the creation of the ALMO which now manages the Council's housing stock.

22. Fixed Assets

The value of fixed assets shown on the balance sheet represents the value of assets held by the Council. The properties, which comprise the Council's portfolio, are valued on a rolling basis by the Council's property valuation team who are members of the Royal Institute of Chartered Surveyors under the guidance of the Head of Property Services, Dinesh Kotecha. The valuation bases are in accordance with the Statement of Asset Valuation Practices and Guidance Notes of the Royal Institute of Chartered Surveyors. Housing Revenue Account dwellings are valued at their existing use based on 'Beacon' valuation principles.

	01-Apr-06 £'000	Additions / Expenditure £'000	Revaluations and write offs £'000	Depreciation £'000	Disposals £'000	Impairments / Enhancements £'000	31-Mar-07 £'000
Housing Assets							
Council dwellings	1,055,982	21,852	72,503	(13,188)	(4,361)	0	1,132,788
Land and Buildings	2,121	0	1,677	(24)	(107)	0	3,667
Non-operational							
- Investment properties	16,345	0	932	0	0	0	17,277
- Assets awaiting disposal	86	0	1,857	0	0	0	1,943
Sub-Total	1,074,534	21,852	76,969	(13,212)	(4,468)	0	1,155,675
General Fund Assets							
Land and Buildings (note 1.1)	226,689	57,110	(7,449)	(6,170)	(10,397)	3,643	264,026
Vehicles, plant & equipment	11,486	1,150	(718)	(2,645)	0	0	9,273
Infrastructure	90,056	12,046	0	(3,834)	0	0	98,268
Community assets	4,124	0	(3,231)	(0)	0	0	893
Non operational							
- Investment properties	27,857	0	5,425	0	0	0	33,282
- Assets under construction	0	7,161	(1,461)	0	0	7,161	12,861
- Assets awaiting disposal	6,127	0	(5,371)	0	0	0	756
Intangible Assets	1,210	205	0	(180)	0	0	1,235
Sub-Total	367,549	78,273	(12,805)	(12,829)	(10,398)	10,804	420,594
Total Fixed Assets	1,442,083	100,125	64,164	(26,041)	(14,866)	10,804	1,576,269
Deferred charges							
Improvement grants	0	1,507	(1,507)	0	0	0	0
Housing Association Grant	0	0	0	0	0	0	0
Capitalised salaries and other	0	5,688	(5,688)	0	0	0	0
Total Deferred Charges	0	7,195	(7,195)	0	0	0	0
Grand Total	1,442,083	107,319	56,969	(26,041)	(14,866)	10,804	1,576,269

The additions shown comprise all capital expenditure, agreeing with that in note 23 below. Capital expenditure that does not add to the value of fixed assets is written off and included in the adjacent column. The assets are assessed each year for any impairments. Impairments are in line with CIPFA and accounting standards and methodologies. In 2006/07 there were no impairments.

The value for infrastructure assets has been adjusted for 2005/06 as a result of the 2005/06 audit.

23. Capital Expenditure

The Council's capital expenditure, on a cash basis, must be financed. The financing of the 2006/07 expenditure is set out in the following table. The HRA capital expenditure of £18.075m is solely spent on improving HRA dwellings.

Directorate	Additions to Fixed Assets (note 1)	Add Capital Creditors as at 1 April 2006	Less Capital creditors as at 31 March 2007	Capital expenditure to be financed	Total Credit Approvals	Capital Receipts	Government Grants	Revenue and other contributions	Total Capital expenditure financed
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	8,879	72	(386)	8,565	0	2,653	5,865	47	8,565
Childrens & Young People Services	53,205	566	(2,218)	51,553	15,395	213	27,809	8,136	51,553
Finance	3,597	8	(12)	3,593	0	1,327	0	2,266	3,593
Housing General Fund	2,135	37	0	2,172	0	639	636	897	2,172
Social Services	5,658	235	(739)	5,154	248	2,756	218	1,932	5,154
Environment	15,812	63	(142)	15,733	276	4,788	9,171	1,498	15,733
Subtotal General Fund	89,286	981	(3,497)	86,770	15,919	12,376	43,699	14,776	86,770
Housing Revenue Account	18,033	191	(149)	18,075	6,327	0	11,648	100	18,075
TOTAL 2006/07	107,319	1,172	(3,646)	104,845	22,246	12,376	55,347	14,876	104,845
TOTAL 2005/06	111,802	2,280	(1,199)	112,883	36,285	13,911	40,240	22,447	112,883

24. Major contractual commitments

Significant capital commitments entered into by the council at 31 March 2007 are shown below. The expenditure will be incurred in future years.

	2006/07 £'000	2005/06 £'000
Environmental Services	246	2,307
Housing Services	2,919	3,668
Social Services	910	3,617
Children's Services	5,658	6,361
Total	9,733	15,953

Of those listed in 2006/07, they include the Coleridge Primary Expansion Project (£4.63m) and Sure Start Children's Centres at Welbourne & Earlsmead (£1.03m). Both are included in the Children's Services line.

25. Statement of Physical Assets

Asset	2006/07	2005/06	Asset	2006/07	2005/06
Council Dwellings	16,627	16,713	Roads (km)	346	346
Garages	2,374	2,374	Magistrates' Court	0	0
Administrative Buildings	23	23	Coroner's Court	1	1
Under 5's centres	4	4	Childrens' Homes & Hostels	3	3
Community Primary Schools	41	43	Homes for Older People	3	5
Secondary Schools	8	8	Homes for People with Learning Disabilities	3	3
HALS/Youth Buildings	2	1	Day Nurseries and Family Centres	2	2
Play centres	7	9	Day Centres for Older People	4	4
Libraries	9	9	Day Centres for People with Mental Health Problems and Disability	5	5
Community Buildings	44	42	Allotments (Plots)	1,647	1,647
Cemeteries & Crematoria	3	3	Depots	4	4
Sports and Leisure Centres	4	4	Parks and Open Parks	167	167
Museums	1	1			

Voluntary Aided Schools are excluded from the table above, as the Council does not own them.

26. Housing Stock

The Council was responsible for managing 16,627 properties as at 31 March 2007, excluding travellers' sites. The Council's housing stock decreased during the year as a result of the sale of properties under the provisions of Right to Buy legislation.

Type of dwelling	2006/07 Number	2005/06 Number
Low rise flats	1,753	1,756
Medium rise flats	6,540	6,571
High rise flats	2,683	2,698
Houses	5,371	5,398
Hostels (HDE)	278	283
Shared Ownership	2	7
Total	16,627	16,713

27. Debt Restructuring Premium

The Council repaid loans it had borrowed from external sources and replaced them with borrowing at a lower rate of interest. The premium reflects the charge to the council for the change of interest rate on the transaction. This premia is written down to both the HRA and the General Fund. For the Housing element it has been written out in line with subsidy received from government. The remaining General Fund premia is being written off over the lifetime of the outstanding loans. In 2006/07 the charge to the General Fund was £189,845 (2005/06 £187,406) and to the Housing Revenue Account was £4,920,713 (2005/06 £4,917,297).

28. Long Term Debtors

Long-term debts are those falling due after a period of at least one year. An analysis of these debts as at 31 March 2007 is shown below.

	2006/07 £'000	2005/06 £'000
Housing mortgages	573	741
Housing associations	49	51
Loans to Employees	182	376
Total	804	1,168

29. Debtors**(a) Public Sector Debtors**

The following table provides an analysis of money owed to the Council by public sector bodies as at 31 March 2007 and which at that date was yet to be received.

	2006/07 £'000	2005/06 £'000
Government Depts.	22,146	18,986
NNDR Pool	2,552	1,653
HM Revenue and Customs	11,176	12,257
NHS	1,940	6,061
Education - Recoupment	2,231	2,686
Other Local Authorities	982	1,438
Other Public Bodies	3,101	1,666
Total Debtors	44,128	44,747

(b) Non-Public Sector Debtors

The following table provides analysis of money owed to the Council by non-public sector bodies and individuals as at 31 March 2007 and which at that date was yet to be received. The Council has made provision for those debts which it estimates it may not recover. These provisions are shown at the bottom of the table.

	2006/07 £'000	2005/06 £'000
Housing Rent payers	7,552	6,570
Council Tax payers	25,214	29,547
Business Rate payers	5,674	7,450
Parking Notices	7,507	8,440
Homelessness	4,565	5,256
Leasehold	4,591	4,918
Housing Benefit Overpayments	7,055	5,842
Sundry Debtors	12,277	14,893
Total Non-Public Sector Debtors	74,435	82,916
Provisions for Bad Debts:		
Housing Rents	(5,798)	(5,346)
Council Tax	(8,067)	(12,076)
Business Rate payers	(5,086)	(4,994)
Parking Notices	(5,651)	(6,971)
Homelessness	(5,000)	(4,234)
Leasehold	(1,101)	(2,501)
Housing Benefit Overpayments	(4,464)	(2,639)
Sundry Debtors	(3,608)	(4,464)
Total Provisions	(38,775)	(43,225)
Net debtors	35,660	39,691

30. Creditors

The following table provides an analysis of money owed by the Council as at 31 March 2007.

	2006/07	2005/06
	£'000	£'000
Government Departments	20,375	12,055
NHS	1,000	506
Other Public Sector	490	56
Interest Accrual	13,428	13,401
HMRC - Tax and NI	6,085	6,047
Education - Recoupment	1,954	1,994
Pension Funds	4,850	2,930
Sundry Creditors	31,011	26,077
Receipts in advance (including Planning Gains)	9,289	12,634
Total	88,482	75,700

31. Long Term Borrowing

A breakdown of long-term loans by source and maturity date is shown in the table below:

	2006/07	2005/06
	£'000	£'000
Public Works Loan Board	509,022	462,166
Money Market Loans	125,000	125,000
Annuities	4	4
Total	634,026	587,170
Maturing in:		
1 – 2 years	131	145
2 – 5 years	112,527	78,108
5 – 10 years	142,175	166,724
More than 10 years	379,193	342,193
Total	634,026	587,170

32. Investments

The balance sheet value of investments increased in 2006/07 due to additional borrowing that was taken out to finance expenditure in 2006/07, primarily capital spend. Due to delays in the spending of these programmes the additional amounts borrowed were invested.

33. Planning Gains

In large scale planning agreements, a condition may be set calling upon the applicant to pay a sum of monies towards future capital developments. These monies are held as receipts in advance and the figures below represent amounts unspent at 31 March 2007.

	2006/07 £'000	2005/06 £'000
Environmental	353	103
Hornsey Regeneration	75	75
Regeneration Study	20	47
Builder Centre Highgate	18	20
Former BT House	0	14
10 Northumberland Park Hse	0	5
Dagma Arms Cornwall Rd	0	10
Hornsey Waterworks	125	125
St James Group	1,013	1,359
L&Q Housing Trust - Goulding Court	0	0
Planning Cost Recovery	131	47
Hornsey Waterworks	945	1,930
Grovelands Rd and Lemsford Close (N15)	40	40
419 High Road N22	0	10
Hornsey Station and route	25	100
70 Milton Road	0	10
Green Lanes Arena	0	25
Somerset Hall WHL	0	77
136 High Road N22	0	25
280-296 High Road N17	0	34
Tottenham Hale Retail Park	0	15
31-33 Talbot Road	0	6
4 Marsh Lane N17	0	25
Block B The Campsbourne N8	0	14
344 High Rd N17 Rose and Crown site	0	96
Coppetts Wood Hosp. Site N10 (Phase 2)	0	150
62-70 Northumberland Pk N17	0	10
415 - 419 High Rd N17	0	30
35 Station Rd N22	0	28
278B Wightman Rd N8	0	11
124 Hillfield Avenue N8	0	8
472-480 West Green Road N15	0	16
Hornsey Waterworks	0	110
280-296 High Rd N15	0	38
278 High Road N15	0	7
3 Compasses	0	54
Middx University	500	0
3 Vale Terrace, N4	4	0
Tottenham Hale masterplan	15	0
Middx University WHL	155	0
Bedford Rd	41	0
761-767 High Rd N17	12	0
Devonshire	501	0
30 Palace Rd, N11	12	0
6-8 James Place	15	0
Former Hornsey Waterworks	43	0
Goulding Court N8	14	0
Hornsey HERS	81	0
Total	4,138	4,674

34. Government Grants Deferred

Where the acquisition of a fixed asset is financed either wholly or in part by government grant, the amount of the grant is credited to a government grants deferred account and written off to the asset management revenue account over the useful life of the asset, to match depreciation charges on the

asset.

35. Deferred Credits

This relates to the receipt on monies received that are required to be charged to the revenue account over a number of years. The £4.4 million relates to an adjustment made by the Government in the early 90's in relation to home improvement grants and the commuting of outstanding debt. This credit is written back to revenue over the life time of the old loans.

36. Provisions

Provisions are amounts set aside to meet future liabilities where they are certain to occur but the amount and timing is uncertain.

	2006/07 £'000	2005/06 £'000
Insurance	6,654	8,127
Alexandra Palace Pension Fund Deficit	1,000	0
Asylum Seekers Grant Claim	312	0
PFI Contract	550	0
Other provisions	210	409
Total	8,726	8,536

The Insurance provision is required because some of the Council's insurance policies are met by deposit premiums under which insurers ask for additional sums some years after the original claim. Furthermore balances are accrued each year to meet future known claims where the Council self-insures.

The Alexandra Palace Pension Fund Deficit relates to amounts set aside to cover any deficit on the Alexandra Palace Pension Fund when it transfer over to the company that is taking over the Trusts operations.

The Asylum Seekers provision is to cover any claw back by the Home Office from the 2006/07 grant paid. There are a number of cases in dispute.

The PFI Contract represents the value of works that are in dispute with the PFI contractor and is the Council's estimate of the amount we owe.

The Council has a number of other provisions for known liabilities.

37. Contingent Liabilities

Single Status As at 31st March all Local Authorities were required to have in place a new pay structure relating to all types of employees and takes into account equal pay legislation. As at 31st March negotiations with the trade unions were on going and therefore the impact of this legislation on the Council is unknown however there will be an element of back pay due to be paid to certain staff groups, which range between 3-6 years. The value of this back pay is currently unknown.

Asylum Seekers Grant – The Home Office is currently undertaking an audit of the Asylum seekers grant paid to Haringey over the past few years. The Authority maybe required to repay some of the grant paid but the outcome of this will not be known until the conclusion of the audit.

38. Analysis of Net Assets Employed

The table below details the net assets (both revenue and capital) employed by the Authority:

	2006/07 £'000	2005/06 £'000
General Fund	251,805	196,318
Housing Revenue Account	362,354	294,478
Total Net Assets	614,159	490,796

39. Reserves

The council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	Balance 1 April 2006 £'000	Net Movement in Year £'000	Balance 31 March 2007 £'000
Fixed Asset Restatement Account	353,943	60,102	414,045
Capital Financing Account	386,782	19,410	406,192
Usable Capital Receipts	8,517	1,527	10,044
Pensions Reserve	(331,604)	31,617	(299,987)
Housing Revenue Account	4,384	(787)	3,597
General Fund	12,405	(398)	12,007
Collection Fund	(5)	31	26
Other Reserves	56,375	11,860	68,235
Total	490,797	123,362	614,159

The **Fixed Asset Restatement Account** represents changes in the valuation of fixed assets between the time when they are purchased and the latest revaluation. Fixed assets are revalued on a rolling basis. The movement in the account represent the movement in valuations, depreciation and any additions during the course of the year. The movement in the year represents changes in the valuation of the Council's assets and adjustments for depreciation charged.

The **Capital Financing Account** represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or to repay external loans and certain other capital transactions. This reserve also contains the difference between amounts provided for depreciation and those that must be charged to revenue to repay the principle element of external loans. The movement in the year represents the effects of these transactions. The movement in the year represents the financing of the Council's capital programme in 2006/07 and amounts set aside for the repayment of outstanding debt.

The **Usable Capital Receipts Reserve** shows the receipt and application of capital receipts, which the Authority receives when it sells fixed assets. Note 40 details the movement in this reserve during the year.

The **Housing Revenue Account Reserve** is the accumulated surplus on the Housing Revenue Account. This is available to fund contingencies and other matters relating to the Council housing. The overall deficit on the HRA has come from this reserve. This balance has moved by the overall deficit on the HRA in 2006/07.

The **General Fund Reserve** is required to fund unexpected contingencies and events. This reserve is used to finance priorities in the Council's financial strategy and has the in year surplus or deficit added into it.

The **Pensions Reserve** is detailed in note 41 below.

The **Collection Fund Reserve** represents the accumulated surplus or deficit on the Collection Fund. The movement in the year represents the amount of the surplus due to the Greater London Authority (GLA).

Other Reserves represent specific earmarked reserves for future use. These are detailed in note 42 below.

40. Capital Receipts

The capital receipts are income from the sale of long-term assets and repayments of capital advances. Legislation prescribes the amount of these receipts that must be set aside for repayment of debt. The remaining amounts can then be used to finance capital expenditure.

	2006/07 £'000	2005/06 £'000
Balance at 1 April	8,517	11,306
Sale of Assets:		
Council Dwellings	11,315	23,451
HRA Land and Buildings	1,093	3,435
Other HRA Assets	0	0
General Fund Assets	9,990	1,699
Total Receipts	22,398	28,585
Use of Receipts:		
Receipts Pooled / Set-Aside	(8,494)	(17,462)
Financing Capital Expenditure	(12,377)	(13,912)
Balance at 31 March	10,044	8,517

41. The Pension Fund Reserve

This represents the authority's proportion of the net assets and liabilities in the pension scheme. The Pensions reserve liability has decreased by £31.617 million during 2006/07, as follows:

	2006/07 £'000	2005/06 £'000
Deficit at start of Year	(331,604)	(313,599)
Current Service Costs	(24,488)	(20,591)
Employer Contributions	24,110	23,753
Contributions re: Unfunded benefits	3,756	3,020
Past Service costs	(6)	(489)
Impact of Settlements and Curtailments	(163)	0
Net Return on Assets	(5,966)	(10,327)
Actuarial gains/(losses)	34,374	(13,371)
Deficit at end of Year	(299,987)	(331,604)

The actuarial gains identified as movements on the Pension Reserves in 2006/07 can be analysed into following categories, measured in absolute amounts and as a percentage of assets and liabilities at 31 March 2007.

	Local Government Pension Scheme	
	£'000	%
Differences between the expected and actual return on assets	(1,700)	-0.3
Differences between actuarial assumptions about liabilities and actual experience	(12,044)	-1.5
Changes in financial assumptions underlying the Present Value of scheme liabilities	48,118	n/a
Total actuarial gain/(loss) for 2006/07	34,374	
Total actuarial gain/(loss) for 2005/06	(13,371)	

42. Earmarked Reserves

These are reserves created for a specific purpose and are detailed below:

Reserve	2006/07 £'000	2005/06 £'000
Schools (Revenue)	5,219	5,757
Services (Revenue)	2,801	1,183
Insurance	11,895	10,286
PFI – Education	15,846	18,882
Sinking Fund	3,026	3,393
Risk	10,160	10,160
Financing	8,951	5,829
Debt Repayment	10,124	0
Major Repairs Reserve (Housing)	213	885
Total	68,235	56,375

The Schools Reserve (Revenue) - the accumulated underspend of schools on their locally managed budgets. The money is committed to be spent by those schools.

The Services Reserve - Council policy is that service under and over spends are retained by the relevant service. This reserve earmarks these funds.

The Insurance Reserve - the Council self-insures a number of risks including liability, property and theft policy. Insurance claims are lumpy and so the Council provides for future claims in order to smooth the charge to the consolidated revenue account in the same way as a premium to an external insurance provider would so smooth.

The PFI Reserve - the Council has a PFI arrangement for the refurbishment and maintenance of its community secondary schools. The timing of the receipt of the grant from government to fund the scheme does not match the payments to the service provider. The grant is received before the liability to the provider accrues. This reserve sets aside the grant for use in the future.

The Sinking Fund - the Council has built into base budgets limited provision for the planned maintenance and renewals of certain assets. Planned maintenance and renewals are by their nature irregular payments. This reserve spreads the charge to revenue.

The Risk Reserve - the Council faces certain liabilities which are not sufficiently certain to allow a provision to be made under current accounting practice but for which it has been considered prudent to make provision. This reserve represents that provision.

The Financing Reserve - the Council has a three-year financial strategy. Within this strategy is a focused approach towards avoiding certain effects of the annual nature of the local government funding regime. This reserve underpins the strategy.

The Major Repairs Reserve (Housing) – the balance on this account represents the amount unspent of the Councils Major Repairs Allocation (MRA) and will be used to meet capital expenditure in future years.

The Debt Repayment Reserve – represents money that the Council has set aside to repay outstanding debt in the future.

43. Investments – Related businesses and companies

The Council is involved with the following associated subsidiary companies whose assets and liabilities are not included in the Council's accounts:

Urban Futures

The company was set up on 31 December 2000 to be an arms length regeneration agency for Haringey and Enfield. The company started its activities following transfer from North London TEC and Haringey Council on 11 June 2001. Haringey Council holds 9% of the voting rights.

	as at 31 March 2007 £'000	as at 31 March 2006 £'000
Net assets	634,364	546,819
Net income for the year	80,747	63,351

London Grid for Learning Trust

The Trust was incorporated on 25 April 2001 as a company limited by guarantee, comprising all 33 London councils. Haringey Council holds 3% of the voting rights.

	as at 31 March 2007 £'000	as at 31 March 2006 £'000
Net assets	2,579	2,323
Net income for the year	257	584

Bernie Grant Centre Partnership

The Bernie Grant Centre Partnership (BGCP) was set up to build a performing arts centre and enterprise units in Tottenham in memory of former MP Bernie Grant. BGCP was established in September 2002 as a company limited by guarantee and began operating on 1 April 2003. The company is also a registered charity. Haringey Council has 14% of the voting rights.

	as at 31 March 2007 £'000	as at 31 March 2006 £'000
Net assets	12,050	3,150
Net income for the year	8,900	2,412

44. Trust funds

The Council acts as trustee for a number of funds, which may be used for specific limited purposes as set out in the respective trust deeds. These accounts do not form part of the Council's consolidated revenue account or balance sheet. Details of the sums administered are shown below.

	2006/07 £'000	2005/06 £'000
Income from Investments	(0.5)	(0.5)
Expenditure for Authorised Purposes	0.0	0.0
(Surplus)/Deficit	(0.5)	(0.5)
Balances:		
Balance 1 April	(150.5)	(150.0)
(Surplus)/Deficit	(0.5)	(0.5)
Fund Balance Carried Forward	(151.0)	(151.0)
Represented by:		
Investments	(26.0)	(26.0)
Cash in hand	(125.0)	(125.0)
Total	(151.0)	(151.0)

Alexandra Palace

In addition the Council is the sole trustee for the Alexandra Park and Palace Charitable Trust, details of which are set out below. These funds do not represent assets of the Council and are not included within the Council's Balance Sheet.

	2006/07 £'000	2005/06 £'000
Income	(7,117)	(7,513)
Expenditure	8,990	9,334
Assets	1,237	1,941
Liabilities	(33,738)	(32,333)

45. Related party transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with government departments are set out in note 46.

Members of the Council have direct control over the Council's financial and operating procedures. By virtue of their office, through their residence in the borough and/or as active members of the community, members of the Council participate in and are members of a variety of other public bodies and community groups. The Council has well established mechanisms and procedures for preventing undue influence. Part of this mechanism is the disclosure of interests in the Register of Members' Interest which is open to public inspection at River Park House, 225 High Road, Wood Green, London. There are no material transactions to declare.

Other Public Sector Organisations The Council has a number of significant transactions with other local authorities and local health authorities. In particular the Authority places pupils into schools in other Councils across London and the rest of the country. The spend for this is included in the Education line within the Income and Expenditure account. Any amounts owing to or owed from other Education Authorities are shown within the debtor and creditor notes (page 45) under the line Education – Recoupment.

The Council has two significant partnerships within the Health sector, with the Haringey Teaching PCT and the Barnet, Enfield and Haringey Mental Health Trust. The specific details of both these partnerships are shown in note 19. All other transactions between this Authority and health organisations are included within the Social Services line in the Income and Expenditure account.

Officers

The Chief Executive Dr Ita O'Donovan is a board member of the Board of Bernie Grant Centre Partnership Ltd. She is not remunerated for this role.

The Acting Director of Finance, Gerald Almeroth, is a Director of London Authorities Mutual Ltd. He is not remunerated for this role.

The Pension Fund's accounts are set out in Section 5 of these statements. The Council owed the Pension Fund £4.06 million as at 31/3/07. The Council paid the Fund £339,325 in interest and also charged the Fund £590,700 for administering the Fund.

Companies – the Council has interests in a number of companies. These are disclosed in note 43.

46. Analysis of Government Grants

The Government grants shown on the Cash Flow Statement represent the cash received by the Authority. They may differ from the actual amounts included within the gross income figures in the Council's Income and Expenditure account, which is prepared on an accruals basis.

	2006/07 £'000	2005/06 £'000
Revenue Support Grant	21,401	182,209
Housing Benefit Subsidy	243,286	245,252
Housing Subsidy	22,113	24,093
Home Office	6,345	13,123
Department of Education	197,454	62,488
Department of Health	10,565	13,393
Single Regeneration Budget	958	1,593
Neighbourhood Renewal	7,886	9,326
Private Finance Initiative	5,669	5,669
ODPM	25,793	26,691
Other	8,361	5,779
Total Government Grants	549,831	589,616

47. Reconciliation of net surplus/deficit on the Income and Expenditure Account to the Revenue Activities net Cash Flow

	2006/07	2005/06
Revenue Activities:		
Deficit/(surplus) per Income and Expenditure Account	237	(2,363)
Deficit/(surplus) per HRA	763	2,577
Deficit/(surplus) per Collection Fund	(98)	79
Subtotal	902	293
Interest	(41,150)	(40,520)
Non-Cash Transactions:		
Contributions to provisions	(190)	212
Contributions to reserves	(10,201)	13,977
Contributions to capital	(18,201)	(22,448)
Items on an accruals basis:		
(Decrease)/increase in LT Debtor	(364)	(423)
(Decrease)/increase in stock and work in progress	(240)	23
(Decrease)/increase in debtors	(4,720)	(12,437)
Decrease/(increase) in creditors	(12,794)	2,949
Decrease/(increase) in deferred credits	170	399
Net Cash Inflow from Revenue Activities	(86,788)	(57,975)

48. Analysis of Balances of Cash and Cash Equivalents

The Cash Flow Statement summarises the inflows and outflows of cash arising from transactions with third parties. This movement in cash is reflected in the increase/decrease in cash and cash equivalents between the 2005/06 and 2006/07 Balance Sheets, as shown in the table below:

	2006/07 £'000	2005/06 £'000	Movement £'000
Bank (overdrawn)/in hand	(8,191)	(18,338)	10,147
Cash In Hand	10,326	11,011	(685)
Investments	100,700	27,903	72,797
Total Cash And Cash Equivalents	102,835	20,576	82,259

49. Analysis of Changes in Financing

	31 March 2007 £'000	31 March 2007 £'000	Movement £'000
Temporary Borrowing	(144)	(142)	(2)
Long Term Borrowing	(634,026)	(587,170)	(46,856)
Total Financing	(634,170)	(587,312)	(46,858)

Housing Revenue Account Income and Expenditure Account

This shows the major elements of housing revenue expenditure and income.

	Notes	2006/07 £'000	2005/06 £'000
Income:			
Rent from Dwellings		61,350	58,926
Rent from Other Properties		2,440	2,200
Rent	51	63,790	61,126
Charges for Services and Facilities		12,661	11,977
Supporting People Grant		2,663	2,550
Housing Revenue Account Subsidy receivable	52	21,135	22,575
Grant		36,459	37,102
Total income		100,249	98,228
Expenditure:			
Repairs and Maintenance		21,744	21,594
Supervision and Management		31,817	30,643
Rent and Other Charges		3,104	2,864
Depreciation and Impairment of Assets		11,861	13,522
Debt Management Costs		203	203
Increase in bad debt provision		1,555	1,028
Total expenditure		70,284	69,854
Net cost of HRA services per Authority Income and Expenditure Account		(29,965)	(28,374)
HRA services share of Corporate and Democratic core		804	597
HRA share of other amounts included in the whole authority Net Cost of services but not allocated to specific services		0	436
Net cost of HRA services		(29,161)	(27,341)
Financing			
Interest payable and similar charges		26,195	23,446
Amortised Premiums/Discounts		4,921	4,917
Interest and investment income		(305)	(376)
Pensions Interest Cost and Return on Assets		0	1,795
Total financing		30,811	29,782
(Surplus)/ deficit for year		1,650	2,441

Statement of Movement on the Housing Revenue Account Balance

	Notes	2006/07 £'000	2005/06 £'000
(Surplus)/ deficit for year		1,650	2,441
Net Additional Items required by statute and non-statutory practices:	50	(863)	136
Increase or decrease in the Housing Revenue Account Balance		787	2,577
HRA balance brought forward		(4,383)	(6,960)
HRA balance carried forward		(3,596)	(4,383)

Notes to the Housing Revenue Account**50. Note to the Statement of Movement on the HRA Balance**

	2006/07 £'000	2005/06 £'000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year		
Net charges made for retirement benefits in accordance with FRS17	0	0
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year		
Transfer to/from Reserve	(885)	0
Interest charge on HRA assets	22	136
Employer's contributions payable to the Haringey Pension Fund and retirement benefits payable direct to pensioners	0	0
Net additional amount required by statute to be debited or credited to the HRA balance for the year	(863)	136

51. Gross Rent Income and Rent Arrears

This is the rent due for the year before rebates but after allowances for empty properties. The average rent in 2006/07 was £72.16 compared to £68.74 in 2005/06 - a 4.98% increase.

As at 31 March 2007, the total arrears of rent for council dwellings was £7.6 million compared to £6.6 million as at 31 March 2006. Against these amounts, provision has been made for bad debts. This amounted to £6.0 million as at 31 March 2007 (£5.1 million as at 31 March 2006).

52. Housing Subsidy

	2006/07 £'000	2005/06 £'000
Management & Maintenance Allowance	35,325	33,725
Major Repairs Allowance	11,861	12,272
Charges for Capital	34,884	35,286
Admissible Allowance	107	215
Other Items of Reckonable Expenditure	1,103	1,103
Guideline Rent	(61,238)	(58,506)
Rental Constraint Allowance	86	0
Interest on Receipts	(68)	(85)
Housing Subsidy Payable	22,060	24,010
Transfer from Earmarked Reserve	0	(235)
Prior Year Adjustment	(925)	(1,200)
Housing Subsidy Receivable per Income and Expenditure Statement	21,135	22,575
Transfer from Reserve	885	0
Net Housing Subsidy Receivable for Year	22,020	22,575

53. Value of HRA Assets

Balance Sheet Valuation of HRA Assets		
	01 April 2007 £'000	01 April 2006 £'000
Operational Assets	1,136,455	1,058,103
Non Operational Assets	19,220	16,431
Total	1,155,675	1,074,534

Vacant Possession Value		
	01 April 2007 £'000	01 April 2006 £'000
HRA Dwellings	2,952,092	2,753,906

The vacant possession value is an estimate of the open market value of all HRA dwellings. The balance sheet value is calculated on the basis of rent receivable on existing tenancies. This is less than the rent that would be obtainable on the open market, and the balance sheet value is therefore lower than the vacant possession valuation. The difference between the two values shows the economic cost of providing council housing at less than open market value.

54. Major Repairs Reserve

The Major Repairs Reserve is required by resource accounting. It sets aside the Major Repairs Allowance element of housing subsidy for expenditure on major repairs.

	2006/07 £'000	2005/06 £'000
Balance at 1 April 2006	0	0
Transferred to Reserve	(13,214)	(13,522)
Transfer from Reserve to HRA	1,353	1,250
Applied to finance capital expenditure on Council Dwellings	11,648	12,272
Balance at 31 March 2007	(213)	0

55. FRS 17

In compliance with statutory framework shares of the movements in the FRS 17 pensions liability is to debit and credit the HRA and for the net amount to be appropriated out to the Pensions Reserve, such that the bottom-line charge against rents is employer's contributions payable in the year. The full disclosure of the pension related transactions are detailed in note 16 to the Primary Statements.

