

**MINUTES OF THE AUDIT COMMITTEE
TUESDAY, 28 OCTOBER 2008**

Councillors Rahman Khan (Chair), Mallett (Vice-Chair), Bull, Davies, Diakides and Gorrie

Apologies Councillor Mughal

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PRAC48.	<p>APOLOGIES FOR ABSENCE</p> <p>Apologies for absence were received from Cllr Mughal, for whom Cllr Aitken was substituting.</p>	
PRAC49.	<p>URGENT BUSINESS</p> <p>There were no items of urgent business.</p>	
PRAC50.	<p>DECLARATIONS OF INTEREST</p> <p>Cllr Rahman Khan declared a personal interest as a member of the Haringey Pension Fund.</p> <p>Cllr Mallett declared a personal interest as a member of the Haringey Pension Fund.</p> <p>Cllr Aitken declared a personal interest as a member of the Haringey Pension Fund, and as a Council tenant.</p>	
PRAC51.	<p>MINUTES</p> <p>RESOLVED</p> <p>That the minutes of the Audit Committee held on 22 July 2008 be agreed and signed by the Chair as an accurate record of the proceedings.</p>	
PRAC52.	<p>DEPUTATIONS AND PETITIONS</p> <p>There were no deputations or petitions.</p>	
PRAC53.	<p>TACKLING HEALTH INEQUALITIES AUDIT REPORT AND ACTION PLAN</p> <p>Eugenia Cronin, Joint Director of Public Health, Haringey Teaching Primary Care Trust and Haringey Council, presented this report on the findings of the <i>Tackling Health Inequalities</i> audit report and actions taken to address the recommendations made in the report. The Committee considered the action plan in detail. In response to a question from the Chair, it was confirmed that, although CEMB had not submitted any further comments within the time limit for the report going to Audit Committee, the report incorporated all the comments made by CEMB at</p>	

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its meeting.

In response to concern expressed by the Committee at the complexity of the structures in place to address health inequalities, it was reported that it was necessary for the structure to address the breadth of the public health agenda, and that the structure of the sub-bodies reflected the different outcome areas. The Committee asked about the focus of the health inequalities agenda, and how all the different structures contributed towards this overall vision. It was reported that the structure of the different committees was designed to address the different targets relating to health inequalities. Life expectancy was identified as a key target, and it was reported that there was a specific life expectancy action plan, pulling together the work of the different committees, which could be presented to the Audit Committee for further discussion.

The Committee asked how the action plan would address issues relating to health inequalities at an in-depth level. The Joint Director of Public Health reported that the phase 2 of the Joint Strategic Needs Assessment would address these issues in depth, and would include areas such as looking at ways to use data more effectively to better understand the mobile population and their specific needs. The Committee suggested that a greater level of detail and data regarding specific projects should be included in the audit framework, so that performance could be more easily assessed, and it was agreed that this suggestion would be fed back to Grant Thornton, the Council's external auditors. The Committee also suggested that greater engagement with service users be explored, as they would be able to provide information on practicalities.

The Committee was advised that there was a health inequalities event being held on 25 November 2008, convened by the Overview and Scrutiny Committee, and that this would be an opportunity for members to explore these issues further.

The Committee welcomed the attendance of the Joint Director of Public Health, and thanked her for the report. The Committee considered the report presented by officers in respect of the recommendations made by the Council's external auditors, Grant Thornton, and it was:

RESOLVED

i) That the content of the *Tackling Health Inequalities* Audit Report and action plan be noted.

ii) That, in addition to noting the report, the following comments be expressed to the Cabinet, since health matters affect all individual residents and stakeholders, and the Local Authority has a key community leadership role in this area:

- That practical, value for money, steps be taken to make the overall population, including the mobile population, fully aware of their rights and responsibilities in relation to

