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## Audit Committee

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THURSDAY, 5TH NOVEMBER, 2009 at 19:30 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, N22 8LE.

MEMBERS: Councillors Rahman Khan (Chair), Diakides, Gorrie, Mallett (Vice-Chair), Mughal, Meehan, Butcher and Dobbie

### AGENDA

**1. APOLOGIES**

To note any 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 15 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 matter 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 **and** if this interest affects their financial position or the financial position of a person or body as described in paragraph 8 of the Code of Conduct **and/or** if it relates to the determining of any approval, consent, licence, permission or registration in relation to them or any person or body described in paragraph 8 of the Code of Conduct.

**4. MINUTES (PAGES 1 - 14)**

To confirm and sign the minutes of the Audit Committee held on the 30 July 2009.

**5. DEPUTATIONS AND PETITIONS**

**6. AUDIT OF ACCOUNTS 2008/09 (PAGES 15 - 30)**

Report of the Chief Financial Officer to update the Committee on the final outcome of the annual audit for 2008/09 and to agree the Council's response to the action plan proposed by the Council's auditors following their audit of the accounts.

**7. COMPREHENSIVE AREA ASSESSMENT (CAA): USE OF RESOURCES (UOR) - AUDITOR'S REPORT ON THE 2008/09 ASSESSMENT (PAGES 31 - 90)**

Report of the Chief Financial Officer to inform the Committee of the auditor's assessment of the Council's Use of Resources and the Council's intended actions to implement auditor recommendations.

**8. GRANT THORNTON - AUDIT PROGRESS REPORT (PAGES 91 - 92)**

**9. PROGRESS REPORT ON COUNTER FRAUD ACTIVITY RELATING TO HOUSING BENEFIT AND COUNCIL TAX BENEFIT (PAGES 93 - 100)**

Report of the Chief Financial Officer to advise and update Members on the Counter Fraud performance of the Benefit and Local Taxation Service from the 1<sup>st</sup> July 2009 – 30<sup>th</sup> September 2009.

**10. INTERNAL AUDIT 2ND QUARTER PROGRESS REPORT (PAGES 101 - 154)**

Report of the Head of Audit and Risk Management to inform the Audit Committee of the work undertaken during the second quarter by the Internal Audit Service in completing the annual audit plan and any responsive fraud investigation work. In addition, the work of the Council's personnel division in supporting disciplinary action taken across all departments by respective council managers.

**11. RISK MANAGEMENT UPDATE - QUARTER 2 2009/10 (PAGES 155 - 162)**

Report of the Chief Financial Officer to inform the Audit Committee of the current position on risk management implementation across the Council.

**12. ALEXANDRA PALACE - FOLLOW UP AUDIT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS AT THE CHARITABLE TRUST AND TRADING COMPANY (PAGES 163 - 188)**

Report of the Chief Financial Officer to advise the Audit Committee of the follow up audit work completed following the original review of corporate governance and internal control arrangements at Alexandra Palace and Park Charitable Trust and Alexandra Park Trading Limited.

**13. NATIONAL FRAUD INITIATIVE (PAGES 189 - 192)**

Report of the Head of Audit and Risk Management to advise the Audit Committee of the operation and progress made in investigating potential data matches across the Council as part of the National Fraud Initiative (NFI).

**14. ANTI-FRAUD AND CORRUPTION STRATEGY (PAGES 193 - 224)**

Report of the Head of Audit and Risk Management to advise the Audit Committee of the revised Corporate Anti-fraud and Corruption Strategy, Fraud Response Plan and Whistle-blowing Policy.

**15. NEW ITEMS OF URGENT BUSINESS**

To consider any new items of urgent business admitted at item 2 above.

**16. DATE OF NEXT MEETING**

Monday, 1 February 2010 at 7.30pm.

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28<sup>th</sup> October 2009

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**MINUTES OF THE AUDIT COMMITTEE**  
**THURSDAY, 30 JULY 2009**

Councillors Rahman Khan (Chair), Diakides, Mallett (Vice-Chair), Meehan, Dobbie, Scott and Winskill

Apologies Councillors Butcher, Gorrie and Mughal

<b>MINUTE NO.</b>	<b>SUBJECT/DECISION</b>	<b>ACTION BY</b>
<b>PRAC104</b>	<p><b>APOLOGIES</b></p> <p>Apologies for absence were received from Cllr Gorrie, for whom Cllr Winskill was acting as substitute, Cllr Mughal, for whom Cllr Scott was acting as substitute and from Cllr Butcher.</p> <p>Apologies were also received from Cllrs Dobbie and Meehan as they were required to leave the meeting early to attend another Council meeting.</p> <p>The Chair welcomed Cllr Dobbie as a new member of the Committee, and also welcomed Cllrs Winskill and Scott as substitute members for the meeting.</p>	
<b>PRAC105</b>	<p><b>URGENT BUSINESS</b></p> <p>There were no items of urgent business.</p>	
<b>PRAC106</b>	<p><b>DECLARATIONS OF INTEREST</b></p> <p>Cllr Winskill declared a personal interest as a Haringey leaseholder.</p>	
<b>PRAC107</b>	<p><b>MINUTES</b></p> <p><b>RESOLVED</b></p> <p>That the minutes of the meeting of the Audit Committee held on 2 June 2009 be approved as a correct record and signed by the Chair.</p>	
<b>PRAC108</b>	<p><b>DEPUTATIONS AND PETITIONS</b></p> <p>There were no such items.</p>	
<b>PRAC109</b>	<p><b>GRANT THORNTON - AUDIT PROGRESS REPORT</b></p> <p>Grant Thornton presented the audit progress report to the Committee and outlined the key points raised in the report. It was confirmed that the draft accounts had been provided by the Council early to enable review work to commence early, and officers were thanked for making this possible. The audit of the accounts had begun on 6 July 2009, and to date no major issues had been identified.</p>	

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	<p>It was reported that good progress had been made with the preparations for the implementation of the International Financial Reporting Standards. It was also reported that a high-level review of Member and senior officer expenses and allowances would be carried out by Grant Thornton as part of their work on use of resources. All local government auditors were required by the Audit Commission to look at how local authorities had responded to the recommendations arising from research by the Audit Commission into investment in Icelandic Banks; the outcome of this work would be reported to the General Purposes Committee in September 2009.</p> <p>In response to a question from the Committee regarding the review of expenses and allowances, Grant Thornton reported that this would be a high-level review focussing on the policies and procedures in place, and whether these were being complied with. Comparison would also be carried out with other London Boroughs.</p> <p>The Committee requested that a brief note on the review of the Council's arrangements for member expenses and allowances and senior officer allowances be circulated to the Group Whips.</p> <p>The Chair welcomed the report that no significant issues had been identified in the audit of the accounts so far, and noted the forthcoming reports to Members arising from Grant Thornton's work.</p> <p><b>RESOLVED</b></p> <p>That the content of the report be noted.</p>	<b>CFO</b>
PRAC110	<p><b>AUDIT STRATEGY DOCUMENT FOR THE YEAR ENDING 31 MARCH 2009</b></p> <p>Grant Thornton presented the audit strategy document for the year ending 31 March 2009, and provided details on the key accounting and business risks as set out in the report. It was noted that the Annual Governance Statement, which was discussed in length at the previous meeting of the Committee, would be kept under review to ensure that it was fully reflective of the issues identified in the course of the audit of the accounts. Grant Thornton would also be following up on the recommendations made in the previous year to verify the progress made in implementing these.</p> <p>In response to a question from the Committee regarding the valuation of land and buildings mentioned in the report, Grant Thornton reported that they would be checking that the valuations currently held were accurate and that assets had been valued using the appropriate valuation methods. It was also reported that, other than housing assets, which were re-valued annually, the Council's assets were re-valued on a five-year rolling programme, and that the impact of inflation or deflation would be taken into account at the time of valuation. Specific areas may be re-valued outside of the rolling programme, where a significant fluctuation had been identified. The Chair noted that the professional</p>	

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discretion of the Section 151 officer was necessary in determining the best course of action regarding the sale of the Council's assets.

The Chair asked whether the risk of land and buildings being overvalued, as mentioned in the report, would have any impact on service delivery, and it was confirmed by Graham Oliver, Corporate Finance, that there would be no impact on the Council's service delivery. The Chair requested further details on the error identified within the previous Fixed Asset Register, and it was agreed that this would be provided.

The Chair asked for clarification of materiality in respect of the financial statements. Grant Thornton reported that the calculation was based on revenue expenditure, on which basis any error reaching the threshold of £6.5m would be classified as material and result in the Council's accounts being qualified. Any identified errors greater than £124k, as 2% of materiality, would be reported in the financial statements. In response to a question from the Committee regarding issues identified beneath the £124k threshold, it was clarified that these were brought to the attention of officers for action, but were not reported to Members as part of the financial statements. The Chair expressed concern that matters below the threshold of £124k were not reported in the financial statements.

The Chair requested a copy of the trial balance, presented to the auditors on the commencement of fieldwork, for information.

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In response to the request in the report for the Committee to provide input on any areas of concern within the Council, the Chair identified controls over management issues with the Alexandra Palace and Park Board and Alexandra Palace Trading Limited, the safeguarding of children and engagement with the Council's partners as key concerns. A member of the Committee expressed concern that some of the issues raised fell within the remit of other Council bodies and not of the Audit Committee, and that duplication of effort must be avoided. The Chair agreed that duplication of effort should be avoided but it was his strong view that this was not duplication as, according to the Audit Committee's terms of reference the Audit Committee was the appropriate forum to express the concerns. The Chair also reported that Grant Thornton had requested the input of the Committee and accordingly, as Chair of the Audit Committee, he had provided this input because the Council had been seen to be subsidising the overall yearly shortfall of Alexandra Palace and Park, whereas the Council had been seen not to be exercising any direct control on the basis that that Alexandra Park was a Trust, and because, as a result of the Council's performance on safeguarding children, the overall rating of the Council was downgraded from three to one by Grant Thornton. As such, these were the genuine concerns of the Audit Committee, according to the Chair.

The Chair reported that the Audit Committee was eager to discharge its duties in relation to reviewing the Council's internal financial controls, but noted that the Committee's ability to carry out this duty effectively was dependent on the quality of the reports produced by the professional

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	<p>officers.</p> <p><b>RESOLVED</b></p> <p>That the content of the report be noted, with the above observations and concerns for actions.</p>	
<p><b>PRAC111</b></p>	<p><b>GRANT CLAIMS AND RETURNS PLANNING MEMORANDUM 2008-09</b></p> <p>Grant Thornton presented the report on Grant Claims and Returns Planning, which outlined the grants protocol for 2008-9 and the estimated cost of the certification of grants claims and returns. As the number of grants exceeding the threshold for certification had reduced, it was anticipated that the fee would be lower than for the previous year, by approximately £17k.</p> <p>The Committee expressed concern that 88% of claims were submitted on time, given the substantial amounts of funds involved, and that a third of claims were qualified and/or amended. The Committee requested from officers that 100% of claims should be targeted to be submitted on time, and that there should be far fewer claims requiring amendment. Grant Thornton reported that progress for the current year to date did seem more positive. In response to a question from the Committee regarding whether any losses were incurred as a result of late submission or qualification of claims, it was confirmed that no grant income had been lost as a result of these issues. Members welcomed the fact that no grant income had been lost, but emphasised that there was potential for loss when claims were not submitted on time or required amendment, which was why it was important to improve performance. The Chief Financial Officer confirmed that officers were focussed on improving performance and that, whenever a claim was qualified, this was re-examined to identify why this occurred and to correct the process for the future.</p> <p>In response to a question from the Committee on whether the Council was making all the claims it was entitled to, the Chief Financial Officer reported that where claims were made, these were always for the full amount possible and that an external funding forum was in place to discuss and work together across Council departments to apply for relevant grants. It was also confirmed that all Government announcements were actively monitored by the Council for information on new grants available, in addition to the routine grants which were applied for each year. The Council had requested a comprehensive list of grants available from the Government, but such a list was not available.</p> <p>Graham Oliver, Corporate Finance, clarified for the Committee that not all grants required certification, only those where this was a statutory requirement.</p> <p>In response to a question from the Chair regarding the inclusion of specific work on grant claims and returns testing in the Internal Audit</p>	

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	<p>Plan, it was confirmed that this was included for the 2009/10 Internal Audit Plan, and that the external auditors and Internal Audit were liaising to discuss this issue further.</p> <p><b>RESOLVED</b></p> <p>That the content of the report be noted.</p>	
PRAC112	<p><b>REPORT ON INFORMATION TECHNOLOGY CONTROLS</b></p> <p>Grant Thornton presented a report on Information Technology Controls, the purpose of which was to provide assurance regarding controls in those areas of information technology that may impact on the Council's financial statements. The assessment had covered areas including security, administration, access and the implementation of new systems. The report concluded that the Council's controls were suitably designed. Two low priority recommendations had been identified, the requirement of all staff to acknowledge their understanding of the security policy and procedures and the introduction of controls within SAP to prevent common or predictable passwords. It had been agreed that both recommendations would be implemented by December 2009. In response to a query from the Committee regarding why it would take until December 2009 to implement the recommendations, Grant Thornton reported that they had been advised that this was due to the length of time required to introduce a new table for passwords into SAP.</p> <p>The Committee asked whether more sensitive systems, for example those in social services, had been looked at in relation to the complexity of passwords. It was confirmed that 100 days of audit work on the Council's IT systems was carried out as part of the yearly Internal Audit Plan. The Committee requested that a report be presented to the next Committee meeting on whether the issue of password complexity had been specifically looked into in sensitive areas, such as children's services.</p> <p>The Committee expressed a view that all staff should be expected to understand the policies and procedures as part of their work, and should be asked to confirm their acceptance of the relevant procedures in writing. The Committee requested that an explanation be provided of why the advice from HR was that it was not always appropriate to obtain this confirmation in writing.</p> <p>The Committee discussed the scope of the report, and Grant Thornton confirmed that the report was only on those key controls relating to the Council's financial statements, and not the IT systems overall. If as a result of this work, however, broader recommendations relating to IT were identified, it was confirmed that these would be reported. It was reported that dedicated IT audit work was carried out on an ongoing basis on the Council's systems, as a result of which any adverse findings would be reported and followed up, and the implementation of all recommendations relating to IT systems was monitored. The Chair noted that it was the role of the Audit Committee to ensure best practice, and</p>	

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	<p>asked the Chief Financial Officer to advise whether a further detailed audit review of all the Council's IT systems was necessary or whether to accept the scope of the review as set out by the external auditor. The Chief Financial Officer recommended that the guidance of the external auditor be taken and the scope of the review as reported on be accepted.</p> <p><b>RESOLVED</b></p> <p>That the content of the report be noted.</p>	
<p><b>PRAC113</b></p>	<p><b>ANNUAL AUDIT AND INSPECTION LETTER 2008/09</b></p> <p>The Chief Financial Officer presented the report on the Annual Audit and Inspection Letter 2009, which set out the response of the Cabinet. Appended to the report was the full report of the Audit Commission and the Use of Resources judgement. Four key areas for action were identified in the report, and these had been approved by the Cabinet. The areas identified were: to address the findings and recommendations made by Ofsted in the Special Joint Area Review, to accelerate the pace of improvement in environment (recycling) and homelessness, to maintain sustained focus on addressing staff sickness levels and recruiting key personnel and to ensure Treasury Management strategy continues to form a robust member led process for protecting the Council's financial assets.</p> <p>The Chair reported that, although the report had already been considered by the Cabinet, as per the responsibilities given to the Committee by the Council as set out in the terms of reference of the Committee, it was within the remit of the Audit Committee and accordingly the comments of the Committee in relation to the report should be placed on the formal record for action.</p> <p>The Committee accepted that, as set out in the report, there were issues with recruitment to certain posts across London and the South East, but felt that it was complacent to state that the Council was not too different from many other London boroughs, given the unique challenges faced by the Council in relation to recruitment in areas such as the Children and Young People's Service. The Committee requested that these circumstances specific to the Council be taken into consideration and addressed as part of the Council's actions to maintain a sustained focus on addressing staff sickness levels and recruiting key personnel. The Chief Financial Officer confirmed that a number of actions to address the issues of recruitment and retention were ongoing.</p> <p>In response to a question from the Committee regarding whether the Council's existing policy on reducing the number of agency staff should be reviewed in light of the likely reduction in public spending in the next two years, the Chief Financial Officer reported that this issue was under consideration as part of the forward planning process. The Chief Financial Officer confirmed that, while use of agency staff did provide greater flexibility in the management of resources, this also needed to be</p>	

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balanced with the needs of those services which benefited significantly from the employment of staff on a permanent basis. It was noted that the Overview and Scrutiny Committee had requested a Leaders' Conference on the issue of the contraction of public spending, and it was suggested that this item might be included on the agenda.

The Chair noted that as part of the forthcoming CAA assessment process, the Council would be required to submit evidence of improvement, and asked whether any evidence for improvement in Children's Services was currently available. The Chief Financial Officer responded that evidence for improvement would be gathered as part of the monitoring of the JAR action plan, which sets out key areas and actions for improvement.

The Chair expressed concern that the issue of teenage pregnancy was not addressed in the actions arising from the Audit and Inspection letter, although this was important for the area of safeguarding children. Grant Thornton reported that the Audit Commission was anticipating that the Council would fully implement the JAR action plan, and that actions relating to safeguarding children would be covered by the JAR action plan. The Chair noted that the issue of teenage pregnancies was mentioned specifically in the direction of travel section of the audit and inspection letter, and that there should be specific actions identified to tackle this issue. It was reported that partnership working was essential to address the issue, and that the Council's partner organisations did have plans in place to address rates of teenage pregnancy. The Chair reported that he had taken up the issue with the Chief Executive by email and had requested that an action plan for addressing teenage pregnancy, in partnership with other agencies, be added to the response to the audit and inspection letter.

The Committee noted and acknowledged the good work of the Council's finance officers in achieving an assessment of 3 out of 4, and expressed thanks to all officers involved for this achievement.

Taking into account all the comments made by the Committee in their discussion above, and the specific request to the Chief Executive that an action for address teenage pregnancy be added to the Council's response to the audit and inspection letter it was:

**RESOLVED**

- i) That the audit and inspection letter be noted.
- ii) That the response and actions as set out in the report agreed by Cabinet on 16 June 2009 be noted.
- iii) That an action plan to reduce teenage pregnancy, in partnership with other agencies, be added to the Council's response to the Audit and Inspection Letter.

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<p><b>PRAC114</b></p>	<p><b>PROGRESS REPORT ON COUNTER FRAUD ACTIVITY RELATING TO HOUSING BENEFIT AND COUNCIL TAX BENEFIT - QUARTER 1</b></p> <p>Tim Fisher, Benefits and Local Taxation, presented the report outlining the performance of the Fraud Investigation Team for the first quarter of 2009/10. It was reported that 11 sanctions had been made in the first quarter, and that although this was below the expected profile, it was anticipated that the target for sanctions would be met for the year as a whole. There had been a recent focus on data-matching activities including the National Fraud Initiative and Housing Benefit Matching Service referrals, and a more detailed report on these activities would be presented at the next meeting of the Committee.</p> <p>The Committee felt that it would be helpful to include a comparison with figures from the previous year in the performance reports, and Mr Fisher agreed that this would be incorporated in future reports. The Committee asked about the difference between the cost of the team, and the amount of overpaid benefits identified. Mr Fisher reported that the amount of overpaid benefits identified in this quarter had been particularly low, but would increase later in the year. It was reported that an article on successful prosecution in relation to benefit fraud would be appearing soon in Haringey People, and that there would also be an article on the national Fraud Initiative and how to report suspected fraud. Mr Fisher clarified for the Committee that all the activities referred to in the report related to fraud, and did not include overpayments due to error.</p> <p><b>RESOLVED</b></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.</p>	
<p><b>PRAC115</b></p>	<p><b>EXTERNAL INSPECTION HOUSING - PROGRESS REPORT</b></p> <p>The Chair welcomed Phil Harris, Assistant Director Strategic and Community Housing, to the Committee to present the report on progress in response to the Audit Commission's inspection recommendations for allocations and lettings. Mr Harris reported that improvement work was ongoing, and that progress against the action plan was monitored formally on a fortnightly basis. Since the Audit Commission's report of October 2007, numerous changes had been made to address the issues raised, including changes in personnel, the development of a multi-organisational homelessness strategy, a comprehensive housing strategy, increased activity with the temporary accommodation user forum and the involvement of service users on interview panels. It was reported that the percentage of temporary staff employed had reduced from 29% to 20% during the implementation of the new structure, and that no redundancies had been made. The issue of temporary accommodation remained a priority, and the number of households in temporary accommodation had reduced from around 5,400 to 4,336 and was likely to have reduced further to less than 3,500 by the end of November 2009. It was the aim of the Service to have reduced this further to 2,600 by the end of 2010.</p>	



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Mr Harris reported that, from a very challenging starting point, the Service was moving in the right direction and that all the recommendations raised by the Audit Commission in their report would have been addressed within the next 12 months.

The Committee asked about the issues relating to households placed outside the borough, and how these could be addressed. Mr Harris reported that the number of households placed outside the borough had reduced since 2003/04 from around 100 to around 30 families. In future, it was proposed that any leases procured or renewed would not be further than 1.5 miles beyond the borough boundary, and that the Council was working to dispose of leases held outside of that area. The Committee asked about the situation with households housed temporarily within Haringey by other London boroughs, and it was reported that the Council was looking to reduce the number of households being housed in the borough from other boroughs by means of procurement processes.