Collection Fund

The Council is responsible for collecting council tax and national non-domestic rates, the latter on behalf of the government. The proceeds of the council tax are distributed to two preceptors: the Council itself and the Greater London Authority. The Fund shows the income due from council tax and national non-domestic rates and the application of the proceeds.

	Notes	2006/07 £'000	2005/06 £'000
Income due:			
Council Tax			
Council Tax-payers		85,911	81,187
In respect of Council Tax Benefits		32,421	31,100
In respect of transitional relief		0	0
Total Council Tax – related income		118,332	112,287
Income due from Business Rate-payers:	57	46,639	45,572
Contributions:			
-Towards previous year's Collection Fund surplus	58	(98)	74
Total Income		164,873	157,933
Expenditure:			
Council Tax used to support expenditure on services:			
- Haringey Council		91,692	89,001
- Greater London Association		24,180	21,213
Total Precepts		115,872	110,214
Business Rates:			
- Payments to National Pool		46,187	45,233
- Cost of Collection		452	339
Payments to National Pool & cost of collection allowance		46,639	45,572
Provision for Bad and Doubtful Debts (Council Tax)		2,331	2,164
Total Expenditure		164,842	157,950
Surplus/(Deficit) for year	58	31	(17)
Balance brought forward 1 April 2006 surplus/(deficit)		(5)	12
Balance carried forward 31 March 2007		26	(5)

Notes to Collection Fund**56. Calculation of the Council Tax Base**

The Council Tax is calculated per equivalent Band D property. In order to determine the number of equivalent Band D properties, the Council Tax Base is calculated. All properties are categorised into one of eight bandings depending upon the valuation of the property. An adjustment is then made for properties that are subject to discounts such as single person or non-residency. The resulting number of properties per valuation banding is then adjusted to calculate the number of equivalent Band D properties, using a defined ratio. Finally the tax base is adjusted to reflect an anticipated collection rate of 96%.

Band	A*	A	B	C	D	E	F	G	H	Total
Number of dwellings	4	4,894	15,886	30,138	25,091	10,839	5,374	4,619	625	97,446
Discounts	1	663	2,142	3,670	2,494	998	390	278	60	10,218
Dwellings after discounts	3	4,231	13,744	26,468	22,597	9,841	4,984	4,341	565	87,228
Ratio to band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D equivalent	2	2,821	10,690	23,527	22,597	12,028	7,199	7,235	1,129	87,228
Loss on collection										(3,489)
Council Tax Base										83,739

* - entitled to disabled relief deduction

57. Income from Business Rates

Haringey Council collects National Non-Domestic Rates (NNDR) or Business Rates for its area. These are calculated on the basis of rateable values multiplied by one of the following Business Rates set by central government: 43.3p (Standard) and 42.6p (Small businesses) (for 2005/06 - 42.2p & 41.5p respectively). After adjusting for relief and other deductions, this is paid into a central pool, which is managed by central government.

The actual rateable value of business properties in the borough as at 31 March 2007 is £133,588,136 (31 March 2006, £ 134,964,011).

The rateable value as at 31 March 2006 has been restated using the current rating lists.

58. Deficit / Surplus

In 2006/07 the Collection Fund made a surplus of £129k of which £98k is retained by London Borough of Haringey. The remaining £31k, the surplus balance on the collection fund, is returned to the other preceptor, the Greater London Authority. This surplus on the Collection Fund is returned proportionately to the precepts.

SECTION 4
THE GROUP ACCOUNTS
2006/07

Group Income and Expenditure Account

	Notes	2006/07 Gross Expenditure £'000	2006/07 Gross Income £'000	2006/07 Net Expenditure £'000
Service				
Children and Young People's Service	5	339,279	(273,002)	66,277
Social Services - Adults and Older People	6	99,015	(42,094)	56,921
Housing Services - General Fund	7	278,917	(282,692)	(3,775)
Cultural, Environmental and Planning Services	8	86,759	(39,875)	46,884
Highways, Roads and Transport Services	9	26,913	(15,234)	11,679
Central Services	10	122,046	(112,408)	9,638
Coroners' Court Services		856	(731)	125
Total cost of Continuing Services	2-20	953,785	(766,036)	187,749
Housing Revenue Account		102,562	(109,962)	(7,400)
Net Cost of Services				180,349
(Gain) / Loss on disposal of fixed assets				(2,852)
Contribution of housing capital receipts to Government pool				(8,494)
Precepts of local precepting authorities				5,838
-General Fund	21			(316)
Interest Payable and Similar Charges				43,840
Interest and Investment Income				(4,547)
Pensions Interest Cost and Return on Assets	16			5,966
Net Operating Expenditure				219,784
Income from the Collection Fund				(91,692)
Transfers to/from Collection Fund				(98)
Revenue Support Grant				(21,073)
Distribution from National Non-Domestic Rates				(109,153)
(Surplus) / Deficit for Year				(2,232)

Reconciliation of the Single Entity Surplus or Deficit to the Group Surplus or Deficit

	Notes	2006/07 £'000	2006/07 £'000
(Surplus) / Deficit on single entity Income & Expenditure for the year			769
Add (Surplus) / Deficit from other entities: Subsidiaries		(3,001)	(3,001)
Group Account (Surplus) / Deficit for the year			(2,232)

Group Statement of Total Recognised Gains and Losses

	Notes	2006/07 £'000
Net (Surplus) / Deficit for the year		(2,232)
(Surplus) / Deficit arising on revaluation of fixed assets		(74,967)
Actuarial (gains) and losses on pension fund assets and liabilities		(31,374)
Other (gains) or losses		(12,808)
Total recognised (gains) or losses		(121,381)
Cumulative effect on reserves of prior period adjustments		0

Group Balance Sheet

	Notes	31-Mar-07	
		£'000	£'000
Intangible Assets			
Purchased software licenses		1,235	
Tangible Fixed Assets			1,235
Operational Assets:			
Council dwellings		1,132,788	
Land and Buildings		267,693	
Vehicles, Plant, Furniture and Equipment		9,273	
Infrastructure Assets		98,268	
Community Assets		893	
Non-Operational Assets		66,119	
Total Fixed Assets			1,576,269
Long-term Debtors		804	
Total Long-term Assets			804
Deferred premiums on early repayment of debt			25,150
Current Assets:			
Stock and Work in Progress		364	
Debtors		93,413	
Investments		100,700	
Cash and Bank		10,326	
Total Current Assets			204,803
Current Liabilities:			
Temporary Borrowing		(144)	
Creditors		(87,226)	
Bank Overdraft		(7,696)	
Total Current Liabilities			(95,066)
Current Assets Less Current Liabilities			109,737
Net Current Assets			1,711,960
Long Term Liabilities:			
Long-term Borrowing		(634,026)	
Government Grants Deferred		(148,756)	
Deferred Discounts (early debt repayment)		(1,275)	
Deferred Credits		(5,030)	
Provisions for liabilities and charges		(8,726)	
Liability Related to Defined Benefit Pension Scheme		(296,987)	
Total Long Term Liabilities			(1,094,800)
Total Assets Less Liabilities			617,160
Represented by:			
Fixed Asset Restatement Account		414,045	
Usable Capital Receipts Reserve		10,044	
Pensions Reserve		(296,987)	
Major repairs reserve		0	
Earmarked Reserves		68,235	
General Fund		12,007	
Housing Revenue Account		3,597	
Collection Fund		26	
Capital Financing Account		406,192	
profit/loss/other reserves:group entities, assocs & JV		1	
Total Balances and Reserves			617,160

Group Cash Flow Statement

	Notes	2006/07 £'000
Net Cash Inflow from Revenue Activities		(86,789)
Dividends from joint ventures and associates		
Cash Inflows		
Dividends received		0
Returns on investment and Servicing of Finance:		
Cash Outflows		
Interest paid		45,418
Preference dividend paid to minority interest		0
Interest element of finance lease rental payments		85
Cash Inflows		
Interest received		(4,353)
Dividends received from investments		0
Net Cash Outflow from Servicing of Finance		41,150
Taxation		
Capital Expenditure and Financial Investment		
Cash Outflows		
Purchase of fixed assets		97,650
Purchase of long-term investments		0
Other capital cash payments		7,195
Total Payments		
Cash Inflows		
Sale of fixed assets		(22,398)
Capital grants received		(57,334)
Other capital cash receipts		(14,876)
Total Receipts		
Net Cash Outflow from Capital Activities		10,237
Equity dividends paid		
Acquisitions and disposals		
Cash Outflows		0
Cash Inflows		0
Net Cash Inflow before Financing		0
Management of Liquid Resources		
Net increase in short term deposits		
Net increase in other liquid resources		
Financing:		
Cash Outflows		
Repayments of amounts borrowed		48,342
Capital element of finance lease rental payments		0
Purchase/redemption of share capital		0
Cash Inflows		
Issue of share capital		0
New loans raised		(77,000)
New short term loans		(18,200)
Net Cash Outflow from Financing	4	(46,858)
Increase / (Decrease) in Cash and Cash Equivalents	3	(82,260)

Notes to the Group Accounts

Pension Costs and FRS17

The Group Pension Fund provides members with defined benefits related to pay and service. The Financial Statements of the Pension Fund are set out in Section 4 of this document.

The Group Income and Expenditure Account includes the pension fund costs in line with FRS17. We recognise the cost of retirement benefits in the Net Cost of Services when they are actually earned by employees, rather than when the benefits are eventually paid as pensions. The following transactions have been made in the Group's accounts during the year.

	Pension Scheme	
	Year to 31-Mar-07 £'000	Year to 31-Mar-06 £'000
Net Cost of Services:		
Current service cost	(28,388)	(20,591)
Past service costs/curtailments	(6)	(489)
Net Operating Expenditure:		
Interest cost	(43,523)	(40,201)
Expected return on assets in the scheme	37,257	29,874
Net Return on Assets	(6,266)	(10,327)
Amounts to be met from Government Grants and Local Taxation:		
Movement in pensions reserve	2,774	4,634
Actual amount charged against council tax for pensions in the year:		
Employers' contributions payable to scheme	(27,210)	(23,753)

The Group's Pension Fund is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

As at 31 March 2007, the Authority had the following overall assets and liabilities for pensions

	2006/07 £'000	2005/06 £'000
Present value of scheme liabilities	831,348	829,467
Present value of unfunded liabilities	53,060	43,777
Estimated assets in scheme	(587,421)	(541,640)
Net Liability	296,987	331,604

The primary cause of the change from an estimated net liability of £332m as at 31 March 2006 to an estimated net liability of £297m as at 31 March 2007 is as a result of the performance of the scheme improving over the past year.

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The net liability of £297 million has a substantial impact on the net worth of the authority as recorded in the balance sheet, resulting in an overall balance of £617m. However, statutory arrangements for funding this deficit mean that the financial position of the authority remains healthy. The deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years based on estimates of mortality rates, salary levels, etc. Liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations are:

	2006/07 %	2005/06 %
Rate of inflation	3.20	3.10
Rate of increase of salaries	4.70	4.60
Rate of increase in pensions	3.20	3.10
Rate for discounting scheme liabilities	5.40	4.90
Expected return on assets	7.00	6.70

Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of actuarial calculations may be affected by uncertainties within a range of possible values.

Assets in the Fund are valued at their fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund.

	Long term return %	31 March 2007 %	31 March 2006 %
Equity investments	7.8	72	74
Bonds	4.9	19	18
Property	5.8	6	5
Cash	4.9	3	3
		100	100

The Pension Fund Reserve

This represents the authority's proportion of the net assets and liabilities in the pension scheme. The Pensions reserve liability has decreased by £34.617 million during 2006/07, as follows:

	2006/07 £'000	2005/06 £'000
Deficit at start of Year	(331,604)	(313,599)
Current Service Costs	(28,388)	(20,591)
Employer Contributions	27,210	23,753
Contributions re: Unfunded benefits	3,756	3,020
Past Service costs	(6)	(489)
Impact of Settlements and Curtailments	(363)	0
Net Return on Assets	(6,366)	(10,327)
Actuarial gains/(losses)	38,774	(13,371)
Deficit at end of Year	(296,987)	(331,604)

The actuarial gains identified as movements on the Pension Reserves in 2006/07 can be analysed into following categories, measured in absolute amounts and as a percentage of assets and liabilities at 31 March 2007.

	Local Government Pension Scheme	
	£'000	%
Differences between the expected and actual return on assets	(1,800)	-0.3
Differences between actuarial assumptions about liabilities and actual experience	(12,044)	-1.5
Changes in financial assumptions underlying the Present Value of scheme liabilities	52,618	n/a
Total actuarial gain/(loss) for 2006/07	38,774	
Total actuarial gain/(loss) for 2005/06	(13,371)	

SECTION 5
PENSION FUND
2006/07

Pension Fund Financial Statements

Introduction

The Authority's Pension Fund is operated under the provisions of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 as amended.

All officers and manual workers can become contributors on appointment with Haringey or a scheduled body. Employees of other bodies are also admitted to the Fund. The Fund's income is derived from employees, contributions from employing authorities and income from investments.

The Fund operates as a defined benefits scheme and provides retirement pensions and lump sum allowances, survivor dependant's pensions and death gratuities.

Fund Management

The day to day management of the Fund was the responsibility of five professional fund managers, Alliance Bernstein, Capital International, Fidelity, ING and Wellington for most of the year, although as explained below Wellington were removed on 16 March 2007 as part of our full review of investment strategy.

Overall investment strategy is the responsibility of the Pensions Panel (Pensions Committee from 2007/08), which consists of eight councillors (trustees) and a trade union representative who receive advice from the Acting Director of Finance and an independent advisor. Panel (Committee) meetings are held approximately 6 times per annum.

Our new Investment Management structure was implemented on 16 March 2007 following a full review of strategy by Pensions Panel that was advised by the Acting Director of Finance, the Independent Advisor to Trustees and our external Investment advisors, Hymans Robertson.

The new Investment management structure was implemented following a transition of investments from the old structure. This means that a new benchmark has also been implemented.

Fund managers took over active management for their new mandates from 16 March 2007 and Wellington ceased to be one of the Fund's managers. The Fund's current Investment managers are Alliance Bernstein, Capital International, Fidelity International and ING.

As part of our full review of strategy Pensions Panel also agreed to introduce a 5% allocation (approximately £30 million) to Private Equity investments. Pantheon was appointed as our Private Equity manager in April 2007.

In addition it was agreed as part of the review of strategy to increase our property allocation from 6% of fund investments to 10%, to move the UK/Overseas split within equity investments from 60:40 to 50:50 with a 5% allocation to a Global Market cap mandate, to introduce an active currency overlay and passive currency hedging and implement a shift within the bond allocation. We are in the process of appointing two active currency managers and at an appropriate time the Committee will consider the appointment of a passive currency manager.

It will take some time to become fully invested in private equity, property and currency.

Fund administration and membership

At 31 March 2007, there were 7,045 employees contributing to the Fund and 5,537 pensioners and dependents receiving benefits. There were also 4,947 deferred pensioners.

Staff of Haringey Magistrates Courts (scheduled), Haringey Age Concern (admitted), Jarvis Workspace Ltd (admitted), Alexandra Palace Trading Co. (admitted), Haringey Accord Ltd (admitted), Urban Futures London Ltd (admitted), Haringey CAB (admitted), Capita Business Services Limited (admitted), Initial Catering Services Limited (admitted), Trident Securities

Limited (admitted), CONEL (scheduled), Harrison's Catering Services Ltd (admitted), Greig City Academy (scheduled), Homes for Haringey (scheduled), CSS Haringey Ltd (admitted), John Loughborough (Community school) and Rokely Dene Homes Ltd (admitted) contribute to the Fund and benefit accordingly.

The Pension Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

Actuarial position

The Fund is independently valued every three years by a firm of actuaries to assess the adequacy of the Fund's investments and contributions to meet its liabilities.

The last triennial valuation of the Fund was as at 31 March 2004. The actuaries report was approved by trustees at the Pensions Panel meeting in March 2005.

The 2004 valuation was carried out in accordance with Guidelines GN9: Retirement Benefits Schemes – Actuarial reports published by the Institute of Actuaries. The valuation method used was the projected unit method. The resulting contribution rates reflected the cost of providing year-by-year accrual of benefits for the funded members and the level of funding for each employer's past-service liabilities.

The main economic and statistical assumptions used were:

<u>Asset class</u>	<u>Rate of Return Nominal % p.a</u>
Equities	6.7
Bonds	4.9

Rate of pensionable salary increases (excluding increments)

Compound	4.4% p.a
Rate of price inflation/ Pension increases (Compound)	2.9% p.a

The Market value of the Fund at the time of the last triennial valuation was £405m.

The level of funding as a whole reduced from 88% (31 March 2001) to 69% at 31 March 2004. The main reason for the reduction in funding levels between valuation dates was the reduction in the value of investments caused by increased stock market volatility.

Following the valuation the actuary certified a phased increase of the Council's contribution rate: 2005/06 19.6%, 2006/07 21.2% and 2007/08 22.9%. The 2007/08 contribution rate is split 10.1% between the past service adjustment to fund the deficit over 20 years and the future service rate of 12.8%.

Subsequently, interim actuarial valuations were undertaken by the actuaries as at 31 March 2005, 31 March 2006 and 15 February 2007. The valuation as at 31 March 2005 disclosed that after making allowance for longer life expectancy the level of funding as a whole was broadly unchanged from the 69% funding level as at 31 March 2004. As at 31 March 2006 the interim valuation showed an improvement in funding to 76% which reflects strong returns from fund investments over the period, although this increase has been offset by the reduction in bond yields since the 2004 valuation.

The latest interim valuation at 15 February 2007 showed that the funding level had remained at 76%. It should be noted that interim actuarial valuations are not prepared in accordance with GN9. When completing the interim valuation as at 15 February 2007, the actuary made assumptions about the 2008 scheme benefits that are going through a consultation process. The actuary therefore advises that the results as at 31 March 2007 could differ significantly

from the results shown in the interim valuation as at 15 February 2007. This could be differences in factors including changes in membership data, methodology assumptions, regulations and investment market conditions, assumed future inflation and the value of the funds assets. The triennial actuarial valuation as at 31 March 2007 is in progress, the results are expected to be available by early 2008.

Statement of Investment Principles (SIP)

A statement of investment principles was approved by trustees at the Pensions Panel meeting held in October 2006. The SIP is updated annually to reflect any changes made to investment management arrangements and reports the extent of compliance with Myners principles. The SIP is published on the Council's internet web site.

Related party transactions

In 2006/07 the Pension Fund paid £0.591m to the Council for administration (£0.576m in 2005/06). As at 31 March 2007 £4.066m was due from the Council to the Fund (£2.472m in 2005/06). During 2006/07 five trustees were also members of the pension scheme. There were no other material related party transactions.

Currency Hedging

The Council permits its Pension Fund managers to use forward contracts as a currency hedging tool between sterling and the base currency. Cross hedging is not permitted. When the managers use these instruments it is generally because a strong view is held on the likely movement of a specific currency. The principle objective of using the instrument is to lower the risk profile of the portfolio.

Accounting Policies and Principles

The accounts have been prepared in accordance with the LGPS Regulations 1997, the 2005 Code of Practice on Local Authority Accounting in Great Britain issued by CIPFA and comply with chapter 2 of the Pensions SORP. Previous year accounts have been restated in line with the Pensions SORP.

Basis of preparation - income and expenditure are accounted for on an accruals basis with the exception of liabilities to pay pension and other benefits in the future and transfer values, which are accounted for on a cash basis in accordance with accounting guidance.

Valuation of investments - all investments are included at their market value, which is determined using closing mid market prices from independent pricing sources.

Foreign currency translation – the valuation of foreign equities is calculated by using the overseas market price current at the relevant date and the exchange rate for the appropriate currency at the time to express the value as a sterling equivalent.

Investment management expenses - the fees of investment managers are paid in accordance with their investment management agreements and are linked to the current value of the portfolio on an ongoing basis.

Costs incurred in acquiring assets – are included as part of the book cost of investments.

Pension Fund Account

The Pension Fund shows the contributions to the Fund during the 2006/07 and the benefits paid from it.

Pension Fund Account	Notes	2006/07 £'000	2005/06 £'000
Dealings with members, employers and others directly involved in the scheme			
Contributions receivable	1	(38,049)	(34,702)
Transfers In	2	(5,187)	(5,257)
Other Income		0	0
Benefits payable	3	24,408	22,864
Payments to and on account of leavers	4	4,588	4,391
Other payments		0	0
Administrative Expenses	5	657	612
Net additions from dealings with members		(13,583)	(12,092)
Returns on Investments:			
Investment Income	6	(18,678)	(15,827)
Change in market value of investments	7	(16,629)	(93,389)
Investment management expenses	8	2,309	2,152
Net returns on investments		(32,998)	(107,064)
Net (increase)/decrease in the fund during the year		(46,581)	(119,156)
Add: Opening net assets of the scheme		(573,458)	(454,302)
Closing net assets of the scheme		(620,039)	(573,458)

Notes to Pension Fund Account**1 Contributions Receivable**

	2006/07 £'000	2005/06 £'000
From employers		
- normal	(28,759)	(25,888)
- special	(854)	(875)
- additional	0	0
	(29,613)	(26,763)
From members		
- normal	(8,258)	(7,799)
- additional voluntary	(178)	(140)
	(8,436)	(7,939)
Total	(38,049)	(34,702)

1a Analysis of Contributions Receivable and Benefits Payable

	2006/07 £'000	2005/06 £'000
Contributions receivable		
Administering authority	(31,281)	(32,296)
Scheduled bodies	(5,307)	(1,581)
Admitted bodies	(1,461)	(825)
Total	(38,049)	(34,702)
Benefits payable		
Administering authority	22,734	22,168
Scheduled bodies	1,146	298
Admitted bodies	528	398
Total	24,408	22,864

2 Transfers In

	2006/07 £'000	2005/06 £'000
Group transfers from other schemes	0	0
Individual transfers in from other schemes	(5,187)	(5,257)
Total	(5,187)	(5,257)

3 Benefits Payable

	2006/07 £'000	2005/06 £'000
Pensions	20,907	20,377
Commutation of pensions & lump sum retirement benefits	2,712	2,112
Purchased annuities	0	0
Lump sum death benefits	789	375
Total	24,408	22,864

4 Payments to and on account of leavers

	2006/07 £'000	2005/06 £'000
Refunds of contributions	32	54
State scheme premiums	0	0
Purchased annuities	0	0
Group transfers out to other schemes	0	0
Individual transfers out to other schemes	4,556	4,337
Total	4,588	4,391

5 Administrative Expenses

	2006/07 £'000	2005/06 £'000
Council Administration charges	591	576
Legal and other fees	66	36
Total	657	612

6 Investment Income

	2006/07 £'000	2005/06 £'000
Interest from fixed interest securities	(2,475)	(2,705)
Dividends from equities	(11,447)	(8,812)
Income from index - linked securities	(449)	(507)
Income from pooled investment vehicles	(3,610)	(3,194)
Net rents from properties	0	0
Interest on cash deposits	(697)	(549)
Share of profits/losses of associates	0	0
Other	0	(60)
Total	(18,678)	(15,827)

Investment income is shown net of irrecoverable withholding tax of £0.275m in 2006/07 (£0.254m in 2005/06)

7 Change in market value

The change in market value of the Fund is £17m and this mainly comprises realised gains of £37m, unrealised losses of £22m and an increase in council cash of £2m.

8 Investment management expenses

	2006/07 £'000	2005/06 £'000
Fund managers fees	2,055	1,903
Custodian fees	153	171
Trustees advisor fees	16	15
Investment consultant fees	78	49
Other	7	14
Total	2,309	2,152

Net Asset Statement

The Net Asset Statement sets out the financial position for the Fund as at 31st March 2007. The Fund is separately managed by the Council acting as trustee and its accounts are separate from the Council's.

Net Asset statement	Notes	2006/07 £'000	2005/06 £'000
Investment assets	1	(616,117)	(571,178)
Fixed assets		0	0
Borrowings		0	0
Net current assets and liabilities	2	(3,922)	(2,280)
Total Assets		(620,039)	(573,458)

Notes to Net Asset Statement**1 Investment Accounts**

	2006/07 £'000	2005/06 £'000
Fixed Interest Securities		
- Public Sector	(41,045)	(45,542)
- Other	(711)	(16,328)
Equities		
- UK	(162,870)	(204,508)
- Overseas	(117,829)	(130,198)
Index Linked securities	(25,095)	(22,096)
Pooled investment vehicles		
- Unit trust – property	(42,134)	(31,428)
- Unit trust – other	(45,134)	(3,281)
OEIC's	(153,066)	(106,277)
Property	0	0
Insurance Policies	0	0
Loans	0	0
Other investments (venture capital)	0	0
Cash deposits	(7,250)	(8,397)
Other investment balances	(20,983)	(3,123)
Total	(616,117)	(571,178)

The allocation of investments has altered between 2005/06 and 2006/07 mainly due to the introduction of our new investment management structure on 16 March 2007 as previously mentioned.

In 2006/07 there was a reduction in the value of directly held UK and Overseas Equities. This was principally due to the replacement of Wellington in the strategic review of the Fund and the redistribution of their assets which were predominantly held in these asset classes.

Wellington's direct equity holdings have been partially replaced by OEIC investments held by Fidelity and Unit trust investments held by Capital International, these two categories show an increase in 2006/7 as a result.

In 2006/07 there was also a significant reduction in Fixed Interest securities – other. This category mainly comprises directly held corporate bonds. During 2006/07 Capital International moved away from direct holdings for this asset class, preferring to invest through a unit trust, Unit trust – other, in 2006/07 therefore includes a corresponding increase.

The increase in Unit trust - property in 2006/07 partly reflects surplus cash advanced to our property manager, ING, at the end of the year to increase property holdings towards the 10% allocation approved by trustees in their strategic review.

Other Investment balances in 2006/07 includes £18 million earmarked as part of the transition to the new investment structure to invest in property during 2007/08 as ING identify good investment opportunities.

2 Net current assets and liabilities

	2006/07 £'000	2005/06 £'000
Contributions due from employees and employers	(275)	(262)
Unpaid benefit	0	0
Cash balances	(4,066)	(2,472)
Other current assets and liabilities	419	454
Total	(3,922)	(2,280)

3 Fund Management

Shares	Funds Managed 31/03/07 £m	% of Fund	UK Assets £m	Overseas Assets £m	Funds Managed 31/03/06 £m	% of Fund	UK Assets £m	Overseas Assets £m
Alliance	164.3	26.7	130.2	34.1	118.5	20.7	118.5	0
Bernstein								
Capital	191.6	31.1	93.7	97.9	158.3	27.7	107.4	50.9
International								
Fidelity	192.8	31.3	94.2	98.6	147.1	25.8	113.8	33.3
ING	46.6	7.5	46.6	0	34.2	6.0	34.2	0
Wellington	0	0	0	0	113.0	19.8	14.7	98.3
Haringey	18.0	2.9	18.0	0	0.1	0	0.1	0
Transition	2.8	0.5	2.7	0.1	0	0	0	0
Manager								
Total	616.1	100	385.4	230.7	571.2	100	388.7	182.5

4 Listed and Unlisted Investments

The Fund's investment assets analysed between listed and unlisted investments was as follows:

Market Value of Investment assets as at 31/03/07 £m	Listed Investments £m	Unlisted investments £m	Market Value of Investment assets as at 31/03/06 £m	Listed Investments £m	Unlisted investments £m
616.1	415.7	200.4	571.2	433.5	137.7

Unlisted investments comprise holdings in Institutional Open Ended Companies (OEIC's) and Property and other Unit trusts. OEIC's are a form of investment vehicle. It should be noted that whilst the OEIC vehicles themselves are unlisted, the assets in which those vehicles invest comprise listed equities and bonds.

5 Investment Transactions

The sales and purchases during the year were as follows:

Fund Managers	Purchases at cost £m	Sales Proceeds £m
Alliance Bernstein	35.6	28.8
Capital International	120.8	96.3
Fidelity	104.6	56.9
ING	14.4	6.9
Wellington	83.7	82.8
Transition Manager	66.5	138.9
Total	425.6	410.6

6 Top Ten shares held

As at 31 March 2007				As at 31 March 2006			
Shares	Rank	% of Equities	Market Value	Shares	Rank	% of Equities	Market Value
		%	£'000			%	£'000
Shell	1	2.9	12,438	Vodafone	1	3.5	14,777
Royal Bank of Scotland	2	2.2	9,434	Shell	2	3.3	13,853
Vodafone	3	2.1	9,005	Royal Bank of Scotland	3	2.8	11,749
BP	4	2.1	8,962	Astrazeneca	4	2.8	11,720
Astrazeneca	5	1.6	6,821	BP	5	2.5	10,250
HBOS	6	1.5	6,585	HBOS	6	2.3	9,704
Barclays	7	1.5	6,193	Barclays	7	1.6	6,601
HSBC	8	1.3	5,755	HSBC	8	1.3	5,576
Glaxosmithkline	9	1.3	5,342	BAT	9	1.2	5,386
Aviva	10	1.1	4,625	BAE Systems	10	1.1	4,890

7 Additional voluntary contributions (AVC's)

AVC's paid by scheme members are not included within the accounts. AVC's are managed independently by three specialist providers, Prudential Assurance, Clerical and Medical Investment Group Ltd and Equitable Life Assurance Society.

Key information regarding the AVC's administered for Haringey are as follows:

Equitable Life (as at 5 April 2007)

Number of active members	52
Number of members with preserved benefits	30

Number of members investing in:	
Equitable with profits	60
Equitable unit-linked	29
Equitable Building Society Pension Fund	17
Clerical Medical with profits	1

	£
Value of funds as at 6 April 2006	(583,629)
Income	(36,376) (incl. contributions of £15,722)
Less expenditure	100,587
Value of fund at 5 April 2007	(519,418)

Prudential Assurance (as at 5 April 2007)

Number of active members 46

The main fund invested in by the majority of Haringey's AVC investors with Prudential Assurance is set out below.

With profits cash accumulation fund:	£
Value of funds as at 6 April 2006	(355,656)
Income	(74,357) (incl. contributions of £59,128)
Less expenditure	15,817
Value of fund at 5 April 2007	(414,196)

Clerical and Medical

Number of active members 2

Appendix A

ALEXANDRA PARK AND PALACE

2006/07

Consolidated Statement of Financial Activities for the year ended 31st March 2007

	Note	Unrestricted Funds	Restricted Funds	Total 2007	Total 2006
	No.	£	£	£	£
Incoming resources:					
Incoming resources from generated funds					
Voluntary income	3	-	1,225,028	1,225,028	1,374,248
Activities for generating funds	5	4,701,375		4,701,375	5,119,351
Incoming resources from charitable activities	4	1,189,217		1,189,217	1,014,528
Other incoming resources		2,182		2,182	4,803
Total incoming resources		5,892,774	1,225,028	7,117,802	7,512,930
Resources Expended:					
Cost of generating funds					
Interest payable					
Fundraising Trading					
cost of goods sold and other costs	6	4,044,448		4,044,448	3,808,775
Charitable activities		3,651,613	1,201,662	4,853,275	5,460,899
Governance costs		92,348		92,348	64,493
Total Resources expended	6	7,788,409	1,201,662	8,990,071	9,334,167
Net (outgoing)/incoming resources before transfer and net movement in funds.		(1,895,635)	23,366	(1,872,269)	(1,821,237)
Opening deficit fund balance 1 April		(31,350,833)	16,408	(31,334,425)	(29,513,188)
Closing deficit fund balance as at 31 March	20	(33,246,468)	39,774	(33,206,694)	(31,334,425)

The notes on pages 88 to 102 form an integral part of these financial statements. All of the above amounts are derived from continuing activities. There were no other recognised gains or losses in either year except for those dealt with above.