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	<p>health inequalities, and to ensure that appropriate skills and training are available for all employees, officers, elected members and board, strategy group and theme group members so that they all fully understand their roles and are able to effectively meet the challenge of reducing early deaths from reasons identified as preventable before the target age of 75 years.</p> <ul style="list-style-type: none"> • That a robust, transparent, non-bureaucratic structure be established, such that each Partner is able to discharge their duties in relation to health in an accountable, joined-up and professional way. Additionally, each Partner should develop an approach to corporate social responsibility and any plans, strategies and policies appropriate to their respective roles, with available resources. 	
<p>PRAC54.</p>	<p>PROGRESS REPORT ON COUNTER FRAUD ACTIVITY RELATING TO HOUSING BENEFIT AND COUNCIL TAX BENEFIT</p> <p>Ian Biggadike, Acting Head of Benefits and Local Taxation, presented the report on the counter fraud performance of the Benefits and Local Taxation Service from the 1st July – 30th September 2008. The Committee was advised that 10 sanctions had been issued for this quarter, against a target of 31. It was noted that this underperformance was largely due to the suspension of Housing Benefit Matching Service referrals and subsequent data de-encryption problems during this period. It was anticipated that, despite the difficulties in this quarter, the targets for the year would be met.</p> <p>The Committee was advised that approximately £500k of overpaid benefits had been identified, for which approximately £200k had been generated from central government subsidy. It was clarified that the subsidy covered 40% of any identified overpayment as a result of fraud, but that the remaining 60% shortfall would need to be offset by the recovery of the overpaid amount by the council. It was reported that current recovery performance in relation to all in-year overpayments was approximately 55%, meaning that the subsidy paid and recovered overpayments for the year in relation to counter fraud activity would total around £474,843, offsetting the approximate overpayment of £500k. It was reported that if recovery performance were high enough, together with the government subsidy, more than 100% of the original amount paid out could be recovered. In addition to recovery work, it was confirmed that there was significant activity in place aimed at reducing the amount of overpayments paid out in the first place. It was confirmed that overpayments due to council error would be 100% subsidised by the government, up to a threshold amount.</p> <p>The Committee was advised of proactive work to encourage benefit claimants to notify the Council of any change of details, including the 'keep us informed' campaign, and work with customer services to ensure that callers were reminded to tell the council of any changes in circumstances. Work in partnership with the pensions service to</p>	

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	<p>encourage benefits take-up had resulted in around £674k of additional benefits being awarded to claimants, and the Acting Head of Benefits and Local Taxation would circulate the figures relating to this activity to Committee members outside the meeting.</p> <p>In response to a question from the Committee, it was confirmed that data was shared between the council and Homes for Haringey. It was also confirmed that the suspension of the Housing Benefit Matching Service did not affect the routine processing of claimants' information, and only had an impact on counter fraud activity. The Committee asked whether there was a policy in place to prosecute anyone found to be making malicious allegations of benefit fraud; it was confirmed that no such policy was currently in place, and that this would be looked into further.</p> <p>Concern was expressed that fear of sanctions if information was not updated quickly enough was a key factor in deterring people from claiming benefits to which they were entitled. The Committee agreed that it was in everyone's interests to ensure that people were claiming the benefits to which they were entitled, but also to ensure that only benefits to which people were entitled were paid out. It was suggested that the success in increasing the uptake of benefits via the partnership working with the pensions service be publicised, for instance in the Haringey People, as a way of encouraging further benefits take-up.</p> <p>RESOLVED</p> <p>That the report and the work being carried out by the Benefits and Local Taxation Service in relation to Counter Fraud activity be noted, in conjunction with the above comments made during consideration of the report.</p>	
<p>PRAC55.</p>	<p>AUDIT OF ACCOUNTS 2007/08</p> <p>Graham Oliver, Head of Finance – Accounting and Control, presented the report to update the Committee on the final outcome of the annual audit for 2007/08 and the action plan proposed by the Council's auditors following their audit of the accounts. The Council's auditors delivered an unqualified audit opinion, and the findings of the audit had been presented to the General Purposes committee on 29 September 2008, prior to the audit being signed off. The Committee considered the auditors' action plan and management response.</p> <p>The Chair welcomed the timescale identified for implementation of the recommendations.</p> <p>RESOLVED</p> <p>That the management responses contained in the action plan be agreed.</p>	
<p>PRAC56.</p>	<p>INTERNAL AUDIT PROGRESS REPORT - 2008/09 QUARTER 2</p> <p>Anne Woods, Head of Internal Audit and Risk Management, presented</p>	

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the report on the work undertaken by the Internal Audit Service for the second quarter 2008/09 and reports outstanding for 2007/08. The Committee was advised that the average time taken to complete investigations had fallen to 13.5 weeks and that the average length of staff suspensions had fallen to around 70 days.