The Committee asked about the voluntary London Agreement to address the issue of private landlords abusing the system, and was informed that this was no longer in operation, as it had not been possible to obtain the transparency required. It was reported that the Council was continuing to work with private landlords, however, and it was hoped that this relationship would continue to develop. In response to a question from the Chair, Mr Harris confirmed that the situation had improved significantly, and that meetings with private landlords were now being held on a regular basis.

The Chair noted that a number of the recommendations contained in the action plan were ongoing, and asked how these ongoing actions were being monitored. Mr Harris reported that robust monitoring strategies were in place, with lead officers and a number of service improvement groups were tasked with carrying out the actions identified and that implementation of the homelessness strategy was supported by 9 delivery groups and monitored by an implementation group. Progress on all actions was monitored on a fortnightly basis by a Board chaired by the Chief Executive. Mr Harris confirmed that he was the overall co-ordinator for monitoring progress.

In response to a question from the Chair regarding the level of assistance offered by the Housing Associations, Mr Harris confirmed that the Council was working with the Housing Associations to increase capacity. The Committee asked about the income received from private landlords, and how the management costs of these arrangements was funded. It was confirmed that management costs had been funded by Central Government, but that the changes in subsidy arrangements in 2009 meant that this income would no longer be received. The way in which the impact of this change would be managed was being considered as part of the business planning process. The Council was responding formally to a consultation on the changes and was also making preparations by reducing the use of temporary and emergency

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	<p>accommodation.</p> <p>The Chair thanked Phil Harris, Assistant Director, for presenting the report and responding to all the questions raised in relation to the report.</p> <p><b>RESOLVED</b></p> <p>That progress made to the Allocations and Lettings service to improve this service area be noted.</p>	
PRAC116	<p><b>INTERNAL AUDIT PROGRESS REPORT - 2009/10 QUARTER 1</b></p> <p>Anne Woods, Head of Audit and Risk Management, presented the Internal Audit progress report for the first quarter of 2009/10, and advised the Committee that 80% of the planned Internal Audit programme for quarter 1 had been completed. Ms Woods reported that no new referrals for investigations had been received during quarter 1, but a number had been submitted in the first 3 weeks of quarter 2. Work was being carried out to ensure that nominated officers were fully trained for the National Fraud Initiative, as a number of new areas had been introduced, including parking, freedom passes, blue badges and care homes.</p> <p>The Chair advised the Committee that the revised deadlines for the implementation of audit recommendations in the report had been revised with the agreement of the Chair, on the basis of advice from the Chief Financial Officer. The Chair confirmed that these deadlines were final, and would not be extended any further. Any failure to meet the final deadlines would necessitate the attendance of the relevant Head of Service at the subsequent meeting of the Audit Committee to explain to the Committee why the deadline had not been met, in accordance with the decision previously made by the Committee.</p> <p>The Committee welcomed the full assurance level given to Pension Fund Investment, and asked why some other areas had only been given an assurance level of substantial, even when no recommendations had been made. Ms Woods reported that, where further improvement could be made but this was already covered by existing action plans, no further recommendations were made, to avoid duplication. The Chair expressed satisfaction with the progress made on the implementation of outstanding priority 1 recommendations, and expressed thanks to officers for this achievement.</p> <p><b>RESOLVED</b></p> <ul style="list-style-type: none"> <li>i) That the audit coverage and progress during the first quarter 2009/10 be noted.</li> <li>ii) That the progress and responses received in respect of outstanding audit recommendations, and the fact that any failure to comply with the final revised deadlines for implementation would require the appropriate Head of Service</li> </ul>	

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	to attend a meeting of the Committee to explain the reasons for this, be noted.	
<b>PRAC117</b>	<p><b>ANNUAL GOVERNANCE STATEMENT 2008/09</b></p> <p>Anne Woods, Head of Audit and Risk Management, presented the report on the final Annual Governance Statement, which had been amended to take into account all of the comments made by the Committee when the draft Annual Governance Statement had been considered at the previous meeting. It was reported that final version of the statement had been presented to the General Purposes Committee for approval.</p> <p>The Chair commented that, as the final version had been approved, there was no scope for any further changes to be made to the statement, but noted that appendix 2 had been erroneously duplicated in the paperwork and that the duplicate version should be disregarded. The Chair also noted that the statement would need to be signed off finally when the audit of the accounts was finalised, and could be amended to reflect any new issues arising between now and the final sign-off on 30 September 2009.</p> <p>The Chair noted that the statement recognised that the scope of the internal audit plan included non-financial systems as well as financial systems, and added, in respect of paragraphs 4.7 and 4.9 of the report, that the Audit Committee was responsible for ensuring that all recommendations were implemented, not just those at priority 1, in order to ensure best practice. The Chair requested that officers consider amending the wording to reflect this in paragraphs 4.7 and 4.9 of the statement, if any opportunity to modify the wording arose.</p> <p><b>RESOLVED</b></p> <p>That the final version of the Annual Governance Statement and supporting evidence matrix for 2008/09 be noted.</p>	
<b>PRAC118</b>	<p><b>RISK MANAGEMENT UPDATE</b></p> <p>Anne Woods, Head of Audit and Risk Management, presented a report on the current position on risk management. Ms Woods advised the Committee of progress in inputting risk registers onto the new performance management system, and reported that risk registers from Corporate Resources, PPP&amp;C and ACCS had been uploaded in the first quarter and officers trained in the use of the system. By the end of quarter 2, the risk registers for all departments would be uploaded onto the new system and officers would have received training. Ms Woods noted that as a result of structural changes within the Council, the risk register for the Enforcement business unit was now contained within Frontline Services, and the risk register for Neighbourhood Management was now incorporated into Safer Communities. In response to a question from the Chair, it was confirmed that these structural changes were the reason for the total number of risk registers having reduced from 34 to 32.</p>	

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	<p>The Chair noted that, in the audit report for Area Based Grants, it was reported that there was no risk register for the HSP and asked for further details regarding this. Ms Woods responded that it had been found that, while a risk register was in place for each of the underlying HSP Thematic Boards, there had been no risk register for the HSP Board as a whole. Ms Woods reported that an overall HSP Board risk register had now been produced and approved by the Performance Management Group, and would be ratified by the HSP Board at its next meeting.</p> <p>Referring to the annual Audit and Inspection letter, the Chair asked for a response on the comment that the Council's corporate risk register did not include the risk of fraud occurring. Ms Woods responded that the risk of fraud had been formally included on the Council's corporate risk register since January 2009.</p> <p>The Chair urged that it was essential for the Chief Financial Officer's comments on the report to confirm that Risk Management was being adequately managed in the Council, and it was agreed that this would be reflected more explicitly in future reports.</p> <p><b>RESOLVED</b></p> <p>That the implementation of the risk management strategy across the Council be noted.</p>	
<p><b>PRAC119</b></p>	<p><b>WHISTLEBLOWING - REPORT ON IMPLEMENTATION AND USE 2008/09</b></p> <p>Anne Woods, Head of Audit and Risk Management, presented a report on the operation and use of the Council's whistleblowing policy, which was in place to enable staff within the Council to raise concerns. Ms Woods advised the Committee that staff received reminders of the whistleblowing policy twice each year via team briefs and Smart Talk, and that in addition to this every member of staff was written to individually every two or three years to ensure that all staff were aware of the policy. Ms Woods reported that the formal whistleblowing process was employed infrequently, and that concerns tended to be directed anonymously to the Head of Audit and Risk Management.</p> <p>In response to a question from the Committee regarding whether bullying was also covered by the policy, Ms Woods reported that bullying was dealt with by other specific policies designed to address this issue. Training on bullying was carried out with senior managers on a periodic basis, but it was confirmed that there was no regular training programme on this issue.</p> <p>The Chair asked whether the Council was complying with best practice in this area, in comparison with other London boroughs. It was reported that Haringey was generally in line with other London boroughs in terms of its whistleblowing policy.</p> <p>Concern was raised that a review of the policy may be needed, and that</p>	

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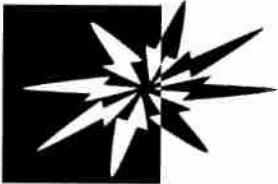
	<p>the Audit Committee should discuss this, consider the evidence available and also examine specific scenarios. It was noted by the Chair, however, that the policy had been examined by Internal Audit and that the responsibility for the implementation of the policy lay with officers and was not within the remit of the Audit Committee. As agreed previously by the Audit Committee, monitoring of the use of the policy was the role of the Leader and Chief Executive. The suggestion was made that a whistleblowing role-playing exercise could be undergone involving staff, as a means of training and identifying any issues in practice.</p> <p><b>RESOLVED</b></p> <p>That the content of the report be noted.</p>	
<p><b>PRAC120</b></p>	<p><b>DRAFT REPORT TO FULL COUNCIL ON THE WORK OF THE COMMITTEE IN 2008/09</b></p> <p>Anne Woods, Head of Audit and Risk Management, reported on the proposed report to Full Council on the work of the Audit Committee during 2008/09.</p> <p>The Chair noted that, in the section referring to the Audit Committee's receipt of the report on the internal audit of governance arrangements at Alexandra Palace and Park (paragraph 5.2 of the report), no mention was made of the Committee's decision that all recommendations should be implemented by a deadline of 31 March 2009. The Committee agreed that the report should be amended to include this point.</p> <p><b>RESOLVED</b></p> <ul style="list-style-type: none"> <li>i) That, with the addition of the point that a deadline of 31 March 2009 was imposed by the Committee for the implementation of all recommendations arising from the internal audit report of governance arrangements at Alexandra Palace and Park, the draft report on the work of the Committee during 2008/09 be approved.</li> <li>ii) That the final version of the report be presented to the next available Full Council meeting for information.</li> </ul>	
<p><b>PRAC121</b></p>	<p><b>NEW ITEMS OF URGENT BUSINESS</b></p> <p>There were no new items of urgent business.</p>	
<p><b>PRAC122</b></p>	<p><b>DATE OF NEXT MEETING</b></p> <p>Thursday, 5 November 2009 at 19:30hrs.</p> <p>The meeting closed at 21:50hrs.</p>	

**MINUTES OF THE AUDIT COMMITTEE  
THURSDAY, 30 JULY 2009**

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COUNCILLOR GMMH RAHMAN KHAN

Chair



**Haringey** Council

Agenda Item

**Audit Committee**

**On 5<sup>th</sup> November 2009**

Report title: **Audit of Accounts 2008/09**

Report of: **Chief Financial Officer**

**Ward(s) affected:** All

**Report for:** Information

**1. Purpose**

1.1 To update the Committee on the final outcome of the annual audit for 2008/09 and to agree an action plan flowing from the audit of the accounts and auditors final report.

**2. Recommendations**

2.1 That the Committee agrees the management responses contained in the action plan and receives an update on agreed actions at a future meeting of this Committee.

**Report authorised by: Gerald Almeroth – Chief Financial Officer**

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

### **3. Executive Summary**

3.1 The statutory report of Grant Thornton following their audit of the Council's accounts 2008/09 was approved by the General Purposes Committee on 24<sup>th</sup> September 2009. It was agreed that following the close of the audit the proposed action plan arising from this audit would be approved and monitored by the Audit Committee. The actions proposed arising from the report are included within the appendix to this report.

### **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:**

Report of Chief Financial Officer to General Purposes Committee on 25 June 2009 – Statement of Accounts 2008/09

Report of Chief Financial Officer to General Purposes Committee on 24 September 2009 – Annual Governance Report

### **6. Background**

- 6.1 At the General Purposes committee meeting of 24<sup>th</sup> September 2009, Grant Thornton presented to members the findings from their audit of the accounts for 2008/09, prior to signing off the audit by the statutory deadline of 30<sup>th</sup> September 2009.
- 6.2 It was agreed that following the closure of the annual audit any follow up actions that were required would be brought to the Audit Committee for approval and on-going monitoring.
- 6.3 The statutory deadline for the signing off of the accounts by the Authority's auditors was 30<sup>th</sup> September 2008, in the event the auditors issued the opinion on 25<sup>th</sup> September 2009.
- 6.4 The auditors delivered an unqualified audit opinion and concluded that the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.



## **7 Accounts Opinion**

7.1 The Council produced an initial set of draft 2008/09 accounts on 5 June 2009 (prior to submission to the auditor of the full draft accounts on 24 June), which enabled the auditors to use an initial team and carry out a technical review of the accounts to take place and be fed back, prior to production and approval of the formal draft accounts. This enabled audit work to begin early and was useful for the Council in obtaining timely feedback on its accounts. Grant Thornton have submitted the closedown process to the Audit Commission as good practice.

7.2 The auditor has stated that the closedown process was well managed by the Council this year and that there is clear corporate commitment to producing good quality accounts. This resulted in a relatively smooth audit process and a reduced level of proposed adjustments. Additionally, the auditor concluded that the Council had already engaged effectively in taking forward planning for accounting under International Financial Reporting Standards (IFRS).

7.3 The key highlights from the audit are set out below:

- The Council should develop its systems and procedures for valuing fixed assets so that it can be assured that its asset base has been valued appropriately and that the value of fixed assets shown in the balance sheet remains materially correct.
- There is scope for improvement in aspects of fixed asset accounting, including ensuring that fixed asset registers remain up to date, contain sufficient detail and that only appropriate expenditure is capitalised. Fixed asset accounting is one of the key areas where councils will need to carry out significant additional work in preparation for the introduction of International Financial Reporting Standards.
- The accounts had properly reflected the calculated impairment in respect of deposits in Icelandic banks in accordance with the national guidance issued. The auditor's review of Treasury Management arrangements, using the standard workbook issued by the Audit Commission, demonstrated that the Council has sound arrangements in place and has taken positive and appropriate action to deal with the fall out from the Icelandic banking crisis.
- A review of members' and senior officers' expenses and allowances found appropriate procedures and controls are currently in operation.

## **8 Action Plan arising from Annual Governance Report 2008/09**

8.1 The Annual Governance Report agreed by the General Purposes committee contained a draft action plan for improvements arising from the annual audit. This report and action plan is attached at Appendix A to this report with the management responses included.

## **9 Financial Implications**

9.1 There are no direct financial implications arising from the recommendations in this report.

**10 Recommendations**

10.1 That the Committee agrees the management responses contained in the action plan and receives an update on agreed actions at a future meeting of this Committee.

**11 Head of Legal Services comments**

11.1 There are no specific legal implications.



C Action Plan: Accounts audit

No./ Ref	Matter arising	Recommendation	Priority	Management response and implementation details
1. (2.4)	<p><b>Fixed asset accounting - capitalisation</b></p> <p>Our testing showed certain items of capitalised expenditure that appeared to be repairs and maintenance (i.e. revenue) costs, which under the SoRP requirements and the Council's own accounting policy should not be capitalised. Whilst explanations were provided for the cases identified, the Council needs to tighten its definitions and justification for capitalising expenditure, particularly for expenditure that appears to be revenue in nature.</p>	<p>The Council should improve the audit trail to fully demonstrate compliance with accounting standards when capitalising expenditure.</p>	High	<p>Agreed.</p> <p>Additional measures and guidance will be put in place regarding capital expenditure. In addition a sample check of high risk areas will be carried out before year end to ensure expenditure coded to capital is appropriate.</p>

No./ Ref	Matter arising	Recommendation	Priority	Management response and implementation details
2. (2.4)	<p><b>Fixed asset accounting - depreciation</b></p> <p>The Council using the major repairs allowance (MRA) as a proxy for Council house depreciation, which is currently allowed by the SoRP. However, this leads to a significantly lower depreciation figure than would be expected under conventional depreciation methods and this will not be consistent with IFRS compliant accounting.</p>	<p>The Council should prepare to move away from using the major repairs allowance (MRA) as a proxy for Council house depreciation as IFRS accounting is introduced.</p>	High	<p>Agreed.</p> <p>Full depreciation on council dwellings will be charged in 2009/10.</p>
3. (2.4)	<p><b>Fixed asset accounting - asset register</b></p> <p>The Council does not currently hold individual asset records for vehicles, plant and equipment and infrastructure assets, which will be required under IFRS. Now that the SAP asset management model has been introduced, the Council's has the tools to do this.</p>	<p>The Council should introduce individual asset records for vehicles, plant and equipment and infrastructure assets, which will be required under IFRS.</p>	High	<p>Agreed.</p> <p>In 2009/10 the Council will start to implement individual asset records for these areas, taking information gathered from the IFRS implementation and breaking down actual spend in the 2009/10 capital programme.</p>

No./ Ref	Matter arising	Recommendation	Priority	Management response and implementation details
4. (2.4)	<p><b>Fixed asset accounting - disposals</b></p> <p>We found one asset, valued at £66k, classified as awaiting disposal when the decision had been made not to dispose of it. Although not significant in value, this results in a balance sheet misclassification.</p> <p>Also, the fixed asset register is not currently updated to reflect valuations that were carried out for the purpose of informing the decision to dispose at the time that those valuations are made. Although the asset register is updated accordingly at year end and profit or loss on disposal was calculated correctly in the sample we tested, this practice increases the risk of errors in calculating profit and loss and of having incorrect valuations recoded in the year end balance sheet.</p>	<p>The Council should ensure the classification of assets awaiting disposal is fully accurate and ensure that the fixed asset register is promptly updated to reflect valuations that were carried out for the purpose of informing the decision to dispose.</p>	High	<p>Agreed.</p> <p>Additional controls will be put in place to ensure correct classification occurs. Disposals will be processed through SAP on a quarterly basis, thus reducing the risk of error, as highlighted by the auditors.</p>

No./ Ref	Matter arising	Recommendation	Priority	Management response and implementation details
5. (2.4)	<p><b>Fixed asset valuations</b></p> <p>Our work in auditing the accounts of a number of other local authorities nationally has revealed some weaknesses in valuation methods and compliance with Royal Institute of Chartered Surveyors (RICS) guidance by in-house Council valuers.</p> <p>The significant in year reduction in Haringey council dwellings whilst other Council property values increased reveals the limitations of the current 5 year rolling revaluation approach. Our audit also identified scope for improvement in the documentation of assumptions used in arriving at HRA beacon valuations and for demonstrating that all fixed assets had been revalued in the past 5 years.</p>	<p>The Council should develop its systems and procedures for valuing fixed assets so that it can be assured that its asset base has been valued appropriately and that the value of fixed assets shown in the balance sheet remain materially correct. This will include ensuring that:</p> <ul style="list-style-type: none"> <li>• assets are split into the correct components and valued on the correct basis and in accordance with current valuation guidelines</li> <li>• valuations and impairment reviews take place with sufficient frequency to ensure that the annual accounts materially reflect the fair value of assets</li> <li>• Corporate Finance and Property Services work together closely, including ensuring that sufficient resource is devoted to dealing effectively with the more stringent valuation and accounting requirements.</li> </ul>	High	<p>Agreed.</p> <p>As part of the implementation of IFRS all asset valuations will be reviewed. In addition IFRS will require the Council to move away from a rigid 5 year valuation cycle to one that gives assurance that the asset valuation records are appropriate.</p> <p>Corporate Finance and Corporate Property Services are working together to revise procedures to ensure this happens effectively.</p>

No./ Ref	Matter arising	Recommendation	Priority	Management response and implementation details
6. (2.4)	<p><b>Pension fund bank account</b></p> <p>As highlighted in our report last year, pension fund cash balances are held in shared bank accounts with Council main funds, and concerns were raised over the suitability of this practice in the longer term. Our review this year, as with last year, concluded that good controls are in place to ensure funds relating to the fund are easily identifiable.</p> <p>We note that DCLG is consulting on proposals to prevent "co-mingling" of pension and general fund bank accounts.</p>	<p>Our recommendation remains that consideration is given to the pension fund having its own bank accounts separate from those of the Council.</p>	<p>Medium</p>	<p>Agreed.</p> <p>A costs and benefits analysis is being undertaken, along with an investigation into whether SAP can deliver the required separation, into the recommendation. A report on the outcomes and a recommendation on moving this matter forward will be taken to the Pensions Committee in January 2010.</p>

No./ Ref	Matter arising	Recommendation	Priority	Management response and implementation details
7. (2.4)	<p><b>Related party transactions (RPT)</b></p> <p>RPT declarations - At the start of the audit 29 of 98 RPT declarations had not yet been received. By the end of the audit, we would expect that all had been received. We would recommend that all declarations be received prior to the audit commencing, in order to avoid any potential audit adjustments.</p> <p>Identification of RPTs - As per discussion with the Council, there is no process for identifying RPTs outside the receiving of RPT declaration forms. We would recommend that the ledger be checked for any undisclosed material RPTs.</p>	<p>The Council should tighten its procedures for ensuring timely receipt of all RPT declarations and, in line with good practice, expand processes for identifying any undisclosed RPTs.</p>	<p>Medium</p>	<p>Agreed.</p> <p>Improved arrangements will be put in place to ensure all RPTs are received. The procedures for identifying other RPTs will be reviewed and improved if required in order to strengthen the controls.</p>