Trust Statement of Financial Activities for the year ended 31st March 2007

	Note	Unrestricted Funds	Restricted Funds	Total 2007	Total 2006
	No.	£	£	£	£
Incoming resources:					
Incoming resources from generated funds					
Voluntary income	3		1,225,028	1,225,028	1,374,248
Activities for generating funds	5	625,000		625,000	1,255,000
Incoming resources from charitable activities	4	1,189,217		1,189,217	1,014,528
Other incoming resources		2,182		2,182	4,803
Total incoming resources		1,816,399	1,225,028	3,041,427	3,648,579
Resources Expended:					
Charitable activities		3,651,613	1,201,662	4,853,275	5,460,899
Governance costs		66,848	-	66,848	47,993
Other resources expended					
Interest payable					
Total Resources expended	6	3,718,461	1,201,662	4,920,123	5,508,892
Net (outgoing)/incoming resources before transfer and net movement in funds.					
		(1,902,062)	23,366	(1,878,696)	(1,860,313)
Opening deficit fund balance 1 April		(31,391,508)	16,408	(31,375,100)	(29,514,787)
Closing deficit fund balance as at 31 March	20	(33,293,570)	39,774	(33,253,796)	(31,375,100)

The notes on pages 88 to 102 form an integral part of these financial statements. All of the above amounts are derived from continuing activities. There were no other recognised gains or losses in either year except for those dealt with above.

Consolidated and Trust Balance Sheets as at 31st March 2007.

		Group 2007	Group 2006	Trust 2007	Trust 2006
	Note No.	£	£	£	£
Fixed assets					
Tangible assets	12	572,408	671,217	566,940	663,926
Investments	13		0	2	2
		572,408	671,217	566,942	663,928
Current assets					
Stocks	14	122,860	181,635	53,269	64,715
Debtors	15	711,711	805,123	1,181,020	1,736,652
Cash at bank and in hand		1,058,999	1,912,410	3,082	139,995
		1,893,570	2,899,168	1,237,371	1,941,362
Creditors:	16				
Amount falling due within one year		(1,098,439)	(1,882,371)	(483,876)	(957,951)
Net current assets		795,131	1,016,797	753,495	
Total assets less current liabilities		1,367,539	1,688,014	1,320,437	1,647,339
Provision		(34,574,233)	(33,022,439)	(34,574,233)	(33,022,439)
Total Net Liabilities		(33,206,694)	(31,334,425)	(33,253,796)	(31,375,100)
Accumulated Funds:					
Unrestricted deficit funds		(33,246,468)	(31,350,833)	(33,293,570)	(31,391,508)
Restricted Funds		39,774	16,408	39,774	16,408
Total Funds		(33,206,694)	(31,334,425)	(33,253,796)	(31,375,100)

Approved by the Board of Trustees on 17th July 2007. and signed on its behalf by:

Councillor Charles Adje

The notes on pages 88 to 102 form an integral part of these financial statements.

Consolidated Cashflow Statement for the year ended 31st March 2006

	Group 2007 £	Group 2006 £
Reconciliation of changes in resources to net cash inflow from operation activities:-		
Changes in resources	(1,872,269)	(1,821,237)
Depreciation	116,761	127,039
Interest receivable	(63,648)	(78,568)
Decrease/(increase) in stocks	58,775	14,123
Decrease/(increase) in debtors	93,412	248,753
(Decrease)/increase in creditors	(783,932)	(381,220)
Increase in provision	1,551,794	1,675,013
Net Cash (outflow)/inflow from operation activities	(899,107)	(216,097)

	Group 2007 £	Group 2006 £
CASH FLOW STATEMENT:		
Net cash (outflow)/inflow from operating activities	(899,107)	(216,097)
Returns on investments and servicing of income:		
Interest received	63,648	70,764
Capital expenditure		
Payments to acquire tangible fixed assets	(17,952)	(131,790)
(Decrease)/increase in cash	(853,411)	(277,123)
Cash at 1 April	1,912,410	2,189,533
Cash at 31 March	1,058,999	1,912,410

Analysis of changes in cash	31 March 06 £	Change in Year £	31 Mar 07 £
Cash at bank and in hand	1,912,410	853,411	1,058,999

The notes on pages 88 to 102 form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31st March 2007.**1. Basis of accounting**

The financial statements have been prepared under the historical cost convention and have been prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005), and applicable accounting standards with the exception of FRS17.

The charity has not complied with FRS 17 because of the impending transfer of its core staff to a new investor as in the Trustees report. Following transfer the charity will be left with a maximum of 3 employees who will be part of a defined benefit pension scheme administered and guaranteed by the London Borough of Haringey.

2. Accounting policies**(a) Basis of consolidation**

The consolidated financial statements comprise those of the Trust and its wholly-owned subsidiary, Alexandra Palace Trading Limited. The results of the subsidiary are consolidated on a line by line basis.

(b) Fund accounting and permanent endowment

Under the terms of the Alexandra Park and Palace Act 1985, the freehold and fixed assets of the Trust cannot be permanently disposed of. Under the terms of the Charities Act 1993 and the SORP 2005, these are inalienable assets and may be considered a permanent endowment although capable of being leased.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Trust for a particular purpose. The aim and use of each restricted fund is set out in the notes to the financial statements.

The unrestricted fund represents the accumulated surpluses and deficits of the Group. The funds generated by the Trust are available for use at the discretion of the trustees in furtherance of the general objectives of the Trust.

(c) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the trust is legally entitled to the income and the amount can be quantified with reasonable accuracy. The financial statements therefore reflect income due to the Trust but not received by the end of the year. Funds received for the purchase of fixed assets are accounted for as restricted income.

The treatment of the assets provided depends upon the restriction imposed by the grant and as the fixed assets' acquisition discharges the restriction then the assets will be held in the unrestricted funds. A corresponding transfer of the associated restricted income will be made to the unrestricted fund in the year of purchase.

Income in advance within creditors is made up of payments that have been received for events that will take place in future years. By far the bulk of this sum relates to the charity's trading company, Alexandra Palace Trading Limited and should the transaction with the preferred investor reach a satisfactory conclusion, these monies will be duly paid over to the new investment partner who will assume responsibility for holding these events.

(d) Resources expended and the allocation of expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to this category. Where costs cannot be attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources. Allocated costs have been allocated on the average of floor area basis and head count basis.

Governance costs are the costs associated with the governance arrangements of the charity which relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activity. Included within this category are costs associated with the strategic as opposed to day to day management of the charity's activities.

Support costs are those costs incurred in support of the expenditure on the objects of the Trust. These support costs are allocated across the categories of charitable expenditure, governance costs and the cost of generating funds.

(e) Investments

Fixed asset investments are shown at cost less provision for impairment in value in the Trust's accounts.

(f) Valuation of fixed assets

The Act that established the Trust and set down the framework within which it should operate places restrictions on asset disposal. It has been accepted that the Parliamentary Scheme was necessary before any redevelopment can take place. In the past no value has been put on the Park and Palace as this is deemed to be an inalienable asset as the Act of Parliament places restrictions on its disposal. With regard to assets brought forward at the beginning of the year this policy has continued as reliable cost information is not available and conventional valuation approaches lack sufficient reliability and significant costs would be involved which may be onerous compared with the additional benefit derived by users of the accounts. For new assets the Trust has adopted a policy of capitalising improvements to the buildings and other assets purchased.

Tangible fixed assets are shown at cost, less accumulated depreciation to date. Depreciation is provided on all tangible fixed assets and is calculated at rates designed to write off the cost of fixed assets over their expected useful lives. The rates applied are as follows:

Improvements to the park:	-on a straight line basis over 10 years.
Plant & Machinery:	-on a straight line basis over 10 years.
Office equipment, furniture and fittings:	-on a 25% reducing balance basis.

(g) Valuation of stock

Stock consists of purchased goods for resale, marketing publications, china and cutlery and other sundry items. Stock is valued at the lower of cost and net realizable value.

(h) Bank account

The Alexandra Park and Palace bank account is included in the arrangements for the Council's pooled account. This amount is included in the balance sheet both as an asset and as an amount due to Haringey Council.

(i) Provision

These accounts reflect the decision of the Attorney General that Haringey Council is entitled to indemnification for the revenue deficits for 1991/92 to 2006/2007. Haringey Council may also be entitled to indemnification for the years 1988/89 to 1990/91, and this amount has also been provided for in the accounts.

Both of these amounts include interest charged for the outstanding revenue deficits at the Council's Loan Pool Rate, which in 2004/05 was 7.33% (2003/04: 7.56%). No interest was charged in 2006/07.

(j) Related party transactions

Because of the close and unique relationship between Haringey Council and Alexandra Park and Palace, there is a significant number of transactions between the two parties. The extent of this relationship is detailed in note 17 to the financial statements.

(k) Leases

Parts of the Trust's assets are subject to leasing arrangements.

(l) Leased assets

All leases are operating leases and the annual rentals are charged to the Statement of Financial Activities over the period in which the cost is incurred.

(m) Pension contributions

Costs are accounted for on a contributions payable basis. The Group has not complied with the requirements of FRS 17 for the reasons set out above and in the trustees' report and in particular

that, in light of the anticipated transfer of the company's workforce to Firoka that there will not be any ongoing pension deficit falling to the company.

3. Restricted Funds: grants

Restricted fund grants of £32,198 from the English Heritage, Organ Appeal £5,913 receivable from The Alexandra Palace Organ Appeal, and £889,832 (2006: £1,022,762) from the Heritage Lottery Grant with £297,085 (2006: £341,466) from the London Borough of Haringey for major works to the park.

4. Incoming resources from charitable activities

	2007	2006
	£	£
Ice rink	984,246	842,982
Community events	50,898	70,181
Leases and concessions	154,073	101,365
Total income	1,189,217	1,014,528

5. Activities for generating funds

Alexandra Park & Palace Charitable Trust owns the entire share capital of Alexandra Palace Trading Limited, a company registered in England. Alexandra Palace Trading Limited raises funds for Alexandra Park & Palace Charitable Trust through the hiring of halls and catering for exhibitions, banquets, conferences, weddings and other events and the running of the Phoenix Public House. Alexandra Palace Trading Limited retained £6,428 of its profit this year with the remainder being gift aided to Alexandra Park & Palace Charitable Trust. The net income attributable to the group is consolidated on a line by line basis in the consolidated statement of financial activities. A summary of the results is shown below:

Alexandra Palace Trading Limited

	2,007	2,006
	£	£
Income from events	4,161,871	4,533,534
Income from Phoenix public house	475,856	507,249
Interest receivable	63,648	78,568
Total Income	4,701,375	5,119,351
Cost of sales	3,117,237	3,334,849
Cost of operating expenses	952,711	490,426
Total cost of generating funds	4,069,948	3,825,275
Net income to the group	631,428	1,294,076
Less: Licence fee to the Trust	(255,000)	(255,000)
Deed of Covenant/Gift Aid to the Trust	(370,000)	(1,000,000)
Retained profit	6,428	39,076
Retained profit loss)/brought forward	40,675	1,599
Retained profit carried forward	47,103	40,675

6. Analysis of total resources expended.

Group:

	Direct costs £	Support costs £	2007 Total £	2006 Total £
Costs of generating fund				
Expenditure of trading subsidiary	4,044,448		4,044,448	3,808,775
Charitable expenditure				
Ice Rink	656,048	83,377	739,425	687,014
Community events	122,295	4,632	126,927	121,020
Leases and concessions	57,765	3,474	61,239	78,899
Repairs and maintenance of building/park	2,922,498	368,708	3,291,206	3,947,351
Security of building/park	578,893	55,585	634,478	626,615
	4,337,499	515,776	4,853,275	5,460,899
Governance costs				
Wages and salaries	-	19,408	19,408	18,793
Professional fees	-	26,940	26,940	16,000
Audit fee	-	46,000	46,000	29,700
	0	92,348	92,348	64,493
Total for Group	8,381,947	608,124	8,990,071	9,334,167

Trust Only:

	Direct costs £	Support costs £	2007 Total £	2006 Total £
Charitable expenditure				
Ice Rink	656,048	83,377	739,425	687,014
Community events	122,295	4,632	126,927	121,020
Leases and concessions	57,765	3,474	61,239	78,899
Repairs and maintenance of building/park	2,922,499	368,707	3,291,206	3,947,351
Security of building/park	578,893	55,585	634,478	626,615
	4,337,500	515,775	4,853,275	5,460,899
Governance Costs				
Wages and salaries		19,408	19,408	18,793
Professional fees		26,940	26,940	16,000
Audit fee		20,500	20,500	13,200
	0	66,848	66,848	47,993
Total for Trust	4,337,500	582,623	4,920,123	5,508,892

7. Support costs

	Group 2007 £	Group 2006 £
Management costs	1,228	920
Wages and salaries	210,417	151,600
Overheads	396,479	845,217
	608,124	997,737

8. Deficit on current year activities

	Group 2007 £	Group 2006 £
Operating deficit is stated after charging:		
Auditors' remuneration: audit fee	46,000	29,700
Operating lease rentals - land and buildings	35,896	35,896
Operating lease rentals - vehicles	3,585	8,339
Depreciation	116,761	127,039

The trustees received no remuneration (2006: -£Nil) from the charity and were not reimbursed for any of their expenses by the charity during the year (2006: -£Nil).

9. Analysis of costs by activity
GROUP

Costs directly allocated to activities	Bases of allocation	Other	Ice Rink	Security of building and park	Community Events	Leases and Concessions	Repairs and maintenance	Governance	Total 2007	Total 2006
		£	£	£	£	£	£	£	£	
Interest payable	Direct								0	0
Expenditure of trading subsidiary	Direct	4,044,449						25,500	4,069,949	3,825,275
Salaries	Direct		350,266	433,867			747,887		1,532,020	1,435,329
Professional fees	Direct		21,472				33,907	26,940	82,319	105,943
Parks lottery expenditure	Direct						1,201,662		1,201,662	1,364,229
Overheads	Direct		172,007	856	114,946	46,944	782,566		1,117,319	1,227,448
Audit fees	Direct							20,500	20,500	13,200
Direct costs	Direct		31,152						31,152	18,057
Support costs allocated to activities										
General office and finance support staff	Staff time & area average							19,408	19,408	18,793
Apportioned overhead cost	Staff time & area average		81,150	144,170	7,349	10,821	156,476		399,966	392,650
Apportionated support and overhead cost	Staff time & area average									
Total for Group		4,044,449	739,424	634,478	126,927	61,239	3,291,206	92,348	8,990,071	9,334,167

Cost allocation includes an element of judgement and the charity has had to consider the cost benefit of detailed calculations and record keeping. To ensure full cost recovery on projects the charity adopts a policy of allocating costs to the respective cost headings through the year. This allocation includes support costs where they are directly attributable. Therefore the support costs shown are a best estimate of the costs that have been so allocated.

9. Analysis of costs by activity - continued
TRUST ONLY

Costs directly allocated to activities	Bases of allocation	Other	Ice Rink	Security of building and park	Community Events	Leases and Concessions	Repairs and maintenance	Governance	Total 2007	Total 2006
		£	£	£	£	£	£	£	£	
Interest payable	Direct									0
Salaries	Direct		350,266	433,867			747,887		1,532,020	1,435,329
Professional fees	Direct		21,472				33,907	26,940	82,319	105,943
Parks lottery expenditure	Direct						1,201,662		1,201,662	1,364,229
Overheads	Direct		172,007	856	114,946	46,944	782,566		1,117,319	1,227,448
Audit fees	Direct							20,500	20,500	13,200
Direct costs	Direct		31,152						31,152	18,057
Support costs allocated to activities										
General office and finance support staff	Staff time & area average									
Apportioned overhead cost	Staff time & area average		81,150	144,170	7,349	10,821	156,476	19,408	399,966	392,650
Apportioned support and overhead cost	Staff time & area average		83,377	55,585	4,632	3,474	368,708		515,776	933,243
Total for Group		0	739,424	634,478	126,927	61,239	3,291,206	66,848	4,920,122	5,508,892

Cost allocation includes an element of judgement and the charity has had to consider the cost benefit of detailed calculations and record keeping. To ensure full cost recovery on projects the charity adopts a policy of allocating costs to the respective cost headings through the year. This allocation includes support costs where they are directly attributable. Therefore the support costs shown are a best estimate of the costs that have been so allocated.

10. Staff Costs

	Group 2007 £	Group 2006 £	Trust 2007 £	Trust 2006 £
Wages and salaries	1,551,775	1,626,208	627,672	534,117
Social security costs	130,079	130,130	34,607	31,295
Pension costs	134,093	120,304	60,016	56,555
Agency staff costs	816,746	789,657	505,927	470,940
	2,632,693	2,666,299	1,228,222	1,092,907

The number of employees whose emoluments as defined for taxation purposes amounted to over £50,000 in the year was as follows:

	Group 2007	Group 2006	Trust 2007	Trust 2006
£50,001-£60,000	1	1	0	0
£60,001-£70,000	1	1	0	1

The trust employee earning more than £50,000 received employer contributions into the defined benefit pension scheme (see note 23(a)).

The average number of employees, analysed by function, including both permanent employees and casual staff calculated on a full-time equivalent basis (number of permanent employees only illustrated by the bracketed figures) was:

	Group 2007 Number	Group 2006 Number	Trust 2007 Number	Trust 2006 Number
Ice rink	16(4)	23(6)	16(4)	23(6)
Repairs and maintenance including park	2(2)	3(3)	2(2)	3(3)
Community events		1(1)		1(1)
Cost of generating funds	31(16)	43(27)		39(25)
Support costs	2(2)	2(2)	2(2)	1(1)
Management and administration	9(8)	1(1)	2(2)	1(1)
	60(32)	73(40)	22 (10)	30(13)

11. Taxation

Alexandra Park and Palace Charitable Trust is a registered charity. As such its sources of income and gains, received under Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992, are exempt from taxation to the extent that they are applied exclusively to its charitable objectives. The trading subsidiary donates all taxable profits to the Trust under Gift Aid. No tax charge has arisen in the year.

12. Tangible fixed assets

	Improvements to park	Plant & Machinery	Office Equipment, furniture and fittings	Total
Trust only:	£	£	£	£
Cost: At 1st April 2006	197,346	482,497	316,043	995,886
Additions			17,952	17,952
At 31st March 2007	197,346	482,497	333,995	1,013,838
Depreciation: At 1st April 2006	39,470	146,311	146,179	331,960
Charge for the year	19,734	48,250	46,954	114,938
At 31st March 2007	59,204	194,561	193,133	446,898
Net Book Value				
At 31st March 2007	138,142	287,936	140,862	566,940
At 31st March 2006	157,876	336,186	169,864	663,926

	Improvements to park	Plant & Machinery	Office Equipment, furniture and fittings	Total
Group	£	£	£	£
Cost: At 1st April 2006	197,346	482,497	348,555	1,028,398
Additions			17,952	17,952
At 31st March 2007	197,346	482,497	366,507	1,046,350
Depreciation: At 1st April 2006	39,470	146,311	171,400	357,181
Charge for the year	19,734	48,250	48,777	116,761
At 31st March 2007	59,204	194,561	220,177	473,942
Net book value:				
At 31st March 2007	138,142	287,936	146,330	572,408
At 31st March 2006	157,876	336,186	177,155	671,217

13. Fixed Asset Investments

	2007	2006
	£	£
Shares in trading subsidiary		
at 1st April and 31 March	2	2

The Trust owns the entire share capital of its trading subsidiary (see note X).

14. Stock

	Group 2007	Group 2006	Trust 2007	Trust 2006
	£	£	£	£
China and cutlery	47,593	58,309	47,593	58,309
Food and beverages	58,716	104,698		0
Publications and stationery	16,551	18,628	5,676	6,406
	122,860	181,635	53,269	64,715

15. Debtors

	Group 2007	Group 2006	Trust 2007	Trust 2006
	£	£	£	£
Trade debtors	92,828	162,623		0
Amounts due from subsidiary undertaking		0	264,375	157,406
Deed of covenant/gift aid due from subsidiary undertaking		0	370,000	1,000,000
Other debtors	132,380	41,865	113,620	34,060
Prepayments and accrued income	486,503	600,635	433,025	545,186
	711,711	805,123	1,181,020	1,736,652

16. Creditors: amount falling due within one year

	Group 2007	Group 2006	Trust 2007	Trust 2006
	£	£	£	£
Trade creditors	109,894	181,644		0
Other taxes and social security cost		192,302		0
Other creditors	330,576	419,962	330,576	419,962
Accruals	416,529	498,813	159,403	406,636
Income in advance	247,543	458,497		200
Haringey Council: Bank Account	(6,103)	131,153	(6,103)	131,153
	1,098,439	1,882,371	483,876	957,951

Income in Advance is payments received for events that will take place in future years. The Trust's bank account is part of Haringey Council's pooled account, and the amount is shown both as an asset and a liability to the Trust as the bank account is owed in its entirety to the Council. The difference between the two sums of £9,184 (2006: £8,842) relates to the Trust's cash float and is not part of that liability.

17. Provision

	Group 2007	Group 2006	Trust 2007	Trust 2006
	£	£	£	£
Haringey Council: Indemnification	34,574,233	33,022,439	34,574,233	33,022,439
Reconciliation of movement:				
Balance brought forward	33,022,439	31,347,426	33,022,439	31,347,426
Amount charge to SOFA	329,466	251,722	329,466	251,722
Transfer to bank less VAT debtor	1,222,328	1,423,291	1,222,328	1,423,291
Balance carried forward	34,574,233	33,022,439	34,574,233	33,022,439

The relationship between the Trust and the London Borough of Haringey:

The Council of the London Borough of Haringey is Trustee of the Trust. The Council delegates the entire function of trustee to the Alexandra Park and Palace Board. The Council

elects individual members to sit on the Alexandra Park and Palace Board to act as the charity trustees. The charity trustees are those persons having the general control and management of the administration of the Trust. All employees of the Trust are employees of Haringey Council as trustee and are included in the Council's pension arrangements.

Due to the nature of the relationship between the Trust and Haringey Council there are a number of significant related party transactions. These amounts are consolidated into the Trust's financial statements. However, due to the unique nature and structure of the relationship it is thought appropriate to disclose these items: Business rates of £46,104 (2006: £42,200); central administration of £30,000 (2006: £30,000); entertainment licences of £46,104 (2006: £52,247); public liability insurance £34,574 (2006: £33,731); provision of park patrol service £33,620 (2006: £40,000); legal expense £1,625 (2006: £10,154); printing and other sundry items of £3,654 (2006: £3,210). Charles Adje wishes to voluntarily declare that he receives £9,500 as a Special Responsibility Allowance payment from Haringey Council's Corporate Funds (not charged to the Trust) with Charity Commission knowledge and consent for his appointment as Chair of the Board

In view of the uncertainty created by the complex legislative position, the Council had resolved to seek the Directions of the Court regarding its precise duties as Trustees of Alexandra Park and Palace Charitable Trust. However this process is now not being followed given the progress on its preferred investment partner selection described at paragraph 23 and in the Trustees' Report.

Alexandra Park and Palace is a going concern because the overall trustee, Haringey Council, uses its corporate funds to support the revenue deficits of the Trust. It is the Council's current policy to continue providing this support until responsibility for the assets passes to a private developer and the support of the Council is no longer required. The deficits incurred each year form part of the provision due to Haringey Council and are shown as a creditor on the balance sheet.

The analysis of the current year's figure is as follows:

	Accumulated Balances	Interest	Total
	£'000	£'000	£'000
Haringey Council:			
Indemnification 1991/92 to 1994/95	5,005.00	9,881.00	14,886.00
Indemnification 1995/96 to 2005/06	11,438.00	4,854.00	16,292.00
Provision: 1988/99 to 1990/91	755.00	2,641.00	3,396.00
	<u>17,198.00</u>	<u>17,376.00</u>	<u>34,574.00</u>

1. This is the amount which the Attorney General has agreed that Haringey Council is entitled to, in respect of expenditure incurred from operational deficits in the financial years 1991/92 to 1994/95.
2. This is the amount relating to the operational deficits for 1995/96 to 2006/07 which the Attorney General has agreed in principle that Haringey Council is entitled to. The final value has yet to be formally agreed. (The operational deficit is calculated as the deficit for the year before interest and the increase in working capital in the year).
3. Haringey Council may also be entitled to indemnification for the operational deficits from 1988/89 to 1990/91, so this amount has also been provided for.

18. Accumulated unrestricted funds

	Group 2007	Group 2006	Trust 2007	Trust 2006
	£	£	£	£
Trust deficit funds:				
Balance brought forward	31,350,833	29,519,576	31,391,508	29,521,175
Deficit in year	1,895,635	1,831,257	1,902,062	1,870,333
Balance carried forward	<u>33,246,468</u>	<u>31,350,833</u>	<u>33,293,570</u>	<u>31,391,508</u>

The above amounts represent the deficit equity of the Trust. The Group figure includes £6,428 (2006:£39,076) of the trading subsidiary retained profit/losses) carried forward.

19. Restricted Funds**Movement in Resources**

	Balance 1 April 2006	Incoming Resources	Expenditure & transfers	Balance 31Mar.2007
	£	£	£	£
Lottery Grant Fund	0	1,186,917	1,186,917	
Environment Agency Grant	10,000		8,832	1,168
Organ Appeal Fund	5,776	5,913	5,913	5,776
Theatre Fund	232			232
BBC Studios Fund	400			400
English Heritage		32,198		32,198
	<u>16,408</u>	<u>1,225,028</u>	<u>1,201,662</u>	<u>39,774</u>

The restricted fund balance at 31 March 2007 are represented by cash at bank and in hand of £39,774

	Group 2007	Group 2006	Trust 2007	Trust 2006
	£	£	£	£
20. Total Funds				
Balance brought forward	31,334,425	29,153,188	31,375,100	29,514,787
Deficit in year	1,872,269	1,821,237	1,878,696	1,860,313
Balance carried forward	<u>33,206,694</u>	<u>30,974,425</u>	<u>33,253,796</u>	<u>31,375,100</u>

	Group 2007	Group 2006	Trust 2007	Trust 2006
	£	£	£	£
21. Commitments under operating leases				

Vehicles:

Payments due within one year on leases expiring within 1 year.

Land and Buildings:

Payments due within one year on leases expiring within 1 year.

35,896

Payments due within one year on leases expiring within 2-5 years.

22. Audit fees

The Charity Commission requires the Board to appoint an independent Registered Auditor to carry out a full statutory audit of the financial statements. The audit fee for the year was £46,000, (2006: £29,700).

The Audit Commission, as part of the external audit of the Council's accounts, reviews the financial statements for Alexandra Park and Palace Charitable Trust. The Council meets the fee of the Audit Commission.

23. Private developer

In 1996/97, the Trust carried out a competition to find a private developer to take over the running of Alexandra Park and Palace. The development proposals could only be progressed following parliamentary approval of amendments to the 1985 Alexandra Park and Palace Act to allow a 125 year lease. The amendments passed into law in February 2004. The trustees returned to the preferred developer to establish the level of interest given the passage of time and changes to the leisure market since the development competition. The preferred developer has advised that they have no continuing interest in developing Alexandra Palace. The charity trustees appointed a professional advisory team to provide advice on both the process and the selection of an investment partner. The process concluded with the selection of the Firoka Group on the 30th January 2006. The Trustees' Report sets out the current position in relation to the progress being made to conclude on the lease.

24. Pension Scheme

Trust:

(a) Defined benefit scheme

The Trust operates a defined benefit pension scheme for the benefit of the employees. The assets of the Scheme are in a fund independent from the Trust and are administered by Haringey Council under the provisions of the Local Government Superannuation Act of 12 June 2000.

The Fund is independently valued every three years by a firm of actuaries to assess the adequacy of the Fund's investments and contributions to meet its liability. The last valuation took place in March 2006. The last actuarial valuation was carried out in accordance with Guidelines GN9: Retirement Benefit Schemes - Actuarial reports published by the Institute of Actuaries and the Faculty of Actuaries. The last actuarial valuation was carried out using the Projected Unit Method.

Economic and statistical assumptions were used. The assumptions which have the most significant effect on the results of the valuation are:

	Nominal % per annum
Rate of investment – equities	6.70% per annum compound
Rate of investment – bonds	4.905% per annum compound
Rate of pensionable salary increases (excl. increments)	4.40% per annum compound
Rate of price inflation/pensions increases	2.90% per annum compound
Discount rate	6.30% per annum compound

The level of funding as a whole at 31 March 2006 was 69.0%, and the market value of the Fund at the time of the last valuation was £441 million. The employer's contribution is 18% of salary, increasing to 22.9% with effect from 1 April 2005 as a result of the past service adjustment to fund the deficit over 20 years which accounts for 10.1% of this increased contribution rate. The pension contribution for the year was £56,555 (2005: £53,604).

In accordance with FRS 17, the Trust will account for its contributions to the scheme as if it were a defined contribution scheme because it is not possible to confirm the Trust's share of the assets and liabilities in the scheme on a consistent and reasonable basis.

The trading company operates a defined benefit pension scheme for the benefit of 22 scheme members who transferred to the trading company, from the Trust, on 1 November 1999. There are 9 (2005: 11) scheme members still in the employment of the trading company as at 31 March 2006. The assets of the Scheme are in a fund independent from the trading company and are administered by Haringey Council under the provisions of the Local

Government Superannuation Act. The company has not complied with FRS 17 and has accounted for contributions on the basis of those payable.

Trading company:

(b) Defined benefit scheme

The Fund is independently valued on a regular basis by a firm of actuaries. The last valuation took place in March 2006. The purpose is to assess the adequacy of the Fund's investments and contributions. The last actuarial valuation was carried out using the Projected Unit Method.

Economic and statistical assumptions were used. The assumptions which have the most significant effect on the results of the valuation are:

	Nominal % per annum
Rate of investment – equities	7.40% per annum compound
Rate of investment – bonds	4.60% per annum compound
Rate of pensionable salary increases (excl. increments)	4.60% per annum compound
Rate of price inflation/pensions increases	3.10% per annum compound
Discount rate	4.90% per annum compound

The level of funding as a whole at 31 March 2006 was 69.0%, and the market value of the Fund at the time of the last valuation was £405 million for the whole of the scheme of which £1,010,000 is the share for Alexandra Palace Trading Limited. Alexandra Palace Trading Limited employer's contribution is 16.5% of salary, decreasing to 16.2% with effect from the 1 April 2005. Alexandra Palace Trading Limited is also paying additional monetary amounts £119,000 for the year ended 31 March 2007 and £125,000 for the year ended 31 March 2008. The pension contribution for the year was £39,095 (2005: £48,462).

The actuarial valuation described above has been updated at 31 March 2007 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

The major assumptions used for the actuarial valuation were:

	Nominal % per annum compound		
	2007	2006	2005
Price increased		3.10	2.90
Rate of pensionable salary increases (excluding increments)		4.10	4.40
Rate of price inflation/pensions increases		3.10	2.90
Discount rate		4.90	5.40

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were:

	2007	2007	2006	2006	2005	2005
	%	£	%	£	%	£
Equities			7.4	1,092,000	7.7	755,000
Bonds			4.6	274,000	5.1	215,000
Property			5.5	72,000	6.5	52,000
Cash			4.6	46,000	4.0	36,000
Total fair value of assets				1,484,000		
Present value of scheme liabilities				2,028,000		
Net pension liability				(544,000)		

For the year ended 31 March 2006, the expected return on the above assets was £78,000 (2005: £72,000) less the interest on pension scheme liabilities

of £90,000 (2005: £87,000) gives a net return of (£12,000) (2005: (£15,000)) as the amount credited from other finance income. Therefore overall the net cost to the revenue account for the year ended 31 March 2006 is £57,000 (2005: £66,000) after deduction of the service cost.

**Analysis of amount recognised in statement of total recognised
Gains and Losses (STRGL):**

	2007 £	2006 £
Actual return less expected return on pension scheme assets		194,000
Experience gains and losses arising on the scheme liabilities		(1,000)
Changes in financial assumption underlying the present value of the scheme liabilities		(259,000)
Actuarial gain/(loss) in pension plan		(66,000)
Increase in irrecoverable surplus from membership fall and other factors	0	0
Actual gain/(loss) in recognised in STRGL		(66,000)

Movement in Deficit during the year:

	2007 £	2006 £
Deficit at beginning of the year		(585,000)
		(45,000)
Employers contributions		164,000
Net return on assets		(12,000)
Actuarial gains/(losses)		(66,000)
Deficit at the end of the year	0	(544,000)

History of Experience Gains and Losses

	2007 £	2006 £
Difference between the expected and actual return on assets		194,000
Value of assets		1,484,000
Percentage of assets		13.0%
Experience losses on liabilities		13.0%
Experience losses on liabilities		(1,000)
Present value of liabilities		2,028,000
Percentage of the present value of liabilities		(0.0%)
Actuarial gains/(losses)		(66,000)
Present value of liabilities		2,028,000
Percentage of the present value of liabilities		(3.3%)

The scheme is a closed scheme and therefore under the project4d unit method the current service cost would be expected to increase as the members of the scheme approach retirement.