In response to an enquiry from the Committee, it was confirmed that the report covered only audits that had been completed, and did not cover work that was still ongoing. A separate report on an ongoing investigation could be added to the Committee agenda if a specific request from members were received by the Chair in advance of the meeting, and there was also the facility for raising items under Urgent Business after the agenda had been circulated. In response to a query from the Committee regarding the position related to the Council's investments in Icelandic banks, the Chief Financial Officer reported that the Council's treasury management function formed part of the annual audit plan and were audited on an annual basis; the 2007/08 audit had recorded substantial assurance for this area. The Chief Financial Officer reported that a review of this area had been commissioned; once the review was complete and it had been established how the findings were to be formally reported, the Committee would be provided with a further update.

The Chair asked how, when the risk registers were updated, confirmation was obtained that the risk registers had been properly and effectively monitored over the previous quarter. It was confirmed that the adequacy of the controls in place were reviewed on a quarterly basis by Internal Audit, and that any concerns were then addressed with the appropriate management. Additionally, a sample of the risk registers were tested throughout the year, and key controls were tested to ensure their effectiveness as part of the annual audit programme. The Committee requested that a report on the audit processes regarding the key risk relating to child protection be presented at the next meeting of the Committee.

The Committee expressed concerns regarding the implementation rates for priority 1 recommendations made in 2006/07 and 2007/08, and agreed that further action should be taken. It was agreed that all recommendations, priorities 1, 2 and 3, outstanding from 2005/06 should be implemented by 31 December 2008, with all recommendations outstanding from 2006/07 implemented by 31 March 2009. The Committee agreed that where there was failure to implement outstanding recommendations by these deadlines, the appropriate Heads of Service should be required to attend Audit Committee to explain why recommendations had not been implemented. It was further suggested that the Chair of the Audit Committee raise this issue with Cabinet members.

RESOLVED

- i) That the audit coverage and progress during the second quarter 2008/09 and on the reports outstanding from 2007/08

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	<p>be noted.</p> <p>ii) That the progress and responses received in respect of outstanding audit recommendations be noted.</p> <p>iii) That services be required to implement all outstanding audit recommendations from 2005/06 by 31 December 2008, and to implement all outstanding audit recommendations from 2006/07 by 31 March 2009. Where these deadlines were not met, the appropriate Heads of Service would be required to attend Audit Committee to explain why recommendations had not been implemented.</p>	
<p>PRAC57.</p>	<p>ALEXANDRA PALACE - INTERNAL AUDIT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS AT THE CHARITABLE TRUST AND TRADING COMPANY</p> <p>Anne Woods, Head of Audit and Risk Management, presented the report on the work completed to review corporate governance and internal control arrangements at Alexandra Palace and Park Charitable Trust and Alexandra Palace Trading Limited, which had been requested by members of the Committee. The Committee was advised of the scope of the reviews for both organisations, and the key findings and recommendations made.</p> <p>The Committee asked whether all contracts entered into had been reviewed as part of this work. The Head of Audit and Risk Management confirmed that this had been done and that, where items were not highlighted in the key findings of the report, acceptable controls had been found to be in place. In response to a query from the Committee, it was confirmed that the reviews by Internal Audit had been carried out concurrently with the independent review into the circumstances surrounding the granting of a licence to Firoka (Alexandra Palace) Ltd. The Committee asked about the extent of the advice provided by Internal Audit to the Alexandra Palace and Park Charitable Trust and Alexandra Palace Trading Limited. The Head of Audit and Risk Management confirmed that Internal Audit provided advice regarding good practice and recommended that suitable frameworks should be adopted but did not give direction on how this should be achieved. It was confirmed that it was for individual organisations to determine how to ensure that appropriate frameworks were established, according to their specific organisational requirements.</p> <p>The Chair stated that it was essential for the Chief Financial Officer and the Audit Committee to be satisfied that appropriate structures were in place at these organisations, and for these to be reviewed, approved and monitored accordingly. It was reported that the relevant strategies and policies formulated in response to these reviews would be reported to and monitored by the Alexandra Palace and Park Charitable Trust Board, who were responsible for adopting and implementing the recommendations. It was also reported that, as part of the audit process, a follow-up report would be carried out, the findings of which would be</p>	