No./ Ref	Matter arising	Recommendation	Priority	Management response and implementation details
8. (2.4)	<p><b>Credit note procedures</b></p> <p>Our testing of post-year end credit notes raised found one instance of a credit note being raised against invoices that had not in fact been issued by the Council.</p> <p>The invoices originate from the Council's energy supplier Corona. The Council then raise equivalent invoices to partners such as CONEL. However, two of the invoices that were included in the credit note had not in fact been raised (value of £178k). The Council is correcting this error by raising the required invoices.</p>	<p>The Council should review other similar credit notes raised to identify if there is any further income that may be due, and should enhance controls to prevent similar issues from occurring in future.</p>	Medium	<p>Agreed.</p> <p>Fresh guidance will be issued to strengthen the process in this area. A periodic review of credit notes raised will be implemented to mitigate against the risk of incorrect credit notes be raised.</p>
9. (2.4)	<p><b>Debtor and creditor audit trail</b></p> <p>We encountered difficulties during the audit when trying to test creditors and debtors. The reports provided were of nominal activity i.e. showing historical movements, rather than open balances at year end, the latter being what we need to test.</p>	<p>For the 2009/10 audit, the Council should design reports that facilitate audit testing of year end debtor and creditor balances.</p>	Medium	<p>Agreed.</p> <p>Officers will work with the auditors during the interim audit to mutually agree reports that will be provided during the audit for these areas, thus ensuring the auditors' needs are fully met.</p>

No./ Ref	Matter arising	Recommendation	Priority	Management response and implementation details
10. (2.4)	<p><b>Revenue expenditure funded by capital under statute</b></p> <p>There is £16.8m in the accounts that is classified as 'revenue expenditure funded by capital under statute.' Per the SORP, and the Council's accounting policy, this figure should only include capital expenditure on assets not on the Council's balance sheet.</p> <p>However, our testing found that £10.2m of the expenditure included under this heading is non value enhancing capital expenditure on Council owned assets. Management has, therefore, agreed to reclassify this within the impairments line in the fixed assets note.</p>	<p>The Council should ensure that only appropriate expenditure is recorded under 'revenue expenditure funded for capital under statute'</p>	<p>Medium</p>	<p>Agreed.</p> <p>The controls will be revised to ensure this issue is rectified.</p>

No./ Ref	Matter arising	Recommendation	Priority	Management response and implementation details
11. (2.4)	<p><b>Government grants deferred balances</b></p> <p>Government grants deferred are required to be identifiable to specific assets that were funded from those grants, in order that the outstanding grant balance can be written down alongside depreciation of the asset to which it relates.</p> <p>Within the government grants deferred balance there is approximately £16m that dates back to 2000 or before. It is likely that some of this relates to residual balances that cannot be directly linked to individual assets and should be written out of the accounts.</p>	<p>For the 2009/10 accounts, the Council should carry out a further exercise to identify any residual government grants deferred balances that cannot be linked to the asset that they funded and should write these out of the accounts. From then on it should be made clear in SAP which asset any government grants deferred balance is linked to.</p>	Medium	<p>Agreed.</p> <p>From 2009/10, due to the Council now having the asset accounting module, all government grants will be linked directly to an asset.</p> <p>The review as requested by the auditors will be carried out and the required action taken.</p>
12. (2.4)	<p><b>Single status</b></p> <p>We observed that the Council has maintained a £0.7m provision for potential single status payments. It is our understanding that this is because the Council did not fully achieve the planned completion of re-gradings by the end of 2008/09.</p>	<p>The Council should ensure the prompt completion of the exercise and subsequently update its accounting for the remaining liability.</p>	Medium	<p>Agreed.</p> <p>The Human Resources team has a full timetable in place that is planning to have the single status issue fully resolved by mid 2010. All historic re-gradings will be completed by the end of the financial year.</p>

No./ Ref	Matter arising	Recommendation	Priority	Management response and implementation details
13. (2.10)	<p><b>Members' allowances and expenses</b></p> <p>We found one minor omission from our testing of members allowances and expenses. The accounting note that details members' allowances should also include all members' expenses. We found that £2k of conference travel expenses had not been included, within the context of total 2008/09 expenditure in this area of almost £1.4m.</p>	<p>The Council should ensure that any Members allowances and expenses costs that are not processed via payroll are picked up within this relevant accounts note next year.</p>	Medium	<p>Agreed.</p> <p>The accounts closure process will include a separate review of members' allowances and expenses to ensure all such transactions are properly recorded.</p>
14. (2.4)	<p><b>Cash flow statement</b></p> <p>The draft cash flow statement presented for audit did not correctly reflect the cash flow implications of the Council's investments. Management prepared a revised cash flow statement that largely resolved the misstatement. However, there remains a balancing item of £333k that we draw to the attention of those charged with governance.</p>	<p>The Council should ensure that the cash flow statement presented for audit, fully reconciles to the other statements within the accounts.</p>	Medium	<p>Agreed.</p> <p>The process for calculating the cash flow is being reviewed in order to minimise the risk of error and ensure that it fully reconciles to the other statements.</p>



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Agenda item:

**[No.]****Audit Committee****On 5 November 2009**Report Title: **Comprehensive Area Assessment (CAA)****Auditor's Report on the Use of Resources 2008/09**Report of: **Chief Financial Officer**

Signed :

Contact Officers: **Kevin Bartle, Head of Corporate Finance, 020 8489 3743****Eve Pelekanos, Head of Policy and Performance, 020 8489 2508**Wards(s) affected: **All**Report for: **Non-key decision****1. Purpose of the report**

- 1.1. To inform the Committee of the auditor's assessment of the Council's Use of Resources and the Council's intended actions to implement auditor recommendations.

**2. State link(s) with Council Plan Priorities and actions and /or other Strategies:**

- 2.1. The Use of Resources assessment forms part of the annual Comprehensive Area Assessment. The assessment therefore relates to work across the whole Council.

**3. Recommendations**

- 3.1. That the Audit Committee is asked to note the Use of Resources assessment and scores and the Council's intended actions to implement auditor recommendations (as set out at Appendix 1).

#### **4. Summary**

- 4.1. The report sets out the auditor's CAA Use of Resources assessment, scores and associated recommendations for the 2008/09 period. The full report is at Appendix 1, including management responses to auditor recommendations and proposed implementation details.
- 4.2. Good progress continues to be made since the first Comprehensive Performance Assessment (CPA) in 2005; the overall score of 3 (performing well) achieved for 2005/06, 2006/07 and 2007/08 is maintained against the new Comprehensive Area Assessment framework, which is seen as more demanding.
- 4.3. As a result, the auditors have concluded that "the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, **except for** producing relevant and reliable data and information to support decision making and manage performance." The score of 1 for the data quality KLoE "reflects the findings of the joint area review, the Ofsted review of safeguarding children and mixed results within our data quality spot-checking work."

#### **5. Head of Legal Services Comments**

- 5.1. The Head of Legal Services has read the report. The report considers improvements to governance arrangements, including embedding the new Local Code of Corporate Governance and strengthening partnership governance. There are no specific legal implications.

#### **6. Equalities & Community Cohesion Comments**

- 6.1. Impact on equalities and community cohesion will be factored in to the relevant improvements at a detailed level.

#### **7. Consultation**

- 7.1. Relevant Council officers have contributed to the management responses and implementation actions at pp.26-43 of Appendix 1. The Council's auditors, Grant Thornton, have had advance sight of this.

#### **8. Service Financial Comments**

- 8.1. The actions set out in the appendix will be contained within existing approved budgets.



**9. Use of appendices /Tables and photographs**

- 9.1. Appendix 1 – Grant Thornton’s Use of Resources Report for 2008/09 and Council Response, dated October 2009

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

- 10.1. The following background paper was used in the production of this report:

Grant Thornton’s Use of Resources Report for 2008/09 and Council Response, dated October 2009

**11. Background**

- 11.1. As part of the new Comprehensive Area Assessment (CAA), the Council is subject to an organisational assessment. This is comprised of a Use of Resources assessment and a Managing Performance assessment.
- 11.2. Under the previous CPA framework, the Use of Resources assessed how well the Council managed and used its financial resources. The new assessment has been broadened to also consider issues such as commissioning & procurement, performance management, governance, and the use of environmental resources, assets and workforce.
- 11.3. The Use of Resources assessment took place between April and August 2009, with reference to outcomes in the 2008/09 financial year. In their report to those charged with governance in September 2009, the Council’s appointed external auditors, Grant Thornton, concluded that “the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, **except for** producing relevant and reliable data and information to support decision making and manage performance.” The score of 1 for the data quality KLoE “reflects the findings of the joint area review, the Ofsted review of safeguarding children and mixed results within our data quality spot-checking work.” The actions for improvement in this area are set out in the appendix.

**12. Scores and findings**

- 12.1. The overall score for the Council’s Use of Resources assessment was 3 out of a possible 4. The themes and Key Lines of Enquiry (KLoE) scores are shown in the table below:

Theme / KLoE		Score
<b>Theme 1 - Managing finances</b>		<b>3</b>
1.1	Financial planning	3
1.2	Understanding costs	2
1.3	Financial reporting	3
<b>Theme 2 - Governing the business</b>		<b>2</b>
2.1	Commissioning and procurement	2
2.2	Use of data	1
2.3	Good governance	2
2.4	Internal control	2
<b>Theme 3 - Other resources</b>		<b>3</b>
3.1	Environmental management	3
3.2	Asset management	2
3.3	Workforce management	N/A in 2008/09

- 12.2. Strengths were identified in integrating financial and service planning, based on “an established, bottom up service and financial planning process which includes member scrutiny”. Investment in high priority areas as part of the Council’s Medium Term Financial Strategy was recognised as contributing to improved outcomes for the community, such as improved educational attainment, increased satisfaction with leisure centres and reductions in crime.
- 12.3. The Council’s financial reporting was identified as good, with a high level of integration between presentation of financial, performance, risk and human resources information. Reports to the public were found to be of a high quality and stakeholder consultation in financial planning was also cited as a particular strength.
- 12.4. The overall score of 3 for the managing ‘other resources’ theme was attributable to the underlying score of 3 for managing natural resources, which was identified as an area of strength for the Council. The auditors found that the Council had “detailed measurement and analysis of energy consumption and emissions in particular, and an overall reduction in emissions from last year leading to significant savings in utility bills.”
- 12.5. Auditors found that whilst at a corporate level there are adequate arrangements for ensuring that data and information for decision-making are accurate and reliable, the score of 1 for the data quality KLoE “reflects the findings of the joint area review, the Ofsted review of safeguarding children and mixed results within our data quality spot-checking work.” The Council will continue to implement the Safeguarding Plan for Haringey, which sets out the improvements to be made to inter-agency child protection practice within the Council and across the partnership.

- 12.6. As the workforce management KLoE will be assessed for the first time in 2009/10, the Council is preparing a self assessment of current performance in this area, which will inform improvement actions to be undertaken in the remainder of the year.

### **13. Auditor recommendations and Council response**

- 13.1. The recommendations of the auditors are at pp.26-43 of Appendix 1. In summary, the high priority recommendations are:
- to continue to demonstrate outcomes to deliver strategic priorities (recommendation 1)
  - to articulate and quantify financial and non-financial benefits arising from Haringey Forward and core efficiency programmes (recommendation 2)
  - to demonstrate that arrangements for inter-agency child protection practice are improving in line with the Joint Area Review action plan (recommendation 4)
  - to address identified weaknesses in data quality management and reporting in relation to child protection, in particular reducing the need for manual checking and manipulation in performance reporting (recommendation 8)
  - to continue to develop data quality mechanisms for housing and council tax benefit claims in order to minimise errors (recommendation 9)
- 13.2. Management responses have been prepared for each recommendation, including implementation actions (see pp.26-43 of Appendix 1).
- 13.3. Progress against the improvement actions will be monitored by a Use of Resources officer group, led by the Chief Financial Officer and including the Head of Corporate Finance and Head of Corporate Policy and Performance. This group will continue to provide oversight of all work relating to the Use of Resources.
- 13.4. Progress will be reported to the Audit Committee in February 2010.

### **14. Summary and conclusions**

- 14.1. Good outcomes have been identified, as outlined at paragraphs 12.2 – 12.4, however further work must be undertaken to address the auditor recommendations. These will be given priority by relevant officers and progress will be monitored.

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London Borough of Haringey

Use of Resources 2008/09

28 October 2009

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#### **Appendices**

- A Action plan**
- B CAA and the new Use of Resources Framework**
- C Scoring criteria and rules**
- D KLoEs specified for assessment in 2008/09 and 2009/10**
- E Data quality spot-checks: detailed findings**

# 1 Key messages

## 1.1 Context

Under the Audit Commission's Code of Audit Practice we are required to reach a conclusion on whether the London Borough of Haringey ('the Council') has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion'). This report presents the results of our value for money and Use of Resources work in 2008/09. We have separately issued our Annual Report to those Charged with Governance (ISA260). The key messages from both of these reports will be summarised in the Annual Audit Letter.

We described in our Audit Plan (May 2008) the areas of audit work that provide us with the assurance that contributes to our annual VFM conclusion. This report sets out our findings from these pieces of work:

- our assessment of the Council's Use of Resources ('UoR'), using the three themes within the Audit Commission's new assessment framework themes and Key Lines of Enquiry ('KLoE')
- specific work on locally identified audit risks, which contribute to our VFM conclusion by feeding into our UoR assessment scores
- risk-based spot check work to assess the quality of data underlying a small sample of key performance indicators.

In 2009, the Audit Commission introduced a new framework and methodology for UoR assessments across local government, police forces, fire authorities and primary care trusts. The new framework emphasises **outcomes** over **processes**, and brings new areas into the assessment such as environmental and workforce management. The new assessment presents a more robust challenge than the old framework, based on different scoring criteria. It should be noted, therefore, that changes from prior year scores do not necessarily reflect an objective change in performance. Further detail about the new framework and the link to Comprehensive Area Assessment (CAA) are set out in Appendix B.

## 1.2 Key messages

The Council's UoR scores in the three themes are summarised in the table below. A score of 1 indicates inadequate performance, 2 represents adequate performance, 3 is performing well and a score of 4 indicates excellent performance. For a full explanation of scoring criteria, please see Appendix C.

**Table 1: UoR scores**

Theme	2009 score
1 Managing finances	3
2 Governing the business	2
3 Managing resources	3

We have assessed the Council as performing well in the areas of managing finances and managing resources. The managing finances assessment reflects particular strengths in the areas of integrated financial and service planning, financial reporting and stakeholder consultation. The overall score of 3 for managing resources is largely attributable to the underlying score of 3 for managing natural resources, which is an area of strength for Haringey.

We have assessed the Council as performing adequately in all areas of the "governing the business" theme, with the exception of a score of 1 for "use of data". This reflects the findings of the joint area review, the Ofsted review of safeguarding children and mixed results within our data quality spot-checking work.

For this, we took into account the work of the various inspectorates, we reviewed 6 performance indicators, undertook a general review of data quality management arrangements for adult social services and completed the mandatory data quality review of housing and council tax benefit payments. We identified significant data quality concerns in relation to housing and council tax benefits and NI 59 (timescale for Children's social care initial assessments) which was one of four safeguarding children indicators reviewed. We have also made a number of recommendations relating to less significant weaknesses in other performance indicators. See section 5, KLoE 2.2 for more details.

### **1.3 High-priority actions**

As a priority, the Council needs to ensure that it:

- continues to demonstrate improving outcomes driven by investment in strategic priorities, thus retaining its "performing well" assessment for managing finances;
- is able to clearly articulate and quantify the financial and non-financial benefits arising from all areas of the Haringey forward and core efficiency programmes. This includes showing how service review and analysis activity, such as that undertaken for the benefits service in 2008/09 and planned for corporate support functions in 2009/10, is leading to the targeted levels of improvement;
- can demonstrate that commissioning and data quality arrangements with regard to inter-agency child protection practice are improving in line with the action plan submitted to Ofsted in response to the joint area review;
- is addressing identified weaknesses in data quality management and reporting in relation to child protection, in line with its existing action plan, in particular reducing the need for manual checking and manipulation in performance reporting; and
- continues to develop data quality checking mechanisms for housing and council tax benefit claims in order to minimise the high level of errors associated with incorrect dates, over and under-payments and incorrect payment of single person allowance.

These recommendations are set out alongside medium and low-priority recommendations in Appendix A.



## **1.4 Next steps**

We will continue to work with the Council during the year to help prepare for the 2009/10 Use of Resources assessment. For further details on next year's assessment, please see Appendix D.

The recommendations arising from our review are set out in Appendix A for agreement. We would like to take the opportunity to remind the Audit Committee of the need to monitor implementation of the agreed action plan.

## **1.5 Use of this report**

This report has been prepared solely for use by the Council to discharge our responsibilities under the Audit Commission Code of Audit Practice and relevant auditing standards and should not be used for any other purpose. No responsibility is assumed by us to any other person.

This report includes only those matters that have come to our attention as a result of performance of the audit. An audit of Use of Resources is not designed to identify all matters that may be relevant to those charged with governance. Accordingly the audit does not ordinarily identify all such matters.

## **1.6 Acknowledgements**

We would like to record our appreciation for the co-operation and assistance provided to us by the Council's management and officers during the course of our audit, in particular for the help and support provided by the Head of Corporate Finance and the Use of Resources Project Officer.

**Grant Thornton UK LLP**  
**28 October 2009**

## 2 Detailed findings

### 2.1 Introduction

In carrying out our audit work we comply with the statutory requirements governing our duties, set out in the Audit Commission Act 1998, in accordance with the Code of Audit Practice (the Code). The Code requires us to issue a conclusion on whether the London Borough of Haringey ('the Council') has proper arrangements in place for securing economy, efficiency and effectiveness in the use of its resources ('VFM conclusion'). The UoR assessment forms the backbone of this process. The UoR Key Lines of Enquiry ('KLoEs') are prescribed by the Audit Commission and applied at all councils, police forces, fire authorities and NHS PCTs.

### 2.2 Approach to the audit

The assessment was carried out between April and August 2009 and was specifically related to the 2008/09 financial year. We reviewed the Council's arrangements against the KLoE framework prescribed by the Audit Commission. Our work was based on review of the Council's voluntary self-evaluation and supporting evidence, meetings with senior management and officers.

### 2.3 2008/09 UoR assessment

The 2008/09 KLoE and theme scores are shown in the table below.

**Table 2: UoR theme and KLoE scores**

Theme / KLoE		Score
<b>Theme 1 - Managing finances</b>		<b>3</b>
1.1	Financial planning	3
1.2	Understanding costs	2
1.3	Financial reporting	3
<b>Theme 2 - Governing the business</b>		<b>2</b>
2.1	Commissioning and procurement	2
2.2	Use of data	1
2.3	Good governance	2
2.4	Internal control	2
<b>Theme 3 - Other resources</b>		<b>3</b>
3.1	Environmental management	3*
3.2	Asset management	2
3.3	Workforce management	N/A**

\*Some KLoEs have an overriding impact on theme scores - see Appendix C for more details of scoring criteria and arrangements.

\*\*Different KLoEs are specified for assessment each year and across types of organisation. See Appendix D for details.

## 2.4 2008/09 VFM conclusion

Under the Code of Audit Practice (the Code), auditors have a responsibility to conclude whether the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This conclusion is the value for money ('VFM') conclusion. Section 3 of the Code sets out the scope of these arrangements and the way in which auditors will undertake their work.

Auditors inform and limit their VFM conclusion by reference to relevant criteria. These criteria cover particular areas of audited bodies' arrangements, specified by the Commission under the Code. From 2008/09, the KLoE for the scored use of resources assessment also form the criteria for the VFM conclusion. The Commission will specify each year which of the use of resources KLoE will form the relevant criteria for the VFM conclusion at each type of audited body.

Auditors address a 'yes' or 'no' question for each criterion – that is the audited body either has proper arrangements or it does not. In most cases, a 'no' judgement will be equivalent to level 1 performance for the use of resources assessment, and a 'yes' judgement will be equivalent to level 2 performance or above. Criteria with a 'no' judgement will automatically apply in the following year regardless of whether or not they are specified.

For bodies subject to a scored use of resources assessment for CAA, the KLoE forming the relevant criteria for the 2008/09 and 2009/10 VFM conclusion are those specified at Appendix D.

On the basis of the KLoE scores assessed in 2008/09 for the London Borough of Haringey, our conclusion is that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, **except for** producing relevant and reliable data and information to support decision making and manage performance.

## 2.5 Recommendations

The key findings in each of the KLoEs, and areas for improvement, are set out in the sections 4-6. Our recommendations focus on KLoEs that were assessed at levels 1 or 2, or areas within an overall level 3 score, where we identified some scope for improvement. Whilst not covered by specific recommendations, as a general principle the Council will be able to achieve an improved assessment score through a combination of the following:

- demonstrating strong outcomes for the community and VFM improvements across the scope of the KLoE
- showing innovation or recognised best practice
- demonstrating effective partnership working leading to improved outcomes
- showing strong performance and value for money compared with others.

### 3 Identifying outcomes, outputs and achievements

#### 3.1 Identifying outputs, outcomes and achievements

In order to score level 3 or above in the new UoR assessment framework, organisations were required to show that processes are **effective** and having the **intended impact**. This is an important shift in emphasis from the previous framework, within which organisations could achieve top scores by demonstrating excellent processes. The table below gives generalised examples of the types of outcome that have led to higher scores.

**Table 3: Illustrative examples of outcomes, outputs and achievements by KLoE**

	Outcome	Output	Achievement
1.1	Investment in priorities leads to improved performance	Savings targets met, performance reward grant achieved	Positive external assessment
1.2	Improved relationship between costs and performance	Service reviews completed identifying opportunities	Development of effective corporate efficiency programme
1.3	Healthy financial position	Improved financial skills	Early close of accounts, clean audit
2.1	Improved service performance at lower cost	Completed commissioning / procurement exercises	Innovative approach to joint commissioning External recognition for procurement
2.2	Better-informed decisions and robust data to stakeholders	Improved internal performance reporting	Finding and fixing problems with own or partner data
2.3	Flexibility and responsiveness whilst maintaining focus	All members trained in ethical behaviour	Achieving a more balanced political process
2.4	Risks identified and mitigated, frauds recovered	Development and review of risk registers	Development of effective partnership risk framework
3.1	Reducing emissions and water consumption	Training of environmental champions	Enrolment in carbon reduction programme
3.2	Improving condition of assets	Income from disposal of unwanted assets	Better office accommodation
3.3	Meeting skills gaps, improving staff satisfaction	Reducing turnover and sickness absence	Investors in people accreditation

**Note;** these examples are for illustration only and do not cover all areas of each KLoE. Refer to section 2 for KLoE headings.