(b) Stakeholder personal pension scheme

For new employees to the trading company since 1 September 1999, the trading company has established a stakeholder pension and contributes personal pension contributions into this scheme. The employer's contribution is 10% of salary and the pension contribution for the year was £26,264 (2006: £24,654).

Progress Report to the Audit Committee

Haringey London Borough Council

Audit 2006/2007

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports to the Council

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

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Introduction

- 1 Appendices 1 and 2 summarise the progress against our ongoing audit and inspection plans.
- 2 We continue to consider ongoing correspondence from members of the public in respect of coroners' costs (accepted as an objection to the Council's 2004/05 accounts on 2 May 2006). As a result, we have not issued a certificate to conclude the 2004/05 and 2005/06 audits.

2007/08 audit appointment

- 3 The Committee is aware that Robson Rhodes takes over as the Council's external auditors with effect from 2007/08. We continue to liaise with Robson Rhodes to ensure a smooth handover. The 2007/08 audit and inspection plan is a separate item on the agenda for this meeting.
- 4 The 2007-08 plan includes fees for Use of Resources assessment and Data Quality 2007. The detailed work will be done by the Audit Commission.

Recent Audit Commission news

- 5 The Audit Commission has issued recently a number of reports. These are summarised in Appendix 3.

Appendix 1 – Progress made against 2004/05 audit and inspection plan (contains only outstanding issues)

Area in Audit Plan	Key contact	Start date	Target date for issue of draft report	Date of draft report	Date of final report	Comment
Inspection						
Allocations/lettings	Dr Ita O'Donovan	October 2007	TBA			Agreed replacement for the streetscene inspection. Broadly to cover allocations/lettings, but a detailed specification will be agreed in advance of the inspection.

Appendix 2 – Progress made against 2006/07 audit and inspection plan

Area in Audit Plan	Key contact	Start date	Target date for issue of draft report	Date of draft report	Date of final report	Comment
Audit and inspection plan	Dr Ita O'Donovan Gerald Almeroth	February 2006	April 2006	April 2006	April 2006	Presented to the Audit Committee on 12 June 2006.
Annual audit and inspection letter	Dr Ita O'Donovan	December 2007	February 2008			
Interim opinion audit review	Gerald Almeroth	January 2007	May 2007			
Audit of financial statements	Gerald Almeroth	July 2007	October 2007			

Area in Audit Plan	Key contact	Start date	Target date for issue of draft report	Date of draft report	Date of final report	Comment
Opinion	Gerald Almeroth	August 2007	September 2007			
ISA (UK & I) 260	General Purposes Committee; Gerald Almeroth	August 2007	September 2007			
ALMO inspection	Dr Ita O'Donovan; Stephen Clarke	May 2007	June 2007			On site work complete.
VFM conclusion	Dr Ita O'Donovan	April 2007	September 2007			
Grants audit	Gerald Almeroth	September 2007	December 2007			

Appendix 3 – Audit Commission news

Out of authority placements for special educational needs

What is this report about?

- 1 This report, published by the Audit Commission in February 2007, notes that over 11,000 pupils with a statement of special educational needs (SEN) are placed in out of authority special schools and these are often children with complex SEN. Expenditure on these placements is high and has increased steeply in recent years with the rate of increase decreasing since 2003/04.
- 2 Other key issues identified are:
 - strategic planning for the educational needs of children with complex needs has improved, but opportunities to provide more integrated and cost-effective services through joint working are not being maximised;
 - a lack of integrated local programmes of support has led to demand for out of authority provision;
 - regional partnerships have begun to control costs in some regions, but joint commissioning of provision along with financial planning is underdeveloped;
 - multi-agency panels help develop joint decision making on complex cases, but they have insufficient information on the financial implications of their decisions;
 - contracts with out of authority providers do not include expected outcomes and monitoring of the progress of pupils by their home councils is inconsistent;
- 3 there is a lack of joint planning between agencies for the transfer of pupils from residential out of authority schools to post-school provision, creating uncertainty for young people and parents; and
 - councils and their partners have not collated information to assess if they are achieving value for money for out of authority placements and until recently, there has been little challenge to the fees charged by out of authority providers.

How does this paper affect the Council?

- 4 The Audit Commission research for this report identified a number of examples of good practice in relation to strategic and budget planning, placement decision making and management which the council may find helpful. The report also includes a range of recommendations to help councils and their partners address the issues raised. We would also be happy to work with the council in addressing some of these issues.

- 5 The full report can be found on the Audit Commission website at <http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=ENGLISH^576^SUBJECT^539&ProdID=C0D9C7D0-B4D6-4c31-BEE9-237FEDBE05E2>

The Transition from CPA to CAA

What is the paper about?

- 6 The Local Government White Paper and the subsequent Local Government and Public Involvement in Health Bill (the Bill) set out a new performance framework for local services which includes the Comprehensive Area Assessment (CAA). CAA focuses on place rather than individual bodies, looking across local government, housing, health, education and community safety. This consultation paper, published in April 2007, sets out how the Audit Commission intends to manage the transition from Comprehensive Performance Assessment (CPA) of local government to the new CAA framework to be in place from April 2009, covering all local public services. By necessity, it is assumed that the Bill will be approved by Parliament and receive Royal Assent with the main provisions enacted.
- 7 The paper addresses three key transitional stages:
- firm proposals for the single tier and county council CPA methodology for the next national reporting in February 2008;
 - an outline of the changes that may be necessary to the CPA frameworks for 2008/09 to aid the transition; and
 - initial thinking on how CAA might be developed in partnership with other regulators, including some of the key principles and timing issues.

What happens next?

- 8 The full paper setting out the Audit Commission's proposals and ideas on these stages can be found on the website at <http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=&ProdID=21493979-9983-4a58-98D6-34B9A42088A9&fromREPORTSANDDATA=NATIONAL-REPORT>
- 9 The paper describes how to submit views and contains a number of specific consultation questions.
- 10 The consultation on single tier and county council CPA proposals for reporting in February 2008 and on the approach for 2008/09 is open until 14 June 2007. Views on the proposals for CAA are welcome at any time. There will be formal consultation, jointly with other inspectorates, later in 2007, and a series of events around the country to support this.

Seeing the light: innovation in local public services

What is this report about?

- 11 Published by the Audit Commission in May 2007, this report notes that many authorities, like their counterparts in the private sector, have found that incremental approaches to improvement are now yielding smaller gains in performance and efficiency. These improvement approaches are unlikely to be able to deliver against rising expectations and rather than doing the same thing better, authorities will have to do things differently.
- 12 Key messages include:
- authorities are already innovating extensively, with nearly half of authorities reporting that they are involved in a great deal of innovation, with innovation not being confined to the strongly performing authorities;
 - there is the potential for authorities to organise themselves in ways which make innovation more likely, for example, implementing cross-cutting structures, devolving responsibility to customer-facing staff and fostering an ambitious and open culture;
 - effective change management processes are needed to ensure that innovative ideas are successfully implemented, authorities need, for example to deploy adequate managerial capability and engage political leaders, users and partners; and
 - innovations do not spread quickly with few authorities being able to access examples of successful innovation, while many innovators lack the mechanisms for sharing their experience.
- 13 Central agencies are also cited as having the potential to do more to overcome the barriers to sharing innovative practices.

How does this paper affect the Council?

- 14 'Seeing the light' encourages local authorities to consider innovation as one way of achieving sustained performance improvement. By providing practical advice and support, based on authorities' own experiences of innovating, it aims to assist in creating the conditions in which innovation is fostered, developed and managed effectively. It also reaffirms the Audit Commission's commitment to encouraging innovation and proactively sharing knowledge with other local authorities. At a local level, we would be happy to work with the council to encourage and disseminate innovative practices.
- 15 The full report can be found
<http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=&ProdID=687E80A7-C07E-4d2e-9197-D70A9F271463&fromREPORTSANDDATA=NATIONAL-REPORT&area=hped>



Haringey Council

Agenda item:

[No.]**Audit Committee****On 10 July 2007**Report Title: **The Audit and Inspection Plan for 2007/08**

Forward Plan reference number (if applicable):

Report of: **Gerald Almeroth, Acting Director of Finance**Wards(s) affected: **All**Report for: **Non key decision****1. Purpose**

1.1 To highlight the areas of work covered in the Audit and Inspection Plan

2. Recommendations

2.1 That Members approve the Audit and Inspection Plan.

Report Authorised by:

Contact Officer: **Eve Pelekanos Head of Policy and Performance****3. Head of Legal Services Comments**

The audit and inspection work for Haringey Council is carried out in accordance with statutory requirements.

4. Local Government (Access to Information) Act 1985

4.1 Audit and Inspection Plan for Haringey Council June 2007

5. Strategic Implications

5.1 The Audit Commission's risk-based assessment takes account of the fact that the Council is a three star authority in the Comprehensive Performance Assessment

(CPA). This work is a key control process for the Council and an important way of maintaining our record of continuous improvement.

6. Financial Implications

- 6.1 The resources required for the delivery of the plan are provided for within the approved budget. Improvement actions arising from the results of the work will be assessed and resolved at the time.

7. Legal Implications

- 7.1 The Audit Commission and the appointed auditors carry out inspection work for local authorities in accordance with statutory requirements as contained in the Audit Commission Act 1998, the Local Government Act 1999 and the Code of Audit Practice.

8. Equalities Implications

- 8.1 The Audit Plan covers the CPA and inspection together with consideration of value for money issues and the Council's effectiveness in the use of resources. Sound financial management to ensure that resources are available for investment in priorities, and for the improvement services, provides benefits for all the communities of Haringey.

9. Background

- 9.1 The Audit Commission and the appointed auditor have issued the annual Audit and Inspection Plan for Haringey Council. The plan sets out the audit and inspection work to be carried out for the 2007/08 financial year.
- 9.2 The Audit and Inspection Plan is based on the Audit Commission's risk-based approach to audit planning and the requirements of the CPA, reflecting Haringey's three star status.
- 9.3 The work to be carried out under the Code of Audit Practice covers an audit of the Council's financial statements. It also requires consideration of the Council's arrangements for securing value for money and an assessment on the Use of Resources.
- 9.4 Auditors will carry out an audit of data quality during the current financial year, covering management arrangements and data quality spot checks, for a sample of performance indicators.
- 9.5 The Council's Best Value Performance Plan, which for 2007/08 is the Council Plan, will be audited.

- 9.6 Other work will be carried out as part of the National Fraud Initiative in which Haringey participates. This is an Audit Commission system designed to detect fraud carried out against public sector bodies.
- 9.7 The audit and inspection fee for 2007/08 covers the work to be undertaken as outlined in the plan.
- 9.8 The Chief Executive has been consulted on the plan and approves its content. The plan, once approved will be discussed at the Chief Executive's Management Board.

10. Conclusion

- 10.1 The Audit and Inspection Plan is produced annually and sets out the work to be undertaken for Haringey Council by the Audit Commission and the appointed auditor. The plan as set out reflects the areas of risk and improvement contained in previous documents and publications.

11. Use of Appendices / Tables / Photographs

- 11.1 The Audit and Inspection Plan 2007/08.

Audit and Inspection Plan

19/06/2007

Last saved: 24/06/2007 13:45:00

RSM Robson Rhodes



Audit and Inspection Plan

Haringey London Borough Council

Audit 2007-2008

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

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Introduction

- 1 This plan has been developed by the Relationship Manager and the new appointed auditor (RSM Robson Rhodes LLP). It sets out the audit and inspection work that we propose to undertake for the 2007/08 financial year. The plan is based on the Audit Commission's risk-based approach to audit planning and the requirements of Comprehensive Performance Assessment (CPA). It reflects:
 - audit and inspection work specified by the Audit Commission for 2007/08;
 - current national risks relevant to your local circumstances; and
 - your local risks and improvement priorities.
- 2 Your Relationship Manager will continue to help ensure further integration and co-ordination with the work of other inspectorates.
- 3 As the outgoing auditors have not yet completed their audit for 2006/07, the audit planning process for 2007/08, including the risk assessment, will continue as the year progresses, and the information and fees in this plan will be kept under review and updated as necessary.

Responsibilities

- 4 We comply with the statutory requirements governing our audit and inspection work, in particular:
 - the Audit Commission Act 1998;
 - the Local Government Act 1999 (best value inspection and audit); and
 - the Code of Audit Practice (the Code).
- 5 The Code defines auditors' responsibilities in relation to:
 - the financial statements (including the statement on internal control (SIC); and
 - the audited body's arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 6 The Audit Commission's Statement of responsibilities of auditors and of audited bodies sets out the respective responsibilities of the auditor and the Council. The Audit Commission has issued a copy of the Statement to every audited body.
- 7 The Statement summarises where the different responsibilities of auditors and of the audited body begin and end, and our audit work is undertaken in the context of these responsibilities.

CPA and inspection

- 8 The Audit Commission's CPA and inspection activity is underpinned by the principle of targeting our work where it will have the greatest effect, based upon assessments of risk and performance.
- 9 The Council's CPA category is therefore a key driver in the Commission's inspection planning process. For CPA 2006, the Council was categorised as a three-star authority.
- 10 We have applied the principles set out in the CPA framework, CPA – the Harder Test, recognising the key strengths and areas for improvement in the Council's performance.
- 11 Strengths in the Council's performance include:
 - the significant progress made in improving services over the past five years;
 - the Council's priorities address the most pressing concerns of local people, such as crime, litter, children and young people and educational attainment ;
 - community cohesion, user focus and diversity;
 - working well in partnership across a range of sectors, such as with the police on community safety issues and the local Teaching Primary Care Trust on children's services;
 - political leadership at the Council is strong and Scrutiny works well overall, although there is further scope to increase its involvement in areas such as value for money; and
 - performance management is strong and is the centre of the decision making process.
- 12 Areas for improvement in the Council's performance include:
 - further improving the way the Council works with partners to achieve its ambitions, such as exploiting joint service provision and enhancing knowledge sharing;
 - improving social services for adults and developing further its approach to tackling homelessness;
 - bringing together regeneration activity in a more coherent way, agreeing key quantifiable outcomes to enable progress to be measured;
 - developing a strategy for improving the health of the community that brings together the initiatives that are taking place, such as addressing health inequality; and
 - making better use of the investment made in customer services and ICT to ensure improvement in these areas.

6 Audit and Inspection Plan | CPA and inspection

- 13 On the basis of our planning process, we have identified where our inspection activity will be focused for 2007/08 as follows.

Table 1 Summary of inspection activity

Inspection activity	Reason/impact
Relationship Manager (RM) role	To act as the Commission's primary point of contact with the Council and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders.
Direction of travel (DoT) assessment	An annual assessment, carried out by the RM, of how well the Council is securing continuous improvement. The DoT label will be reported in the CPA scorecard alongside the CPA category. The DoT assessment summary will be published on the Commission's website.

Work under the Code of Audit Practice

Financial statements

- 14 We will carry out our audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).
- 15 We are required to issue an opinion on whether the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Council as at 31 March 2008 and its income and expenditure for the year.
- 16 We are also required to review whether the SIC has been presented in accordance with relevant requirements, and to report if it does not meet these requirements or if the SIC is misleading or inconsistent with our knowledge of the Council.

Use of resources

Value for money conclusion

- 17 The Code requires us to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion. The Code also requires auditors to have regard to a standard set of relevant criteria, issued by the Audit Commission, in arriving at their conclusion.
- 18 In meeting this responsibility, we will review evidence that is relevant to the Council's corporate performance management and financial management arrangements. Where relevant work has been undertaken by other regulators we will normally place reliance on their reported results to inform our work.
- 19 We will also follow up on work undertaken by previous auditors to assess progress in implementing agreed recommendations.

Use of resources assessment

- 20 The Audit Commission has specified that auditors will complete a use of resources assessment as part of the 2007/08 plan. The assessment focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the Council's priorities and improve services.

8 Audit and Inspection Plan | Work under the Code of Audit Practice

- 21 The work required to arrive at the use of resources assessment is fully aligned with that required to arrive at the auditor's value for money conclusion for 2006/07. It has therefore been decided that where auditors are rotating, the work will be carried out by the outgoing auditor. The Audit Commission will therefore undertake this work.
- 22 The Audit Commission will arrive at a score of 1 to 4, based on underlying key lines of enquiry, for each of the following themes.

Theme	Description
Financial reporting	• preparation of financial statements • external reporting
Financial management	• medium-term financial strategy • budget monitoring • asset management
Financial standing	• managing spending within available resources
Internal control	• risk management • system of internal control • probity and propriety
Value for money	• achieving value for money • managing and improving value for money

- 23 The Audit Commission will report details of the scores and judgements made to the Council. The scores will be accompanied, where appropriate, by recommendations of what the Council needs to do to improve its services.
- 24 The auditor's scores are reported to the Commission and are used as the basis for its overall use of resources judgement for the purposes of CPA.

Data quality

- 25 The Audit Commission has specified that auditors will be required to undertake audit work in relation to data quality. This work is based on a three-stage approach covering:
- stage 1 - management arrangements;
 - stage 2 - completeness check; and
 - stage 3 - risk-based data quality spot checks of a sample of performance indicators.

- 26 The work at stage 1 will link to the review of the Council's arrangements to secure data quality as required for the value for money conclusion and, together with the results of stage 2, will inform the risk assessment for the detailed spot check work to be undertaken at stage 3. The results of the work at stage 3 will inform the Commission's CPA assessment.
- 27 Again, because of the overlap with the value for money conclusion for 2006/07, this work will be undertaken by the Audit Commission as your outgoing auditors.
- 28 We have included a fee estimate which reflects an assessment of risk in relation to the Council's performance indicators. The risk assessment may change depending on their assessment of your overall management arrangements at stage 1 and we will update our plan accordingly, including any impact on the fee.

Best Value Performance Plan

- 29 We are required to carry out an audit of your Best Value Performance Plan (BVPP) and report on whether it has been prepared and published in accordance with legislation and statutory guidance.

Assessing risks

- 30 The Audit Commission is committed to targeting its work where it will have the greatest effect, based upon assessments of risk and performance. This means planning our audit work to address areas of risk relevant to our audit responsibilities and reflecting this in the audit fees. It also means making sure that our work is co-ordinated with the work of other regulators, and that our work helps you to improve.
- 31 Our risk assessment process starts with the identification of the significant financial and operational risks applying at the Council with reference to:
- liaison with the outgoing auditors;
 - planning guidance issued by the Audit Commission;
 - the specific results of previous and ongoing audit work;
 - interviews with Council officers;
 - liaison with internal audit; and
 - the results of other review agencies' work where relevant.
- 32 We have not included a risk assessment for our audit of the financial statements as many of the specific risks may not become apparent until after the work has been completed on the 2006/07 audit. We will assess the situation at that time and, if necessary, amend the Plan accordingly. However, at this stage, we are aware of the following key risks that are likely to impact on our audit of the financial statements.
- There are significant proposed adjustments to the current accounting and disclosure arrangements of pension schemes. It is likely that this will impact administering authorities to create the pension fund as a stand alone entity with a requirement to prepare their own accounts and annual report. We will produce a separate plan for the Pensions audit to reflect these changes.
 - There are changes expected as a result of the 2006 Statement of Recommended Practice (SORP) that will apply to the 2007/08 accounts. Primarily this will involve the introduction of the revaluation reserve and a capital adjustment account to replace the fixed asset restatement account and the capital financing account. Consideration will need to be paid to the changes to ledgers and fixed asset registers to accommodate the amendments.
 - It is also expected that there will be a number of presentation and disclosure adjustments that will impact on the 2007/08 accounts, including some detailed changes to children's services or meeting new priorities such as the smoking ban.
 - The Council has recently agreed the Local Area Agreements (LAA), which is a three year agreement between central government and a Local Strategic Partnership (LSP). There are likely to be accounting considerations for the issuance of grants and any resultant assets or liabilities created as a result.

- The Council entered into an ALMO arrangement from April 2006. We will monitor the contract management arrangements of the ALMO and undertake a risk assessment to determine the extent of audit work required for 2007/08 after the 2006/07 audit has been completed.
- 33 Our fee estimate for 2007/08 is based on the assumption that adequate working papers are produced and that internal audit will complete its planned work on key information systems to an agreed quality by 30 April 2008 and that the accounts will be prepared and fully supported by working papers by 30 June 2008.
- 34 For each of the significant risks identified in relation to our use of resources work, we consider the arrangements put in place by the Council to mitigate the risk, and plan our work accordingly.
- 35 Our initial risk assessment for use of resources work is provided in Appendix 1. This will be updated through our continuous planning process as the year progresses.

DRAFT

Work specified by the Audit Commission

Whole of government accounts (WGA)

- 36 We will be required to review and report on your WGA consolidation pack in accordance with the approach agreed with HM Treasury and the National Audit Office which is proportionate to risk. The fee for this work is £4,840 as detailed in Appendix 2.

National Fraud Initiative

- 37 The Council participates in the National Fraud Initiative which is the Audit Commission's computerised data matching exercise designed to detect fraud perpetrated on public bodies. This work will be carried out by an individual appointed to assist in the audit of the Council's accounts (in accordance with section 3(9) of the Audit Commission Act 1998). The fee for this work is £1,300.

Voluntary improvement work

- 38 Under section 35 of the Audit Commission Act 1998, the Commission's Appointed Auditors may undertake voluntary improvement work at the request of the audited body. We are not proposing at this stage to do any voluntary improvement work during 2007/08.

Certification of grant claims and returns

- 39 We will continue to certify the Council's claims and returns on the following basis:
- claims below £100,000 will not be subject to certification;
 - claims between £100,000 and £500,000 will be subject to a reduced, light-touch certification; and
 - claims over £500,000 will be subject to a certification approach relevant to the auditor's assessment of the control environment and management preparation of claims. A robust control environment would lead to a reduced certification approach for these claims.

The audit and inspection fee

- 40 The details of the structure of scale fees are set out in the Audit Commission's work programme and fee scales 2007/08. Scale fees are based on a number of variables, including the type, size and location of the audited body.
- 41 The total indicative fee for audit and inspection work included in this audit and inspection plan for 2007/08 is £497,620 which compares with the planned fee of £634,000 for 2006/07.
- 42 Further details are provided in Appendix 2 which includes a breakdown of the fee; specific audit risk factors; the assumptions made when determining the audit fee, for example, the timeliness and quality of draft accounts presented for audit and the supporting working papers; specific actions the Council could take to reduce its audit and inspection fees; and the process for agreeing any changes to the fee. The fee includes all work identified in this plan unless specifically excluded.
- 43 In addition we estimate that we will charge approximately £115,000 for the certification of claims and returns.
- 44 As indicated in paragraphs 3 and 35, the audit planning process will continue as the year progresses and it is likely that there will be some changes to our planned work and hence to the indicative fee quoted in paragraph 41 above. Any changes to the fee will be agreed with you.

Other information

The audit and inspection team

- 45 The key members of the audit and inspection team for the 2007/08 audit are shown in the table below.

Table 2

Name	Contact details	Responsibilities
Mike Haworth-Maden Relationship Manager	m-haworth-maden@audit-commission.gov.uk	The primary point of contact with the authority and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders.
Paul Dossett Audit Engagement Lead, RSM Robson Rhodes	paul.dossett@rsmi.co.uk	Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion.
Stuart Lloyd Audit Manager	stuart.lloyd@rsmi.co.uk	Manages and co-ordinates the different elements of the audit work.
Martin Ellender Performance Lead	martin.ellender@rsmi.co.uk	Responsible for the delivery of elements of the use of resources work including the value for money theme of the use of resources assessment, and data quality work.

Independence and objectivity

- 46 We are not aware of any relationships that may affect the independence and objectivity of the Appointed Auditor and the audit staff, which we are required by auditing and ethical standards to communicate to you.
- 47 We comply with the ethical standards issued by the APB and with the Commission's requirements in respect of independence and objectivity as summarised at Appendix 3.

Quality of service

- 48 We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact the Relationship Manager or Appointed Auditor in the first instance. Alternatively, you may wish to contact the Audit Commission lead partner Richard Tremeer about audit matters or Les Kidner, London' Region's Head of Operations, about relationship management/inspection matters.
- 49 If we are unable to satisfy your concerns, you have the right to make a formal complaint to the Audit Commission. The complaints procedure is set out in the leaflet Something to Complain About which is available from the Commission's website or on request.

Planned outputs

- 50 Our reports will be discussed and agreed with the appropriate officers before being issued to the audit committee.

Table 3

Planned output	Indicative date
Audit Plan	June 2007
Data quality report	October 2007
Use of resources report	October 2007
BVPP report	31 December 2007
Direction of travel assessment	January 2008
CPA scorecard	February 2008
Other audit projects	By March 2008
Interim audit memorandum	June 2008
Annual governance report (ISA 260)	30 September 2008
Opinion on the financial statements and value for money conclusion	30 September 2008
Annual audit and inspection letter	March 2009

Appendix 1 – Initial risk assessment – use of resources

Significant risks identified	Mitigating action by audited body	Residual audit risk	Action in response to residual audit risk	Link to auditor's responsibilities
The comprehensive spending review is likely to impact upon the Council and put additional pressure on budgets that are already stretched, such as the costs of housing asylum seekers.	Savings plans have been put into place at the Council to mitigate the potential impact from the Comprehensive Spending Review.	Risk of value for money not being achieved.	We will review the savings plans put into place by the Council and continue to monitor the progress made in achieving savings in the short to medium term.	Links to VFM criteria on managing and improving VFM.
Recruitment and retention is a risk in some areas of the Council such as youth service and children's social care.	The corporate assessment identified that there is scope to further improve how the Council works with partners to achieve its ambitions. The Council recognise that opportunities can be exploited through joint service provision and joint problem solving in areas such as recruitment and retention.	Staff recruitment and changes are sometimes difficult to achieve and may result in disruption if not managed sensitively.	We will monitor the Council's progress in ensuring that this risk is mitigated.	Links to VFM criteria on managing and improving VFM.

Significant risks identified	Mitigating action by audited body	Residual audit risk	Action in response to residual audit risk	Link to auditor's responsibilities
An overarching approach to regeneration brings together key quantifiable outcomes to enable the Council and partners to measure progress.	The Council recognise that an overarching approach to regeneration should continue to be developed.	Regeneration programmes, due to size and complexity, have a bearing on many aspects of our Code of Practice areas.	We will continue to monitor progress made by the Council in this area and assess risks as part of our 2007/08 planning work.	Links to VFM criteria on managing and improving VFM. Links to use of resources KLOE around financial management, financial standing and internal control.
A strategy for improving the health of the community that brings together the initiatives that are taking place, such as ensuring health inequality issues are addressed.	The Council recognise that health inequality issues need to be addressed.	Risk of value for money not being achieved.	We will assess any potential impact upon our work during the planning process and also integrate our approach with the audit of Haringey PCT to ensure consistency in this area.	Links to VFM criteria on managing and improving VFM.
Ensuring better use is made of the investment in customer services and ICT.	The Council has invested significantly in this area and recognise that customer there is scope for further improvement in customer service performance.	Risk of value for money not being achieved.	We will discuss with the Council whether involvement of our IT specialists may be of benefit to the Council in this area.	Links to use of resources KLOE on internal control. Links to VFM criteria on managing and improving VFM.

18 Audit and Inspection Plan | Appendix 1 – Initial risk assessment – use of resources

Significant risks identified	Mitigating action by audited body	Residual audit risk	Action in response to residual audit risk	Link to auditor's responsibilities
There is a risk that the ALMO in charge of Housing services may not deliver its objectives and offer value for money.	The Council has a contract in place with the ALMO to ensure delivery of services.	The ALMO will not offer value for money.	We will consider the adequacy of the Council's overall management arrangements for the ALMO.	Links to use of resources KLOE on internal control.
The Council has a significant capital programme and will need to continue to develop corporate control over all capital projects.	The Council is currently looking to increase corporate control over capital projects to ensure potential risk is minimised, such as not taking advantage of all possible funding sources.	Lack of control over the capital programme.	We will consider the adequacy of controls over the capital programme as part of the Use of resources work.	Links to use of resources KLOE on financial management, internal control and VFM.
There is potential for a conflict between the Building Schools for the Future programme and existing PFI schemes that are in place.	The Council is aware of this issue and this is being actively managed.	Risk of value for money not being achieved.	We will continue to monitor progress made by the Council in this area and assess risks as part of our 2007/08 planning work.	Links to VFM criteria for use of resources.

Significant risks identified	Mitigating action by audited body	Residual audit risk	Action in response to residual audit risk	Link to auditor's responsibilities
The Council is required to restructure children's services as required by legislation. There is a risk that these arrangements may not meet the requirements.	The Council has set up Children's services in accordance with statutory requirements.	There is a risk that the arrangements are not successful in providing value for money.	We will seek to review arrangements in late 2007/08 to assess effective integration of the service and that a positive outcome is being maintained.	UoR KLoE 5.2 – managing and improving value for money.

Appendix 2 – Audit and inspection fee

- 1 Table 4 provides details of the planned audit and inspection fee for 2007/08 with a comparison to the planned fee for 2006/07.

Table 4

Audit area	*Planned fee 2007/08 £	Planned fee 2006/07 £
Audit		
Financial statements	322,360*	341,000
Use of resources	143,920**	142,000
Whole of government accounts	4,840	4,000
Total audit fee	471,120	487,000
Relationship management	26,500	26,000
Service inspections	-	-
Corporate assessment	-	121,000
Total inspection fee	26,500	147,000
Total audit and inspection fee	497,620	634,000
Voluntary Improvement work	-	-
Total fees	497,620	634,000
Certification of grants and returns	115,000	115,000

* excludes £30,000 for the Pension Fund audit which will be subject to a separate plan to be issued in due course.

** excludes the NFI fee of £1,300 (plus VAT) that will be invoiced separately by the Audit Commission.

- 2 The fee has been based upon the Audit Commission figure for 2006/07 and uplifted by 2.75 per cent for inflation. An amount of £30,000 has been deducted from the financial statements as the pension fund audit will be separately undertaken. The Audit Commission has the power to determine the fee above or below the scale fee where it considers that substantially more or less work is required than envisaged by the scale fee. The Audit Commission may, therefore, adjust the scale fee to reflect the actual work that needs to be carried out to meet the auditor's statutory responsibilities, on the basis of the auditor's assessment of risk and complexity at a particular body.
- 3 It is a matter for the auditor to determine the work necessary to complete the audit and, subject to approval by the Audit Commission, to seek to agree an appropriate variation to the scale fee with the Council. The Audit Commission expects normally to vary the scale fee by no more than 30 per cent (upwards or downwards). This fee then becomes payable. The fee for proposed for Haringey is 10 per cent above the scale fee.
- 4 The fee (plus VAT) will be charged in twelve equal instalments commencing June 2007.

Specific audit risk factors

- 5 In setting the audit fee we have taken into account the following specific risk factors:
 - the Council's use of resources assessment scored level 3 in 2006;
 - the Council scored level 3 in the corporate assessment; and
 - the significant impact of the 2006 and 2007 SORP on the Council's accounting arrangements.

Assumptions

- 6 In setting the fee, we have assumed that:
 - the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2006/07;
 - you will inform us of significant developments impacting on our audit;
 - internal audit meets the appropriate professional standards;
 - internal audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that we can place reliance for the purposes of our audit;
 - good quality working papers and records will be provided to support the financial statements by 30 June 2008;

22 Audit and Inspection Plan | Appendix 2 – Audit and inspection fee

- requested information will be provided within agreed timescales;
 - prompt responses will be provided to draft reports; and
 - additional work will not be required to address questions or objections raised by local government electors.
- 7 Where these assumptions are not met, we will be required to undertake additional work, which is likely to result in an increased audit fee.
- 8 Changes to the plan will be agreed with you. These may be required if:
- new residual audit risks emerge;
 - additional work is required of us by the Audit Commission or other regulators; and
 - additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.