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	<p>presented to the Audit Committee.</p> <p>The Committee expressed concern that the Alexandra Palace and Park Charitable Trust and Alexandra Palace Trading Limited did not have an adequate risk management structure in place. As reported previously to the Committee, every council business unit and department had its own risk register, and Alexandra Palace and Park was included on the council's Corporate Risk Register (ref: CEMB15, Corporate Risk Register 07/08). It was agreed that Alexandra Palace and Park Charitable Trust and Alexandra Palace Trading Limited should be asked to implement all the audit recommendations by 31 March 2009. The Committee also discussed how this could be followed up to ensure that action was taken.</p> <p>The Committee enquired regarding the responsibilities of the Chief Financial Officer in relation to the Alexandra Palace and Park Charitable Trust and Alexandra Palace Trading Limited. In response, the Chair quoted from a report of 26 September 2008, entitled "Independent review into the development of a licence to operate", specifically the Monitoring Officer's comments that the section 151 Officer, or the Chief Financial Officer (CFO), had responsibility for the proper administration of the financial affairs of the council as a whole, including the finances of the Alexandra Park and palace Trust. The Monitoring Officer had further advised that this responsibility covers systems to ensure that financial transactions are properly authorised, recorded and reported. As such, it was noted that it was the duty of the Chief Financial Officer to ensure that appropriate systems of financial control were in place in the Alexandra Park and Palace Trust and to report on these to the Audit Committee, but not to determine how the systems should be implemented.</p> <p>The Committee was advised that the accounts of the Alexandra Palace and Park Charitable Trust had been audited by the Trust's external auditors, and as such had been subject to independent audit opinion.</p> <p>RESOLVED</p> <ul style="list-style-type: none"> i) That the contents of the report and the actions agreed and being taken to address the findings and recommendations be noted. ii) That the Alexandra Palace and Park Charitable Trust and Alexandra Palace Trading Limited be asked to implement all the audit recommendations by 31 March 2009. 	
<p>PRAC58.</p>	<p>INTERNAL AUDIT - BENCHMARKING RESULTS</p> <p>The Head of Audit and Risk Management presented the report to advise the Committee of the results of the CIPFA Benchmarking exercise</p>	

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	<p>completed in 2008/09. The findings of the exercise would be used to analyse the council's achievement of Value for Money, which would contribute to the annual CPA Use of Resources assessment. The report showed the council's performance within the benchmarked group of the 18 London authorities who had participated in the exercise, and covered the categories of cost analysis, audit coverage and staffing.</p> <p>The Committee asked for clarification of how the findings of the exercise demonstrated the achievement of Value for Money in the council's Internal Audit provision. It was reported that the cost analysis demonstrated that the council was attaining a level of coverage comparable with other authorities, for a lower cost. The Committee also asked whether the council was providing adequate internal audit coverage at present. It was reported that there were no set minimum or maximum levels of coverage, but that any issues arising as to the adequacy of the coverage provided by the council's Internal Audit team would be picked up by the council's external auditors, and that no such issues had been identified. In response to a question from the Committee, it was reported that the internal audit work programme was formulated on a risk-based approach. The annual plan of work was compiled on the basis of the key risks that had been identified, and was presented to the Audit Committee for discussion and approval each year.</p> <p>RESOLVED</p> <p>That the content of the report be noted.</p>	
<p>PRAC59.</p>	<p>NATIONAL FRAUD INITIATIVE 2008/09</p> <p>The Head of Audit and Risk Management presented the report to advise the Committee of the 2008/09 National Fraud Initiative exercise. This was a statutory national data matching exercise, the council's participation in which would be reviewed as part of the Use of Resources assessment. It was reported that the scope of the National Fraud Initiative would widen in 2008/09; more datasets would need to be submitted, and a wider range of participants would be involved, leading to a broader range of data matches available. As a result of this, there was a possibility that a greater level of investigation of possible data matches would be required when the NFI data was available; Internal Audit would support this work as required.</p> <p>In response to a question from the Committee, the Head of Audit and Risk Management clarified the process and the role of the Audit Commission. It was confirmed that all data was transferred via a secure application.</p> <p>The Chair welcomed the report, and felt that this initiative would encourage best practice and assist the Audit Committee in the discharge of its Terms of Reference.</p>	

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	RESOLVED That the contents of the report be noted.	
PRAC60.	NEW ITEMS OF URGENT BUSINESS There were no new items of urgent business.	
PRAC61.	DATE OF NEXT MEETING The next scheduled meeting of the Audit Committee would take place on Tuesday 3 February 2009 at 19:30hrs at the Civic Centre, Wood Green, London, N22. The meeting concluded at 21:50 hrs.	

COUNCILLOR GMMH RAHMAN KHAN

Chair