Based on the experience of our auditors in the first year of the new UoR assessment, and our understanding of the framework as it will be applied next year, we would suggest that the following common sense principles are taken into account when seeking to identify outcomes:

- organisations should not have to identify new outcomes for the purposes of UoR assessment. These should be identified and captured through existing management activity; organisations should understand how their processes help them to achieve their priorities
- outcomes and outputs should be measurable where possible, but if this is not the case then a qualitative description of the improvement is still useful
- there may not be a one-to-one relationship between processes and outcomes - there may be a small number of outcomes that arise as the net effect of a processes across a KLoE area
- Councils should discuss any issues of interpretation with their auditors before investing time and effort in voluntary self-evaluation.

### **3.2 Engagement in the assessment process**

The Council engaged effectively with the assessment process this year. Our early discussions with senior officers helped the Council to prepare a high-quality and focussed self-evaluation, and a comprehensive pack of supporting evidence. We undertook a series of awareness-raising workshops with groups of officers from across the Council, which were positively regarded by the Council and Grant Thornton. Our subsequent workshops on KLoEs 1.2, 2.1, 2.2 and 3.1 were well attended and useful.

For the 2009/10 assessment, we anticipate a less time-intensive process for the Council. The assessment is likely to focus on the following areas in particular:

- identifying new outcomes for 2009/10 and evidence that outcomes from 2008/09 have been sustained
- areas in which the Council feels that substantial improvements have been made to processes and procedures
- areas in which new audit risks have been identified
- the workforce management KLoE (3.3), which will be assessed at the Council for the first time.

### **3.3 Our approach to ensuring consistency**

In line with the Audit Commission's move to Comprehensive Area Assessment, the new use of resources framework has been designed to provide more flexibility to recognise local issues, priorities and achievements. This has given auditors more freedom to establish the individual story of each organisation, rather than applying a rigid best practice template. To support this, both the Audit Commission and Grant Thornton have put in place new arrangements for ensuring that judgements and scores are reached in a fair and consistent way.

The Audit Commission has:

- provided extensive guidance and training
- introduced an area-based challenge process bringing together auditors within each region to discuss and challenge indicative scores
- increased the visibility of comparative scores and commentary for auditors
- undertaken a detailed final quality assurance process including statistical analysis across suppliers, regions and types of organisation.

Grant Thornton has:

- provided internal training and guidance
- developed a network of regional leads to oversee the audit process nationally
- undertaken a number of internal consistency and challenge sessions, comparing our clients to each other and with their regional neighbours
- undertaken detailed review and quality control of scores and conclusions.

The Audit Commission is carrying out further work to learn from the first year of the new assessment and seek to further develop the review and quality assessment process for 2010 and beyond.

## 4 Managing Finances

### Theme summary

We have assessed theme 1 at level 3. The Council's strong performance in the areas of financial planning and financial management counterbalances some still developing outcomes from the Council's work on understanding and managing costs. The Council has strong integrated financial and service planning, and responded effectively to the Icelandic banking crisis. From this stable financial platform, strong outcomes are being delivered in some key service areas, including educational attendance and attainment.

The Council has good corporate arrangements for setting and controlling cost levels, and a number of initiatives aimed at improving understanding and management of costs. The benefit of these has yet to be fully felt in most cases. Delivery of efficiency gains is steady; the Council ranks 18th out of 33 London Boroughs for reported 2008/09 efficiency savings under National Indicator 179.

Financial reporting is good, with a high level of integration between presentation of financial, performance, risk and human resources information. Reports to the public are of a high quality and include information on the Council's environmental impact. The 2008/09 audit of the accounts progressed well and we issued an unqualified opinion prior to the statutory deadline.

### **KLoE 1.1 - Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?**

#### **1.1.1 - Integrated financial and service planning**

The Council remains strong at integrating financial planning with strategic and service planning processes on a medium to long term basis, with an established, bottom up service and financial planning process which includes member scrutiny.

The Council was caught up in the Icelandic banking crisis, with £37m of investments, but was not one of the 7 subsequently named in the Audit Commission report. The Council responded by commissioning PwC to carry out a review and has implemented the recommendations from this and the Audit Commission national report. The Council's General Purposes committee is charged with ongoing scrutiny of this area, reviewing advisor provision and ensuring that investing is now only made in UK institutions. Our recent work on the Audit Commission treasury management workbook verifies that the Council has responded appropriately to the issue.

The budget and Medium Term Financial Strategy ('MTFS') demonstrate investment in priority areas and the Council has evidenced that this has led to improved outcomes in key areas, for example:

- educational attainment improving at faster than the national rate. In particular, The 19% gap between Haringey and national attainment for 5+ GCSEs at grade A\*-C has reduced to 5.6%. Haringey is ranked 4th out of 148 local authorities by the government for value added scores which measure progress at the end of Key Stage 2 to Key Stage 4

- the strategic investment programme of renewal and refurbishment of leisure centres has led to a 12% increase in perception/satisfaction of leisure centres and an annual increased use of leisure centres by 440,000 visits per year. This also led to the reduction in subsidy per user visit from £2.30 to £1.80
- the customer service transformation project has led to improved customer speed of access, improved answering rates, reduced costs, improved staffing skills and performance
- good progress on crime (7% reduction in 2008/09) and fear of crime (17% reduction since 2004) from investment in partnership working with the police.

### 1.1.2 - Engaging stakeholders in financial planning

The Council effectively engages the local community in the financial planning process, including through the continued use of participatory budgeting, where the Council's "Making the Difference" initiative has been recognised nationally as good practice. Various methods of communication are used including business briefings as part of the budget setting process, consultation with residents groups and youth groups around financial and service strategies, residents surveys and financial planning discussions with the Haringey Strategic Partnership. A key recent message is that residents would support seeing slightly higher rises in Council Tax, provided that core services were maintained, and the Council will consider this in formulating its financial strategy from 2011 onwards.

### 1.1.3 - Financial stability

The Council reported a £0.75m revenue surplus at March 2009 and has set a balanced budget for 2009/10 and for the period of the current MTFs. The Council maintains a healthy level of reserves and has begun its preparations for the anticipated funding reductions from 2011. Officers in all departments have already been tasked to plan for such scenarios as part of routine business planning processes.

### 1.1.4 - Setting balanced budgets

The Council has well established budget setting processes that involve ownership from budget holders and finance training is provided to officers and members. The Council's strong track record on achieving budgets on a service by service basis is evidence of the outcome from this. We have first hand evidence, from discussions at Audit Committee, General Purposes Committee and other fora, of Members challenging on finances (e.g. exploring and understanding the risks to the Council's finances of not submitting claims and returns on time and potentially not identifying potential funding streams) and, recently, understanding the scale of the financial management challenge ahead.

#### **Recommendation 1 - Demonstrating service outcomes across the Council's activities**

In order to retain and build upon its "performing well" assessment for KLOE 1.1, the Council will need to demonstrate that investment in strategic priorities continues to lead to improved outcomes in these areas. It should be able to do this through its existing performance management and



corporate planning activities.

### **KLoE 1.2 - Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?**

The Council has adequate arrangements in place in this area. There are clear corporate mechanisms for setting and reviewing and controlling the costs associated with services, and in some areas there are examples of work to improve understanding of the links between costs, activity and performance, although in most cases the Council has yet to realise the full benefits of these. Whole-life costing approaches have been followed in some areas and an approach to mainstreaming their use is in place. Unit costs are part of the decision-making toolkit for some services, especially social care. The Council has met its efficiency and savings targets through its core savings approach and the Haringey Forward programme.

#### **1.2.1 - Understanding costs**

Overall resource limits and cost parameters are set out by the MTFS and expressed in budgets. The MTFS is modelled on the basis of a range of possible scenarios, and linked to an analysis of demographic shifts and the likely impact on service demand. Cost and performance information are reviewed and challenged alongside each other through a range of mechanisms. At a corporate level, a small selection of unit costs are reviewed within the budget monitoring process, and are reported in the context of relevant performance information.

At service level, use is made of nationally available unit cost datasets from, for example, Ofsted, CSCI and DEFRA. Some specific-service initiatives are developing a better understanding of cost behaviour and links to activity, for example the best value review of benefits and local taxation (reported November 2008) and a series of cost analyses undertaken by Environmental Services. The Council's approach to whole-life costing continues to develop, but does not yet appear to be mainstreamed into option appraisal and project management approaches.

#### **1.2.2 - Decision-making**

There are a number of examples of how an understanding of cost information feeds into planning, decision-making and commissioning. For example, investment in schools is linked to an analysis of deprivation, and adult social services undertake detailed monthly analysis of commissioning costs and performance, and the projected impacts on service levels based on activity and unit costs. There is evidence of routine use and monitoring of unit costs across the range of social care services.

Presentation of reports is appropriate to the target audience, with detailed information considered at service level, and summarised graphical reports at senior corporate and Haringey Strategic Partnership (HSP) level. Cost variances are analysed and responded to effectively through the budget monitoring process (see 1.3)

#### **1.2.3 - Achieving efficiency**

Efficiency opportunities are fed into the MTFS, with each proposal supported by an impact and risk analysis. Proposals and targets undergo a rigorous challenge process before finalisation. In-year agreed savings are monitored monthly through the budget reports and pre-agreed savings for future

years are revisited annually as part of the budget planning process to ensure they are still achievable, desirable and support the Council's strategic objectives.

Through its core efficiency programme the Council has met Gershon targets and delivered approximately £23million budget reductions over three years, representing just under 10% of net budget. "Haringey Forward," is the Council's main strategic programme focusing on efficiency, with a target of £5million over 3 years. Governance arrangements for this programme are good, with clear programme management and monitoring arrangements. Savings close to the £1m target were achieved in 2008/09. The NI179 performance summary for 2008/09 identifies £10.8million cash-releasing VFM gains. The Council is currently undertaking a review of support functions which has the potential for a major impact on this area next year.

#### **Recommendation 2 - demonstrating outcomes from efficiency and VFM programmes**

Ensure that the Council is able to clearly articulate and quantify the financial and non-financial benefits arising from all areas of the Haringey forward and core efficiency programmes. Show that service review and analysis activity, such as that undertaken for the benefits service in 2008/09 and planned for corporate support functions in 2009/10, is leading to the targeted levels of improvement.

#### **Recommendation 3 - Whole-life costing**

Whole-life costing techniques are in use in some areas, but the Council should develop clear criteria and procedures for more mainstream use within the corporate project management framework and demonstrate that these are consistently applied.

### **KLoE 1.3 - Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?**

#### **1.3.1 - 1.3.3 Financial monitoring and reporting**

The Council has robust and established systems and procedures for producing good quality financial monitoring and forecasting information, which is used alongside related performance information to support decisions. The outcome of these processes are the Council's sound financial position, as described in 1.1 above, which indicates that budget holders are well supported by financial information, systems and reports. Through our monthly meetings with the Chief Financial Officer (CFO) and review of data it is clear that this information is used effectively to enable the CFO to identify and begin to deal with financial risks in a timely way.

Attendance at Audit Committee and other member fora and witnessing of the discussions there, supports the Council's assertion that members have the service and financial performance information they need. In our Use of Resources report 2008 (December 2008), we reported that the Council performed strongly (L4) in the relevant KLoE area (KLoE 2.2).

#### **1.3.4 - Accounts that present fairly**

The Council produced an initial set of draft 2008/09 accounts on 5 June 2009, which enabled an initial team and technical review of the accounts to take place and be fed back, prior to production and approval of the formal draft accounts. This enabled audit work to begin early and was useful for

the client in getting timely feedback on its accounts. We have submitted this to the Audit Commission as good practice.

Closedown was well managed by the Council this year and there is clear corporate commitment to producing good quality accounts. The Council's accounts were presented fairly and without significant issues or errors. The Council has already engaged effectively in taking forward IFRS with member briefings and a well-resourced project team.

### **1.3.5 - Preparation of the annual report**

The Haringey Annual Report 2007/08 was a relatively brief (20 pages) glossy document that was distributed to households and was made available on the Council's website. The format and content of the report was based on annual consultation. The report set out, in a user friendly way:

- key descriptions of how the Council is working with partners to deliver the community strategy
- how it is achieving its priorities in the 5 priority areas with resident feedback results set against these
- summary performance in the areas of most concern to residents (based on the 2007 survey) with a link to the full analysis of performance in the council plan
- a feedback form on a freepost postcard
- a clear and user friendly carbon statement with link to greenest borough strategy (covers more than carbon - see KLoE 3.1)
- accessible summary financial information.

The annual report was produced and distributed before 30 September as the Council wanted it to be timely. It went some way towards specifying where and on what services money was spent. The annual report, like the Council website and other key published documents, was easily accessible with invitations to request alternative language versions written in 6 non-English languages used in Haringey. Large print, audio tape and Braille versions, plus translation into other languages are also available by returning a freepost form on the back of the annual report. It is our view that the content, format and timing of the annual report is good practice.

## 5 Governing the business

### Theme summary

We have assessed this theme at level 2 overall, although there is a mixture of strengths and weaknesses within this picture. The Council has strengths in the areas of procurement and customer service, but corporate arrangements for commissioning in social care, particularly in partnership with others, has scope for improvement. For use of data, the current assessment score reflects the significant and well-documented data quality and performance issues identified in children's services during 2008/09, which have not yet been fully addressed. The Council has generally good arrangements for good governance and internal control, with member training and development a particular strength. However, there is more to do around improving partnership governance and embedding effective risk management within partnerships.

### **KLoE 2.1 - Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?**

The Council is performing well in the areas of procurement and improving customer experience through Information Technology (IT). Our overall score is a 2 as there is scope for improvement in joint strategic commissioning arrangements for social care, and further development of the Council's strategic commissioning framework.

#### **2.1.1 - Clear vision**

There are a range of localised commissioning plans and approaches linked to specific areas and needs assessments. The Council has shown that a strategic, corporate approach to commissioning is developing although partnership commissioning in social care can be improved. A vision for the Council and its partners is set out Sustainable Community Strategy and the Council Plan, and all activity is rooted in this. There is a good understanding of local needs feeding into this, with the borough profile and joint strategic needs assessment providing core datasets that inform a range of activity. These have been used to refresh commissioning approaches to older people and the "safer for all" strategy, with further work underway. The recent joint area review and the Council's action plan recognise the need to improve joint commissioning for children and young people.

#### **2.1.2 - Engaging stakeholders**

In addition to research and intelligence derived from the borough profile and JSNA, there are a range of localised approaches to involving service users and other stakeholders in the commissioning process.

#### **2.1.3 - Modernisation and service redesign**

Delivering "customer focussed" services is one of the Council's five key priorities, and there is a clear approach to achieving this by evaluating and redesigning services, making use of IT where

appropriate. A significant programme of work is now taking place, and the Council's work in implementing a customer relationship management system has attracted external recognition. The Council is also undertaking innovative work on "customer journey mapping", which has been recognised by IDEA as best practice. This work has focussed on delivering savings and efficiency gains alongside service improvements. The percentage of customer interactions completed within targeted timescales has increased from 57% to 78% at the same time as a 9% reduction in staffing and annual budget savings of £495,000.

#### 2.1.4 - Understanding the supply market

Two key work areas have been development of the public realm tender, and adoption of a category management approach. The Council received a commendation for best local government procurement in respect of its approach to category management. Significant savings continue to be derived from the Council's neutral vendor arrangement with Hays for temporary and agency staff. Around a third of Haringey's spending goes to local businesses, and a "trade local" programme supports local businesses in dealing with the Council. Use of local labour is mandated through social inclusion clauses in Building Schools for the Future (BSF) construction contracts.

#### 2.1.5 - Option appraisal

Spending categories have been risk-assessed, and low-risk commodities are generally sourced through shared procurement arrangements. Other key projects include the ongoing development of a shared out of hours service, LINKS, and coroners. A detailed option appraisal methodology was developed to support the work to evaluate the future shape of public realm services. There is a good corporate approach to contract management, and sustainable procurement practices are starting to become embedded following publication of a strategy in May 2008.

#### 2.1.6 - Service review

The "Haringey Forward" programme was put in place in 2008/09 with a VFM work stream. As part of this, service-by-service reviews are being undertaken looking at ways to increase performance and efficiency. Five reviews were completed in October 2008 and identified potential efficiencies. The Council has been able to identify some outcomes arising from reviews in previous years, including a saving of £300k in 2007/08 and a further £200k in 2008/09, due to an earlier VFM review of homecare services which reduced costs by £5 per hour.

#### **Recommendation 4 - Joint commissioning of social care and child protection services**

Demonstrate that commissioning arrangements linked to inter-agency child protection practice are improving in line with the action plan submitted to Ofsted, in response to the recent joint area review.

#### **Recommendation 5 - Recommissioning of public realm and development of corporate commissioning framework**

- As work continues on the recommissioning and procurement of public realm services, show that this is leading to improved service outcomes and better value for money
- Show that the work undertaken in this area is effectively informing the development of a corporate commissioning framework

### **KLoE 2.2 - Does the organisation produce relevant and reliable data and information to support decision making and manage performance?**

At a corporate level there are adequate arrangements for ensuring that data and information for decision-making are accurate and reliable. However, the assessment score reflects significant data quality failures that were identified during 2008/09 within Children's services. In July 2009 Ofsted published an update on progress in addressing the findings of the Joint Area Review, which reaches the clear conclusion that data quality is not yet adequate in respect of safeguarding children.

We completed a risk-based data quality review in Haringey's adult social care services and found an adequate level of control overall with some localised weaknesses. In addition, we have also undertaken spot-checks of a sample of national indicators within the safeguarding children set, and have found significant data quality issues with one of the four indicators tested, with general weaknesses in systems and reporting consistent with the published findings of the joint area review.

#### **Data quality spot-check results**

To support our judgements for KLoE 2.2 we undertook detailed spot-checks of a number of the Council's key performance indicators. Where we identified significant concerns around the quality of the underlying data which would be likely to lead to a material misstatement, we have reported findings to the Audit Commission. Our summary findings are set out in the table below, with further detail at Appendix E.

**Table 4 - Data quality spot-check results**

<b>PI ref</b>	<b>Description</b>	<b>Significant concerns?</b>	<b>Recommendation</b>
<b>NI 156</b>	No. of households in temporary accommodation	No	<p><b>Recommendation 6 - Temporary accommodation indicator</b></p> <p>Ensure that all necessary information is retained at year-end to allow recalculation of the performance indicator</p> <p>Develop system reports to automatically calculate this indicator and reduce the current level of manual checking and manipulation</p> <p>Ensure that appropriate continuity arrangements are in place for this indicator</p>
<b>PI ref</b>	<b>Description</b>	<b>Significant concerns?</b>	<b>Recommendation</b>
<b>NI 185</b>	Carbon emissions arising from Council operations	No	<p><b>Recommendation 7 - Carbon Emissions Indicator</b></p> <p>Reduce manual data manipulation and entry wherever possible by ensuring that data is submitted in a format that can be easily transferred to the DEFRA spreadsheet. Improve arrangements for checking manually inputted data</p>

			where this is not possible.  Improve data capture in relation to staff travel in order to more accurately measure this area
<b>NI59</b>	Initial assessments for children's social care carried out within 7 working days of referral	Yes	<p><b>Recommendation 8 - Improve quality and reporting of social care data</b></p> <p>The joint area review completed by the Care Quality Commission and Ofsted identified weaknesses in data quality management and reporting in relation to child protection, which are corroborated by our own spot-checking work. The Council should show that it is addressing these areas in line with its existing action plan, in particular reducing the need for manual checking and manipulation in performance reporting.</p>
<b>GEN</b>	General review of data quality management arrangements and controls in Adult Social Services	No	
<b>NI 62</b>	The percentage of children looked after at 31 March with three or more placements during the year.	No	
<b>NI 66</b>	The percentage of children looked after at 31 March with three or more placements during the year.	No	
<b>NI 67</b>	Child protection cases which were reviewed within required timescales	No	

### Housing and council tax benefits

In reaching conclusions for KLoE 2.2, we also considered the results of the data quality aspects of our work on housing benefits. The management arrangements the Council has in place for Benefits data was assessed and found to be operating satisfactorily. However, of our sample of 80 cases tested in detail, errors were identified within 19 cases, falling into three main categories:

### 1. Incorrect start dates

- The start dates used on several cases were incorrect. For instance, forms were received from one claimant allowing them to claim benefits from the date they moved into a property, but they were not paid until the following Monday.
- It was expected by the Council that errors would occur with the start dates, as the issue was identified in the 2007/08 BEN01 return. New procedures put in place to reduce the likelihood of similar problems occurring were introduced towards the end of the year. The issue of start dates being incorrect should be significantly reduced in 2009/10.

### 2. Underpayments and overpayments

- These arose for a number of reasons, including incorrect start dates mentioned above. Also, income and child benefit details were not processed correctly in some cases.
- It was anticipated by the Council that these types of errors would occur leading to under or overpayments, simply due to human error. New procedures have been introduced to address errors of this type on a more proactive basis.