Specific actions the Council could take to reduce its audit and inspection fees

- 9 The Audit Commission requires its auditors to inform a council of specific actions it could take to reduce its audit and inspection fees. We have identified the following actions Haringey Council could take.
- If the Council met level 4 on KLoE 1.1 for producing annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers there would be scope for reduced fees. This would include having all workpapers electronically available, cross referring to the statement of accounts, and a detailed analytical review available at the start of the audit process.

Process for agreeing any changes in audit fees

- 10 If we need to make any significant amendments to the audit fee during the course of this plan, we will firstly discuss this with the Chief Executive/Director of Finance. We will then prepare a report outlining the reasons why the fee needs to change for discussion with the Audit Committee.

Appendix 3 – Independence and objectivity

- 11 Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of my appointment. When auditing the financial statements auditors are also required to comply with auditing standards and ethical standards issued by the APB.
- 12 The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.
- 13 International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:
 - discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee that the auditor has charged the client; and
 - confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.
- 14 The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the audit committee. The auditor reserves the right, however, to communicate directly with the authority on matters which are considered to be of sufficient importance.
- 15 The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.

- 16 The Standing Guidance for Auditors includes a number of specific rules. The key rules relevant to this audit appointment are as follows:
- appointed auditors should not perform additional work for an audited body (ie work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the audit plan as being 'additional work' and charged for separately from the normal audit fee;
 - auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission;
 - the appointed auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every five years; and
 - the appointed auditor and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.

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Haringey Council

Agenda item:

AUDIT COMMITTEE

[No.]

On 10 July 2007

Report Title: Mental Health Inspection Joint Action Plan	
Forward Plan reference number (if applicable): [add reference]	
Report of: : Mary Hennigan, Assistant Director. Adult Services	
Wards(s) affected: All	Report for: Non-Key Decisions
1. Purpose (That is, the decision required) 1.1 The report is for information and noting. The Interim Service, Mental Health will be present to answer questions.	
2. Introduction by Cabinet Member (if necessary) 2.1 [click here to type]	
3. Recommendations 3.1 Report is for information and noting.	
Report Authorised by: Mary Hennigan, Assistant Director, Adult Services <i>M. Hennigan</i>	
Contact Officer: Paul Knight, Interim Service Manager, Mental Health Contact Number 02084893419.	
4. Director of Finance Comments 4.1 No comments.	

5. Head of Legal Services Comments

No Comments

6. Local Government (Access to Information) Act 1985

6.1 [List background documents]

6.2 [Also list reasons for exemption or confidentiality (if applicable)]

7. Strategic Implications

7.1 The implementation of the Action Plan is progressing well. Full implementation of the Action Plan will meet requirement set out by The Commission for Social Care Inspection (CSCI).

8. Financial Implications

8.1 Financial Implications across the Mental Health Service and Haringey Teaching Primary Care Trust are addressed within the Action Plan.

9. Legal Implications

9.1 Any legal implications are addressed within the Action Plan.

10. Equalities Implications

10.1 The Action Plan fully covers equalities implications.

11. Consultation

11.1 The Action Plan covers further consultation with service users and their carers

12. Background

12.1 The attached Mental Health Inspection Joint Action Plan has been developed jointly between Haringey Adult Social Services and the Barnet Enfield and Haringey Mental Health Trust (BEHMHT) in response to CSCI's recommendations in the report of their inspection of Mental Health Services in Haringey, carried out in 2006.

12.2 The Joint Action Plan was approved by Cabinet on the 31 October 2006 and has been updated regularly since then in response to the ongoing achievement of the targets set in the plan and reported to CSCI

12.3 The plan is concerned broadly with ensuring Mental Health Services in Haringey meet the national standards set by CSCI and the Department of Health in relation to ensuring the following:

- Haringey Council and its partners are working effectively together to provide services to adults with mental health needs in Haringey and ensure that in doing so more adults are enabled to live independently

- The multi agency panel set up to authorise care packages for services users and their carers is working effectively and that reviews of services users needs are carried out regularly
- Service users are protected from abuse by using the multi agency guidelines appropriately
- Direct payments are used more to enable service users to have more control over the services provided
- Carers needs are recognised and met
- The Council promotes the employment of people with mental health needs by doing so itself
- The pathway to services and the procedures involved are improved as part of the reconfiguration of community mental health services in Haringey ensuring that the adult social service in put is valued and properly integrated into the service and individual targets to meet service users needs are met and recorded.
- A number of individual services are reviewed and improved e.g.
 - advocacy
 - public information
 - Crisis services
 - single gender services
 - interpreting
 - consultation with service users and carers

13. Conclusion

13.1 The Joint Action Plan will be reported on again to CSCI in July 07 and they have requested a more detailed report on progress in November 07.

14. Use of Appendices / Tables / Photographs

14.1 CSCI Mental Health Inspection Action Plan

Mental Health Inspection 2006 Action Plan

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
National Priorities and Strategic Objectives				
1. Social services and partners should ensure that front-line team plans reflect service strategies and incorporate measurable targets and objectives through which staff and front-line managers can measure continuous improvement	All teams to complete team plans for 2006/07 (and subsequently, annually) which include measurable targets	Service Manager Mental Health/Performance manager trust/AD Community services (Council and Mental Health Trust)	30 June 2006	ACHIEVED All teams have team plans reflecting the relevant strategies and targets. The plans will be reviewed annually.
2. The Council should work with partners to ensure that the configuration, terms of reference and operation of the Local Implementation Team are acceptable to all stakeholders and that it continues to contribute positively to the inclusive development of mental health services	To review the membership, terms of reference and operation of the Mental Health Partnership Executive and the Partnership Board (LIT) in liaison with the relevant stakeholders and ensure effective linkage with the Well Being Partnership	Joint Commissioner (PCT & Council)	30 November 2006	ACHIEVED Review undertaken during 2006.

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
Cost and Efficiency				
3. Social services and HTPCT should review the Section 28 Agreement and the Commissioning Arrangement Agreement for the mental health service ensuring that these agreements are current, reflect current service structures and are reviewed regularly	To update the Section 28 Agreement and the Commissioning Arrangement Agreement in line with the recommendation and develop further the bi-annual reviews through the Joint Services Priorities group.	Joint Commissioner & Director of Strategy (Council & PCT)	31 January 2007	ACHIEVED Services covered by S28 Agreement reviewed regularly. Agreement itself updated and revised wording agreed by LA and PCT. Agreement to be reviewed again prior to its expiry in March 2008.
4. Social services, partners and stakeholders should review the multi-agency panel process to ensure efficient, effective and consistent operation	• New processes implemented • Care reviews linked to new processes • Evaluate first year's operation	Joint Commissioner /Finance Manager/ AD Community services (Council & MHT)	31 January 2006 31 July 2006 28 February 2007	ACHIEVED ACHIEVED ACHIEVED Panel has been

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
				working well. The Review Panel ensures that cases are reviewed annually and is coordinated with the work carried out by the Performance Team to ensure targets are met. The creation of a Review Social Worker role has been created. The role has been established to present to panel cases with little active involvement. Further work is being carried out to the panel process to ensure that service user independence is maximised wherever possible. A Panel Review has been commissioned across Adult Services to ensure consistency of approach and

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
				decision making. Review completed in May 2007. Recommendations from Review due in June 2007.
5. Social services and health should ensure that commissioning budget responsibility is closely aligned with operations and that appropriate training and support is in place	1. Develop proposals to commission services at operational level. 2. Put in place the infrastructure within the community teams to ensure successful implementation.	1. Joint Commissioner /Finance Manager/ AD Community services AD of Social Services (Council & MHT) 2. Director of MH Trust/AD Community services AD of Social Services	By January 2007 for implementation 1 April 2007	In light of the Reconfiguration of the Community Mental Health Services, it is proposed to defer putting this action into effect until April 2008.

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
Effectiveness of Service Delivery and Outcomes for Service Users				
6. Processes should be put in place to ensure that front-line mental health staff are operating effectively in protecting adults from abuse within the multi-agency policy and procedures	1. To continue the current training programme and promote the profile of adult protection within Mental Health teams.	Adult Protection Manager/AD Community services (Council & MHT)	1. Ongoing	ACHIEVED Cross departmental Adult Protection training continues and is attended by Mental Health staff. Adult Protection training has been included in Mental Health team plans as mandatory. Trust has nominated a lead for Adult Protection.
	2. To review the use of POVA procedures by Mental Health staff as part of annual reporting to Safeguarding Adults Board.		2. September 2007	ACHIEVED There has been a significant increase in the number of Adult Protection investigations from Mental Health over the

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
				past year, from 4 in 2006/07 to 21 in 2007/08. Annual Report to the Adults Safeguarding Board has been completed and was presented to the Board on 7/6/07. Action Plans will be devised as an ongoing process of monitoring POVA across Adult Services.
7. Social services should take action to increase the use of Direct Payments by people experiencing mental health difficulties and ensure their participation in future scheme developments and monitoring	A plan to be developed to increase the use of Direct Payments to the average in the Barnet, Enfield and Haringey Trust area and work with service users, carers and voluntary sector organisations to increase awareness in advocating for direct payments for users.	Direct Payment Officer/AD Community services/Joint commissioner (Council & MHT)	1. Plan to be developed by 30 November 2006 2. Average to be reached by June 2007	ACHIEVED Training sessions have been held for social workers in CMHTs. Ongoing training is planned, with surgeries to follow. One CMHT Team Manager has been designated as the lead on Direct Payments

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
				within the Service. Draft Policy for Direct Payments in Mental Health has been completed. Possible new Direct Payments cases reviewed. Uptake of Direct Payments in Mental Health has slightly increased from last year.
8. The Council should ensure that it is demonstrably acting as a positive role model in promoting the employment of disabled people, including those with mental health issues	To consider as part of the Council's work force strategy.	Head of Personnel (Council)	January 2007 Review September 2008	ACHIEVED Adult, Culture and Community Services Directorate has agreed to a target to provide 10 work placements within the Directorate in 2007/08. The scheme will be implemented in partnership with the

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
9. An early intervention service should be established	To explore funding options for consideration by Mental Health Executive.	Commissioning Managers in Health & Social Care	January 2007	Richmond Fellowship. Corporate HR has agreed to propose adoption of a work placement scheme across the Council. The proposal will be presented to the Chief Executives Membership Board in June 2007.
				Invest to Save bid made to Treasury - unsuccessful. The PCT, Council and MHT have agreed that an Early Intervention care pathway should be incorporated into the new Intermediate Care Service so that by the end of 2007-08 there will be a nascent service that can underpin future developments. Discussions on service

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
10. The needs of carers within the mental health service should be identified, recorded and appropriate services developed within a stronger performance management framework	- Develop a plan to implement Carers Strategy in respect of MH service users. - Progress against milestones to be monitored.	Carers Manager/AD Adults/Senior manager planning & comm. (Council/ MHT/PCT)	November 2006 September 2007	ACHIEVED Mental Health Trust has drawn up a Trust-wide Carers Strategy. A Mental Health Carers Strategy meeting is scheduled for 29/6/07. Milestones have been drawn up to facilitate implementation. Performance targets set for Mental Health Teams for 2007/08. Monitoring takes account of work with carers undertaken by both LA and NHS staff. Carers' lead roles will

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
				be designated as part of reconfiguration of Community Mental Health Services. Newly reconfigured Teams will be in place by August 2007. Local CPA Training will include specific training on carers and will be rolled out from September 2007 onwards to the new teams. Training will include a DVD made by carers. Collation has started on carers PI's, in order to measure Mental Health performance in this area specifically. Framework I has been profiled to ensure that performance can be geographically recorded. Monthly

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
				performance monitoring is in place. Framework I re-fresher training has been Scheduled for all staff.
Quality of Service for Service Users and Carers				
11. The Council and partners should undertake a comprehensive review of the Care Programme Approach (CPA) process and the review should: - involve service users, carers, staff and other stakeholders; - seek to understand the shortcomings in the existing CPA and learn from best practice, and - result in improved documentation, effective care co-ordination, relapse identification and contingency planning, quality assessment, care planning and review	The Council has requested formally that the Trust (in its capacity of holding delegated responsibility for service provision) undertake a comprehensive review of the degree to which the new Care Programme Approach (CPA)/ Care management policy is working within Haringey. Areas to be tackled under the heading of clinical practice include: quality of assessments, outcome focussed care planning and review, standards of	Director of MH Trust/Joint commissioner (MHT/Council)	31 January 2007	Existing practice reviewed. Team based multi-disciplinary training, using learning from Serious Untoward Incidents, sourced for implementation at end of June 2007. Audit of service users experience of CPA commenced in January 2007. Supervisors training - Reflective Practitioner-commissioned.

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
	documentation, effective care co-ordination, relapse identification and contingency planning. Progress will be monitored via the Well Being Board			Training for June 2007 is fully booked with another course scheduled for May 2008. Team-based training on role of care co-ordinator scheduled for 2007. Lead nurse meeting with community teams regularly to review clinical governance issues. 6-weekly forum established with Children's Services to look at cases where parents have a mental health problem. Work with Children's Services is ongoing. Lead Nurse is a member of the Local Safeguarding Board for

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
				Children. Full implementation of changes will take place as part of the Reconfiguration of Community Mental Health Services in Autumn 2007. CPA training will be rolled out across the teams and inpatient areas from September 2007 onwards. Note: Dept of Health are reviewing CPA. Trust has submitted comments. Outcome of DoH review will affect content of training in future. Awaiting DoH recommendations to any changes on CPA nationally.

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
12. The Council and partners should review the quality and effectiveness of case file recording and auditing	1. Supervision to be used to undertake detailed work on the quality of files 2. Case file audits to be standardised across the teams and carried out systematically 3. Six monthly reports to be provided to Director of Social Services and Adult Services Clinical Governance Group on number of audits carried out in each team, their findings and subsequent action to be taken	AD Community services/ AD Adults specialist (Council & MHT)	1. By 31 December 2006 2. Achieved for all new cases May 2007 3. First report by December 2007	ACHIEVED Overall quality and structure of case files reviewed. Recommendations made for change to joint files – to be standardised across the Trust. Costings prepared for storage of joint files. Archiving of old files has commenced. Work continuing on balance of use of electronic and paper files in the context of the use of, and interface between, RIO, the new IT system for Mental Health Services, and Framework-i. Draft Pro-forma drawn up for case audits with 5 audits to be completed a month. Finalised cause audit pro-forma

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
				and policy due for completion end of June 2007. A RIO and Framework I working group has been set up to ensure ongoing streamlining of the two systems. The working group will have a reporting line to the Mental Health Executive Board. Reflective practitioner training referred to under Recommendation 11 will help to promote good quality practice.
13. The Council and partners should strengthen quality assurance processes	The Mental Health Executive to consider appropriate quality assurance processes across the partnership and oversee implementation plan	Joint commissioner /Performance Managers (Council/MHT/ PCT)	Implementation Plan developed by January 2007	ACHIEVED The issue relates to the extent to which spot contracts are monitored. Procedural guidance has been

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
				issued regarding the monitoring of spot contracts across Adult Services. In addition, specific monitoring visits have been made to many spot providers of residential care for people with mental health problems. These have resulted in the identification of service users who are ready to move, as well as, in some cases, a reduction in cost.
14. Social services should ensure that risk alerts relating to individual cases are given prominence on the electronic case records system	1. Further training to be provided on risk alerts and Framework-I 2. Sampling mechanisms to be established to ensure compliance 3. To be reviewed when RIO	Project Officer adults/AD Community services (Council & MHT)	1. 31 June 2006 2. By 30 November 2006 3. 1 April 2007	ACHIEVED ACHIEVED Sampling mechanisms

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
	is being established			in place. New version of Framework-1 will have increased functionality around warning notes and alerts. Alerts and warning notes already exist on the system E-Care project on enhancing functionality will begin in June 2007. Managers in Council and Trust have examined the interface issues between RIO and Framework-1, drawing on learning from elsewhere. RIO was implemented in April 2007. Work is ongoing in ensuring that the interface between the two systems is streamlined.
15. The Mental Health Service Directory	1. Continue to ensure the	Information	1. Twice yearly:	ACHIEVED

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
should be more widely distributed across public access points in the borough	website information on mental health services is updated on regular basis 2. Update directory 3. Distribute directory	management officer (Council/PCT/ MHT)	April & October 2. June 2007 3. January 2008.	Website information reviewed in accordance with timescales. Clarendon Centre will manage the updating of the directory as of April 2007. This will be done as part of a Business Administration service user training project providing routes into mainstream training, voluntary or paid employment. Work on updating the Directory began in June 2007. Directory to be updated by January 2008. Directory to be made widely available through the internet and printed booklets following update.

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
Fair Access				
16. Partners should ensure that eligibility criteria and access to the Crisis, Assessment and Treatment Team and Alexandra Road Crisis Unit are clearly understood by service users and all staff involved in mental health services and are consistently applied	1. Review the information provided on the eligibility criteria and access	Information management officer Joint commissioner/ Director of MH Trust (Council/MHT)	1. 31 December 2006	ACHIEVED Current arrangements are that Alexandra Road's Statement of Purpose outlines eligibility criteria and referral process. This forms part of the user packs given to clients. Leaflets sent to other organisations include eligibility criteria and information on how to make a referral. Information distributed to GP surgeries. Working protocol drawn up with Homelessness Outreach Support Team (HOST). New packs prepared and issued to

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
	2. Review the performance of the Crisis Teams and the relationship with Alexandra Road and develop, if necessary costed proposals for service change		2. July 2007	professionals and users contain additional information on how referrals can be made. Independent report has been commissioned to review Alexandra Road and the changes since the opening of the Crisis Teams. The report will review models in other parts of London and make recommendations. Report is due for completion in July 2007.
17. The Council should work with partner agencies to ensure that opportunities for single gender services are developed and that all services take demonstrable steps to ensure that environments and services are fully	Review current single gender services and identify opportunities to increase inclusion within the Day Services strategy implementation	Day service managers (Council)	By 31 December 2006	ACHIEVED At 684 and Clarendon Day Centres, a variety of single gender activities are currently

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
inclusive.	NRF funding enabling wider implementation of the Haringey Therapeutic Network.			provided and are successfully attended. Across the 2 centres there are 6 gender specific groups that meet regularly (4 for women, 2 for men). In addition, there are specific events such as the celebration of International Women's Day, women's open days as well as men's and women's football teams. Attendance registers are monitored and the value of these services are regularly discussed and reviewed at team meetings and at the community meetings. Support is also provided to access other services by working in partnership

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
				with the Woman's Forum to give female service users the opportunity to integrate with woman outside of the centre. The healthy living centre approach, proposed within the Day Opportunities Strategy, will mean flexibly tailored support can be identified for users. Staff are employed on a session basis which allows the service to be more responsive to changing needs. The NRF funding enables continuous preventative work in Bruce Castle, Northumberland Park and Noel Park areas of the East of the Borough. The capacity

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
				of the Therapeutic Network has increased from 12 to 20 places.
18. Partners should ensure that availability and choice of advocacy support for service users and carers is increased	A review of existing advocacy services has begun and funding for any additional advocacy services to be considered in 2007/08 budget process	Joint commissioner (Council & PCT)	By 31 January 2007	Contract review with advocacy providers took place in Feb 2007, to ensure they are fulfilling the requirements of their contracts so that existing capacity is maximised. Contract review is now almost complete. Proposals for the reconfiguration of some existing services are under development. Re-tendering to be considered in Autumn 2007.

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
19. Partners should ensure that service users and carers are aware of their rights to access interpreting services and the complaints procedure	- Brief all care co-ordinators on complaints, translation & interpreting services. - Continue to provide initial information packs containing information on these issues - Hold session with carers to explain the complaints procedure and how to access translation and interpreting services	AD Community Services All care co-ordinators Carers Manager AD Community Services	November 2006 initially, then ongoing Ongoing June 2007	ACHIEVED Ongoing briefings on complaints provided via Trust managers meetings. Trust has recently received information on a new translation and interpreter service. Trust and Council guides both provide good information on complaints. Translation and interpretation less fully covered. To be addressed via update of carers handbook. Director of Nursing will meet with carers to re-launch carers strategy on 29/06/07. Complaints officers and Translation and Interpretation unit

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
	Finalise arrangements for new translation and interpreting service following tendering process and brief care coordinators accordingly.		April 2007	present at Carers Rights Day in December 2006 to advise carers. PCT currently writing specification for new Translation and Interpretation Service. The final version of the language specification strategy is being carried out with DoH and is due for completion in September 2007.
20. Primary Care: (SCRUTINY REVIEW) The council to work with partners to support implementation of the Local Enhanced Service for Mental Health in TPCT.	Work with TPCT clinical lead in agreeing referral & discharge procedures. GP link working.	AD Community Services LES Clinical lead PCT, Dorian Cole.	December 2006	ACHIEVED Referral and Discharge protocols to be reviewed and finalised as part of the Mental Health Trust's reconfiguration of Community Services, to be implemented in the Autumn of 2007.

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
	Work underway – LIT sub group to lead on agreeing shared care agreement		Expected Dec. 2006	3 rd draft Shared Care Agreement complete – final consultation in place as of May 2007. 2007. Shared Care Agreement will be completed and ready for implementation end of June 2007. Shared Care Agreement will be linked into the Reconfiguration of the Mental Health Service.
	LES team in the TPCT in post.		Commence February 2007 then ongoing	ACHIEVED LES Team has been fully recruited
	Specific work to provide Primary care team basic mental health understanding training in progress			ACHIEVED Training programme in place – 3 events taken

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
	Specific work re improving the use and effectiveness of SMI registers in progress.		Rolling programme during 2007/8	place in Feb/March. Specific Practice Based Commissioner training events planned for May/June/July 2007. Process for reviewing primary care clinical guidelines and older adult guidelines set for June 2007. Final version of Primary care clinical guidelines for Adults due in September 2007. Older Adult Guidelines are expected for Nov/Dec 2007. ACHIEVED Implementation of the LES programme – four lead GPs appointed along with clinical specialist to lead the overall programme development.

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
				LES programme targeting lower performing surgeries based on QOF [Qualities, Outcomes, Framework] outcome data. Specific surgery reviews on SMI [Severely Mentally Ill] registers underway and ongoing. ACHIEVED Graduate mental health primary care service running 'Health in Mind' Primary Care mental health service from Central and Marcus Garvey Library as well as specific service from 10 GP surgeries based in the east of the borough.
21. Mental Health Liaison (SCRUTINY REVIEW) The Council to work with partners in	To ensure Mental Health Service reconfiguration allows services to be improved at	Haringey & Enfield Joint Commissioners	April 2007	Enfield PCT has picked up outstanding funding shortfall. PCT

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
improving Mental Health Liaison Services at the North Middlesex Hospital.	North Middlesex.			Commissioners will work with MHT and North Middlesex partners to assess the relevant activity data for the future development of the liaison service. Development of Mental Liaison Services to be considered following completion of major service reconfiguration, in partnership with North Middlesex and Enfield PCT.
Capacity for Improvement				
22. The Council and partners should ensure that performance management, monitoring and measurement systems are robust and	Further develop performance management systems to enhance the capacity of the integrated service	Performance managers (Council/MHT/ PCT)	Full implementation of revised system by 31	ACHIEVED Performance management

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
operating effectively at all levels within integrated services			March 2007	arrangements reviewed and enhanced. Monthly callover meetings held involving managers and performance staff. Targets set and agreed. Action plan put in place for problem areas. As of April 2007, performance callover meetings deal with both social care and health performance indicators. Monthly monitoring is an ongoing process with a lead officer presenting it Monthly at CMHT Managers meetings
23. The Council should work with its partners to: - ensure that the profile of social	1. Senior Manager – ASW post created & filled.	Assistant Director of Social Services (Council)	1. July 2006	ACHIEVED

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
- services is well promoted; - demonstrate that social care is valued within the integrated services; and - consult widely to gain a good understanding of stakeholder perceptions regarding social care profile, the reasons for them and how to address these	2. Increase visibility of Council managers in BEHMT at joint management briefings. 3. ASW training reviewed 4. Develop the role of the Professional Head of Social Work to further action this recommendation		2. June 2006 3. June 2007 4. April 2007	ACHIEVED ACHIEVED Bi-annual ASW refresher training continues. Training retendered – new provider from November 07. Training for new ASW's provided by Hertfordshire University. 3 new ASW's trained in recent months. ACHIEVED As of June 2007 an Interim Mental Health Service Manager Post has been established within LBH Adult Services. The post is responsible for the lead on ASW's and

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
				professional Social Work within the MHT Community Services.
24. The Council and partners should continue to develop a fully integrated service, underpinned by co-located teams, integrated practices and infrastructural support	Further develop the service so that it is fully integrated by 1 April 2008	Assistant Director of Social Services / Director of MH Trust (Council/MHT)	By 1 April 2008	Not scheduled for implementation until 2008. To be reviewed/addressed following the reconfiguration of the Mental Health Trust's Community Services.
25. An operational protocol to guide staff and managers through working across the interface between mental health and learning disability services should be developed, implemented and regularly evaluated to ensure effectiveness	Develop a learning disability/mental health protocol to complement the terms of reference of the complex needs panel and review on a biennial basis	Service manager Learning Disabilities/Joint commissioner (Council/MHT)	Complete by 31 January 2007	ACHIEVED. Protocols relating to in-patient care completed. Protocol covering Mental Health Assessments for people with learning disabilities while at home completed in April 2007. Briefings to be arranged for all staff
26. (SCRUTINY REVIEW)	To ensure Mental Health is	Well Being Officer	April 2007	ACHIEVED

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
The Council to continue to support the Social Inclusion Agenda for Mental Health Services through the Well Being Agenda and mainstream access and supported employment.	incorporated into the planning agenda on a Council wide basis.	Group/Joint Commissioner All Theme Boards.		The Well-Being Partnership board is developing a strategic framework which will recognise "improve mental health" as a priority for 2007-10. In addition, the LAA has identified a target to "increase the number of residents on Incapacity Benefit for 6 months or more helped into work of 16 hours per week or more for at least 13 weeks" many of whom are people who have experienced mental health problems. Initiatives to meet this target are monitored by the Welfare to Work Partnership Board which is facilitating work placement schemes and

Recommendation	Action	Led By	Target Date	Progress as at 12/06/07
				employment for people with mental health problems (and others). The LIT also has an Employment Focus Group.

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Haringey Council

Agenda item:

[No.]

Audit Committee

On 10th July 2007

Report Title: **Internal Audit Progress Report – 2007/08 Quarter 1**

Forward Plan reference number (if applicable): **N/A**

Report of: **Head of Audit and Risk Management**

Wards(s) affected: **All**

Report for: **Non-key decision**

1. Purpose

1.1 To inform the Audit Committee of the work undertaken by the Internal Audit Service for the first quarter 2007/08 and reports outstanding from 2006/07.

2. Recommendations

2.1 That the Audit Committee notes the audit coverage and progress during the first quarter 2007/08 and on the reports outstanding from 2006/07.

2.2 That the Audit Committee considers whether the responses received in respect of outstanding audit recommendations are adequate.

Report Authorised by: **Acting Director of Finance**

Contact Officer: Anne Woods, Head of Audit and Risk Management

Tel: 020 8489 5973

Email: anne.woods@haringey.gov.uk

3. Local Government (Access to Information) Act 1985

3.1 For access to the background papers or any further information please contact Anne Woods on 0208 489 5973.

4. Background

- 4.1 The purpose of this report is to advise the Audit Committee of the audit activity for the first quarter of 2007/08. In addition, the report updates the position on those reports from 2006/07 which remained outstanding at 31st March 2007.

5. Performance Management Information

- 5.1 Although there are no national or Best Value Performance Indicators, local performance targets have been agreed for Audit and Risk Management. These form part of Corporate Resources' reporting processes, but are detailed below for information. The table shows the targets for each area of audit activity monitored and gives a breakdown between the quarterly and cumulative performance.

PI Ref.	Performance Indicator	1 st Quarter	Target
A1	Audits completed vs. Planned programme	69%	95%
A2	User satisfaction (1 = low, 5 = high)	N/A*	3.75

* no evaluation assessments have been returned to date

6. Deloitte and Touche

- 6.1 The activity of Deloitte and Touche for the first quarter of 2007/08 to date is detailed at Appendix A. This also includes details of all reports outstanding from 2006/07, which are separately identified. For 2007/08, a total of 13 projects was planned for the first quarter, including school visits. To date, 8 projects have been completed and issued as draft or final reports. A further 3 pieces of additional work have been completed as a response to requests from Directors. The programme of planned follow up audits is also reported at Appendix A.
- 6.2 At the last Audit Committee, it was requested that further details of all outstanding recommendations reported when the follow up work was undertaken should be provided. As a result, Appendix A also contains a detailed explanation of the status of all priority 1 recommendations from 2004/05 and 2005/06 which were reported as 'not implemented' when the original follow up work was completed.

7. In-house Team – Fraud investigation/Irregularities

- 7.1 In accordance with the Council's Constitution, Internal Audit investigates all cases that fall outside the remit of the Housing Benefit Fraud Investigation Team and the Information Security Policy. Appendix B details the individual cases that were completed by the In-house Team during the first quarter of 2007/08 and brought forward from 2006/07.
- 7.2 Within the first quarter, seven new cases were referred to Internal Audit for investigation, and six cases were completed during the quarter involving Council employees. The cases investigated covered a number of allegations from irregular mileage claims, misuse of council funds and fraudulent right to buy.

- 7.3 The In-house Team also investigates claims of non-receipt of Council cheques. To date in 2007/08, there have been no new referrals for investigation. Improvements in procedures, including the introduction of 'positive pay' whereby the council's banking team receives information on cheques before they are cleared, and new cheque security measures have reduced the level of fraudulent activity in this area. When a cheque fraud, or attempted encashment of a fraudulently altered cheque, is reported to or by the bank, the total is classified as a 'saving' as this is the potential amount which could have been lost. The council has not lost any money, as the fraud was detected and the cheque was not cashed.
- 7.4 Appendix C details the number of disciplinary suspensions and/or action taken to date during 2007/08. The data is taken from SAP and the information has been provided in line with council statistics reported elsewhere. In addition, better management information is now available to assist in monitoring and reviewing outstanding cases in order to improve processes across all directorates.

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**Internal Audit
Quarter 1 Internal Audit Report
2007/2008
London Borough of Haringey**

Deloitte & Touche Public Sector Internal Audit Ltd.
June 2007

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Audit Highlights

Introduction

This is our first quarter report to the Audit Committee for the 2007/08 financial year. This includes details of all reports which are now at final stage and all reports from 2006/07 not previously reported upon. The audits for 2007/08 are reported in line with the new directorate structure, while the audits for 2006/07 are reported in the previous directorate structure.

All recommendations are agreed with Officers, and any disputes are discussed prior to the final report being issued. All recommendations to address any control weaknesses highlighted within this report have been agreed. Officers' actions to address the recommendations, including the officer responsible and the deadline for completion, are fully detailed in the individual final audit reports.

The attached summaries reflect the status of the systems at the time of the audit, and recommendations may already have been implemented by Officers by the time the final report is issued and reported to the Audit Committee. The summaries only highlight what Internal Audit judge to be the key findings and include any Priority 1 recommendations made, although the summary will state if other, lower priority, recommendations have been made. The audits highlighted in **bold** are those not previously reported to the Audit Committee.

In line with our Draft Internal Audit Plan and Strategy for 2007/08, we will include the following details for each of the completed internal audits:

- Objectives of the audit;
- Overall conclusion about the level of assurance;
- Number of recommendations in each priority category;
- Full details of all Priority 1 recommendations;
- Summary of all Priority 2 and 3 recommendations;
- A note about any management responses which are of concern to the internal auditors; and
- A note about any failures by the management to fulfil the actions agreed in earlier internal audit reports.

As a reminder, our recommendations are prioritised according to the following categories:

<i>Priority 1</i>	-	major issues for the attention of senior management
<i>Priority 2</i>	-	other recommendations for local management action
<i>Priority 3</i>	-	minor matters

Members of the Committee will also be provided with full copies of our audit reports upon request.

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Follow Up of Priority 1 Recommendations:

2004/05 & 2005/06

From the findings previously reported to Committee that had not been responded to, we have now followed up outstanding Priority 1 recommendations. A detailed summary of the findings and management actions are attached to this report.

DETAILED FINDINGS: QUARTER 1 - 2007/08

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Audit area	Scope	Status/key findings	Assurance
ALL DIRECTORATES			
Project Management Assurance Work	The audit work will consider key projects, as identified by the Council as part of the overall delivery of the council plan and achieving excellence programme. Each audit will seek to identify and assess the application of the following key processes: • Application and understanding of the Council Project Management; • Project monitoring and reporting; • Link to capital budget and monitoring and identification of early signals of projects being under/over spent or delayed; • Impact of risks and issues, and the distinction between the two; • Delegation of responsibility; • Monitoring of the Critical Path; and • Actions to ensure delivery of the project, and contingency reporting and actions. Individual audits will consider the following areas with regards to the set up of projects: • Overview of the project organisational structure at a high level, i.e. project sponsors, project board etc.; • Understanding of the criticality of the project to the business, and get a feel for the business case; • Brief overview of the project to date, and	We have started work on the Tottenham High Road Regeneration Project. We have met Karen Galey (Interim Head of Economic Regeneration), James Molloson (European & External Funding Officer) and other relevant officers to agree the scope of our work and obtain all relevant information. The audit is currently in progress and a draft report will be issued in July 2007. We have arranged a meeting with Katie Johnson – Project Officer (Programme) and Susie Owen – Project Officer, to discuss arrangements across the Council with regard to project management, including training and support. We will also identify other projects for audit during 2007/08.	

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Audit area	Scope	Status/key findings	Assurance
	the key risks within the project; • Details of the project team and relevant skills; • Key third party involvement; • Process of management and the managements' views on risk management; • Role of the project office; • Change management and enablement controls and procedures; • Technology used in the project / programme; and • Issues with implementing the solution.		
Pro-active fraud Anti-fraud	Our work will include completion of the Fraud Profiling exercise covering key areas across all Directorates of the Council, and will also include schools and Homes for Haringey. We will also complete testing on high risk areas within individual Directorates, to be agreed with the Council, to attempt to identify fraudulent practice across the Council. Our work will cover high risk areas, where there have been previous fraud cases. We will also take into account the National Fraud Initiative and the Audit Commission and London wide view of high risk areas. Pro Active Fraud: A number of potential areas of work have been scoped out. These include:	As part of our pro-active anti-fraud work, we completed an audit of Freedom Passes for Older Persons and Disabled people during April and May 2007. The scope of our work is as follows: • Contractual Agreement; • Issuing and renewing passes (Disabled and Elderly); • Cancelling Passes (Disabled and Elderly); and • Security of Passes (Disabled and Elderly). A draft report has been issued and the management response is due by 6th July 2007. We are in the process of completing our fieldwork with regard to controls over the issue of Blue Badges. The scope of our work is as follows: • Application forms received from individual Blue Badges holders; • Documentation supplied by Blue Badge holders to support their application e.g. proof of residency,	

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Audit area	Scope	Status/key findings	Assurance
	• Concessionary fares; • Carry forward of our data matching exercise relating to Residents Parking permits and Council Tax single occupancy discounts; • Testing of expense claims across the Council; • Testing a sample of "blue badges" for validity; and • Continuation of our work on Abandoned Vehicles.	proof of entitlement, medical reports; • Declarations of Blue Badges reported as lost or stolen; and • Stock of blank Blue Badges. A draft report will be issued in July 2007. We are in the process of completing work with regard to testing a sample of expense claims across the Council. We selected a sample of expense claims from 1 April 2006 to date. The sample was selected from the following sources: • Petty Cash Vouchers held at the Cashiers Office (20 items); • Mileage claim forms held in Payroll (10 items); • A report of travel expense claims made over £250 from the General Ledger (20 items). For the expenses selected we are undertaking the following: • Checking that supporting documentation is held for each of the expense claims in our sample; • Checking that the claim has been authorised for payment by an appropriate delegated authority; and • Following up any queries with the relevant authorising manager. A draft report will be issued in July 2007.	
Value for Money	We will continue our VFM work to cover areas of the Council not covered in the 2006/07 Internal Audit Plan. Areas that will be included within the coverage include:	We have drafted our report for 2006/07 and discussed our findings and recommendations with the Director of Finance. We are planning further discussions with the	

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Audit area	Scope	Status/key findings	Assurance
	- Costs within Business Units and services, including understanding of the cost identification and budget setting process; - Identification of performance of the Business Unit and services and linkages to cost; and - Staff understanding of customer perception of the services being provided, how this is communicated and understood, and where appropriate, that action is being taken.	Acting Head of Corporate Finance and the Corporate Head of Performance & Policy before issuing our report. For 2007/08, we will continue our VFM work and will cover areas of the Council not covered in 2006/07.	
Risk Management and Development and Support	During the year we will liaise with the nominated officers for each Department across the Council with regard to facilitating the update of risk registers, as a result of the restructuring of the Council's Directorates. This will also involve the facilitation of Control Risk Self Assessment workshops across Departments, where appropriate. We will agree a programme of work with regard to the key risks. Where appropriate, we will either provide advice regarding controls to manage the risk, assess the adequacy of the controls identified and/or assess the effectiveness of the controls identified.	We are providing support to individual business units within each directorate to assist them with updating their existing risk registers and, where appropriate, develop new risk registers in line with the new Council structure. Upon completion and approval by management of the business unit registers, individual Directorate risk registers will be prepared showing the 10 highest residual risks for each Directorate.	
CORPORATE RESOURCES – KEY FINANCIAL SYSTEMS			
Cash Receipting	High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and significant controls covering the following areas: - Policies and procedures; - Staff training;	The audit was started at the end of June and the fieldwork is currently in progress. A draft report will be issued in July 2007.	

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Audit area	Scope	Status/key findings	Assurance
	• Reconciliations; • Posting of receipts to the general ledger; • Segregation of duties; • Investigation of unidentified payments; • Storage of income; • Banking of income; • Returned cheques; • Management information being produced; • IT access, security and disaster recovery.		
Creditors	High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and significant controls covering the following areas: • Receipt & certification of invoices; • Input of invoices to system; • Payments; • Amendments to supplier master file; • BACS controls; • Cheque controls; • IT access, security & disaster recovery; and • Follow up. Duplicate payments to be covered by the Pro Active fraud work with regards to Accounts Payable.	The audit was started in June 2007 and fieldwork has now been completed. A draft report will be issued at the beginning of July.	
Income	This audit will examine the following areas relating to external income: • Price/Charge Setting (including compliance with the External Income Policy); • Benchmarking; and • Review of Income.	The audit was started at the end of June 2007 and fieldwork is currently in progress. A draft report will be issued in July.	

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Audit area	Scope	Status/key findings	Assurance
	The audit will focus on the following areas: • Legal Services (Land Charges); • HALS (Course Fees); • Property Services Commercial Group (Lettings); and • Haringey Performing Arts Centre (Service Charges).		
	CORPORATE RESOURCES – CORPORATE PROCUREMENT		
Un-metered Electricity Supply and Street Scene Asset Management	This audit will look at controls over the identification and inventory of street lighting equipment, in particular lampposts and traffic lights, and the process for managing changes to these and communicating changes to the supplier of un-metered electricity to the Council (EDF). This audit will cover the following areas: • Identification of street lighting equipment; • Recording of equipment (including inventory); • Management of changes to inventory (including identification of new schemes); • Compliance with legislation/ Contractual obligations; and • Reconciliation of electricity invoices to inventory.	The audit was started in June 2007 and fieldwork has been completed. A draft report will be issued at the beginning of July 2007.	
Compliance with Council's Procurement Procedures: • Street Scene	The audit will also look at the procurement process within Street Scene, Parks and Neighbourhood (Regeneration Scheme) and compliance with CSO's and the Procurement Code of Practice/ Manual. It will cover :	The audit of Parks was started in June and is currently in progress. A draft report will be issued in July 2007.	

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Audit area	Scope	Status/key findings	Assurance
Procurement; • Parks; and • Neighbourhood Regeneration.	(i) Compliance with the Council's framework rules for the procurement of works, goods and services, which helps ensure value for money, propriety and the proper spending of public money; and (ii) Compliance with the Council's tendering and contract procedures. The audit will focus on Street Scene, Parks and Neighbourhoods and will look at the following areas: • Identification of Equipment requirements; • Procurement Arrangements; • Assessment of Best Value/ Compliance • Approval of Suppliers; • Quotations; • Delegation of Authority; • Tender Procedures; • Contract Conditions; and • Contract Variations and Extensions. The audit of Neighbourhood Regeneration will cover the renovation of historical buildings and other similar work and regeneration schemes.		
	CORPORATE RESOURCES – IT		
OHMS/ TASK/ Optitime	Housing application systems were last reviewed in audit period 2002 / 2003. The correct and effective functioning of these systems is necessary for efficient management of the public service housing stock.	The audit was started in June and is nearing completion. A draft report will be issued in July 2007.	

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Audit area	Scope	Status/key findings	Assurance
	The audit will examine as appropriate user access structure, logical access controls and security configuration of the systems, together with sample testing of input, output, processing; audit trail controls of one chosen exemplar system and any interfaces. Backup procedures were reviewed as part of Disaster Recovery work in 2006/07 and will not therefore be reviewed.		
CHILDREN AND YOUNG PEOPLE'S SERVICE			
Primary Schools	Our work will focus on checking compliance with the requirements of the Financial Management Standard in Schools (FMSiS). Primary schools will be assessed as follows: • 40% of schools by March 2008; • 80% of schools by March 2009; • All schools by 2010.	The Headteacher at Weston Park Primary School, Andrew Wickham, has been given responsibility by the Council, together with the School Funding and Policy Manager at the Council, to provide training and support to all Primary schools in Haringey to help ensure that they are able to put in place relevant controls in order to meet the requirements of the Standard. Weston Park Primary School was audited in March 2007 to provide management with assurance that the FMSiS is being achieved. Based on our work at the School it was found that the school meets all the key requirements of the Standard. We raised one priority 3 recommendation, relating to the sign off and retention of Governing Body meeting minutes, which will help improve controls in the area. Training has now been provided to the headteachers and other nominated officers for the first wave of 40% of Primary Schools to be audited in 2007/08. At the training sessions, the Schools were provided with a manual which	

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Audit area	Scope	Status/key findings	Assurance
		contains information and templates for key documents, policies and procedures, to guide them in achieving the Standard. The audit of the Schools will start in the first week of November 2007.	
FMSiS Advisory Work – Primary Schools	The work includes assisting the Council and the Headteacher of Weston Park School to develop a standard approach for Primary Schools to follow to ensure compliance with the FMSiS.	We have assisted the Headteacher in developing a clear standard approach for all Primary Schools to follow and we have attended the training sessions provided to the first wave of Schools. We are also providing ongoing support to Primary Schools to facilitate compliance with the Standard.	N/A
Secondary Schools	We will audit a selection of Secondary Schools, in consultation with the Council. We will focus on risk analysis for individual schools. Factors to be taken into account include: • History of inadequate financial management; and • Inability to manage deficits or surpluses. This will be a full review of the controls in place to ensure that the objectives of this service are met, covering the following areas: • Management organisation; • School inspections and OFSTED; • Budgetary control; • Staffing; • Disbursement accounting records;	We are in the process of arranging visits to Secondary Schools to complete audits and follow-up of Miss recommendations.	

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Audit area	Scope	Status/key findings	Assurance
	• Asset management; • Unofficial Fund; • Data protection and security; • Income • Health and safety; and • School meals. We will also complete a follow-up on the recommendations raised in our FMSiS internal audit reports to Secondary Schools in 2006/07.		
ADULTS, CULTURE AND COMMUNITY SERVICES			
Unannounced Spot Checks and Establishment Audits	Unannounced cash spot checks will be completed to a number of establishments. Reporting will be completed to individual responsible members of staff and appropriate members of senior management. Visits will also be made to a number of Social Services establishments in order to complete detailed audits. Audit work will be undertaken to cover the following areas and control objectives: • Residents' Property; • Residents' Funds; • Purchasing; • Payments; • Payments; • Physical Assets; • Stocks; • Usage; • Staffing; and • Imprest Account.	A cash spot check was completed at Woodside Children Centre. No major variances were identified but recommendations have been raised in a memo to management. We have visited the following establishments and completed detailed audits: • Woodside House Drop-in Centre; • 10 Linden Road; and • Talbot Road Hostel. Draft reports have been issued following the above audits and we are awaiting management responses before issuing the final reports.	

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Audit area	Scope	Status/key findings	Assurance
Supporting People Risk Management	We will agree the areas of focus of our work with management at the time of the audit. The audit will focus on key areas of concern identified by management and will include: • Service Provider Risk Assessment; and • Home Care/ Commissioning.	We have met with the Supporting People Programme Manager and the Project Officer within the Supporting People Team to discuss risk management arrangements across the service. We will facilitate risk management workshops for internal service providers in July 2007 and external service providers in September 2007. We will then assist management in developing standard risk register templates for both internal and external providers.	
REQUEST WORK			
Customer Services and Parking Payments	We requested to undertake work with regard to the risks within Customer Services relating to the processing of credit card parking payments by telephone at the Call Centre. We reported on the procedures and controls in place at the Call Centre to mitigate these risks to assist management to make a decision regarding whether to remove the payment facility in the Call Centre.	A detailed memo was issued to management to report on our findings and recommendations. The results of our work show that there are risks involved in the processing of credit card payments through telephone operators. These arise principally from the fact that the customer is not present at the time of the transaction and that the credit card details provided could be used fraudulently. Customer Services process approximately £40,000 per month via the current system. Consequently we consider that the risks identified could potentially expose the Council to material financial losses. There is also an increased risk of reputation damage to the Council. To mitigate the risks, we recommended that management should consider removing the facility with regard to the processing of credit card parking payments by telephone operators at the Call Centre and encourage and facilitate the use of alternative (existing) payment options, such as the automated telephone line for debit and credit card	N/A

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Audit area	Scope	Status/key findings	Assurance
Responsive and Void Repairs Contract	We have been requested to undertake work with regard to the Responsive and Void Repairs procurement arrangements between London Borough of Haringey and Homes for Haringey. We were also requested to consider the award of the Responsive and Void Repairs contract between Homes for Haringey Board consideration and the contract award by Haringey Council. Our work also included a review of the procurement and evaluation processes completed to date in order to obtain assurance that they were robust and complied with relevant local and statutory requirements. The scope of our work included: • Advertising in OJEU; • Pre-qualification Questionnaire (PQQ) – including evaluation criteria; • Evaluation of PQQ to pre-determined evaluation framework and short-listing of top scoring tier of bidders; • Despatch of tender pack to short-listed bidders; • Receipt of tenders from bidders; • Evaluation of tenders against pre-agreed evaluation framework; and • Selection/short-listing of bidders.	users and the online e-payment facilities. We have completed our work and we have issued a draft report. We are awaiting the management before finalising our report.	

2006/07 AUDIT WORK

Audit area	Scope	Status/key findings	Assurance
	CHIEF EXECUTIVES - IT		
Respond Application	Audit work was undertaken to cover the following areas and control objectives: • User access structure and sample user rights allocated; • User change control procedures for new users, existing users and redundant users; • Logical access controls and security configuration (and in particular data access controls); • Input, output, and any processing controls; • Audit trail controls; • Interfaces (if any); and • Backups and Disaster recovery arrangements.	Weaknesses in the system of controls are such as to put the system objectives at risk. The environment audited was the management, administration and security of the Respond application and its related business processes. A number of controls were observed to be operating satisfactorily, some of which are listed below: • A unique identifier and password are required before access is permitted; • Restricted number of logons is enabled; • Mandatory field controls within the Application were working effectively; and • Data backup and recovery controls were operating effectively.	Limited
	Within the system there are weaknesses which put the system objectives at risk. The areas where weaknesses were found include: • Group and User functionality was deemed inappropriate to the Group/User's job function; • There is no independent monitoring of potential security violations or of supervisor activity; • Systems administration procedure notes are incomplete and out of date;		

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Audit area	Scope	Status/key findings	Assurance
		• There is no independent check on accuracy of input data and the application allows inaccurate data (past and forward dates) to be inputted; and • The Council's OPR2 Change Management Process is not being adhered to when system changes and upgrades are being implemented. As a result of our internal audit work in this area we have raised one priority 1 recommendation as follows: • A full Group/User review should be performed to ensure that each Group and each individual user within those groups have appropriate functionality in accordance with their job function. We have also raised nine priority 2 and two priority 3 recommendations which will help improve controls in the area.	
Email Usage		While there is a basically sound system, there are weaknesses in the system of controls which put some of the system objectives at risk. A number of controls were observed to be operating satisfactorily, some of which are listed below: • Disclaimers are appended to e-mails to limit liability; • Intruder detection is in place; • Training is available on the use of the e-mail system; • Users require a username and password to access their mailbox; • Powerful access is restricted to administrators; and	Substantial

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Audit area	Scope	Status/key findings	Assurance
		• Virus protection software is used and updated on a regular basis. Within the system there are weaknesses which put some of the system objectives at risk. The areas where weaknesses were found include: • The e-mail policy does not confirm alignment with relevant law and does not address third party e-mail usage; • Internal e-mail content is not scanned; and • There is currently no agreed e-mail archive retention period and archived e-mails are not deleted. As a result of our work, we have raised three Priority 2 and one Priority 3 recommendations, which will help improve controls in this area.	
Value for Money We have completed a series of meetings with Business Units as part of our work in relation to Value for Money. This focuses upon three key areas: • Understanding of the cost basis within Business Units; • Measuring Value for Money; and • Demonstrating and communicating Value for Money to stakeholders. We have drafted our report for 2006/07 and presented our initial findings and recommendations to the Director of Finance, with regard to areas that could be improved and with regard to sharing elements of good practice. We are planning further discussions with the Acting Head of Corporate Finance and the Corporate Head of Performance & Policy before issuing our report. A summary report of key issues will be presented to the Audit Committee separately.			
We have also completed a number of audits which are at draft stage or are being completed, as follows, which will be reported in Quarter 2 in 2007/08:			

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Audit area	Scope	Status/key findings	Assurance
CE7: Council Constitution Compliance (fieldwork has been completed and the draft report will be issued in July 2007).			
IT:			
SAP/ HR/ Payroll System (fieldwork is being completed and the draft report will be issued in July 2007); and			
Disaster Recovery – Civica System (A draft report was issued in March 2007. This has been subsequently revised following further discussions held at the request of management. Management are currently reviewing the recommendations with a view to providing a response and considering actions to implement these prior to the next DR exercise, which is planned for the end of September 2007).			
CHILDREN'S SERVICE			
We have completed a number of audits which are at draft stage or are being completed, as follows, which will be reported in Quarter 2 in 2007/08:			
CS2: Child Protection (Draft report has been issued. Management have requested further discussions before the report is finalised);			
CS5: Sure Start – Early Years (Draft report has been issued. Management response is overdue and a final deadline of 6th July has been set);			
ENVIRONMENTAL SERVICES			
We have completed the audit below which is at draft stage and will be reported in Quarter 2 in 2007/08:			
Waste Management Agreement with Accord (Request Work) – The response from Haringey Accord has now been received and is being discussed between the Waste Management Team before a final report is issued.			
FINANCE SERVICES			
MS12: NNDR	Audit work was undertaken to cover the following areas and control objectives: - Organisational structure; - Reconciliation between Valuation Office Agency (VOA) Schedules and IWORLD; - Charitable relief; - Billing; - Receipts from taxpayers;	While there is a basically sound system, there are weaknesses, which put some of the system objectives at risk. A number of controls were observed to be operating satisfactorily, some of which are listed below: Weekly downloads of Valuation Office Schedules are used to update the IWORLD system, and the uploaded data is reconciled to the total of the	Substantial

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Audit area	Scope	Status/key findings	Assurance
	• Recovery action; • Writing offs; • Monitoring collection rates; • Reconciliation with general ledger; • Refunds; • Voids; • Policies and procedures; • Amendments to standing data; • IT security; • Disaster recovery and business continuity; • Follow up.	schedules; • Applications for mandatory charitable relief are made in writing, quoting the Charity Commission Registration number of the charity; • Payments are received through Cashiers and are recorded on the RADIUS Cash Receipting system, which updates the IWORLD system overnight via an electronic interface; • Recovery actions are generated by the IWORLD system as per the Recovery Timetable; • Collection rates of NNDR are reported on a monthly basis through the Council's Performance Report to the Executive of the Council; and • The Benefits and Local Taxation Finance Section completes a monthly reconciliation of IWORLD, RADIUS and the accounting and general ledger system (SAP). Within the system there are weaknesses which put some of the system objectives at risk. The areas where weaknesses were found include : • It was found that for one of 20 NNDR accounts sampled, a bill was returned as 'Gone Away' on 21st March 2006, with no further recovery action completed until 3 April 2007; and • There were lengthy delays in the processing of applications for some charitable relief cases. As a result of our internal audit work in this area we have raised one priority 1 recommendation as follows: • Management should implement a formal procedure for the write-off of irrecoverable NNDR debts.	

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Audit area	Scope	Status/key findings	Assurance
MS18: VAT	The scope of the audit included the following areas: • follow up of previous audit recommendations; and • establish / verify the VAT procedures and controls in place at the Park Road and Tottenham Green Leisure facilities.	As a result of our work, we have raised one Priority 2 and two Priority 3 recommendations, which will help improve controls in this area. While there is a basically sound system, there are weaknesses which put some of the system objectives at risk. The weaknesses that have been identified as requiring management consideration are detailed below. <i>Crematoria Equipment</i> • It is recommended that the Council monitors and ensures that it does not breach the 5% de minimis limit for the recovery of exempt input tax incurred on the replacement of its cremating equipment. <i>Residential Care Group Ltd</i> • It is recommended that the Council submits a voluntary disclosure for £95,982 plus interest in relation to the November 2006 VAT claim. <i>Face value vouchers – VAT treatment</i> • It is recommended that the Leisure Centres disregard (for VAT purposes) the income received on the sales of its face value vouchers rather than coding it as exempt. <i>Leisure Centres – VAT liability of stock sales</i> • It is recommended that the Council reviews and corrects the VAT liability of stock sales at the Tottenham Green Leisure Centre. • It is also recommended that the Council makes a voluntary disclosure for over / under declared VAT	Substantial

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Audit area	Scope	Status/key findings	Assurance
		as appropriate, assuming the aggregate £2,000 limit is not exceeded. <i>Leisure Centres – Inconsistent VAT liability of stock sales</i> - It is recommended that the Council identifies the correct VAT liability (see above) and then applies this consistently to the sale of stock at its leisure centres. As a result of our internal audit work in this area we have raised one priority 1 recommendation as follows: - The Council should review and correct the VAT liability of stock sales at the Tottenham Green Leisure Centre. Management should implement a formal procedure for the write-off of irrecoverable NNDR debts. The Council should also make a voluntary disclosure for over/ under declared VAT as appropriate, assuming the aggregate £2,000 limit is not exceeded. As a result of our work, we have also raised four Priority 2 recommendations, which will help improve controls in this area.	
		We have also completed a number of audits which are at draft stage or are being completed, as follows, which will be reported in Quarter 2 in 2007/08: MS4: Accounting & General Ledger (Draft report has been issued. Management. The management response is overdue but allowance has been made for the work pressure on management with regard to closing the Council's accounts for the 2006/07 financial year); and MS20: Income (The audit covered Allotment and Bereavement. The fieldwork has been completed and the report has been drafted. We were requested by management to complete benchmarking of pricing against other local authorities. Management originally requested that we should issue the report only when the benchmarking exercise has been completed so that the findings can be incorporated in the report. However, as	

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Audit area	Scope	Status/key findings	Assurance
		the benchmarking exercise is still in progress, it has been agreed that the draft report will be issued first and we will report separately on the additional benchmarking work. The draft report will therefore be issued in the first week of July 2007). • Performance Grant Claim (Request Work) (Draft report, which includes one recommendation, has been issued. We are waiting for the management response before issuing the final report). <i>Corporate Procurement</i> • Sustainability (Draft report has been issued. There are a number of issues being discussed with management before the report is finalised); • E-Procurement – SAP & TEAM (This audit has now been deferred and will be completed as part of the 2007/08 Internal Audit Plan due to delays in the implementation of the new TEAM system); • Building Schools for the Future: Procurement (A draft report has been issued. There are a number of issues being discussed with management before the report is finalised); and • Library Goods and Services (Draft report has been issued. There are a number of issues being discussed with management before the report is finalised).	
SOCIAL SERVICES			
Housing Association Leasing Scheme	Audit work was undertaken to cover the following areas and control objectives: • Policies and Procedures; • Contract Management; • Contract and Performance Monitoring; • Inspection of Properties; • Payment to Housing Associations; • Allocations and Approval Process; and • Complaints Handling.	Weaknesses in the system of controls are such as to put the system objectives at risk. A number of controls were observed to be operating satisfactorily, some of which are listed below: • Invoice spreadsheets are maintained by the Development Officers; • Invoices are checked for accuracy and authorised by the Private Sector Housing Initiatives Manager; • There are documented allocations procedures in place; and • There are documented contract and performance monitoring procedures in place. Within the system there are weaknesses which put the system objectives at risk. Some of the areas where	Limited

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Audit area	Scope	Status/key findings	Assurance
		weaknesses were found are: • Contracts with Housing Associations have not been finalised and signed; • Contract and performance monitoring meetings with Housing Associations are not held on a regular basis; • Eviction spreadsheets are not always maintained and updated; • Inspections of Housing Association properties are not currently being undertaken; and • Invoices are not always paid in a timely manner. As a result of our internal audit work in this area we have raised six priority 1 recommendations as follows: • Outstanding contracts with Housing Associations should be finalised and signed at the earliest opportunity. Contracts should be signed prior to the commencement of any business relationship; • Contract and performance monitoring meetings should be held on a monthly basis and minuted. Any instances of unsatisfactory performance should be highlighted and corrective action should be agreed and documented. Furthermore, deadlines should be agreed and set for the completion of all actions identified during contract and performance monitoring meetings; • Housing Associations should be reminded of the need to submit eviction reports to the relevant Development Officers within the Housing Supply Group. Development Officers should log all evictions onto eviction spreadsheets and forward the eviction reports to the Temporary Accommodation	

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Audit area	Scope	Status/key findings	Assurance
		team in a timely manner. Furthermore, the eviction procedure should be updated to reflect the amount of notice which Housing Associations should give when notifying the Development Officer of pending evictions; • The Housing Supply Group should conduct sample checks on a periodic basis of both new procurement and managed Housing Association properties in order to check property and management standards. All observations should be recorded and any resulting issues should be followed up with the Housing Association and corrective action should be taken to rectify any issues; • A memo should be issued to all Housing Associations reminding them of the need to submit invoices on a monthly basis, as per the contract requirements. A penalty for consistent non-adherence to this contract requirement should be agreed and enforced. All invoices received from Housing Associations should be paid within 28 days as per the contract requirements; and • Complaints spreadsheets should be maintained for all Housing Associations by the relevant Development Officers. The spreadsheets should be updated fully to reflect all actions being taken by Housing Associations to resolve complaints and the outcome of all complaints. Furthermore, as detailed in the complaints procedure, a letter should be issued to each complainant once a complaint has been resolved to check that they are satisfied with the outcome of the complaint. We have also raised three priority 2 and one priority 3 recommendations which will help improve controls in	

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Audit area	Scope	Status/key findings	Assurance
Pointing of Housing Register Applications	Audit work was undertaken to cover the following areas and control objectives: • Processing of applications (including points allocation); • Verification of points allocation; • Authorisation process for applications; • Updating OHMS; • Access controls; and • Allocation of Properties through Home Connections.	Weaknesses in the system of controls are such as to put the system objectives at risk. A number of controls were observed to be operating satisfactorily, some of which are listed below : • Supporting documentation is checked at the verification interview to confirm the personal circumstances of applicants; • The OHMS system is updated as part of the annual Re-registration process; and • Validity checks are undertaken where applicants indicate that their personal circumstances have changed. Within the system there are weaknesses which put the system objectives at risk. The areas where weaknesses were found include: • Evidence that Points Assessment Sheets have been completed is not always kept on file; • There is currently no staff guidance in place regarding the processing of applications; • Evidence that verification interviews have been undertaken is not always kept on file for successful applicants; • There is no control over access rights to OHMS, which could result in inappropriate amendments to point allocations; and • Evidence to confirm that 'directly let' properties have been allocated appropriately is not on file for a number of relevant applicants.	Limited

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Audit area	Scope	Status/key findings	Assurance
		As a result of our internal audit work in this area we have raised two priority 1 recommendations as follows: • The Housing Registration and Mobility Teams should undertake all housing point assessments; and • The access rights register for OHMS should be reviewed and updated immediately so that only officers with the appropriate authority can make changes to points allocation. We have also raised eight priority 2 and one priority 3 recommendations which will help improve controls in the area.	
We have also completed a number of audits which are at draft stage, as follows, which will be reported in Quarter 2 in 2007/08: • Temporary Accommodation Repairs (Draft report has been issued. Management response has been received for some recommendations. We are awaiting the responses to the remaining recommendations before issuing the final report).; and • Provider Risk Assessment – including Mental Health (Draft report has been issued. We are awaiting the management response before issuing the final report).			

Schools Audits - 2006/07

SC2: Primary Schools	A table summarising the results and recommendations of the school audits completed in 2006/07 is attached. All Secondary schools were visited to provide management with assurance that the Financial Management Standard in Schools (FMSIS) is being achieved. It is a requirement of the Department for Education and Skills (DfES) that all Secondary schools achieve the standard by the 31st March 2007. A separate report, including detailed findings and priority 1 recommendations for Primary and Secondary schools audited in 2006/07, has been prepared and is available upon request.
SC3: Secondary Schools	

Summary of School Audits Findings 2006/07:

School	Status	Assurance Level	Priority 1	Priority 2	Priority 3	Total
Primary						
Alexandra Primary	Final	Substantial	2	8	0	10
Bounds Green Juniors	Draft	Limited	10	10	5	25
Crowland Primary	Final	Limited	2	16	3	21
Devonshire Hill Primary	Final	Substantial	2	2	0	4
Earlsmead Primary	Final	Substantial	1	4	2	7
Ferry Lane Primary	Final	Substantial	3	13	0	16
Mulberry Primary	In Progress	N/a				
Stamford Hill Primary	Final	Limited	6	9	0	15
Stroud Green Primary	Draft	Limited	5	11	1	17
St Anne's CE Primary	Final	Substantial	2	9	5	16
St Michael's CE Primary, N22	Final	Substantial	0	11	5	16
Tiverton Primary	Final	Substantial	1	10	4	15
West Green Primary	Final	Substantial	2	6	0	8
Secondary						
Alexandra Park Secondary	Final	Substantial	2	19	1	22
Fortismere Secondary	Draft	Substantial	0	9	3	12
Highgate Wood	Final	Substantial	0	9	5	14
Hornsey School for Girls	Final	Substantial	0	10	3	13
Northumberland Park Community School	Final	Substantial	1	8	0	9
Total			39	164	37	240

Financial Management Standard in Schools – Summary 2006/07:

School	Status	Priority 1	Priority 2	Priority 3	Total
Alexandra Park Secondary	Final	0	8	0	8
Fortismere Secondary	Draft	1	-	2	3
Gladesmore Community	Draft	8	7	2	17
Highgate Wood	In progress				
Hornsey School for Girls	Final	0	2	4	6
John Loughborough	Draft	8	5	3	16
Northumberland Park Community	Draft	-	3	-	3
Park View Academy	Draft	7	16	0	23
St Thomas More RC	Final	3	2	2	7
Woodside High	Final	1	5	1	7
Total		28	48	14	90

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Follow Up of Priority 1 Recommendations: 2004/05

Audit Area	Recommendation	Management Response	Original Deadline	Status	Revised Deadline	Management Action required	Update
1. Personnel	It is recommended that personnel management should set a deadline for updating procedure notes relating to recruitment and appointment. The procedure notes should include guidelines on selection tests and approved as soon as possible, and communicated to all relevant staff.	Agreed: We will aim for General Purposes Committee 2 March 2006. Then communicate this to all relevant staff. Action – Stuart Young, Head of Personnel	March 2006	Implemented	N/A	N	
2. Community Education (Youth)	It is recommended that the service should set objectives for each individual scheme. The objectives should be set for both the accredited and general courses.	We are still in discussion with management	N/A	Implemented	N/A	N	
3. Income	It is recommended that a formal debt recovery process for the Community Alarm System should be developed and implemented.	Database of all L/L clients have already been established locally. Amounts outstanding are in the process of being entered and all clients owing would be contacted with a request for payment. Following that process the decision will be made in relation to individual cases as to whether amounts owing are written off within the councils procedures or whether formal action to recover the debt is initiated.	Immediate	Not Implemented	2007	Y	The Manager of Emergency response has stated that Finance Officers will be attending a debt recovery course, to assist with the implementation of the recommendation. There is currently a designated member of staff to monitor debts and action the debt recovery process. The member of staff, however, is on part-time secondment. There is no full-time post for this position at the moment. The designated officer

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Audit Area	Recommendation	Management Response	Original Deadline	Status	Revised Deadline	Management Action required	Update
							monitors debts and contacts clients every three months in order to chase up debts. However, this process is not yet documented.
4. Creditors	The Central Payments unit closely should monitor and record the use of Purchase Orders by departments. A documented exemption list confirming the instances where Purchase Orders are not required should also be present.	Corporate Procurement have worked to improve compliance with this requirement and are currently rolling out SRM – an improved ordering interface that addresses many of the difficulties identified by users with existing systems. Corporate procurement will be monitoring very closely the correct use of the system by department. This coupled with the planned ownership of the vendor master database will improve both monitoring and compliance.	31/03/06	Ongoing	Aug 2007	Y	Currently the department is in the process of implementing a new reporting tool (Business Information Warehouse – BIW). This is currently still in the testing phase and is due for completion by August 2008. In the meantime a FB60/Miro report is produced monthly to review the ratio of invoices for which an order was raised on SAP against invoices for which no order is raised on the system.
5. Payroll Expenses	It is recommended that all expense claim payments should be processed through the payroll system.	It was agreed as part of the SAP Project that Expenses should be paid through the payroll but no actual decision was made on what the process would be. The whole process is to be included in the Business Process Review that is currently ongoing. The outcomes from that will assist in formulating a	31/3/06	Not Implemented	Nov 2007	Y	The HR Pay Support and Systems Manager stated that there are two outstanding issues which prevent this process from being implemented. First, Single Status and Equal Pay negotiations with Trade Unions are scheduled to be completed in November 2007. These will cover the issue of expenses, subsistence, values

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Audit Area	Recommendation	Management Response	Original Deadline	Status	Revised Deadline	Management Action required	Update
		plan for the implementation of this recommendation.					and methods of payment. Secondly, there is the issue of concern over paper claims with attached receipts moving across the Council from employee to manager and on to Payroll. An online process is being developed for Payroll to manage the claims. The process flow would be: • The employee completes an online form and prints it out; • The employee attaches the receipts to the form and sends these to the manager; • The manager verifies the claim; • The manager confirms that this has been done on the online; • The manager emails the form to a specific HR/Payroll mailbox; and • HR/Payroll process the claim – payment is received by the employee through their next pay.