### 3. Single person discount.

- In 8 of the 20 council tax cases tested, single person discount had not been applied in cases where the claimant had not specifically claimed for this, but were eligible.
- This issue was not anticipated by the Council, and the service is currently checking all benefits cases to assess the extent of errors.

The weaknesses identified within our data quality spot-checks, alongside failures identified by other inspectorates, have led to an overall score of 1 for the "use of data" KLoE.

#### **Recommendation 9 - Housing and council tax benefits data quality**

Continue to develop data quality checking mechanisms in order to minimise the level of errors associated with incorrect dates, over and under-payments and incorrect payment of single person allowance .

### **KLoE 2.3 - Does the organisation promote and demonstrate the principles and values of good governance?**

#### **2.3.1 - Good governance**

The Council meets basic requirements in this area. The constitution sets out a clear governance framework and responsibilities within this, and is subject to ongoing review by a constitution working group. In 2008/09 the Council formally adopted a Local Code of Corporate Governance (LCCG) which drew together all its existing strategies and policies and aligned them with the requirements of the CIPFA/SOLACE corporate governance model. Aligned to the principles of



this new framework, in 2008/09 the Council reviewed key aspects of its constitution and refreshed member role profiles.

We looked at the Council's policies and arrangements for both members' and senior officers' allowances and expenses. We found the allowances and expenses claimed to be reasonable, and the system in place at the Council to be adequately robust. The Council has no specific plans at present to review its arrangements in the light of the lessons learnt from the parliamentary cases. However, as no weaknesses have been identified this is not considered an issue. The Council produces an Annual Governance Statement, which assesses the level of compliance with the governance framework. A protocol for member / officer relationships is in place.

There are good arrangements in place to meet the training and development needs of senior officers. Haringey has a member learning and development strategy, and was the first council in London to adopt the Member Learning and Development Charter. Member development is supported by the use of personal development plans. Attendance at member training events could be improved, but is acceptable. A set of management standards and an upward appraisal framework were adopted in 2008/09, and the Council's top managers (approximately 400) have been involved with this. Evaluation showed that the majority of managers found this to be a useful exercise.

### **2.3.2 - Focus on purpose and vision**

A clear vision is set out in the Council's sustainable community strategy and corporate plan, and there are effective mechanisms for imprinting the key aspects of this onto financial and service planning, commissioning, and key strategic programmes. The Council's service performance information suggests that delivery of key services continued uninterrupted during the challenging and disruptive events of the last year. Whilst aspects of governance were found wanting in respect of Children's Services we do not consider it to be indicative of Council services more widely and recognise that the Council took action to address issues and to learn from others by setting up a Quality Outcomes Board, consisting of senior officers and members from other London councils. In addition, a new Deputy Chief Executive has been employed to ensure that areas of weakness are given sustained management oversight and review.

### **2.3.3 - Ethical behaviour**

We conducted a review of probity and propriety during 2008, and found that the Council has effective arrangements in place to set expectations in this area and encourage compliance. Our best-practice recommendations focussed on the need to ensure that members are effectively trained and to address some challenges around governance for partnerships. The Council has good arrangements in place to ensure ethical behaviour.

### **2.3.4 - Partnership governance**

The Local Strategic Partnership (LSP) has also recently adopted a refreshed code of governance. There is a clear action plan for implementing this and regular meetings between officers responsible for the governance arrangements within key partners. A compact agreement is in place with a range of voluntary and community sector organisations. It is not clear, however, that the Council has sought to systematically identify all of its significant partnerships outside of the LSP and reach a view on the adequacy of governance arrangements in place for each. This is something that we will need to discuss with the Council for next year's review.

**Recommendation 10 - Corporate governance**

Show that the new corporate governance framework is fully embedded and is providing effective, integrated oversight of corporate governance issues, leading to strengthened arrangements. Show that the first annual review of the Local Code of Corporate Governance is effective in driving improvements.

**Recommendation 11 - Partnership governance**

Develop a clear definition of what constitutes a significant partnership and ensure that there is a clear view of partnerships to which this applies, and an assessment of the quality of governance arrangements in place for each. Show that this exercise is driving improvements to governance and risk management within partnerships. This exercise should cover significant partnerships both within and outside the Local Strategic Partnership framework.

**KLoE 2.4 - Does the organisation manage its risks and maintain a sound system of internal control?****2.4.1 - Risk management**

Effective risk management arrangements are in place for the Council, and risk management in partnerships is developing. A new corporate risk management strategy was implemented for 2008/09, building on existing arrangements, with the objective of further embedding risk management and promoting ownership and management of risks across all areas of operational activity. All business units with the Council have an operational risk register. Risk management approaches are mainstreamed into strategic, financial and business planning, as well as project and programme management through a standard corporate toolkit.

The Council is in the process of improving operational management of risks through use of the Covalent performance management system. The risk management strategy acknowledges the potential for positive impacts from risks, but in order to achieve level 3 the Council will need to demonstrate that effective risk and opportunity management is helping to deliver complex, innovative projects. In 2008/09, the Haringey Strategic Partnership put in place a formal risk management process, approved in July 2008 and requiring all thematic partnerships to develop risk registers, which was achieved during the remainder of the financial year. In order to achieve level 3, the Council will need to further demonstrate that this process is having an impact in practice, and contributing to better outcomes through partnership working.

**2.4.2 - Corporate anti-fraud and corruption**

The Council's approach to anti-fraud and corruption is adequate and operates within a clear strategic and policy framework. The anti-fraud strategy is in the process of being updated to reflect the risk of fraud and corruption within key partnerships. Internal audit has provided substantial assurance over existing arrangements, although the report highlights the need to ensure that the level of resource committed to this area is in line with comparable organisations. There are examples of good outcomes within benefits fraud work, and successes have been publicised. Elements of the team's work programme are proactive, informed and targeted through a series of fraud profiles which risk-assess the scope for and impact of fraud in each service. There are several examples of internal communication to raise the profile of the work of the team and ensure that staff are aware of the

whistle blowing policy. The Council participates effectively in the Audit Commission's National Fraud Initiative which is an extensive national data matching exercise. In order to improve its assessment score in this area, the Council will need to demonstrate that it has a comprehensive and risk-based approach to preventative anti-fraud and corruption work, and can demonstrate that members and officers are aware of and engaged in this.

### 2.4.3 - Internal Control

The Council has adequate arrangements in place in this area. Internal audit work is shared between in-house and external provision, and is fully compliant with the CIPFA code of practice, confirmed through an annual peer assessment exercise. Where relevant we have been able to place reliance on the work of internal audit to support our final accounts work. The Council has a robust process for preparing and reporting the Annual Governance Statement (AGS), to which departments contribute on an annual self-assessment basis. The AGS was subject to a mid-year update. A clear approach to business continuity is in place, overseen by the risk and emergency planning steering group. The Business Continuity Planning (BCP) regime is subject to internal testing and evaluation at service and corporate level. The Council has provided some evidence of developing business continuity arrangements to key partnerships. From our experience of the Audit Committee, we take the view that it provides adequate challenge and control. The Audit Committee has balanced political representation, a clear terms of reference and work plan. Internal audit activity and findings are reported monthly to committee members. The Audit Committee reviewed its own effectiveness in 2007/08, which showed compliance with accepted CIPFA good practice. A number of operational changes were made in 2008/09 as a result of this exercise.

#### **Recommendation 12 - Improving internal control**

The Council is currently assessed as adequate in this area. In order to improve its assessment score, we recommend action in the following areas;

- Ensure that effective risk management frameworks are implemented and embedded across all key partnerships within and outside the LSP. Show that, as a result, joint action is being taken to mitigate key risks leading to improved outcomes for the community;
- Undertake an annual review of effectiveness of the Audit Committee, and show that this process is driving improvements to the level of challenge and control;
- Implement more comprehensive and effective procedures for tracking and dealing with issues raised by the audit committee, including implementation of audit recommendations; and
- Demonstrate wider separation between the corporate responsibility for preparing the annual governance statement and audit responsibility for providing assurance on it.

## 6 Managing other resources

### Theme summary

An overall theme score of 3 reflects Haringey's strong performance against the Environmental Resources KLoE. The Council can demonstrate detailed measurement and analysis of energy consumption and emissions in particular, and an overall reduction in emissions from last year leading to significant savings in utility bills. The Council is able to demonstrate the impact of energy-saving initiatives on specific buildings. There are also a range of innovative approaches which are likely to lead to further improved outcomes.

### KLoE 3.1 - Is the organisation making effective use of natural resources?

The Council has a clear member-led strategic approach to reducing its environmental impact ("The Greenest Borough Strategy"), which is starting to deliver significant outcomes. There are also examples of innovative work that are likely to secure further improvement. Some of the Council's achievements in this area include the following:

- Targeted carbon reduction campaign, including awareness-raising and introduction of low-carbon technologies. Led to a CO2 reduction (NI185) of 1,841 tonnes or 7.1% in the 2008/09 financial year against a 2007 calendar baseline of 25,883 tonnes - leading in turn to around £170k saving in bills.
- The sustainable procurement approach is starting to have an impact in practice. An example of how this has changed behaviour is the purchase of more expensive pool covers which are better at retaining heat, leading to reduced energy consumption and emissions.
- A comprehensive energy database is held offsite by a third party. Using this, the Council has been able to show reductions in energy consumption and emissions linked to initiatives within individual buildings. This has also been used to develop unit costs and units of emission (e.g. per employee and per m2) which are regularly reviewed.
- Use of 20 pooled bicycles and 3 pooled electric cars for business use by staff. These have led to decreases in use of private transport & taxis.
- Planned pilot site for first "regenerative filtration" system for leisure pools, which will deliver reduction in water consumption of 70,000m3 per year at one centre, whilst also reducing carbon dioxide emissions by 62,000kg per year. This equates to a saving of £35K per annum, giving a payback period of five years.
- development of a "sustainable investment fund" by Chief Financial Officer which aims to fund sustainability initiatives which will repay themselves over the medium to long term.

There are also examples of the Council working with partners to improve the use of natural resources:

- working with schools to help them monitor and manage their consumption of energy and water using technology. A "sustainable investment fund" specifically for schools has been put in place by the Council.
- joint travel and asset planning with the PCT - building capacity and awareness within the voluntary and community sector to make energy-efficient use of council-leased facilities

#### **Recommendation 13 - Measurement and management of water consumption**

Improve current arrangements for measuring and managing the consumption of water across Council offices and facilities. Ideally the Council should be able to demonstrate the same level of control as with energy and fuel consumption, and link water saving initiatives to clear measurement of success.

### **KLoE 3.2 - Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs?**

The council is currently assessed as meeting basic requirements in this area.

#### **3.2.1 - Strategic approach**

There is a strategic approach to asset management. The corporate asset management plan (AMP) meets basic requirements, and makes explicit links between property and wider objectives. It encompasses four distinct portfolios - housing stock, schools, service operational buildings, commercial portfolio, all with individual AMPs. The housing AMP was cited as good practice by the housing quality network. A process of ongoing review and challenge is leading to property disposals with £10million generated from asset disposals in 2008/09. A review of the commercial portfolio was undertaken against financial and wider council objectives. Local labour is mandated in contracts linked to the BSF programme.

The Head of Corporate Property Services is the named corporate property officer, who leads cross-departmental officer boards responsible for evaluating asset-related proposals. Asset decisions are sponsored by the Cabinet Member for Resources, who has a specific asset brief. Asset considerations are embedded in financial strategy, business planning and decision-making processes, and there are examples of better services being realised through investment in public facilities.

#### **3.2.2 - Management of assets**

There are effective processes in place for management of assets. The Council implemented a new asset management system in 2008/09, which is improving accounting for and managing assets. The Council operates a corporate landlord model and has a single prioritised capital programme for all operational buildings, improving the reactive / planned split. Decent homes improvements are on target. A rationalisation of office portfolio took place 2003/07 and the smart working programme is furthering this. The Haringey sixth form centre has excellent BREEAM rating, and the Council is aiming for second one at Heartlands High School. Condition surveys were undertaken in 2008 for all schools. There is a clear set of performance indicators for corporate property and homes for Haringey.

### 3.2.3 - Partnership approach to asset management

Arrangements for sharing assets are developing. Most community buildings are already held under lease by community organisations. Hornsey Town Hall is being transferred to a charitable trust, who will take over responsibility for management. This secures the future of a listed building not required by the Council. The Haringey Compact sets out agreements in relation to assets used by partners and there is regular review to ensure that suitable community uses are sustained in transferred assets. Libraries have shared use and are community hubs. Wood Green is one of the busiest libraries in London and houses a wellbeing centre funded by the PCT and a business lounge providing support for SMEs, a connexions centre, learning centre, art gallery and exhibition centre.

#### **Recommendation 14 - demonstrating outcomes from property portfolios**

The Council has shown good arrangements for management and shared use of offices and community buildings, but in order to improve its assessment score for asset management the Council will need to show that it is improving outcomes and value for money across the wider elements of its asset portfolio i.e. housing, schools, offices, commercial property and highways.

## A Action plan

No.	Recommendation	Priority	Management response	Implementation details
1.	<p><b>Demonstrating service outcomes across the Council's activities</b></p> <p>In order to retain and build upon its "performing well" assessment for KLOE 1.1, the Council will need to demonstrate that investment in strategic priorities continues to lead to improved outcomes in these areas. It should be able to do this through its existing performance management and corporate planning activities.</p>	High	<p>Agreed. The Council is committed to achieving the outcomes that are set out in the Council Plan and Sustainable Community Strategy, delivered by each of the business plans and other key Council Strategies e.g. Greenest Borough, the Well Being Strategic Framework.</p> <p>Within the end of year review of the Council Plan we will be able to demonstrate achievement against each of our priorities.</p> <p>Please see the relevant business plans and implementation plans for Council Strategies.</p>	Eve Pelekanos 2010 assessment and ongoing

No.	Recommendation	Priority	Management response	Implementation details
2.	<p><b>Demonstrating outcomes from efficiency and VFM programmes</b></p> <p>Ensure that the Council is able to clearly articulate and quantify the financial and non-financial benefits arising from all areas of the Haringey forward and core efficiency programmes. Show that service review and analysis activity, such as that undertaken for the benefits service in 2008/09 and planned for corporate support functions in 2009/10, is leading to the targeted levels of improvement.</p>	High	<p>Agreed. As has been demonstrated during the UoR assessment, the Council is serious about and committed to its efficiency and VFM programmes. However, to assist in improving the Council's ability to clearly articulate and quantify the benefits and outcomes of the programmes, the Council will prepare final outcome reports after the completion of each of the reviews. It is proposed that the first reports will be presented to the VFM Stream Board in February 2010 and will include:-</p> <ul style="list-style-type: none"> <li>- a summary of the outcomes achieved in terms of performance, efficiency and perception;</li> <li>- a clear statement of budget savings made and how they will benefit the Council and consequently residents;</li> <li>- an assessment of lessons learnt that could be taken up elsewhere within the organisation.</li> </ul> <p>The Council will also monitor and record outcomes of other VFM reviews through its budget management process and require all member led Scrutiny reviews to prepare similar outcome reports as outlined above.</p>	<p>Kevin Bartle and Catherine Galvin</p> <p>2010 assessment and ongoing</p>



No.	Recommendation	Priority	Management response	Implementation details
3.	<p><b>Whole-life costing</b></p> <p>Whole-life costing techniques are in use in some areas, but the Council should develop clear criteria and procedures for more mainstream use within the corporate project management framework and demonstrate that these are consistently applied.</p>	Low	<p>Agreed. The Council will bring together and strengthen its existing approach to Whole Life Costing (WLC) by:</p> <ul style="list-style-type: none"> <li>• Producing a guidance note for staff on the Council's approach to WLC, in order to increase the consideration of sustainability and WLC issues in options appraisals – by 31 Jan 2010</li> <li>• Updating the Project Management Framework to reflect sustainability and WLC considerations – by 31 Jan 2010</li> <li>• Communicating this and the new sustainability risk assessments being established by the Sustainable Procurement Manager to Council officers – by 31 Mar 2010.</li> </ul>	<p>Ben Brown, Kevin Bartle and Eve Pelekanos.</p> <p>31 March 2010</p>

No.	Recommendation	Priority	Management response	Implementation details
4.	<p><b>Joint commissioning of social care and child protection services</b></p> <p>Demonstrate that commissioning arrangements linked to inter-agency child protection practice are improving in line with the action plan submitted to Ofsted, in response to the recent joint area review.</p>	High	<p>Agreed. The Safeguarding Plan for Haringey sets out the improvements being made to inter-agency child protection practice within the Council and across the partnership. This is supported by appropriate lagging performance indicators. The plan is subject to fortnightly active management at a senior level.</p> <p>Actions specifically relating to commissioning in the new plan are:</p> <ul style="list-style-type: none"> <li>• 1.13 - a commissioning directory will be developed for staff which describes services, criteria and outcomes available. This work is in progress and due to be completed by December 2009.</li> <li>• 2.09 – an integrated approach to commissioning services for children will be developed and resourced across the partnership, based on information arising from the Joint Strategic Needs Assessment. This work is in progress and due to be completed by June 2010.</li> </ul>	Mark Gwynne 30 June 2010

No.	Recommendation	Priority	Management response	Implementation details
5.	<p><b>Recommissioning of public realm and development of corporate commissioning framework</b></p> <p>Show that the recommissioning and procurement of public realm services is leading to improved service outcomes and better value for money</p> <p>Show that the work undertaken in this area is effectively informing the development of a corporate commissioning framework</p>	Medium	<p>Agreed. The Council is progressing with the implementation of the commissioning framework by :</p> <ul style="list-style-type: none"> <li>• Developing a clear commissioning statement for application across the council – by end Dec 2009</li> <li>• Setting up a team of experienced commissioners who would test the agreed commissioning framework in 4 service areas. The team will include the Head of Frontline Services to ensure the lessons from the commissioning of the public realm are applied – by end Dec 2009</li> </ul>	<p>Tim Dauncey and Wayne Longshaw (corporate commissioning)</p> <p>31 December 2009</p>

No.	Recommendation	Priority	Management response	Implementation details
6.	<p><b>NI 156 - temporary accommodation</b></p> <p>Ensure that all necessary information is retained at year-end to allow recalculation of the performance indicator</p> <p>Develop system reports to automatically calculate this indicator and reduce the current level of manual checking and manipulation</p> <p>Ensure that appropriate continuity arrangements are in place for this indicator</p>	Medium	<p>Agreed. All necessary information will be available for audit at year end as part of the Self Assessment Form and will be quality assured by the Corporate Performance Team by 31 Mar 2010.</p> <p>The Housing Information Team has amended the report so that it automatically excludes data that is not consistent with the definitions of this PI. In doing so, this will reduce manual extracting and manipulation of data. The new report has been in place since October 2009 and the Corporate Performance Team will test it by 31 Dec 2009.</p> <p>A performance analyst from the Corporate Performance Team is now working with closely with the Strategic Housing Performance Officer to ensure continuity for this indicator. Automating the production of the report will also contribute and this is expected to be completed by 31 Dec 2009.</p>	<p>Eve Pelekanos and Phil Harris</p> <p>31 March 2010</p>

No.	Recommendation	Priority	Management response	Implementation details
7.	<p><b>NI185 - Carbon emissions from council operations</b></p> <p>Reduce manual data manipulation and entry wherever possible by ensuring that data is submitted in a format that can be easily transferred to the DEFRA spreadsheet. Improve arrangements for checking manually inputted data where this is not possible.</p> <p>Improve data capture in relation to staff travel in order to more accurately measure this area</p>	Low	<p>Agreed. An action plan has been developed to improve data quality with regard to NI 185 – Percentage CO<sub>2</sub> reduction from LA operations and NI 194 – Percentage reduction in NOx and primary PM10 emissions through local authority's estate and operations. Actions include:</p> <ul style="list-style-type: none"> <li>• Increasing the number of Council sites that are monitored and administered through the corporate energy &amp; sustainability team – by 31 Jan 2010</li> <li>• Reforming the travel claim process and SAP finance system to record specific journey details to calculate the carbon footprint of business travel – by 31 March 2010</li> <li>• Increase the integrity of data by installing pulse enabled meter reading technology across more sites – by 31 March 2010</li> <li>• Requesting that each contracted service provider submits a carbon footprint of Council associated emissions at the year end – by 31 March 2010</li> </ul>	Ben Brown 31 March 2010

No.	Recommendation	Priority	Management response	Implementation details
8.	<p><b>Improve quality and reporting of social care data</b> The recent joint area review completed by the Care Quality Commission and Ofsted identify weaknesses in data quality management and reporting in relation to child protection, which are corroborated by our own spot-checking work. The Council should show that it is addressing these areas in line with its existing action plan, in particular reducing the need for manual checking and manipulation in performance reporting.</p>	High	<p>Agreed. The Council is continuing with the implementation and embedding of its Data Quality Strategy and action plan. Some key actions taken are:</p> <ul style="list-style-type: none"> <li>• Working with Capital Ambition, a series of <b>data quality workshops</b> are being run to raise awareness throughout the council and familiarise managers with the Data Quality strategy and improve confidence and skills for producing and using accurate and reliable data.</li> <li>• Training on Covalent has taken place for 89 staff, including the JAR team.</li> <li>• The Corporate Performance Team continues to audit the safeguarding indicators, to assess the systems in place, the accuracy of the numbers and calculations reported, and the processing of the data in Framework 1 to arrive at the indicator values.</li> <li>• The annual programme of audits on the National Indicator set is ongoing with focus on high risk areas. All National Indicators should be completed by the end of March 2010.</li> </ul>	<p>Eve Pelekanos 31 May 2010 and ongoing</p>
			<p><b>Children's Services</b> have developed and are implementing a quality assurance framework for case files and for systems supporting data collation. As a result:</p> <ul style="list-style-type: none"> <li>• Up to 111 audits of case files (quality practice audits) take place monthly by directors and other service managers.</li> </ul>	