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Audit Area	Recommendation	Management Response	Original Deadline	Status	Revised Deadline	Management Action required	Update
6. Debtors	It is recommended that management should finalise the SAP Debtors procedures as soon as possible and make these available on Harinet.	Current procedure's are to be reviewed and if appropriate made available on Harinet. Any procedures still to be agreed will be annotated to confirm this.	01/06/06	Implemented	N/A	N	
	It is recommended that line managers should advise Financial Systems of leavers on a timely basis so that user IDs can be disabled on the debtor system.	There will be a review of user access rights by March 2006 and a process implemented to inform managers to notify Financial Systems Team of changes to users access rights.	March 2006	Not Implemented	Dependent on IT department and whether they can develop a system to inform Financial Systems of leavers (either through Active Directory or another means).	Y	Management response is as follows: A more robust system of identifying leavers in Haringey would have to be driven by IT. Currently we receive automatic email notification from Active Directory (AD), bi-weekly, of new starters and changes but not leavers. These changes however are driven by e forms and as such do not pick up all changes. There is no IT process in place to let Business system owners know when a user account has been deleted
7. NNDR	It is recommended that a process should be established for regular review and follow-up of large credit balances. A limit should be set by management over which balances should be investigated and cleared. The report of the credit balances under review should be signed and dated	Credit balances in excess of £10,000 will be reviewed on a quarterly basis.	June 2005	Implemented	N/A	N	

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Audit Area	Recommendation	Management Response	Original Deadline	Status	Revised Deadline	Management Action required	Update
	by the Benefits and Local Taxation Manager.						
	It is recommended that management should implement a formal procedure for the write-off of irrecoverable NNDR debts.	Write-off policy is to be reviewed; currently existing write-off procedures for bankruptcy, liquidation and receivership cases are being updated through the Debt Management Board (DMB) to incorporate all irrecoverable debts and to ensure practices are in line with the Council's Financial Procedures.	To be agreed by DMB	Partly Implemented	16 th July 2007	Y	The Head of Local Taxation and Benefits is currently working with LRG (London Revenue Group) in entering into an agreement with other councils to share debt data (LOCTA). In the mean time the contract with Experian is still currently in the process of being implemented. The procedures cannot be formalised until both these contracts are implemented.
8. Housing Mortgages	It is recommended that the Housing Mortgages Team establishes performance targets which should be included in the next Housing Mortgages contract. This will facilitate the monitoring of the standard of work performed by Gemini Consultants Ltd. Payment to contractors should be linked to performance targets.	Agreed	Immediate	N/A The contract is not due for redrafting until 1 April 2008	April 2008	N	No action till 1 April 2008, when contract is due for re-drafting.
9. Leasehold Service Charges	It is recommended that all debt write-offs should be appropriately authorized in line with the Council's Finance Procedure Rules, or that the procedures in place to manage write-offs be agreed with the Director of	The write-off mentioned above was reached as a result of "out of Court settlement. The case was taken to the Leasehold Valuation Tribunal. The amount was written off based on Counsel's	None Given	Partly Implemented	Immediate	Y	The Finance Manager (Home Ownership Team) confirmed that debts attached to leases are settled through court or written off after legal advice has been sought. A new recommendation has

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Audit Area	Recommendation	Management Response	Original Deadline	Status	Revised Deadline	Management Action required	Update
	Finance.	advice. I will be happy to provide the details/proof of the case. Therefore, I do not agree that the arrears have been inappropriately written off.					been raised in the 2006/07 report stating that debt write-offs should be processed and submitted to relevant personnel in Corporate Finance for approval. The Finance Manager referred to some cases raised in the internal audit report where debts were written off on the system before confirmation was received from Corporate Finance. He has informed his staff not to write off debts on the system until these are approved by Corporate Finance.
10. Haringey Park Children's Home	The service should complete a comprehensive inventory of all assets held at the establishment and maintain an up to date asset register. The service should consider the following when completing and maintaining the inventory: ● Materiality for inclusion of assets on inventory; ● Detail of each asset to be recorded, description, serial number, quantity, location, cost, supplier and date acquired; ● Responsibility for maintenance of the inventory;	We are still in discussion with management	None Given	Partly Implemented	Immediate	Y	An inventory list is in place, however, the list only displays the assets held by the establishment and not the costs of each item. The establishment has been informed to include all details on the risk register.

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Audit Area	Recommendation	Management Response	Original Deadline	Status	Revised Deadline	Management Action required	Update
	● Responsibility for completion of an annual check; ● Authority for approving disposals; ● Methods of disposal of assets; ● Recording of reasons for disposals; and ● Security marking of assets and recording on inventory.						
11. Haslemere Road centre	The centre should utilise taxi firms which are approved by the Social Services Department	A request transport form has been obtained. This form would be completed and placed on child's file. The purchase order would be placed on the system. The company would be contacted and given the purchase order number. This would be coded to client travel. The invoice would be sent and then goods receipted.	November 2004	Implemented A list of taxi firms with contracts with Haringey council is maintained on site for use by the centre.	N/A	N	
12. Mulberry House	The centre should utilise taxi firms which are approved by the Social Services Department.	We are still in discussion with management	Not Given	Not Implemented	Immediate	Y	The Manager of Supported Living Services confirmed that the establishment does not use the recommended taxi service providers. The Manager confirmed that this will be done immediately. We will complete a follow-up in 2007/08 to confirm that the recommendation has been implemented.

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Audit Area	Recommendation	Management Response	Original Deadline	Status	Revised Deadline	Management Action required	Update
	The service should complete a comprehensive inventory of all assets held at the establishment and maintain an up-to-date asset register. The service should consider the following when completing and maintaining the inventory: ● Materiality for inclusion of assets on inventory; ● Detail of each asset to be recorded, description, serial number, quantity, location, cost, supplier and date acquired; ● Responsibility for maintenance of the inventory; ● Responsibility for completion of an annual check; ● Authority for approving disposals; ● Methods of disposal of assets; ● Recording of reasons for disposals; and ● Security marking of assets and recording on inventory.	We are still in discussion with management	Not Given	Partly implemented	October 2007	Y	Although the establishment maintains an asset register, this does not include all the asset details, such as date of purchase and costs. This was pointed out during the follow up meeting and management have agreed to have a comprehensive risk register completed by October 2007.
13. Talbot Road Hostel	The completion and submission of admission and discharge returns should be done weekly.	Not Given	October 2005	Implemented	N/A	N	

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Audit Area	Recommendation	Management Response	Original Deadline	Status	Revised Deadline	Management Action required	Update
	The service should ensure that where staff handle residents funds there are two officers involved.	Not Given	October 2005	Implemented	N/A	N	
	The service should maintain a ledger for each resident identifying the current balance of their funds in savings accounts and cash, detailing income and payments, and agree this against records held by third parties.	Not Given	October 2005	Implemented	N/A	N	
	The service should complete a comprehensive inventory of all assets held at the establishment and maintain an up to date asset register.	We are still in discussion with management	October 2005	Ongoing	TBC	Y	A comprehensive inventory is not yet complete. This is partly due to the fact that the office is currently moving to another location causing a delay in the inventory.
	The service should consider the following when completing and maintaining the inventory: ● Materiality for inclusion of assets on inventory; ● Detail of each asset to be recorded, description, serial number, quantity, location, cost, supplier and date acquired; ● Responsibility for maintenance of the inventory; ● Responsibility for completion of an annual check; ● Authority for approving disposals;						It was agreed with the manager of the establishment that the inventory will be completed by the end of May 2007. However, an audit completed at the establishment in May 2007 found that an asset register has still not yet been developed. A draft report has been sent to management and we are waiting for a response.

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Audit Area	Recommendation	Management Response	Original Deadline	Status	Revised Deadline	Management Action required	Update
	•Methods of disposal of assets; •Recording of reasons for disposals; and •Security marking of assets and recording on inventory.						
14. Child Placements	It is recommended that all service providers used by the service should be visited at least once annually as part of the service monitoring process. A signed copy of the monitoring form should be kept on the service provider's file as evidence of the visit.	Contacts team to review agreement with Pan London agent to ensure that annual monitoring visits are done. Copies of annual visit report to be put on the placement provider file The Children's Homes used by the council are registered and inspected by the CSCI against the National Minimum Standards. Inspection take place twice a year – and a report is produced. The Placement Service will obtain the inspection reports in the process of monitoring the standard of care being provided.	September 2005	N/A	N/A	N	Service providers are monitored by CSCI, now currently part of OFSTED. Further, a quality assurance control is in place in the form of Pan-London inspections on services providers.
	It is recommended that all initial evaluation assessments carried out by Pan London should contain confirmation that evidence of CRB/Police check clearance was seen for all relevant staff, prior to a service provider being approved.	The CSCI inspection undertake a full audit of CRB checks and references during their inspections – the Placements Service will ensure that they have proof that all staff have the relevant checks – via either the Pan London	September 2005	N/A	N/A	N	CRB checks are the responsibility of CSCI (OFSTED), and not the responsibility of the Service. The reports produced by CSCI should cover how agencies or service providers perform their CRB checks. The Service do not enter into

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	Details of CRB checks performed on all agency social workers should also be documented on file.	contract or through the CSCI inspection process. Deputy Director to review validation/ checking process and record keeping practice in all teams/ services to ensure same procedure is followed.					any agreement with service providers not approved by CSCI unless there are extenuating circumstances.
	It is recommended that LAC Placement Plan 1 and LAC Essential Information Record 1 forms are kept on the placement file for each child or young person. All forms should be signed by the relevant social worker and carer.	These forms have been replaced with the Placement Information when the Integrated Children's System was introduced in July 2005. Case files to include review of documentation compliance.	June 2005	Implemented	N/A	N	
	It is recommended that the senior management team should approve the annual budget, prior to the start of the financial year. This approval should be evidenced by a signature and date from an appropriate senior officer.	Procedure for formally signing off annual budgets to be complied with.	June 2005	Implemented	N/A	N	

Follow Up of 2005/06 Priority 1 Recommendations

Audit Area	Recommendation	Management response	Original deadline	Status	Revised deadline	Management action required	Update
1. Payroll and Expenses	It is recommended that all expense payments should be made through the payroll system. The Payroll Service should develop a plan for the implementation of this element of SAP across the Council.	It was agreed as part of the SAP Project that Expenses should be paid through the payroll but no actual decision was made on what the process would be. The whole process is to be included in the Business Process Review that is currently ongoing. The outcomes from that will assist in formulating a plan for the implementation of this recommendation.	31/03/06	Not Implemented	Nov 2007	Y	This recommendation has been re-raised in the 2006/07 Internal Audit report. The HR Pay Support and Systems Manager stated that there are two outstanding issues which prevent this process from being implemented. First, Single Status and Equal Pay negotiations with Trade Unions are scheduled to be completed in November 2007. These will cover the issue of expenses, subsistence, values and methods of payment. Secondly, there is the issue of concern over paper claims with attached receipts moving across the Council from employee to manager and on to Payroll. An online process is being developed for Payroll to manage the claims. The process flow would be: • The employee completes an online form and prints it out; • The employee attaches the

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							receipts to the form and sends these to the manager; • The manager verifies the claim; • The manager confirms that this has been done on the online; • The manager emails the form to a specific HR/Payroll mailbox; and • HR/Payroll process the claim – payment is received by the employee through their next pay.
2. Debtors	It is recommended that management should take appropriate actions to ensure that targets for debt recovery are met.	DRO targets can be subject to large monthly variations and are being reviewed for 2006/07, the revised target will address this issue and be more focused in on collecting Aged Debt. Debt collection is devolved across the Council, overall targets will only be achieved if Business Units achieve their own target set, and this has not been achieved in 2004/5.	01/06/06	N/A	N/A	N	Days Revenue Outstanding (DRO) is no longer used to measure debt recovery. However, management have confirmed that: “There is now an aged debt reduction target, specifically targeting the oldest debt, i.e. (over 211 days). This new method targets debt over the course of the year. This has been agreed with all of the Business Units and it is monitored at Debt Management, which is business unit specific, and Debt Board.” The above control will be tested as part of the 2007/08 Internal Audit starting on 2nd July 2007.
3. Council Tax	It is recommended that in advance of the annual billing run the service	This is a standard annual billing procedure although	Existing procedure	Implemented	N/A	N	Reconciliation was carried out for the 2006/07 billing run and a reconciliation report was

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	should complete a reconciliation of the Gross Debit on the Council Tax system with the amount that is expected to be received.	there has been a problem with obtaining the original document in order to evidence this.					produced.
4. OHMS Housing Rents	It is recommended that all housing rent write-offs should be authorised in line with the Council's Finance Procedure Rules and evidenced by a signature and date.	The Lead Member will be reminded of his responsibility to sign off Write-Offs	31/01/06	Partly implemented	N/A	N/A (To be followed up in 2007/08)	Revision of the Write Off procedure has been carried out. For write-offs over £1,000 approval from the Lead Member for Finance is required. However, testing could not be carried out since no write offs had been carried out for the 2006/07 financial year. This will be followed up with regard to any write-offs in 2007/08.
5. NNDR	It is recommended that management should implement a formal procedure for the write-off of irrecoverable NNDR debts.	The previous write-off procedure has been benchmarked with other Local Authority's and is in the process of being updated. The revised procedure is effective from 01 April 2006.	01/04/06	Partly implemented	2007	Y	The Head of Local Tax & Benefits is currently working with LRG (London Revenue Group) in entering into an agreement with other councils to share debt data (LOCTA). In the mean time the contract with Experian is still currently in the process of being implemented. The procedures cannot be formalised until both these contracts are implemented.
	It is recommended that a process should be	Agreed	30/06/06	Implemented	N/A	N	After enquiry with the Benefits & Local Taxation

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	established for regular review and follow-up of large credit balances. A limit should be set by management over which balances should be investigated and cleared. The report of the credit balances under review should be signed and dated by the Benefits and Local Taxation Manager.						Manager, it was confirmed that the RRV414 Reports are produced to monitor large credit or debit balances. These reports can be produced on an ad hoc basis if required. The above was confirmed by testing as part of the 2006/07 Internal Audit.
6. Personnel	It is recommended that a circular is sent out to all managers reminding them of the importance of referring all employees that work in high risk areas to the Occupational Health team for inoculations. There should be a policy with clearly stated guidelines for managers to follow in order to decipher when inoculations would be relevant.	Agreed: We are in the process of developing a number of healthy workforce initiatives. These will be publicised during 1st quarter of new year. This action can be picked up then. Action: Siobhan Sharpe, Occur Health Manager and Claire Barnes, HR Business Partner	31/03/06	Ongoing	Sept. 2007	Y	A circular will be sent out once the Healthy Workforce Initiatives have been agreed by the Head of HR. Policies need to be sent to the union. Pre-employment is an area which is specifically targeted. In the meantime only targeted areas have had circulars sent out in order to inform managers of the potential need for inoculations.
	It is recommended that the management within the Personnel Service department, should inform IT of leavers within their team on a timely basis.	Agreed: We are working with IT at present to develop a number of electronic forms that will make starter and leaver process easier and more automated. We will also provide monthly reports of leavers to IT.	Feb 06	Implemented	N/A	N	

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		Action: Tina Charalambous, HR Pay, Support & Systems Manager.					
7. New Deal for Communities (NDC)	It is recommended that a formally written agreement between the Bridge NDC and Haringey Council (the Accountable Body) should be put in place as a matter of urgency. The agreement should clearly define the responsibilities and duties of both parties.	Agreed. Arrangement will be put in place to commence discussions with the Accountable body to progress this matter.	August 2006	Implemented A signed finalised SLA is in place.	N/A	N	
	It is recommended that the contract for the provision of consultancy services between the NDC and Economic Research Services Limited should be signed by both parties as a matter of urgency.	Agreed.	2007	Implemented A signed contract is now in place.	N/A	N	
8. Homelessness, B&B and Temporary Accommodation	It is recommended that Gas and Electric Safety certificates are held on file for all properties. This recommendation has been raised previously.	Procedure is in place for all boilers in PSLs and Hostels to be inspected once a year. The valid gas certificates for those properties on the Councils gas maintenance contract are kept centrally with HHBS. For those properties not on the Council gas maintenance contract, annual certificates are	Ongoing and already in action	Implemented	N/A	N	We will complete testing in 2007/08 to confirm ongoing action by management.

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9. Sustainability	It is recommended that Corporate Procurement should formalise the draft Sustainable Procurement Strategy and Procurement Policy. This should address the following issues: • Sustainable Procurement; • Aims; • Programme Development; and • Supporting Processes.	kept on the house file. CPU recognise that a sustainable procurement strategy should be developed and that a policy is required, which outlines the main aims of any procurement activity. The strategy is out for consultation and will then require CEMB and/or procurement committee approval.	Oct 06	Partly Implemented	July 2007	Y	A draft Sustainable Procurement Strategy has been prepared and a report will be made to Chief Executive's Management Board.
	It is recommended that Corporate Procurement should develop procedures on Sustainable Procurement which should include the following: • guidance with regards to sustainability issues; • contract conditions and monitoring; and • fit for purpose specification and evaluation. All procedures should be distributed to relevant officers and reviewed on an annual basis, or sooner, to reflect any changes in regulation or legislation.	Sustainable development guidance is already included in the procurement manual and should be followed. This could be extended to Harinet, with links to other relevant sources on information on the internet. Contract conditions will be developed, where important regulations apply they should be included, otherwise standard regulatory compliance clauses should be sufficient. However, rigid specifications can stifle innovation, so it is recommended that outcome specifications should be developed and used. Some of	Contract conditions, specification s December 2006 & ongoing development	Partly Implemented	Sept. 2007	Y	A sustainable procurement checklist is included within the Procurement Manual. Further guidance is required and will be developed by September 2007.

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		these are already available externally, e.g. WRAP, have highways specifications that can be followed. Monitoring contract conditions should be the responsibility of the client officer, not Sustainable Development Manager.					
	It is recommended that the Sustainable Development Manager should perform a monthly check on a sample of environmental checklists completed by Project Managers. The check should be evidenced by an initial and date. The checklist identifies Sustainability policy requirements, responsibilities and compliance with legislation and regulation. Consideration should also be given to include the monitoring of conditions set by the Project Managers that are approved by the Procurement Committee.	An environmental checklist and evaluation model are in the procurement manual and should be followed. This will be developed to cover other aspects of sustainable development. In terms of environmental and other regulatory compliance issues, the same consideration should be given as financial, equal opps. and H&S. There is insufficient resource for the SDM to take on a compliance role. Project managers, using information provided by their consultants / contractors should report back to members as required on sustainable development undertakings.	Jun 06	Not implemented	July 2007	Y	The Sustainable Development Manager has requested an Administrative Officer to set up a procedure to cover this area.

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	It is recommended that quarterly meetings should take place between the Sustainable Development Manager and the relevant Project Managers for all projects over a threshold value of £500,000, so as to: - Identify and allocate work with regards to Sustainability; and - Raise any issues with regards to good or bad practice.	There is limited resource for the Sustainable Development Manager to be involved in the volume of projects that are carried out across the council. This recommendation has a resource implication that I am not sure we can fulfil.	Oct 06	Not implemented	TBC	Y	No meetings have been set up. We are in further discussions with management.
	It is recommended that the Sustainable Development Manager should be involved in projects above the threshold value of £500,000, from initiation, prior to the project being presented to the Procurement Committee, until its completion so as to ensure that sustainability issues have been addressed.	This is a very important point, particularly if the project officer is inexperienced in sustainable development matters as it is very difficult to ensure sustainable development aspects are included retrospectively. A protocol or early engagement and a process of sign-offs should be established.	Immediate	Not implemented	TBC	Y	There needs to be an amendment to the Procurement Manual to ensure that there is an instruction to involve the Sustainable Development Manager in large projects.
10. Asylum Seekers Grant Claim	It is recommended that the reporting function of Framework I be developed and used to: Verify Client Index to Framework I transfer; and Conduct a monthly reconciliation of Framework I, Framework I Financial	We have recognised the risk and have elevated this to senior departmental management. This issue has been raised with E-care team and corelogic. The E-care project board are aware	Oct 05	Implemented	N/A	N	

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	Interim (FIFI) and SAP.	of the difficulties and the impact on the Asylum Service business. It is suggested that a reporting tool (business object) be bought to enable the service to run independent reports both for reconciliation, performance monitor and manage the regular reporting to the Home Office. This is awaiting a decision by E-care board. The reporting system within framework-I is currently being tested and is scheduled to be released in October 2005. Current Status: We are now able to run reports from FIFI, which have been used to verify the transfer of Client Index information to Framework-i and to complete the monthly reconciliation with SAP.					
	It is recommended that the differences identified on the May 2005 SAP to Client Index reconciliation be investigated and resolved.	This is an ongoing project. The next report will be produced on 14 September 2005. The Finance Manager will	Sep 05	Implemented The reconciliation is an ongoing	N/A	N	

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		undertake to clear all the discrepancies by end of September 2005. Any further discrepancies will be investigated to be resolved on the monthly basis. Current Status: An update on the work carried out to reconcile the differences identified in the May 05 SAP to Client Index is provided below: 144 out of the 217 cases on Client Index not on SAP have been resolved, the remaining cases will be checked as part of our ongoing monthly reconciliation. 14 out of the 16 cases on SAP not on Client Index have been resolved, the remaining cases are being investigated. Out of the 113 cases having a difference of more than £1,000, we are left with 52 will be checked as part of our ongoing monthly reconciliation.		process and the differences that were identified in 2005/06 were corrected which facilitates the closure of accounts and grant claim submission.			
11. School	It is recommended that purchases made by the	Managers to complete a program of scheduled	Jun 05	Implemented	N/A	N	

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Catering	Heads of Kitchen should be monitored on a regular basis by Area Managers. A timetable detailing when each kitchen is to be visited should be maintained and signed off by the Area Managers after each visit to the kitchens.	review meetings and give feedback at their monthly reviews for which a program will be set.		Kitchen Visit Programme in place for each month.			
12. Customer Services Application	It is recommended that the following password and logical controls should be implemented and where possible enforced by the system/application: • a minimum length of 6 characters and the use of a mixture of alpha and numeric characters; • re-use of previous passwords over a period of time should not be allowed; • passwords should be forced to be changed after a certain period of time, for example, between a period of 30 to 90 days; and • user accounts should be locked after a number of invalid password entry attempts (e.g. 3 attempts).	We agree that account lockouts and password controls will be of benefit and are looking to implement these in the near future. The Project team have been advised and will review the requirements against future developments. At the time of the audit we were some 2 months away from migrating to a new Application Support provider (Cap Gemini) and were not in a position to implement these changes.	Planned as part of Release 3 due in Sep 06	Partly Implemented	None Given	Y	Management have stated that the recommendation has been reviewed. However, the department is currently working on a "strategic solution for password and logical controls across all systems – "single sign on". The CRM contract is due for renewal or replacement in June 2008". A time scale for the single sign on development is not yet fully defined. The strategic solution to be rolled out across all systems is still in the works, and no revised deadline for this has been given – it is stated that this is due to the strategic development being linked to other developments.
13. IT Risk Management	We recommend that Senior Officers, both within IT and in corporate management, assure themselves that the	Outstanding – risk register was developed for IT services.	Not Given	Implemented A risk register has been	N/A	N	

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	overall Council risk management process is properly informed by the IT risk assessment process. In particular: - The corporate Risk Management Strategy should ensure oversight of IT risks, with IT risks and risk management adequately addressed in CEMB, Audit Committee and Senior Management Team meetings; - The IT Risk Management process should feed into corporate decision making processes and overall business strategy; - Responsibilities for Corporate Governance processes should explicitly identify IT risk management responsibilities and IT governance; and - Consideration should be given to integrating or otherwise aligning IT risk assessment and prioritisation mechanisms with the Council risk management process.			developed for IT to identify key risks, assess the adequacy of existing controls to mitigate the risks and identify further actions.			
14. Telecommunication	We recommend that a telecommunications strategy should be drawn up to	IT Services is currently undergoing a restructure and it is	Dec 06	Ongoing	2007	Y	The Telecommunications Strategy is linked into the IT Strategy., and has not yet to

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	reflect the current and future needs of the Council. All relevant issues should be included in the strategy, including: • Links to an IT strategy (e.g. VoIP); • Links to a communications strategy or plan; • Links to any accommodation reviews; • Use of mobile telephones; • Any e-government developments such as contact centres; • Ability to control and monitor costs (e.g. through use of extension features such as Personal Identification Numbers); and • Connections to smaller Council premises and schools.	anticipated this will address resource issues within the Telecommunications Team. Training and membership will be agreed with management & provided to relevant Telecommunications staff as per individual staff work plans and the People Plan. Documented procedures will be written during the IT Services in sourcing project and BS 7799 transition project to ISO 27001.					be fully rolled out. Documented procedures will be written during the IT Services insourcing project and BS 7799 transition project to ISO 27001.
	We recommend that a security policy should be formalised to include, for all appropriate systems (e.g. Switches, ACD, Voicemail, Call logger, Auto-attendant): • Responsibilities (also to be documented in job descriptions); • Standards (e.g. password length, period of change);	Point 1 - In mediation, although security is not detailed within staff JDs, security responsibilities do form part of the Council's Terms and Conditions within staff contracts and employee folders. Point 2 - These Standards exist within "ISP007 Access		Partly Implemented	2007	Y	Although some controls are in place, as detailed out in the management response, there is still no documented formal security policy in place.

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	- Procedures and guidelines; - Compliance checking; and - Regular security check requirements and procedures. (C.f. next recommendation).	Control Policy" & "ISS002 Information Security Standards Manual", which are both published on Harinet. These documents form part of the Council's overall Information Security Policies, which are certified to the BS 7799 standard. There is also a Telecommunications Acceptable Usage Policy (AUP004) Point 4 – Procedures and Guidelines to be drafted, published & implemented. Points 5 & 6 - Compliance checking / security checks will be undertaken as per the IT Services Quality Assurance audit process.	31/08/06 Ongoing				
	We recommended that the class of service restrictions for call intrusion should be reviewed to ensure that users only have access to the level of intrusion which they require.	Class of service restrictions for call intrusion were reviewed as a matter of urgency following the audit. Users now only have access to the level of intrusion which they require. (Only Call	Completed	Implemented	N/A	N	

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15/ Arms Length Management Organisation (ALMO)	We recommend that monthly Financial Reports should be produced and presented to the Project Board at the monthly meetings. The monthly Financial Reports should include the following key details: • profiled budget across each month and for each cost element; • monthly expenditure against each cost element; • projected expenditure to year-end; • projected under/over spend at year-end; • identification of any significant variances between actual and budgeted expenditure; • reasons for any significant variances and for any projected under/over spend at year-end; and • identification of appropriate corrective action to rectify any significant variances.	Centre supervisors now have this facility, i.e. to monitor calls received by their own staff). Routine reviews will be undertaken. Budget report will be standing item at both Project Implementation Team and Project Board meetings	Next Project Board: 15 Nov Next Project Imp team: 2 Nov	Implemented	N/A	N	The ALMO has now been created as Home for Haringey and therefore the Project Board no longer exists. Board of Directors created for Homes for Haringey in its place, with a Finance and Audit Committee. Minutes of Board and Committee meetings held on the Homes for Haringey website and confirmed that at each meeting of the Finance and Audit Committee there is a Financial Monitoring Report. Board of Directors receive the Committee minutes draft outturn for review and approval, plus approval of policies e.g. expenses policy, governance arrangements.

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16/ iPlan application and e-Planning	We recommend that improved Logical Access Controls should be put in place within the e-Planning Application. These should conform to BS7799 standards and include the following:- - password required to access the system and minimum length of 6 characters; - enforced Password Change of 60-90 days; - password history of 6 passwords; - user account lock out after three unsuccessful attempts; and - passwords comprised of both alphabetic and numeric characters.	Agreed. Already in hand with Northgate IS. Acknowledged prior to the audit and raised with Northgate awaiting audit report. Raised – addressed - e-mail correspondence obtained. <i>Upgrading to version 2.6.1.2 – Darren Colthrust (leave until 4th June) – been out for a year.</i> <i>2.7 to come out this week with new security. Keep until release – released within two weeks.</i>	Not given	Ongoing	After October 2007	Y	At the moment it is acknowledged that the password security is not BS7799 compliant. Further password security issues were raised amongst user groups of the same Northgate system.for correspondence). Currently there are plans by management to implement an upgraded version of the system (version 2.6.1.2) which is in the testing phase of implementation. Another version of the Northgate system is due for release soon, however, the security specifications of this new version have not been released to the clients at this current moment in time. The implementation of this control is wholly dependent upon the development of password controls on the Northgate programs. If the coming update contains BS7799 compliant password controls then this control will be implemented before the end of the month. Upon discussion with Darryl Colthrust, it was confirmed that Northgate 2.6.1.2 is NOT BS7799 compliant. However, the following release, Northgate 2.7 is BS7799

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							compliant. Although no date for the implementation of Northgate 2.7 can be given, the testing phase of the implementation of Northgate 2.7 will start in October 2007.
17/ Children's Centre	It is recommended that a formal agreement should be put in place between the Children's Centres and the Link Centres, which documents all the terms and conditions, and contractual obligations of both parties.	A draft Partnership Agreement is currently going through a consultation process. It went to the Children's Centre Strategic Planning Group on 7/2/06 and has been circulated to each Local Planning Group for comment. This document clearly sets out roles and responsibilities at local level and provides an opportunity to define the relationship between a main centre and its satellites. Each Head of Centre is building relationships with satellite providers through the Local Planning Groups and 1 to 1 meetings. An SLA will support this document.	30/06/06	Ongoing	July 2007	Y	SLAs between Children's Centres and Links Centres need to be updated every year. The current year updated SLAs are in the process of being written up and approved. The revised deadline for fully updating all the SLAs with Children's Centres and Links Centres is July 2007
	It is recommended that a formal agreement should be put in place between the Council and the Children's Centres which documents	A draft Partnership Agreement is currently going through a consultation process. It	30/04/06	Ongoing	July 2007	Y	See above

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	all the terms and conditions, and contractual obligations of both parties.	went to the Children's Centre Strategic Planning Group on 7/2/06 and has been circulated to each Local Planning Group for comment. This document clearly sets out roles and responsibilities at local, network and strategic levels. It will be supported by a legal document where services are not being delivered by LB Haringey.					
18/ Social Services Procurement	It is recommended that all Waivers of Contract Standing Orders reports should be retained on file. A review of the contract register should be carried out on a regular basis to ensure that all identified waivers are supported by documentary evidence on file and that the register is accurate.	This contract was awarded prior to the setting up of the Contracts Section therefore details of the original process are not available (see also response to 6). Reports with regard to subsequent extensions of the contract are on file. The Council is currently carrying out a review of all Day Care Provision, this Review will make recommendations to Members with regard to the future provision of the whole of this Service and any subsequent	Achieved	Implemented	N/A	N	

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		procurement exercises. The Contract Register has been amended.					
19/ Alexandra Crisis Centre	We recommend that the Bank Mandate be updated to reflect the current arrangements within the establishment.	The bank has been contacted for a Change of Signatories form to be sent.	30/09/05	Implemented	N/A	N	A change of signatories form has been filled in by Yvonne Biasio (Manager of Alexandra Crisis Centre) in order to update the signatories list. This was sent to the Senior Payments Officer who then sought approval from the Insurance Risk Manager and the Acting Head of Corporate Finance. The latter signed off a letter to the bank to authorise the change in signatures. The bank mandate has been updated.
20/ Letting of contracts below 250k	It is recommended that the role of the Business Unit Lead Contract Officers (BULCO) be reviewed with the aim of clarifying the role. This should include the level of staff required to carry out BULCO responsibilities should also be defined. The results of this review should be clearly communicated to all relevant parties with definitive guidance notes produced.	The review of the BULCO role is now with the Head of Procurement and the Head of Procurement Projects and is planned for 06/7. New member reporting requirements and the impending implementation of the CMS have necessitated reconsideration of what procurement responsibilities sit where and any revision to the role will take this into account.	During 06/07 period	Implemented The role of the BULCOs has now been reviewed and clarified.	N/A	N	

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	It is recommended that, in order to successfully embed contract management processes throughout the Council, a BULCO working group should be established, including on-going meetings to discuss responsibilities of the BULCO's. This should also include dissemination of new procurement requirements and guidelines and sharing of good practise.	BULCOs meet ever month or so to discuss their involvement in various elements of procurement and delivery of CPU's strategy. The BULCO group will be assisting the CPU in finalising the Procurement Essentials course currently in development; this will take place in May 06. This course will also cover the contract register and other reporting requirements as well as other procurement rules and best practise.	Not Given	Ongoing	25/05/2007	Y	The first scheduled BULCO network meeting (which discusses all procurement requirements, guidelines and good practise, as well as training matters) is scheduled in the first half of 2007.
21/ Transport Service	It is recommended that the Transport Service should require that all drivers provide their driving licence on an annual basis to verify that they are still qualified to operate the vehicle. The Transport Service should request that Client Services provide the confirmation that all their drivers have satisfactory CRB clearance.	To obtain annual check of drivers licence, is aware that Passenger Transport do obtain CRB clearance for their drivers, will check with other services - where they are carrying children or vulnerable adults/older people.	Not Given	Ongoing	N/A	N	Upon enquiry with the relevant manager, Darren Butterfield, it was confirmed that driver licenses and CRB clearance confirmation are obtained and filed by each individual department, rather than being centralised. This will be followed up as part of other audits in 2007/08.
22/ TOREX Leisure Management System	It is recommended that management should review the current allocation of Users' access privileges, to ensure that Users only have access they specifically need for their respective job.	Agreed in principal. Considerable work was undertaken during the project, with active involvement of Leisure Centre Managers, to agree access privileges	End of Dec 06	Implemented	N/A	N	A matrix of existing user groups permissions has been set up by the system administrator. All users and their user groups are also listed on another table. From these two lists management

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Audit Area	Recommendation	Management response	Original deadline	Status	Revised deadline	Management action required	Update
	In particular, the need for access to most System Administration privileges should be reconsidered. If such access cannot be sufficiently selective, other ways of providing access to required privileges should be investigated.	that provide the correct balance between control and flexibility in a front-line customer service business. As the systems have now been in operation for nearly a year, it is timely to revisit this area. The new Business Development Support Officer role will conduct an independent exercise to review each User's access privileges. In the interim, we should initiate weekly reviews of the System Audit Reports to check where the Action is 'User' as this indicates any activity on the sensitive User tables. In particular, we need to focus on changes conducted by users other than the 3 approved site System Administrators.					are aware the permission levels for each individual user. The permissions assigned to each user type will be reviewed when user IDs are changed as a result of QUEST requirements. Existing users will get a new user ID and their group membership will be reviewed.
	It is recommended that management should request the software suppliers to correct the system in order to fully prevent access following repetitive invalid logon attempts.	Agreed in principle. We have previously sought improvements to login in security via the Torex User Group and are pleased to note that this has now been	Dependency on software supplier and Leisure implementing new release of Torex	Ongoing	Dependent on the development of security specifications of the TLMS system	Y	Management have noted this and are in contact with their vendors in order to take corrective action. However, because the software system is an off-the shelf product there is no way in which this can be altered by anyone besides

APPENDIX A

Audit Area	Recommendation	Management response	Original deadline	Status	Revised deadline	Management action required	Update
		included in their product 'road map'. We have subsequently forwarded the specific suggestions noted here and requested their incorporation into the development plan.	software – under review.				TOREX themselves. The full security specifications of the upgrade (due to be implemented soon) are not known at this current moment in time. However, there is a meeting in July with the vendors where this matter will be raised if the new upgrade coming up is not BS7799 compliant.
	It is recommended that management should consider how, and on what basis, the business of the Leisure Centre(s) should / can be continued in the event of a disaster affecting the TOREX Servers. These arrangements should then be formally documented, including responsibilities and actions in such situations.	Agreed. Business Continuity Planning (BCP) is a corporate requirement therefore a meeting has been arranged and guidance will be sought on the procedures and documentation required.	Draft at the end of Dec 06	Partly Implemented	No deadline given as any BCP planning with regards to the application server needs to be dealt with in conjunction with the IT department.	Y	Informal discussions have taken place. Although the data server is replicated at two sites, only one application server exists. In the event of a catastrophic failure, a new server will need to be built and the application installed. Although data loss is expected to be minimal, the centres would need to work manually until the application server was reinstated. There is no formal BCP document in place at the current moment in time. Management point out that a BCP, if created would need to be done in conjunction with the IT department in Haringey. Furthermore management have confirmed that any disasters can be dealt with, with minimal loss due to the fact that there are two separate data servers. There are

APPENDIX A

Audit Area	Recommendation	Management response	Original deadline	Status	Revised deadline	Management action required	Update
							procedures in place for when the application server goes down (and when ticketing requires to be performed manually).

Statement of Responsibility

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

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

Deloitte & Touche Public Sector Internal Audit Limited

London

June 2007

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APPENDIX B

IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/07 - 30/06/2007
& B/F FROM 2006/7

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/06/07	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Adult, Culture and Community Services	Misuse of blue badge B/F	1	1	1	Dismissed Dismissal Upheld at Appeal ET Lodged	
	Irregular Car Mileage Claims B/F	1	1	1	No action due to mitigation Repayment actioned	£500
	Allegation of housing fraud B/F	1	0	0		
Chief Executive's	Allegation of housing fraud	1	1	1	Pending	
Children & Young Peoples Service	Working whilst off sick	1	1	1	Dismissed Dismissal upheld at Appeal ET Lodged	
	Alleged misconduct	1	1	1	Pending	

APPENDIX B

IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/07 - 30/06/2007
& B/F FROM 2006/7

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/06/07	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Urban Environment	Allegation of private work during work time	1	1	1	Dismissed	
	B/F				Dismissal upheld at Appeal	
	Alleged Irregular housing application	3	3	3	ET Lodged 2 x Dismissed	
Non-specific	IRR328 Charles Muotto				2 x Dismissal Upheld at Appeal	
	B/F				2 x ET Lodged 1 x Pending	
	LBH cheques claims of non-receipt	0	N/A	N/A	N/A	
Total		10	9	9		£500

Disciplinary Case Analysis April 2007 to June 2007

Introduction

The information in this report is taken from SAP. It covers the period 01 April 2007 – 30 June 2007.

The data is based on Haringey Council employees who

- hold Permanent, Temporary or Fixed Term Contracts
- are considered as Supernumerary (employees that have been on a Temporary Contract for more than 52 weeks)

Note that this data excludes:

- Casual or Sessional Workers
- Teachers
- Agency Workers

Legend	
Adults, Culture & Community Services	AS
The Children & Young People's Service	C
Corporate Resources	CR
People & Organisational Development	PO
Policy, Performance, Partnership & Comms	PP
Urban Environment	UE
Haringey Council	HGY

Note: *The Children & Young People's Service - Schools do not enter Formal Procedures data into SAP*

The Council's Disciplinary Procedure is considered as a tool to assist in good management and not solely as a means of imposing sanctions or setting out procedures leading to dismissal.

The procedure aims to:

- Allow managers to address issues of unsatisfactory conduct and seek improvements in behaviour
- Ensure that employees covered by the procedure are treated fairly and consistently
- Ensure that proper and adequate procedures are observed before any disciplinary decisions are taken
- Help and encourage all employees to achieve and maintain standards of conduct, attendance and job performance
- Maintain discipline essential to the delivery of high quality services
- Protect the health, safety and well being of staff, service users and members of the public
- Safeguard the integrity and good reputation of the Council
(Disciplinary Procedure July 2005)

Disciplinary Cases

This section looks at the number of formal actions taken against employees under the disciplinary procedure based on data retrieved from SAP.

Disciplinary cases by directorate				
Directorate	Cases open	Cases closed	Total	%
AS	13	1	14	1.0
C	4	2	6	0.4
CR	7	4	11	1.2
PO	0	0	0	0
PP	1	2	1	1.1
UE	6	4	10	1.6
HGY	31	13	44	0.9

⁺ = % of all staff in Directorate

- Urban Environment has the highest percentage of disciplinary cases against their workforce at **1.6%**
- **31** cases remain 'open' at the end of this period.

The following table looks at the stages of Disciplinary cases.

Stages of disciplinary cases				
Stage	Cases open	Cases closed	Total	%
Invest. - suspended	17	5	22	50
Invest. - not suspended	8	8	16	36
Appeal	2	0	2	4
ET	4	0	4	9
Total	31	13	44	100

Please, note that the total number of cases is 44, but this only represents 43 employees. The reason being, that one employee can have more than one case running concurrently. For example, an employee's dismissal could count as one case and their appeal as another. All Disciplinary Appeals and Employment Tribunals are pursued by ex-employees of the Council who have been dismissed through our Disciplinary procedures. In this quarter there were 4 dismissals, so it is likely that the number of Appeals and Employment Tribunals are going to go up in the coming quarters.

The following table identifies the outcomes of the 14 cases that were concluded.

Disciplinary case outcomes						
Outcome	Invest. - suspended	Invest. - not suspended	Invest. - appeal	Invest. - ET	Total	%
Appeal dismissed	0	0	0	0	0	0
Appeal upheld	0	0	0	0	0	0
Dismissal	3	1	0	0	4	31
No action	0	2	0	0	2	15
Other	0	0	0	0	0	0
Part upheld	0	0	0	0	0	0
Verbal warning	0	5	0	0	5	38
Written warning	1	0	0	0	1	8
Final writ warning	1	0	0	0	1	8
Resigned	0	0	0	0	0	0
Suspension lifted	0	0	0	0	0	0
Total	5	8	0	0	13	100

- **38%** of cases had an outcome of Verbal Warning
- **31%** of cases resulted in Dismissal

This table displays identifies reasons for Disciplinary action against employees.

Reasons for disciplinary cases				
Reason	Cases open	Cases closed	Total	%
Assault	0	1	1	2
Attendance	1	3	4	9
Behaviour	8	5	13	30
Fraud / Theft	12	0	12	27
Misuse of resources	4	1	5	11
Negligence	2	1	4	7
Other	4	2	6	14
Total	31	13	44	100

- The highest cause for disciplinary action was for Behaviour at **30%**.

Suspensions

This table shows a summary of suspension cases.

Summary of suspension cases	
Case status	Total
No. of cases heard	5
No. of cases not concluded	17
No. of cases not concluded - leaver	0
Total	22

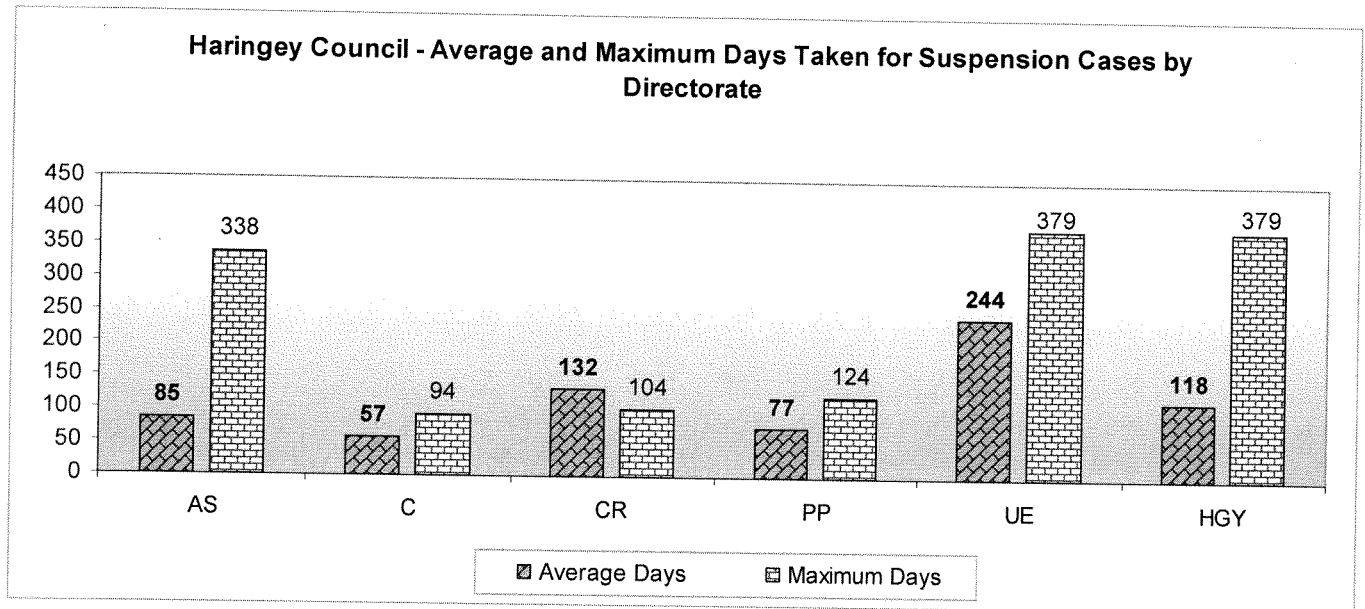
Of the 22 suspensions, 5 cases have been heard.

The table below looks at the 22 suspension cases and identifies the no. of working days each case has taken. If the case has not concluded by the end of the period, the number of working days is calculated from the start date of the current disciplinary stage to the end of the quarter.

The table also identifies, by directorate, the average number of days suspension for each case and the maximum days for a single case.

Timescales of suspension cases										
Directorate	1-60 days	61-120 days	121-180 days	181-240 days	240+ days	Total cases	Total cases heard	Total no. of days taken for all cases	Avg. days	Max. days
AS	4	1	0	0	1	6	1	512	85	338
C	2	3	0	0	0	5	1	285	57	94
CR	1	3	0	0	1	5	0	662	132	104
PO	0	0	0	0	0	0	0	0	0	0
PP	1	0	1	0	0	2	1	153	77	124
UE	0	1	0	1	2	4	2	975	244	379
HGY	8	8	1	1	4	22	5	2587	118	379
Total cases heard	1	2	1	0	1	N/A	5	N/A	N/A	N/A

In this quarter, on average, 118 days were spent on suspension. This is more than what it was in the final quarter of 2006/7, but still 39 days less than it was a year ago.



Personnel have only recently been able to generate useful management information on the length of suspension cases. Now that we can start to monitor this regularly management action will be started to ensure that the length of suspensions come down, including changes to management guidance on the operation of the disciplinary procedure by giving timescales for investigation and length of suspension.

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Agenda item:

[No.]

Audit Committee

On 10th July 2007

Report Title: **Risk Management – progress report**

Forward Plan reference number (if applicable): **N/A**

Report of: **Head of Audit and Risk Management**

Wards(s) affected: **All**

Report for: **Non-key decision**

1. Purpose

- 1.1 To inform the Audit Committee of the updated corporate risk register and progress made in implementing the council's risk management strategy.
- 1.2 To inform the Audit Committee of the proposals to further develop risk management across the Council.

2. Recommendations

- 2.1 That the Audit Committee notes the progress made in implementing the council's risk management strategy and considers the latest version of the corporate risk register and notifies any changes, new risks, or actions required.
- 2.2 That the Audit Committee endorses the proposals to further develop risk management across the Council.

Report Authorised by: **Acting Director of Finance**

Contact Officer: Anne Woods, Head of Audit and Risk Management

Tel: 020 8489 5973

Email: anne.woods@haringey.gov.uk

3. Local Government (Access to Information) Act 1985

- 3.1 The following background documents were used in production of this report:
- Haringey Council Risk Management Strategy.

4. Background

- 4.1 At the Audit Committee meeting on 26 April 2007, a report was presented which outlined the progress made to date in implementing the Council's Risk Management Strategy. The report also provided details of planned work in 2007/08 and outlined operational developments which would take place to ensure the risk management strategy was complied with.
- 4.2 The Council underwent a re-shaping exercise during the last quarter of 2006/07, with new directorates in place from April 2007. There were changes in the reporting arrangements for some business units as a result of the reshaping exercise. Internal audit has been working with business units and directorates since April to realign risk business unit risk registers within the new reporting arrangements. This exercise is nearing completion, with all changes expected to be completed by the end of July.
- 4.3 The Audit Committee requested that a revised Corporate Risk Register should be considered by Members as part of the risk management process. It was agreed to circulate this document for consideration.
- 4.4 In addition, Members have received detailed action plans in respect of the Use of Resources (UoR) key lines of enquiry (KLOE's) which include specific references to risk management and it is considered relevant to advise Members of the proposed actions that are being considered in order to achieve an improved UoR score.

5. Progress to date

- 5.1 The Risk Management implementation plan was approved by CEMB and the Audit Committee in March 2006. The Council has made progress in implementing the agreed risk management plan and this is outlined in this report. Some examples of good practice have been:
 - Ensuring all business units and departments have their own risk registers, which have been subject to independent testing by Internal Audit as part of an ongoing programme;
 - The appointment of departmental risk management representatives to assist in developing and maintaining risk registers;
 - Using the corporate risk management approach as part of the development of the council's project management framework;
 - Using the risk management approach for key areas outside of project management arrangements e.g. Supporting People, re-tender of the council's banking services.
- 5.2 The revised corporate risk register has been circulated to Members for consideration. The corporate register is compiled using business unit and departmental risk registers. It includes those risks which either had the highest residual risk ratings, or those risks which featured in all, or most, departmental and business unit risk registers. The controls included in the corporate register are a representative sample of the key controls identified by Business Units and Departments. Other controls are in place, but those listed are considered to be the key controls.

- 5.3 The revised corporate risk register has recently been presented to CEMB for review. Overall, the key risks in the Corporate Register have remained unchanged during 2006/07, although the risks associated with 2 inspection regimes (corporate assessment and JAR) have reduced and these no longer feature specifically on the corporate register. The evaluations for the inherent and residual risks represent the highest allocated within each business unit or department.
- 5.4 CEMB determined that the revised corporate risk register incorporated what they considered to be most of the key risks to the Council. However, CEMB wished to include some additional risks which they considered should be kept under review to ensure that the Council was taking appropriate actions to manage, namely:
- Inability to manage a major terrorist incident or other large scale emergency appropriately;
 - Failure to deliver the Community Strategy priorities and/or the Council Plan;
 - Failure to achieve 2 star rating for the ALMO;
 - Failure to manage financial resources as a result of the Comprehensive Spending Review 2007;
 - Failure to deliver savings through the corporate procurement processes; and
 - Failure to implement appropriate client/contractor relationships for key contracts.
- 5.5 The above risks will be incorporated into the corporate risk register following discussions and feedback at Audit Committee. The resultant risk register will be reported to CEMB and the Audit Committee regularly during 2007/08.
- 5.6 In addition to the development of risk registers, the council has been working towards embedding risk management processes across all its key functions and processes. Risk management is part of the business planning process, including the pre-business plan review stage and the final business plans, where business units are required to consider the key risks to the achievement of their objectives.
- 5.7 Risk management is also a key element of the council's revised project management arrangements. Risks and issues are considered as part of the monthly reporting processes to Stream Boards, including the presentation of 'traffic light' indicators against each risk area. Areas which report 'red' indicators provide further information on the reasons and actions taken to redress the situation.
- 5.8 Work has already started in 2007/08 to align risk management and business continuity activities across the council. This will ensure that key issues are considered appropriately and that duplication is minimised.
- 5.9 During 2006/07, work began on developing a risk management framework for partnerships and community bodies. This is being undertaken by officers from across the council and will ensure that key risks within these areas are appropriately identified and managed.

6. Proposed developments

- 6.1 Following the realignment, Internal Audit will continue with the programme of support and assistance to departments and nominated risk champions to ensure that all risk registers are maintained appropriately. In addition, the 2007/08 annual audit plan has specified resources available to test the effectiveness of the controls identified in key areas.
- 6.2 In order to assess the progress made across the council, compliance with the overall risk management strategy and its implementation has been included in the 2007/08 audit plan and will be reviewed towards the end of the financial year.
- 6.3 As part of the process to update and review risk management arrangements, the council's risk management strategy will be updated to reflect the progress made to date. Work has already started to align the key project management, business continuity, health and safety and risk register processes and link these to the council's business planning cycle. It is proposed that the new 'Management of Risk' strategy encompasses all these elements to present a cohesive and uniform approach for the Council which will enhance planning and monitoring processes.
- 6.4 The Audit Committee will be provided with the revised strategy for review and approval in accordance with the committee's terms of reference. Regular reports will be made to the Audit Committee during 2007/08 on risk management and the implementation of the strategy.



Haringey Council

Agenda item:

[No.]**Audit Committee****On 10th July 2007**Report Title: **Review of the effectiveness of the Audit Committee**Forward Plan reference number (if applicable): **N/A**Report of: **Head of Audit and Risk Management**Wards(s) affected: **All**Report for: **Non-key decision****1. Purpose**

- 1.1 To advise Members of the requirements of the CIPFA guidance, IPF Toolkit and the Audit Commission feedback as part of the Use of Resources assessment relation to local authority Audit Committees and their effectiveness.
- 1.2 To recommend an approach to ensure that the requirements of the CIPFA and IPF guidance are fulfilled and the Audit Commission feedback is appropriately addressed.

2. Recommendations

- 2.1 That the Audit Committee approves the proposed approach set out in Section 5 of this report to address the requirements of the best practice guidance and Audit Commission feedback.

Report Authorised by: **Acting Director of Finance**

Contact Officer: Anne Woods, Head of Audit and Risk Management

Tel: 020 8489 5973**Email:** anne.woods@haringey.gov.uk**3. Local Government (Access to Information) Act 1985**

- 3.1 The following background documents were used in production of this report:
- Audit Committees - CIPFA Guidance for Local Authorities
 - IPF Toolkit for Local Authority Audit Committees.

4. Background

- 4.1 In 2006, the Chartered Institute of Public Finance and Accountancy (CIPFA) published guidance in order to assist local authorities promote best practice and ensure their audit committees are effective. This guidance was not mandatory, or prescriptive, but covered the purpose, role and function of an audit committee.
- 4.2 A report was provided to this Committee in June 2006 setting out where Haringey did, or did not, fulfil CIPFA's suggested roles and responsibilities and best practice. A small number of recommendations were addressed by an action plan which was agreed at the committee. All the action points were addressed in 2006.
- 4.3 The Institute of Public Finance (IPF) produced a toolkit following the release of the CIPFA guidance, which built on the work already completed. The IPF toolkit aimed to provide a more detailed set of advice, give examples and suggest good practice to assist both officers and members who are involved in the operation of an audit committee.
- 4.4 The effectiveness of a local authority's audit committee is also reviewed by the Audit Commission as part of the CPA Use of Resources assessment. In the 2006 assessment, the Audit Commission commented that the Council should 'review how the Audit Committee can provide more effective challenge and share these results across the Council'.
- 4.5 Best practice recommends that all governance processes, of which the Audit Committee forms part, are reviewed to ensure that they comply with relevant statutory and local requirements and remain effective. It is therefore timely that a further review of the effectiveness of the Audit Committee takes place.

5. Proposed actions

- 5.1 There are no guidelines as to who should undertake this task. It is proposed that the Head of Audit and Risk Management undertakes the review for Haringey.
- 5.2 There is no prescribed format, or scope, for the review the effectiveness of the Audit Committee. However, both the CIPFA and IPF guidelines contain checklists which highlight the key requirements of an effective audit committee. It is proposed to use these checklists to compare Haringey's performance against the requirements identified.
- 5.3 The results of the previous review which was undertaken using the CIPFA checklist, and which were agreed at this Committee in June 2006, will be considered alongside the IPF checklist, a copy of which is attached to this report as Appendix A for information.
- 5.4 It is proposed that the Head of Audit and Risk Management interview all members of the Audit Committee to obtain their views and comments on how to address the requirements of CIPFA/IPF and the feedback from the Audit Commission. It is proposed that the 'comments/action' section of the IPF checklist is used to capture any suggestions and recommendations e.g. requiring service managers to attend Audit Committee if a limited/no assurance rating is given; consideration of inviting an independent person to be a member of the committee.

- 5.5 The Head of Audit and Risk Management will contact other authorities who achieve high Use of Resources ratings and/or notable practice ideas as identified by the Audit Commission in order to ascertain whether any of these issues could be considered or adopted by Haringey's Audit Committee.
- 5.6 The results of the review, together with any recommendations and areas for development, will be brought to the next meeting of the Audit Committee for consideration and approval.

Section 2 – Audit Committee self-assessment checklist

ESTABLISHMENT, OPERATION AND DUTIES					
Role and remit					
Priority	Issue	Yes	No	N/a	Comments/action
1	Does the audit committee have written terms of reference?				
1	Do the terms of reference cover the core functions of an audit committee as identified in the CIPFA guidance?				
1	Are the terms of reference approved by the council and reviewed periodically?				
1	Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?				
1	Can the audit committee access other committees and full council as necessary?				
1	Does the authority's statement on internal control include a description of the audit committee's establishment and activities?				
2	Does the audit committee periodically assess its own effectiveness?				

2	Does the audit committee make a formal annual report on its work and performance during the year to full council?				
Membership, induction and training					
1	Has the membership of the audit committee been formally agreed and a quorum set?				
1	Is the chair independent of the executive function?				
1	Has the audit committee chair either previous knowledge of, or received appropriate training on, financial and risk management, accounting concepts and standards, and the regulatory regime?				
1	Are new audit committee members provided with an appropriate induction?				
1	Have all members' skills and experiences been assessed and training given for identified gaps?				
1	Has each member declared his or her business interests?				
2	Are members sufficiently independent of the other key committees of the council?				
Meetings					
1	Does the audit committee meet regularly?				
1	Do the terms of reference set out the frequency of meetings?				

1	Does the audit committee calendar meet the authority's business needs, governance needs and the financial calendar?				
1	Are members attending meetings on a regular basis and if not, is appropriate action taken?				
1	Are meetings free and open without political influences being displayed?				
1	Does the authority's S151 officer or deputy attend all meetings?				
1	Does the audit committee have the benefit of attendance of appropriate officers at its meetings?				
INTERNAL CONTROL					
1	Does the audit committee consider the findings of the annual review of the effectiveness of the system of internal control (as required by the Accounts & Audit Regulations) including the review of the effectiveness of the system of internal audit?				
1	Does the audit committee have responsibility for review and approval of the SIC and does it consider it separately from the accounts?				
1	Does the audit committee consider how meaningful the SIC is?				
1	Does the audit committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?				

1	Has the audit committee considered how it integrates with other committees that may have responsibility for risk management?				
1	Has the audit committee (with delegated responsibility) or the full council adopted "Managing the Risk of Fraud – Actions to Counter Fraud and Corruption?"				
1	Does the audit committee ensure that the "Actions to Counter Fraud and Corruption" are being implemented?				
2	Is the audit committee made aware of the role of risk management in the preparation of the internal audit plan?				
2	Does the audit committee review the authority's strategic risk register at least annually?				
2	Does the audit committee monitor how the authority assesses its risk?				
2	Do the audit committee's terms of reference include oversight of the risk management process?				
FINANCIAL REPORTING AND REGULATORY MATTERS					
1	Is the audit committee's role in the consideration and/or approval of the annual accounts clearly defined?				
1	Does the audit committee consider specifically: - the suitability of accounting policies and treatments - major judgements				

	made • large write-offs • changes in accounting treatment • the reasonableness of accounting estimates the narrative aspects of reporting?				
1	Is an audit committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?				
1	Does the audit committee review management's letter of representation?				
2	Does the audit committee annually review the accounting policies of the authority?				
2	Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?				
2	Does the audit committee have a mechanism to keep it aware of topical legal and regulatory issues, for example by receiving circulars and through training?				
INTERNAL AUDIT					
1	Does the audit committee approve, annually and in detail, the internal audit strategic and annual plans including consideration of whether the scope of internal audit work				

	addresses the authority's significant risks?				
1	Does internal audit have an appropriate reporting line to the audit committee?				
1	Does the audit committee receive periodic reports from the internal audit service including an annual report from the Head of Internal Audit?				
1	Are follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?				
1	Does the audit committee hold periodic private discussions with the Head of Internal Audit?				
1	Is there appropriate cooperation between the internal and external auditors?				
1	Does the audit committee review the adequacy of internal audit staffing and other resources?				
1	Has the audit committee evaluated whether its internal audit service complies with CIPFA's Code of Practice for Internal audit in Local Government in the United Kingdom?				
2	Are internal audit performance measures monitored by the audit committee?				
2	Has the audit committee considered the information it wishes to receive from internal audit?				

EXTERNAL AUDIT					
1	Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognizing the statutory duties of external audit)?				
1	Does the audit committee hold periodic private discussions with the external auditor?				
1	Does the audit committee review the external auditor's annual report to those charged with governance?				
1	Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?				
1	Are reports on the work of external audit and other inspection agencies presented to the committee, including the Audit Commission's annual audit and inspection letter?				
1	Does the audit committee assess the performance of external audit?				
1	Does the audit committee consider and approve the external audit fee?				
ADMINISTRATION					
Agenda management					
1	Does the audit committee have a designated secretary from Committee/Member Services?				

1	Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?				
2	Are outline agendas planned one year ahead to cover issues on a cyclical basis?				
2	Are inputs for Any Other Business formally requested in advance from committee members, relevant officers, internal and external audit?				
Papers					
1	Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?				
2	Does the audit committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?				
Actions arising					
1	Are minutes prepared and circulated promptly to the appropriate people?				
1	Is a report on matters arising made and minuted at the audit committee's next meeting?				
1	Do action points indicate who is to perform what and by when?				

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