No.	Recommendation	Priority Management response	Implementation details
8. (cont.)		<ul style="list-style-type: none"> <li>• Work to identify missing or incorrect data in Framework I is ongoing.</li> <li>• Audit results are reported monthly to the Performance Management Group for action.</li> </ul> <p>The FWi Support Team and the ICS Project Team are driving forward changes that will significantly improve practice, process and recording for all staff in CYPS. Included in the planned action for the next couple of months are:</p> <ul style="list-style-type: none"> <li>• Reviewing Child in Need process, workflow and exemplars – by end May 2010</li> <li>• Developing FWi functionality to easily identify case status i.e. open / closed – by end March 2010</li> <li>• Extending FWi access within CYPS (by end May 2010) as well as to partner agencies (ongoing)</li> <li>• Extensive data cleansing across all service areas - ongoing</li> </ul> <p><b>Adults, Culture and Community Services:</b> has a Quality Assurance framework and operational practices to ensure robust data is produced, these include;</p> <ul style="list-style-type: none"> <li>• Services carry out monthly audits on a random sample supplied by the performance team.</li> <li>• The Director meets with one social worker monthly to go through a selected case file. This is being extended to include the Assistant Director for Adults.</li> </ul>	

No.	Recommendation	Priority	Management response	Implementation details
8. (cont.)			<ul style="list-style-type: none"> <li>• The care/support plan has been changed to be more outcome focussed and there are training sessions for operational staff</li> <li>• Monthly 'performance clinic' meetings with services go through all national and some local indicators.</li> <li>• The safeguarding workflow on Frameworkki includes a self audit</li> <li>• All open safeguarding cases are reported to Assistant Directors monthly</li> <li>• The joint performance dashboard goes to the Well-Being Partnership Board and exception reports are presented for indicators that are red.</li> </ul> <p>In the home care service there is a QA observation programme and training has been provided to home carers as a result.</p>	



No.	Recommendation	Priority	Management response	Implementation details
9.	<p><b>Housing and council tax benefits</b></p> <p>Continue to develop data quality checking mechanisms in order to minimise the level of errors associated with incorrect dates, over and under-payments and incorrect payment of single person allowance .</p>	High	<p>Agreed. The service has developed a quality improvement plan to ensure that causes of error and any common error patterns are identified and appropriate remedial action taken. Actions so far include:</p> <ul style="list-style-type: none"> <li>• The formation of a dedicated Quality Assurance Team and the implementation of a Performance Management and Quality Assurance System (PMQS). The team will carry out focussed checks on various areas of work or general quality checks across the board (e.g. Start dates, incomes used etc) as directed by the manager, and assist in the identification of any key risks to our subsidy claim (such as manual adjustments, backdating, coding of tenures, rent officer decisions etc). The PMQS system, has allowed the service to develop an effective quality feedback loop. The QA team are now efficiently monitoring accuracy and focussing attention on known areas of weakness as well as analysing individual performance to identify specific training needs.</li> <li>• An enhanced reporting software tool allows the service to record in detail whether errors made are financial, non-financial or procedural, pinpointing at which stage of assessment the error occurred; analyse performance over varying periods to ensure improvements are being made where required; report more accurately on quality performance levels.</li> </ul>	<p>Ian Biggadike 28 February 2010</p>

No.	Recommendation	Priority	Management response	Implementation details
9. (cont.)			<ul style="list-style-type: none"> <li>A monthly meeting takes place between the manager of the QA team and various managers in BLT to discuss the findings of the quality checks and to agree remedial action where necessary.</li> </ul> <p>The service has also invested in a Training Needs Analysis module which will be used to test new staff and regularly re test existing staff to ensure that quality and accuracy is maintained</p> <p>The Corporate Performance Team will undertake an independent assessment of the effectiveness of the above systems by 28 Feb 2010.</p>	
10.	<p><b>Integrated corporate governance</b></p> <p>Show that the new corporate governance framework is fully embedded and is providing effective, integrated oversight of corporate governance issues, leading to strengthened arrangements. Show that the first annual review of the Local code of Corporate Governance is effective in driving improvements.</p>	Medium	<p>Agreed. The key governance officer group will produce a half-year update report on the AGS for CFEMB in December 2009. This report will incorporate the issues raised in the recommendation and any further actions identified as a result.</p> <p>A review of LCCG will be undertaken in 2009/10 to assess the outcomes realised from establishing the LCCG.</p> <p>Regular meetings of key governance officers will continue during 2009/10 to ensure implementation of AGS action plan.</p>	Anne Woods In time for 2009/10 AGS

No.	Recommendation	Priority	Management response	Implementation details
11.	<p><b>Applying the principles of good governance to partnerships</b></p> <p>Develop a clear definition of what constitutes a significant partnership and ensure that there is a clear view of partnerships to which this applies, and an assessment of the quality of governance arrangements in place for each. Show that this exercise is driving improvements to governance and risk management within partnerships. This exercise should cover significant partnerships both within and outside the Local Strategic Partnership framework.</p>	Medium	Agreed. The Council will develop a definition of significant partnerships by January 2010 and assess the governance arrangements for each by March 2010. This will provide assurance that governance arrangements are appropriate to the particular partnership.	Eve Pelekanos, Anne Woods and Mary Connolly (for the HSP).  31 March 2010

No.	Recommendation	Priority	Management response	Implementation details
12.	<p><b>Improving internal control</b></p> <p>We recommend action in the following areas;</p> <ul style="list-style-type: none"> <li>• ensure that effective risk management frameworks are implemented and embedded across all key partnerships within and outside the LSP;</li> <li>• Undertake an annual review of effectiveness of the Audit Committee, and show that this process is driving improvements;</li> <li>• Implement more comprehensive and effective procedures for tracking and dealing with issues raised by the audit committee, including implementation of audit recommendations; and</li> <li>• Demonstrate wider separation between the corporate responsibility for preparing the annual governance statement and audit responsibility for providing assurance on it.</li> </ul>	Medium	<p>All agreed.</p> <ul style="list-style-type: none"> <li>• The HSP's risk management framework has already been agreed and implemented. For each risk arising, actions to manage the risk will be identified and implemented. Moving forward, risk will be linked with performance management, for example through ongoing reporting arrangements. Where other significant partnerships are identified through recommendation 11, risk management arrangements will be reviewed. By the end of the 2009/10 financial year:               <ul style="list-style-type: none"> <li>- A revised HSP report format will be drafted to link performance and risk with actions / outcomes – by 31 Dec 2009</li> <li>- HSP risk registers will be loaded onto Covalent – by 31 Dec 2009</li> <li>- Risk management arrangements in significant partnerships (non-LSP) will be reviewed and strengthened where required – by 31 March 2010</li> </ul> </li> </ul>	<p>Anne Woods, Eve Pelekanos and Mary Connolly (for HSP)</p> <p>31 March 2010</p>

No.	Recommendation	Priority	Management response	Implementation details
12. (cont.)			<ul style="list-style-type: none"> <li>• The last review of the effectiveness of the Audit Committee was undertaken in 2007/08. We will undertake a further review in 2009/10 and ensure that this is an annual process from 2010/11.</li> <li>• From 2009/10 a formal monitoring and tracking process has been implemented to ensure that all recommendations and issues raised by the Audit Committee have been appropriately completed. This process is co-ordinated by the Committee Section and progress monitored and agreed with the Chair of the Audit Committee. Details of progress and actions are circulated to Audit Committee members prior to each meeting.</li> <li>• The regular meeting programme of corporate officers from Audit, Legal Services and Member Services who produce the AGS will be reviewed to ensure this point is addressed.</li> </ul>	

No.	Recommendation	Priority	Management response	Implementation details
13.	<p><b>Measurement and management of water consumption</b></p> <p>Improve current arrangements for measuring and managing the consumption of water across Council offices and facilities. Ideally the Council should be able to demonstrate the same level of control as with energy and fuel consumption, and link water saving initiatives to clear measurement of success.</p>	Medium	<p>Agreed. The Council is currently developing a Water Strategy for Haringey, in support of the Greenest Borough Strategy, which will:</p> <ul style="list-style-type: none"> <li>- Deliver a behaviour change programme to residents, including promotion of water metering</li> <li>- Provide subsidised water-saving devices for those residents</li> </ul> <p>These projects will be implemented for the whole borough, and directed at Homes for Haringey residents through a partnership.</p> <p>In support of this, the Council will put in place a corporate action plan targeting the water consumption of the portfolio of offices, leisure centres, parks and open spaces. This action plan will encompass the following actions:</p> <ul style="list-style-type: none"> <li>• Continue centralisation of accounts throughout the current financial year, for a more streamlined and cost-effective method of monitoring water usage. During this process, current baseline data will be obtained in order to create future targets.</li> </ul>	<p>Tom Hemming</p> <p>For 2010 assessment and ongoing</p>

No.	Recommendation	Priority	Management response	Implementation details
13. (cont.)			<ul style="list-style-type: none"> <li>• Conduct water-use audits of council offices to assess requirement for retro-fitting or replacement of taps, toilets, urinals and showers to meet water efficiency targets.</li> <li>• Deliver a behaviour change initiative for council employees, related to water use, through the Council's existing Green Champions programme.</li> <li>• Continue projects to improve water management within leisure centres:               <ul style="list-style-type: none"> <li>○ Promote improved swimming pool water filtration technologies that reduce water wastage</li> <li>○ Assess requirement to retro-fit or replace water appliances.</li> </ul> </li> <li>• Work through the Parks Climate Change Plan to conduct water-use audits of parks and open spaces. Assess feasibility of proposed water saving measures:               <ul style="list-style-type: none"> <li>○ Increased manual watering</li> <li>○ Installation of water butts</li> <li>○ Use of boreholes in parks.</li> </ul> </li> </ul>	

No.	Recommendation	Priority	Management response	Implementation details
14.	<p><b>Demonstrating outcomes from asset portfolios</b></p> <p>The Council has shown good arrangements for management and shared use of offices and community buildings, but in order to improve its assessment score for asset management the Council will need to show that it is improving outcomes and value for money across the wider elements of its asset portfolio i.e. housing, schools, offices, commercial property and highways.</p>	Medium	<p>An officer has been given responsibility as part of the Leaders of the Future programme to drive improvements in this area. This will include reviewing the relationship between the corporate and service AMPs, to ensure that the AMPs contribute to Council priorities and there is consistent delivery of outcomes through asset management. Other boroughs will be visited to benchmark performance and identify opportunities for improvement. Recommendations will be made by the end of December 2009.</p> <p>The work programme of the new Capital &amp; Asset Strategy Board is in development and membership to include partners will be considered in the medium term.</p>	<p>Dinesh Kotecha and Anita Hunt</p> <p>For 2010 assessment and ongoing</p>



## B CAA and the new Use of Resources Framework

### The Old UoR Regime

Local authorities' Use of Resources (UoR) has been assessed by external auditors under the Comprehensive Performance Assessment (CPA) regime since 2005. Until 2008, this took the form of an assessment in each of the following 5 areas;

- Financial Reporting
- Financial Management
- Financial Standing
- Internal Control
- Value for Money

Authorities received an overall UoR score, and a score for each area as set out below;

Score	Key
1	Below minimum requirements - performing inadequately
2	At only minimum requirements - performing adequately
3	Consistently above minimum requirements - performing well
4	Well above minimum requirements - performing strongly

This score directly influenced each organisation's overall CPA score and had a significant impact on external perception and reputation.

### The move to Comprehensive Area Assessment

The CPA regime provided an effective roadmap and stimulus for improvement, which helped many authorities to move in the right direction, focusing on externally validated strengths and weaknesses. This was reflected by a national picture of gradually improving scores and assessment results from 2005/08, and improving services to the public.

However, in order to build on the success of CPA, the Audit Commission recognised the need to:

- Ask "how well are people served by their local public services?" rather than "how well are people served by their Councils?"
- Focus on outcomes for an area, not just on individual organisations
- Consider local priorities rather than apply a "one-size fits all" approach
- Consider whether performance is likely to improve in the future, rather than how it has improved in the past
- Place less importance on compliance and rules to reflect local differences

In late 2007 the Audit Commission began to consult on a new framework for comprehensive area assessment (CAA), of which an updated UoR assessment would be a key component. The CAA framework that emerged focuses on *areas* rather than the *organisations* within them, and holds local partners jointly to account for their impact on the things that matter to the area as a whole. The CAA asks three key questions:

- How well do local priorities express community needs and aspirations?
- How well are the outcomes and improvements needed being delivered?
- What are the prospects for future improvement?

The CAA does not give an overall score, as was the case for CPA. However, there will be green flags given for innovative or exceptional performance and red flags given to indicate concerns about outcomes and performance.

### CAA - key changes

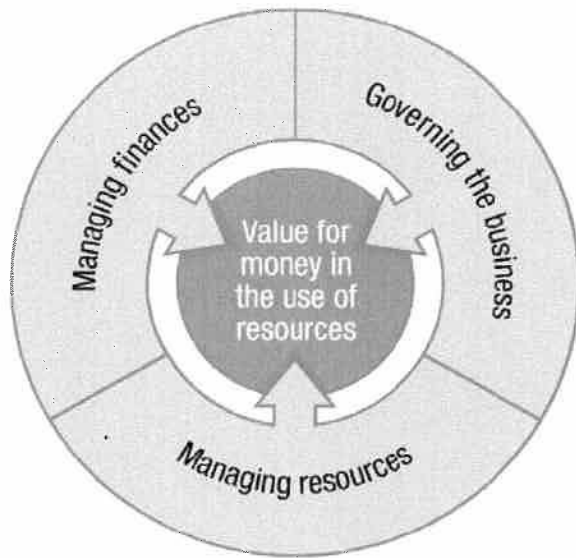
CPA	CAA
Local government focus	All sectors and partners
Institution based	Area based
One size fits all	Focus on local priorities
Performance	Outcomes and perceptions
Collaboration between regulators	Joint assessment
Cyclical inspection	Continuous assessment, proportionate inspection
Focus on past performance	Focus on future improvement

*Source:- Audit Commission*

### Use of Resources under CAA

Alongside the area assessment, CAA will include organisational assessments for key public sector organisations including councils, primary care trusts (PCTs), police forces and fire authorities. Each organisational assessment consists of two components; an assessment of how effectively the organisation is addressing its own priorities, called "managing performance" for councils, and an updated UoR assessment will be applied similarly across the different types of organisation.

The new UoR framework under CAA applies from 2008/09. The diagram below shows the overall approach to the revised UoR framework. There are three themes replacing the five areas included in the old framework, and a number of key lines of enquiry (KLOEs) within each theme.

**Use of Resources under CAA (source: the Audit Commission)**

The individual KLoEs for each theme are detailed in the main body of this document. Scoring criteria are set out in appendix C.

## C Scoring criteria and rules

The table below summarises the criteria used to reach scored judgements for each KLoE.

Level 2 Performs adequately	Level 3 Performs well	Level 4 Performs excellently
Arrangements consistent with established professional practice and guidance, meet <b>statutory requirements</b> and operate effectively.	Implemented effective arrangements that are: <ul style="list-style-type: none"> <li>➤ <b>forward looking</b> and <b>proactive</b> in identifying and developing opportunities for improvement; and</li> <li>➤ include more sophisticated measuring and assessment techniques.</li> </ul>	Demonstrating <b>innovation</b> or <b>best practice</b> .
Arrangements sufficient to address the KLoE.	<b>Outputs and outcomes</b> demonstrate arrangements which are effective and have the <b>intended impact</b> , and show evidence of effective <b>partnership working</b> .	Demonstrating strong <b>outcomes for the community</b> including through <b>partnership working</b> .
Arrangements achieve minimum <b>acceptable levels of performance</b> .	Evidence of performing <b>consistently above minimum acceptable levels</b> and achieving <b>VFM</b> .	Evidence of performing <b>well above minimum acceptable levels</b> and achieving <b>excellent VFM</b> .

Theme scores are derived from a numerical average of the KLoE scores within that theme. In some cases such as theme 3 when only 2 KLoEs are assessed, the average of KLoE scores could result in a number ending in .5. In such cases the following rules apply in 2008/09:

- For theme 2, if the average KLoE score ends in 0.5, then the theme score will be rounded up or down to the score for KLoE 2.2. Examples - KLoE scores of 3,2,3,2 = theme score of 2. KLoE scores of 2,3,3,2 = theme score of 3.
- For theme 3, if the average KLoE score ends in 0.5, then the theme score will be rounded up or down to the score for KLoE 3.1. Examples - KLoE scores of 3,2 = theme score of 3. KLoE scores of 2,3 = theme score of 2.

The Audit Commission document at the link below details the overall approach to UoR framework and full details of scoring methodology.

<http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/uorframework2008updatefeb09.pdf>

In addition the Commission published auditor guidance for the UoR framework. This is available at the link below. This provides details of the specific KLoEs and expected indicators for levels of performance;

<http://www.audit-commission.gov.uk/localgov/audit/UoR/Pages/guidance.aspx>

## D KLoEs specified for assessment in 2008/09 and 2009/10

Some KLoEs are assessed on a rotating basis. The table below summarises the KLoEs that were assessed and formed the basis for the VFM conclusion in 2008/09:

		Single tier or county council	Districts	NHS PCTs
<b>Theme 1 - Managing finances</b>				
1.1	Financial planning	Y	Y	Y
1.2	Understanding costs	Y	Y	Y
1.3	Financial reporting	Y	Y	Y
<b>Theme 2 - Governing the business</b>				
2.1	Commissioning & procurement	Y	Y	WCC
2.2	Use of data	Y	Y	Y
2.3	Good governance	Y	Y	Y
2.4	Internal control	Y	Y	Y
<b>Theme 3 - Other resources</b>				
3.1	Environmental management	Y	N	N
3.2	Asset management	Y	N	Y*
3.3	Workforce management	N	Y	Y

For the 2009/10 assessment, the following KLoEs will be assessed and will form the basis for the VFM conclusion. Scores achieved in 2008/09 will continue to apply for 2009/10 for those KLoEs not being assessed in year 2:

		Single tier or county council	Districts	NHS PCTs
<b>Theme 1 - Managing finances</b>				
1.1	Financial planning	Y	Y	Y
1.2	Understanding costs	Y	Y	Y
1.3	Financial reporting	Y	Y	Y
<b>Theme 2 - Governing the business</b>				
2.1	Commissioning & procurement	Y	Y	WCC
2.2	Use of data	Y	Y	Y
2.3	Good governance	Y	Y	Y
2.4	Internal control	Y	Y	Y
<b>Theme 3 - Other resources</b>				
3.1	Environmental management	N	Y	Y
3.2	Asset management	Y	N	N
3.3	Workforce management	Y	N	Y

\*only assessed at PCTs with a significant asset base.

## E Data quality spot-checks: detailed findings

Performance Indicator	Significant concerns?
NI156 - No. of households in temporary accommodation	No
<b>Summary of findings</b>	
Underlying data is fundamentally sound, but there are three main issues to highlight;	
<p><b>(1) Audit trail</b> From a sample of 20 OHMS records picked for testing; one paper file didn't contain appropriate supporting evidence and three paper files couldn't be located. Also, we couldn't re-perform the calculation because a key spreadsheet (the "bad data list") had not been retained from year-end.</p> <p><b>(2) Calculation method</b> There is a lot of fairly complex data handling and manipulation required to calculate the indicator. This takes a significant amount of officer time and increases the possibility of errors occurring. Ideally we would like to see proper, automatic reports developed.</p> <p><b>(3) Continuity</b> Only one officer currently knows how to go through the data manipulation process in order to calculate this indicator. He has written a procedure note but it would be unrealistic for someone else to pick this up from scratch at the moment.</p>	
<b>Recommendation 6 - Temporary accommodation indicator</b>	
<ul style="list-style-type: none"> <li>• Ensure that all necessary information is retained at year-end to allow recalculation of the performance indicator</li> <li>• Develop system reports to automatically calculate this indicator and reduce the current level of manual checking and manipulation</li> <li>• Ensure that appropriate continuity arrangements are in place for this indicator</li> </ul>	

Performance Indicator	Significant concerns?
NI185 - Carbon emissions arising from Council operations	No
<b>Summary of findings</b>	
This is a new indicator and our judgement is that the Council has gone through a robust process and arrived at a reasonably accurate figure based on the resources and data available to it. However there remain some issues that the Council will need to consider;	
<ul style="list-style-type: none"> <li>• We identified one example of a mis-keyed figure, so the Council should consider improving checking arrangements for manual entry;</li> </ul>	

- Only around 0.4% by number of non-mileage travel claims are currently included, although this figure includes all air travel on Council business. Data capture within SAP and through taxi contractors should be improved to allow more accurate assessment of business travel; and
- Energy and gas usage data should be refreshed as close as possible to the end of the reporting period to minimise the impact of subsequent adjustments, reconciliations and rebates on SIGMA

#### Recommendation 7 - Carbon Emissions Indicator

- Reduce manual data manipulation and entry wherever possible by ensuring that data is submitted in a format that can be easily transferred to the DEFRA spreadsheet. Improve arrangements for checking manually inputted data where this is not possible.
- Improve data capture in relation to staff travel in order to more accurately measure this area

Performance Indicator	Significant concerns?
General review of data quality management arrangements and controls in Adult Social Services	No
<b>Summary of findings</b>	
<p>We found that system access and change controls are in place, and a good control environment overall. However, we identified at the time of our review a number of weaknesses in system controls including:</p> <ul style="list-style-type: none"> <li>• Framework-i does not have an audit trail record for case note amendments processed by those with system administrator ("FWADMIN") access.</li> <li>• During a recent period of temporary additional allocations of FWADMIN roles, temporary access permissions were not promptly removed when no longer required.</li> <li>• Some of the procedure documents provided to us do not appear to be up to date and do not fully reflect current control arrangements, as we understand them to be operating at this time.</li> <li>• Our review of a sample of changes to case files indicate that the Council needs to take steps to better ensure that data placed on case files is of sufficient quality to minimize the amount of corrective action subsequently required ("right first time"). See recommendation below.</li> </ul>	



Performance Indicator	Significant concerns?
NI59 - Initial assessments for children's social care carried out within 7 working days of referral	Yes
<b>Summary of findings</b>	
<p>For NI 59 the authority has reported quality concerns in terms of completeness and reliability of initial assessments document records. An internal audit of this PI by the corporate Policy and Performance team has identified practice quality issues in the completeness of some initial assessments. We did not find any practice quality issues that were evident from the case files reviewed, however we did identify one error relating to a potential wrong inclusion in the numerator/dominator, relating to the completeness of the initial assessment. The report indicated that one was completed however the assessment was abandoned. See recommendation X below.</p>	

Performance Indicator	Significant concerns?
NI 62 - The percentage of children looked after at 31 March with three or more placements during the year.	No
NI 66 - The percentage of children looked after at 31 March with three or more placements during the year.	
NI 67 - Child protection cases which were reviewed within required timescales	
<b>Summary of findings</b>	
<p>Overall the data reported complies with the Audit Commission's data quality criteria. The service acknowledges the need to improve system report structures and parameters in order to minimise the time taken to produce and verify reports, and the manual interventions involved. This will free up significant amounts of officer time and further enhance confidence in the data reported.</p>	
<b>Recommendation 8 - Improve quality and reporting of social care data</b>	
<p>The recent joint area review completed by the Care Quality Commission and Ofsted identify weaknesses in data quality management and reporting in relation to child protection, which are corroborated by our own spot-checking work. The Council should show that it is addressing these areas in line with its existing action plan, in particular reducing the need for manual checking and manipulation in performance reporting.</p>	



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## HARINGEY COUNCIL

### AUDIT PROGRESS REPORT - 5 NOVEMBER 2009

Work	Progress
Use of resources and data quality 2008	Reported to February 2009 Audit Committee
Review of probity and propriety	Reported to February 2009 Audit Committee
Grants 2007-08	Reported to February 2009 Audit Committee
Accounts audit	Complete and results reported to Members in September 2009 as part of the Annual report to those charged with governance (ISA260). The Council's action plan to implement our recommendations will be presented to this meeting of the Audit Committee.
International Financial Reporting Standards (IFRS)	<p>In February 2009, we held a workshop to help the Council to prepare for putting arrangements in place, from April 2009, in time for full implementation of IFRS in 2010/11.</p> <p>We held a workshop with the Council and issued an IFRS conversion report planner to management which highlights the areas of greatest likely impact for the Council and proposes a number of actions for the Council over the coming months. We are continuing to work with management as preparations for IFRS continue.</p>
Use of resources and data quality 2009	Complete and results will be presented to this meeting of the Audit Committee in our Use of Resources 2009 report. The report includes the findings from our recent work on treasury management and members allowances.
2009/10 audit fees	<p>We agreed our indicative fees letter with the Council and presented this to the April Audit Committee meeting.</p> <p>Our full audit plan and updated audit fee will be presented to the Audit Committee in early 2010, following agreement with management.</p>

Grant Thornton UK LLP

5 November 2009

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**[No.]**

Agenda item:

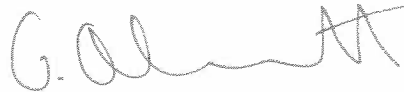
**Audit Committee**

**On 5<sup>th</sup> November 2009**

Report Title. **Progress Report on Counter Fraud Activity Relating to Housing Benefit and Council Tax Benefit.**

Report of : Gerald Almeroth, Chief Financial Officer

Signed :



Contact Officer : Tim Fisher, Deputy Head of Benefits and Local Taxation (020 8489 1954)

Wards(s) affected: All

Report for: Information Only

**1. Purpose of the report**

- 1.1. To advise and update Members on the Counter Fraud performance of the Benefit and Local Taxation Service from the 1<sup>st</sup> July 2009 – 30<sup>th</sup> September 2009.

**2. Introduction by Cabinet Member (if necessary)**

- 2.1. N/A

**3. State link(s) with Council Plan Priorities and actions and /or other Strategies:**

- 3.1. The Council has a published Anti-Fraud and Corruption Strategy. The activities stated in this report directly relate to the Council maintaining effective counter –fraud activities as defined by this strategy
- 3.2. The requirement to maintain effective counter fraud activities is a requirement of the Corporate Area Assessment as defined by the Key Line of Enquiry – *Service Outcomes for Users and the Community*

**4. Recommendations**

- 4.1. That Members consider and note this report and the work being carried out by the Benefits and Local Taxation Service in relation to Counter Fraud activity.

<p><b>5. Reason for recommendation</b></p> <p>5.1. For Members to remain informed of the activity of the Fraud Investigations Team and are able scrutinise this accordingly.</p>
<p><b>6. Other options considered</b></p> <p>6.1. Not applicable</p>
<p><b>7. Summary</b></p> <p>7.1. The Benefits and Local Taxation Service continues to maintain and further develop an effective approach to counter – benefit fraud activity. Since April 2009 BLT has achieved 30 successful sanctions against those found to be committing benefit fraud. During quarter 2 2009/10 BLT achieved 19 sanctions and has a further 21 cases referred for prosecution. Key work priorities for the Fraud Investigation Team are the National Fraud Initiative and joint working with the Department for Work and Pensions.</p>
<p><b>8. Chief Financial Officer Comments</b></p> <p>8.1. The Chief Financial Officer notes the contents of this report and confirms that the counter-benefit fraud activity undertaken is provided within the overall benefits &amp; local taxation cash limit.</p>
<p><b>9. Head of Legal Services Comments</b></p> <p>9.1 The Head of Legal Services has been consulted in the preparation of this report, and advises that there are no specific legal implications which arise out of the contents.</p> <p>9.2 Legal Services will continue to support Benefits and Local Taxation, in terms of advice and prosecution work, in order to maximise the level of Government subsidy available for recovering overpaid housing benefit.</p>
<p><b>10 Head of Procurement Comments –[ Required for Procurement Committee]</b></p> <p>10.1 Not applicable</p>
<p><b>11 Equalities &amp;Community Cohesion Comments</b></p> <p>11.1 The activities detailed in this report relate to the day to day work of the Fraud Investigation Team. All counter fraud activity is undertaken with due regard and adhesion to the Council’s Equalities and Community Cohesion policies.</p>
<p><b>12 Consultation</b></p> <p>12.1 No consultation was required for the production of this report.</p>

### **13 Service Financial Comments**

- 13.1 The role of the Fraud Investigation Team does not attract direct financial subsidy from Central Government as there is no specific statutory duty to maintain counter fraud activity in respect of Housing Benefit and Council Tax Benefit.
- 13.2 However, there is a clear expectation on Local Authorities to maintain effective counter fraud activity. This is currently measured by the Corporate Area Assessment through the Key Lines of Enquiry.
- 13.3 The Benefits and Local Taxation Service maintains a dedicated team to tackle benefit fraud. The role of the Fraud Investigation Team is clearly defined in the Council's Counter Fraud Strategy relating the Housing Benefit and Council Tax Benefit.

### **14 Use of appendices /Tables and photographs**

- 14.1 Appendix 1 - Detailed breakdown of sanction cases achieved during Quarter 1 2009/10

### **15 Local Government (Access to Information) Act 1985**

- 15.1 The background working papers are located within the BLT Fraud Section, 10 Station Rd, Wood Green. The BFI Report was published in October 2007 and is available on the internet under [www.bfi.gov.uk](http://www.bfi.gov.uk)

## **16. BACKGROUND**

- 16.1 Counter fraud performance is primarily judged against successful outcomes in respect of Prosecutions and Sanction based activity. Counter-Fraud staff are empowered to investigate suspected benefit fraud and have a range of sanctions that can be applied to those who admit to fraud or where there is sufficient evidence to warrant a prosecution.
- 16.2 The Council has adopted an Anti - Fraud and Corruption Strategy relating to Housing Benefit and Council Tax Benefit. This specifies the type of activities which underpin effective counter fraud activity.

## **17. COUNTER FRAUD ACTIVITY**

- 17.1 The primary focus of the Fraud Investigation Team has been the sifting and investigation of cases received via the National Fraud Initiative. In addition to this the team have been pursuing a number of prosecution cases.
- 17.2 During this second quarter the team have successfully prosecuted 6 cases resulting in a total of 11 prosecutions to date. This exceeds last years total of 10 prosecutions. At present the Fraud Investigation Team have 11 pending prosecution with Legal Services and a further 10 pending cases with the Department for Work and Pensions (DWP) solicitors following joint investigations with DWP investigators.
- 17.3 The focus on prosecution activity reflects the increase in joint working

between the Fraud Investigation Team and other organisations such as the DWP and neighbouring local authorities. This has enabled the Fraud Investigation Team to pursue more complex investigations which by their nature require a higher level of sanction

- 17.4 The performance of the Fraud Investigation Team for the second quarter of 2009/10 is summarised in table 1, see below -

**Successful outcomes for 2nd quarter 2009/10**

Sanction Type	Number Issued	Target	Status
Caution	9		Accepted
Admin Penalty	4		Accepted
Prosecution	6		Guilty
<b>Total</b>	<b>19</b>	<b>35</b>	

Table 1

- 17.5 The focus on prosecution cases provides a higher deterrent value to potential benefit fraudsters and those already committing fraud. Wherever possible successful prosecution cases are publicised in the local media with the clear message that abuse of the benefit system will not be tolerated. In addition to this it should also be noted that the Council has undertaken a number of benefit take-up initiatives to ensure that a balanced message is projected.

- 17.6 The total number of sanction cases achieved during the year to date is detailed in table 2, this also includes the number of cases referred for prosecution. The Fraud Investigation Team is recording successful sanctions below the planned performance for the year. However, this should be counterbalanced against the increase in prosecution activity. Such cases, due to their more complex nature, take longer to investigate and have a longer finalisation time due to the formal legal and court processes.

- 17.7 There is a risk that BLT will not meet the target of 140 successful sanctions planned for the year. This does not necessarily represent a reduction in counter fraud activity but does reflect a shift into prosecution work and an attempt to focus fraud investigations on higher value frauds.

**Successful outcomes for year to date 2009/10**

Sanction Type	Number Issued	Target	Status
Caution	13		Accepted
Admin Penalty	6		Accepted
Prosecution	11		Guilty
Referred For Prosecution	21		Pending
<b>Total</b>	<b>51</b>	<b>70</b>	

Table 2

- 17.8 A more detailed breakdown of successful prosecution and sanction cases is included in appendix 1 of this report. This gives details of the type of fraud
- Report Template: Formal Bodies



discovered. Each decision to prosecute or administer a sanction is taken in accordance with the Sanctions Policy. This takes a range of factors into account when determining what appropriate sanction to apply, particularly the level of planned dishonesty involved.

## **18. OVERPAID HOUSING AND COUNCIL TAX BENEFIT**

- 18.1 Counter fraud activity over the last two quarters of the year has identified £496,997 in overpaid benefit, this includes overpayments for non sanctioned cases, and a further £7,437 in Administrative Penalties. Central government subsidy is paid in relation to overpayments is at a rate of 40p to the £1.00 or 40%. Consequently, it can be estimated that £198,800 has been generated in subsidy, this effectively results in a 60% shortfall against benefit expenditure.
- 18.2 The subsidy arrangements are designed to incentivise local authorities to recover overpaid Housing Benefit. Currently, recovery performance in relation to all in-year created overpayments is approx 51%. Based on this the potential recovery of overpaid Housing Benefit arising through fraud could amount to £253,468.
- 18.3 When combining subsidy paid, plus recovered overpayments for the year it is estimated that counter fraud activity could recover in the region of £452,268 out of the £496,997 paid leaving a net cost to the Council of £44,729.

## **19. ANTI-FRAUD AND CORRUPTION STRATEGY**

- 19.1 Council's Anti-Fraud and Corruption Strategy – relating to Housing Benefit and Council Tax Benefit is published on the Council's website, along with the Sanctions Policy and advice on how to refer suspected cases of benefit fraud.
- 19.2 The Anti-Fraud and Corruption Strategy outlines the types of activities the Council will use to both detect and prevent benefit fraud and how the Council will utilise all appropriate methods to identify benefit fraud, either directly or in partnership with other organisations.
- 19.3 The Fraud Investigation Team has sought to forge closer working links with the DWP's Counter Fraud Investigation Service. From November this will involve joint working on the National Fraud Initiative on those cases where there is a common interest. Common interest cases are where the customer is receiving a DWP administered benefit eg. Income Support or Job Seekers Allowance as well as Housing Benefit or Council Tax Benefit.
- 19.4 National Fraud Initiative is a key business priority for the Fraud Investigation Team. A total of 8511 referrals relating to Housing Benefit and or Council Tax Benefit were received from the Audit Commission, of these 2977 referrals (35%) have been identified as being of interest. Of the 2977 referrals 714 (24%) have been pre checked of which 334 have been cleared as no discrepancies and 380 have been forwarded for further investigation. The remaining 2263 cases will be checked throughout the remainder of the year and forwarded for investigation where appropriate.
- 19.5 The Fraud Investigation Team have prioritised 16 reported areas, the details of which along with the activity to-date is summarised in table 3 below. The

referrals have been classified by the Audit Commission as high, medium and low quality. This relates to the level of probability that fraud has been identified by the matching rules.

Report Description	Total Matches	Total Checked	To be checked	Total Cleared, no issue	Total for further investigation
High quality in borough payroll	253	253	0	181	72
High quality in borough pensions	59	3	56	1	2
High quality out borough payroll	405	9	396	6	3
High quality out borough pensions	1053	22	1031	7	15
Medium quality out borough payroll	10	10	0	2	8
Medium quality in borough pensions	57	15	42	10	5
High quality HB to HB in borough	69	64	5	62	2
High quality HB to HB out borough	80	24	56	13	11
High quality HB to RTB out borough	6	6	0	0	6
High quality market traders out borough	26	26	0	13	13
Medium quality market traders out borough	4	4	0	3	1
Medium quality market traders in borough	6	6	0	1	5
High quality Taxi Drivers	373	45	328	12	33
High quality alcohol licences in borough	34	34	0	0	34
Medium quality alcohol licences in borough	45	45	0	2	43
Low quality alcohol licences	497	148	349	21	127
<b>Totals</b>	<b>2977</b>	<b>714</b>	<b>2263</b>	<b>334</b>	<b>380</b>

Table 3

- 19.6 In addition the Fraud Investigation Team are continuing to work through those cases that have been identified by the Audit Commission as recommended cases. The expectation of the Audit Commission is that these will be completed by the end of December 2009. A total of 1297 Housing Benefit/Council Tax Benefit referrals have been classified as recommended cases. Of these 592 (45%) are due to be allocated for investigation, the remainder have either been cleared as no fraud or are under investigation.

# Counter Fraud Performance

Anonymised details of cases successfully sanctioned for period:

Quarter 2 2009/10

Appendix 1

FRD Ref	Referral source	Date Inv closed	Total OP	Date Sanction Agreed	Opt created date	Type of fraud discovered	Sanction Type	LA Ad Pen amount
15403A	Processing Teams		£61,430.00	25/07/2009	04/11/2003	Contrived Tenancy	P	£0.00
15951A	Member of Public	18/02/2008	£1,311.43	20/07/2009	06/06/2008	Definite Gone Away (100%)	C	£0.00
16116A	DWP	14/10/2008	£2,380.27	23/07/2009	26/11/2008	Working & Claiming	P	£0.00
20010MJ	HBMS	27/01/2009	£4,407.06	17/07/2009	09/02/2009	HBMS Saving - Tax Credits	A	£1,007.10
20010NT	HBMS	23/02/2009	£2,317.48	17/07/2009	25/02/2009	HBMS Saving - Tax Credits	C	£0.00
15593A	Other Haringey	08/05/2007	£50,133.44	28/08/2009	13/08/2008	Working & Claiming	P	£0.00
20010AM	HBMS	15/02/2007	£44,773.74	20/08/2009	17/04/2007	Undeclared Capital	P	£0.00
16038A	DWP	10/07/2008	£15,063.75	12/08/2009	29/08/2008	Working & Claiming	P	£0.00
20010MH	HBMS	06/07/2009	£1,364.52	06/08/2009	08/07/2009	HBMS Saving - Tax Credits	C	£0.00
20010MP	HBMS	25/02/2009	£1,249.55	10/08/2009	17/03/2009	Underdeclared Wages Used	A	£374.86
16244A	HBMS	19/05/2009	£7,044.19	13/08/2009	27/05/2009	Working & Claiming	C	£0.00
20010PO	HBMS	05/08/2009	£2,475.00	26/08/2009	11/08/2009	Definite Gone Away (100%)	C	£0.00
15541A	HBMS	20/11/2007	£6,227.25	07/09/2009	07/01/2008	HBMS Saving - Capital	A	£3,765.91
20010LF	HBMS	11/08/2009	£3,910.81	24/09/2009	02/09/2009	HBMS Saving - Tax Credits	C	£0.00
20010NI	HBMS	07/09/2009	£0.00	29/09/2009		HBMS Saving - Tax Credits	C	£0.00
20010NZ	HBMS	05/08/2009	£6,473.10	11/09/2009	11/08/2009	HBMS Saving - Tax Credits	C	£0.00
20010PA	HBMS	04/08/2009	£3,385.44	03/09/2009	10/08/2009	Definite Gone Away (100%)	C	£0.00
20010QF	HBMS	12/08/2009	£3,420.00	29/09/2009	21/08/2009	Definite Gone Away (100%)	A	£1,026.00
15783A	External Agency	16/11/2006	£75,281.67	08/09/2009	24/11/2006	Contrived Tenancy	P	£0.00
			£292,648.70					£6,173.87

C= Caution  
A= Administrative Penalty  
P= Prosecution

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Haringey Council

Agenda item:

**Audit Committee****On 5 November 2009**Report Title: **Internal Audit Progress Report – 2009/10 Quarter 2**Report authorised by: **Chief Financial Officer**

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

**Tel:** 020 8489 5973**Email:** [anne.woods@haringey.gov.uk](mailto:anne.woods@haringey.gov.uk)Wards(s) affected: **All**Report for: **Non-key decision****1. Purpose of the report**

1.1 To inform the Audit Committee of the work undertaken during the second quarter by the Internal Audit Service in completing the annual audit plan and any responsive fraud investigation work. In addition, the work of the Council's personnel division in supporting disciplinary action taken across all departments by respective council managers.

**2. State link(s) with Council Plan Priorities and actions and/or other Strategies:**

2.1 Audit and Risk Management contribute to the Council priority to deliver excellent, customer focused, cost effective services by reviewing key services and making recommendations for improvement where appropriate. Follow up work is undertaken to ensure that managers implement agreed recommendations and improvements.

2.2 Internal audit forms a key element within the revised Use of Resources assessment and will continue to be part of the CAA from 2009 onwards. The reports to both managers and the Audit Committee on progress against the agreed audit plan and the implementation of audit recommendations ensure that the requirements of the CAA assessment are fulfilled.

**3. Recommendations**

3.1 The Audit Committee is recommended to note the audit coverage and progress during the second quarter 2009/10.

3.2 That the Audit Committee notes the progress and responses received in respect of outstanding audit recommendations.

3.3 That the Audit Committee confirms that the actions taken during Quarter 2 to address the outstanding recommendations are appropriate.

**4. Reason for recommendation(s)**

4.1 The Audit Committee is responsible for monitoring the completion of the annual internal audit plan and the implementation of agreed recommendations as part of its Terms of Reference. In order to facilitate this, progress reports are provided on a quarterly basis for review and consideration by the Audit Committee.

4.2 Where further action is required or recommended, this is highlighted in the covering report and associated appendices and included in the recommendations for the Audit Committee.

**5. Other options considered**

5.1 Not applicable

**6. Summary**

6.1 The internal audit service makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the authority. This report looks at the work undertaken in the quarter ending 30 September 2009 and focuses on:

- Progress by Deloitte and Touche (internal auditors) on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised;
- Progress in implementing outstanding internal audit recommendations with special attention given to priority 1 recommendations; and
- Details of investigative work undertaken relating to fraud and/or irregularities that fall outside the remit of the Housing Benefit Fraud Investigation Team, including information in respect of disciplinary action taken.

6.2 The information has been compiled from information held within the Audit & Risk Management Unit and from records held by Deloitte and Touche and the Council's corporate Human Resources business unit.

**7. Head of Legal Services Comments**

7.1 The Head of Legal Services has been consulted in the preparation of the is report, and advises that there are no direct legal implications arising out of the report or the recommendations.

**8. Chief Financial Officer Comments**

8.1 The Chief Financial Officer has no additional comments to make.

**9. Head of Procurement Comments**

9.1 Not applicable

**10. Equalities and Community Cohesion Comments**

10.1 This report deals with how risks to service delivery are managed across all areas of the council, which have an impact on various parts of the community. Improvements in managing risks and controls will therefore improve services the Council provides to all sections of the community.

**11. Consultation**

11.1 No external consultation was required or undertaken in the production of this report. Consultation is undertaken with respective service managers, Assistant Directors and Directors in the production of individual internal audit reports and follow up programmes and their comments included in the final report which is circulated in accordance with the agreed internal audit reporting protocol.

**12. Service Financial Comments**

12.1 There are no direct financial implications arising from this report. The work completed by Deloitte and Touche is part of the five year contract which was awarded following a competitive tendering exercise in compliance with EU regulations from 1 April 2007. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget.

**13. Use of appendices**

13.1 Appendix A – Deloitte and Touche Progress report  
 Appendix B – In-house Team – investigations into financial irregularities  
 Appendix C – Council-wide disciplinary information

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

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

## 15. Performance Management Information

15.1 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. Table 1 below shows the targets for each area of audit activity monitored and gives a breakdown between the quarterly and cumulative performance.

**Table 1**

PI Ref.	Performance Indicator	2 <sup>nd</sup> Quarter	Year to date	Target
A1	Audit work Completed vs. Planned programme	63% of planned Q2 programme	44% of total annual programme	95%
A2	User satisfaction (1 = low, 5 = high)	3.5	3.55	3.75
A3	Time taken to complete investigations (2008/09 referrals)	14.3 weeks	17.25 weeks	12 weeks
A4	Priority 1 recommendations implemented at follow up (2008/09 audits)	100%	100%	95%

## 16. Internal Audit work – Deloitte and Touche contract

16.1 The activity of Deloitte and Touche for the second quarter of 2009/10 to date is detailed at Appendix A. Members of the Audit Committee receive detailed summaries of all projects for which a final report has been issued on a monthly basis to allow for any issues to be raised and discussed in a timely manner. Appendix A provides a list of all final reports which have been issued during the quarter, together with detailed summaries of all reports which are issued with a 'limited' assurance rating.

16.2 Appendix A also provides detailed summaries of all recommendations which were previously recorded as outstanding at the time of the follow up audit work. Members have been monitoring the progress and implementation of these at each Audit Committee to ensure that managers were taking appropriate action to address outstanding recommendations. A summary of all follow up audits of 2008/09 projects which have been undertaken in 2009/10 is also included in Appendix A (pages 30-31) and as at 30 September 2009, all Priority 1 recommendations had been implemented.

16.3 To date, 44% of the planned programme of work has been delivered. A total of 50% of the total annual audit plan was estimated to be delivered in the first two quarters of 2009/10. Although the level of audit work delivered to date is slightly below the target, there are no issues identified at this date which will prevent the 95% annual target from being achieved and ongoing monthly contract monitoring reviews ensure that performance levels are kept under review.



16.4 In this quarter, a total of 11 projects from the 2009/10 annual audit plan have been finalised, including 5 school visits to assess compliance with the Financial Management Standard in Schools (FMSiS). The programme of planned follow up audits is also reported at Appendix A. The work of internal audit and the new reporting requirements to both the Audit Committee and Cabinet, which receive details of all outstanding Priority 1 recommendations as part of the 2009/10 corporate performance reporting arrangements, have ensured that managers take greater responsibility for implementing recommendations.

16.5 In conjunction with the Chief Financial Officer, Directors are kept advised of the outstanding recommendations and any actions required to ensure that implementation of recommendations is achieved. From 2008/09 onwards, the implementation of Priority 1 recommendations has been included in the PI reporting requirements for all departments. During quarter 2, Internal Audit are satisfied that managers have been taking appropriate action to address the issues raised in the original recommendations prior to 2008/09. Revised timescales have been agreed in two instances where it was considered appropriate.

## **17. In-house Team – Fraud investigation/Irregularities**

17.1 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 to date in 2009/10 and any which were brought forward from 2008/09. The listing at Appendix B also includes any referrals made using the Council's whistle blowing policy which were investigated by Internal Audit. During the second quarter, one whistleblowing referral was made to an officer's line manager which was investigated by an independent service manager. Internal Audit are satisfied that the investigation was carried out appropriately and in accordance with Council policy. No further action was required.

17.2 Within the second quarter, nine new cases were referred to Internal Audit for investigation, and three cases were completed during the quarter involving Council employees. The three cases completed in quarter two took 14.3 weeks on average to complete. Internal Audit work closely with officers from personnel and the service involved to ensure that the investigation is completed as quickly as possible.

17.3 The Council has a dedicated email address and telephone number, which is advertised on the Council website, by which members of the public can report instances of suspected fraud or irregularity. The In-house Team manage and monitor these referrals. During the second quarter, 17 referrals in relation to new allegations were made via the Council's email reporting facility. Of these, seven related to housing benefit, and two related to council tax/council tax benefits issues and were referred to the Housing Benefit Fraud Investigation Team for further review. Three related to Housing and sub-letting issues and were referred to the Strategic Housing Division for further review. Two referrals related to Freedom Passes and were referred to the Parking Services Division for further review. Three referrals were not related to fraud within Haringey Council.

- 17.4 During the second quarter of 2009/10, the in-house team have also completed:
- Internal audit reviews of grant usage during 2008/09 for Adult Stroke Care in the Community which has enabled the final grant claims to be submitted in accordance with central government and external audit requirements; and
  - Ongoing support and guidance to relevant departments across the council and Homes for Haringey in relation to the National Fraud Initiative (NFI). This has ensured that the investigation processes into potential data matches can take place. A separate report is provided to the Audit Committee to advise of progress and actions taken by the Council in respect of NFI.

17.5 The In-house Team also investigates claims of non-receipt of Council cheques. In 2009/10, there have been no referrals for investigation. This is a substantial reduction on previous years' figures. 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 opportunity for attempted fraud in this area.

## **18. Council-wide disciplinary statistics**

- 18.1 Appendix C details the number of disciplinary suspensions and/or action taken in the second quarter of 2009/10. The data is taken from SAP and the information has been provided by the Council's Human Resources business unit in line with council statistics reported elsewhere.
- 18.2 Improved processes, monitoring, management information and liaison between service departments and HR has been put in place. These improved processes have resulted in an average of 65 days per case in quarter 2. This level has been maintained over the previous four quarters.

**Internal Audit  
Quarter 2 Internal Audit Report  
2009/2010  
London Borough of Haringey**

Deloitte & Touche Public Sector Internal Audit Ltd.  
October 2009

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## Executive Summary

### Introduction

This is our second quarter report to the Audit Committee for the 2009/10 financial year including details of all reports which are now at final stage. The report provides information on those areas which have achieved full or substantial assurance and gives an indication of the direction of travel for key systems work which will provide Members with information on how risks are being managed over time. The format of this report is also designed to highlight the key risks facing individual departments and the Council which have been identified during the course of internal audit reviews. A more detailed summary of the limited assurance audit findings is included for information. The report draws together the summary information which is provided on a monthly basis to Members of the Audit Committee. Members of the Committee will also be provided with full copies of our audit reports upon request.

All recommendations are agreed with Council 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 responsible officer and the deadline for completion, are fully detailed in the individual final audit reports.

The attached tables reflect the status of the systems at the time of the audit, and recommendations may already have been implemented by Council officers by the time the final report is issued and reported to the Audit Committee. The audits highlighted in **bold** are those not previously reported to the Audit Committee.

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 and/or best practice recommendations

### Key Highlights/ Summary of Quarter 2 2009/10:

- **Finalisation of 2008/09 audit reports**
- **Hostels Audit 2009/10**
- **Decent Homes Standard Audit 2009/10**

As part of the 2009/10 Internal Audit Plan, we also issued a draft report for the following audits:

- Fixed Assets
- Commercial Property Income
- Corporate Procurement – Risk register Testing
- Contract Management
- RBS Banking Application
- Waste Management and Recycling
- Recreational Services – Risk Register Testing
- Policy, Performance, Partnerships & Communication (PPPC) – Risk Register Testing

**Follow Up of Prior Years' Recommendations**

The results of our follow-up work are as follows:

**2005/06**

One Priority 1 recommendation remains outstanding.

**2005/06**

One Priority 3 recommendation remains outstanding.

**2008/09**

We have followed up on 133 recommendations and found that 124 (93%) have been implemented, one has been partly implemented, 4 are no longer applicable and 4 are not yet due for implementation. All Priority 1 recommendations followed up to date, where the deadline for implementation has passed, have been implemented.

**Audit Progress Summary – 2008/09 and 2009/10:**

The following table sets out the audits finalised in this quarter and the status of the systems at the time of the audit. It must be noted that the recommendations may already have been implemented by Council officers by the time the final report is issued and reported to the Audit Committee. The audits highlighted in bold are those not previously reported to the Audit Committee.

Detailed summaries of all audits which do not receive 'Full' or 'Substantial' assurance ratings are also provided for Members' information.

Audit Title	Date of audit	Date of Final Report	Assurance level	Direction of Travel	Number of Recommendations (Priority)			Comments
					1	2	3	
<b>2008/09</b>								
Libraries Stock Control 2008/09	March 2009	01.07.09	Substantial	⇨	2	5	1	
External Storage 2008/09	April 2009	01.07.09	Limited	N/A	6	1	0	
Supporting People Landlords 2008/09	March 2009	01.07.09	Substantial	N/A	0	5	1	
Commissioning of Services 2008/09	March 2009	01.07.09	Substantial	N/A	0	8	0	
Planning Applications & Enforcement Processes 2008/09	Nov' 2008	03.07.09	Limited	N/A	1	6	2	
Adult Services – Risk Register Testing 2008/09	March 2009	03.07.09	Substantial	N/A	1	5	0	
Procurement Committee Minutes and Actions 2008/09	Sept. '08	30.07.09	Limited	N/A	2	1	0	
Value Added Tax 2008/09	Jan. '09	30.07.09	Substantial	⇨	0	8	3	
Strategic Renewal of Leisure Centres 2008/09	March 2009	14.08.09	Substantial	N/A	2	1	0	
E-Payments 2008/09	March 2009	14.08.09	Substantial	N/A	0	3	0	
Achieving Excellence Programme (Haringey Forward) 2008/09	June 2009	14.08.09	Substantial	N/A	0	2	0	
Aids and Adaptations 2008/09	May 2009	14.08.09	Substantial	N/A	2	2	0	
Financial Management of Traded Services 2008/09	June 2009	20.08.09	Substantial	N/A	1	3	1	

**DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2009/10**                      **APPENDIX A**

Audit Title	Date of audit	Date of Final Report	Assurance level	Direction of Travel	Number of Recommendations (Priority)			Comments
					1	2	3	
Strategic Renewal of Leisure Centres 2008/09	March 2009	14.08.09	Substantial	N/A	2	1	0	
Parking Control & Enforcement 2008/09	Feb'09	14.09.09	Limited	⇨	1	9	1	
Compliance with CSOs – Member Services & Chief Executive 2008/09	Oct'08	18.09.09	Limited	N/A	1	2	0	
Compliance with Council Financial Regulations 2008/09	Mar'09	22.09.09	Substantial	N/A	0	4	0	
Management of Corporate Landlord Property Portfolio 2008/09	Oct'08	23.09.09	Substantial	N/A	2	4	1	
Housing Register & Choice Based Lettings 2008/09	Oct'08	24.09.09	Substantial	N/A	1	2	0	
<b>2009/10</b>								
Hostels 2009/10	May 2009	18.08.09	Limited	N/A	6	5	0	
Decent Homes Standard 2009/10	Jun'09	21.09.09	Limited	N/A	5	2	1	



**DETAILED SUMMARIES:**

Audit area	Scope	Status/key findings	Assurance
<b>CORPORATE RESOURCES – PROCUREMENT</b>			
<p><b>External Storage</b></p> <p><b>2008/09</b></p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> <li>• Procurement of External Storage Providers;</li> <li>• Contractual Arrangements;</li> <li>• Usage and Spending;</li> <li>• Invoicing and Payment; and</li> <li>• Disposal and Destruction of Obsolete Material.</li> </ul>	<p>Weaknesses in the system of controls are such as to put the system objectives at risk.</p> <p>Some of the controls were observed to be operating satisfactorily, some of which are listed below:</p> <ul style="list-style-type: none"> <li>• A Records Management Policy and Records Management Policy for Electronic Records are in place and available on the intranet for review. These include reference to the Retention Guidelines for Local Authorities produced by the Local Government Group;</li> <li>• A representative has been appointed for each of the Directorates to help coordinate records storage across the Council;</li> <li>• A monthly reconciliation of homeless persons' possessions held and charged by the external storage provider against the Council's records is completed; and</li> <li>• For the business units interviewed, invoices are sent to central payments for processing and payment.</li> </ul> <p>Within the system there are several weaknesses, which put the system objectives at risk. The areas where weaknesses were found include:</p> <ul style="list-style-type: none"> <li>• The lack of a centralised approach across the Council for controlling the use of external storage facilities;</li> <li>• Absence of formal protocols over which record types should be stored on/off site;</li> <li>• The absence of formal contracts between the Council and</li> </ul>	<b>Limited</b>

Audit area	Scope	Status/key findings	Assurance
		<p>external storage providers and a lack of consideration for data protection requirements;</p> <ul style="list-style-type: none"> <li>• Limited coordination with property services when establishing the need for external storage;</li> <li>• We were unable to obtain evidence of Directorate Representatives monitoring compliance against the Records Management Policy or evidence of Management Board meetings;</li> <li>• The lack of detailed inventory records for storage of records both off and on site; and</li> <li>• The absence of provisions for and monitoring of secure files destruction and a lack of identification of obsolete materials.</li> </ul> <p>As a result of our audit work we have raised six priority 1 recommendations and one priority 2 recommendation, which will help improve controls in the area.</p> <p>The priority 1 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• The Council should conduct a formal review of existing and future records storage requirements and adopt a centralised approach to managing the function;</li> <li>• Formal contracts should be entered into with all suppliers of external storage;</li> <li>• Management Board meetings should be held regularly and evidence of discussions documented in meeting minutes. In addition, membership and attendance at the Board meetings should be extended to include the Records Management Directorate Representatives;</li> <li>• Formal monitoring of finances should be carried out along with a review of existing cost centres in order to increase the accuracy of financial information;</li> <li>• The Council should maintain detailed inventory listings for all on and off site storage facilities; and</li> </ul>	

## DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2009/10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
<p><b>Procurement Committee Minutes and Actions</b></p> <p><b>2008/09</b></p>	<p>Audit work was undertaken to cover the control environment in the following areas:</p> <ul style="list-style-type: none"> <li>• Identification of required actions;</li> <li>• Monitoring of actions;</li> <li>• Sign-off of completed actions;</li> <li>• Reporting of completed actions; and</li> <li>• Follow-up of outstanding actions.</li> </ul>	<ul style="list-style-type: none"> <li>• Destruction of files and records should be monitored by management.</li> </ul> <p>The priority 2 recommendation is as follows:</p> <ul style="list-style-type: none"> <li>• Records Management Directorate Representatives and the Archivist and Records Manager should review and revise the Records Management and Electronic Records Management Policies.</li> </ul> <p>Weaknesses in the system of controls are such as to put the system objectives at risk.</p> <p>A number of controls were observed to be operating satisfactorily, which are listed below :</p> <ul style="list-style-type: none"> <li>• The decisions of the Committee were documented in the meeting minutes for the sample tested;</li> <li>• The Committee has met regularly over the past year, according to its meeting schedule; and</li> <li>• The Committee minutes are published and made available to all relevant staff and Members.</li> </ul> <p>Within the system there are weaknesses which put the system objectives at risk. The areas where weaknesses were found include:</p> <ul style="list-style-type: none"> <li>• Some of the actions identified within the Committee minutes were not assigned to any responsible officers;</li> <li>• There is no mechanism for the formal follow-up of actions identified in the Committee minutes; and</li> <li>• There was no evidence to show that some of the identified contracts, which had been approved by the Committee, were recorded in the Council's Corporate Contract Register.</li> </ul> <p>As a result of our internal audit work in this area we have</p>	<p><b>Limited</b></p>

**DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2009/10**                      **APPENDIX A**

<b>Audit area</b>	<b>Scope</b>	<b>Status/key findings</b>	<b>Assurance</b>
<p><b>Compliance with CSO's - Member Services and Chief Executive</b></p> <p style="text-align: right;"><b>2008/09</b></p>	<p>Audit work was undertaken to cover the following areas and control objectives:</p> <ul style="list-style-type: none"> <li>• Identification of Suppliers;</li> <li>• Raising of Orders;</li> <li>• Cash Purchases;</li> <li>• Travel Bookings; and</li> <li>• Use of Purchase Cards.</li> </ul>	<p>raised two priority 1 recommendations and one priority 2 recommendation, which should help to improve the control environment.</p> <p>The priority 1 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• A process should be implemented to help ensure that all contracts, which have been approved by the Procurement Committee, are recorded in the Council's Contract Management System. Ultimate ownership of the required actions and responsibility for signing off their completion should rest with individual Directors; and</li> <li>• A formal process should be implemented for monitoring the completion of all actions identified and agreed at the Procurement Committee meetings.</li> </ul> <p>The priority 2 recommendation is as follows:</p> <ul style="list-style-type: none"> <li>• The Committee should ensure that nominated officers are assigned with formal responsibility for the completion of each action identified at the Cabinet Procurement Committee meetings.</li> </ul>	<p style="text-align: center;"><b>Limited</b></p>

Audit area	Scope	Status/key findings	Assurance
		<p>service are defined, and where purchase orders are raised on SAP, for those sampled these followed the authorisation limits as part of SAP workflows;</p> <ul style="list-style-type: none"> <li>• Petty Cash Forms sampled were found to be authorised in order to receive reimbursements for Members from the Cash Office;</li> <li>• Expenditure items tested in relation to travel bookings were found to have been appropriately authorised; and</li> <li>• Expenditure items tested in relation to Purchase Cards were also found to have been accurately recorded and appropriately authorised.</li> </ul> <p>Within the system there are weaknesses which put some of the system objectives at risk. The areas where weaknesses were found include:</p> <ul style="list-style-type: none"> <li>• No comprehensive record is kept of decisions to use vendors that are not on the Council's list of approved vendors. While it is accepted that such vendors are used only in special circumstances (such as specialised Members' training), decisions towards the use of specific vendors are not formally recorded; and</li> <li>• Purchase Orders for frequently used vendors and service providers (such as subscriptions and premises hire) are not raised via the Council's financial system. This is in part because these vendors are not set up on the system, and therefore Member Services should formally request such vendors to be vetted and added on the system.</li> </ul> <p>It should be noted that no testing in relation to the Chief Executive's department compliance with CSOs was undertaken due to the absence of any formalised process. There is no allocation of responsibility with respect to the procurement of goods and services in accordance with the Council's guidance in this area; purchase orders are not raised</p>	

Audit area	Scope	Status/key findings	Assurance
		<p>using the financial system and there is no evidence in relation to the use of vendors from the Council's list of approved vendors. As such we are not providing assurance in this area and this should be addressed by management.</p> <p>As a result of our audit work we have raised one priority 1 recommendation in relation to the Chief Executive's Department and two priority 2 recommendations in relation to Member Services, which will help improve controls in the area.</p> <p>The priority 1 recommendation is as follows:</p> <ul style="list-style-type: none"> <li>• A comprehensive and formal re-assessment of the Chief Executive's compliance with the Council's Contract Standing Orders should be undertaken. Responsibility in respect of the raising of purchase orders on SAP, recording decisions where approved suppliers have not been used and retaining documentation around cash re-imbursements should also be specified and allocated to specific officer(s).</li> </ul> <p>The priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• All decisions with regards to the procurement of goods or services where pre-approved vendors are not used should be appropriately recorded; and</li> <li>• Suppliers/ vendors that are used on a recurring basis should be added to the Contract Management System to enable purchase orders to be raised for goods and services required.</li> </ul>	
<p><b>Hostels</b></p> <p><b>2009/10</b></p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> <li>• Asset Management;</li> <li>• Procurement Arrangements (including VFM);</li> <li>• Payment of Bills (including energy bills); and</li> </ul>	<p>Weaknesses in the system of controls are such as to put the system objectives at risk.</p> <p>A number of controls were observed to be operating satisfactorily, which are listed below :</p> <ul style="list-style-type: none"> <li>• Staff interviewed were aware of their roles and</li> </ul>	<p><b>Limited</b></p>

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Audit area	Scope	Status/key findings	Assurance
	<ul style="list-style-type: none"> <li>• Movement of Tenants.</li> </ul>	<p>responsibilities;</p> <ul style="list-style-type: none"> <li>• Access to tenants' personal details is restricted to members of the TA team and access to online records is restricted by the use of a username and password;</li> <li>• There is a process in place for the identification of uneconomical properties for disposal; and</li> <li>• The team are aware of the availability of the Council's Financial Regulations, for reference.</li> </ul> <p>Within the system there are several weaknesses which put the system objectives at risk. The areas where weaknesses were found include:</p> <ul style="list-style-type: none"> <li>• Risk assessments and inspections of the hostel units are not regularly completed and documented;</li> <li>• Required fire inspections are also not regularly completed and documented;</li> <li>• There is currently no formal contract in place between the service and its main supplier;</li> <li>• The relevant suppliers and Council services are not always notified of the disposal of properties; and</li> <li>• There were instances where payments were made against invoices for utility bills where the respective properties had been disposed of.</li> </ul> <p>As a result of our audit work we have raised six priority 1 and five priority 2 recommendations, which will help improve controls in the area.</p> <p>The priority 1 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• Fire safety inspections and risk assessments should be completed regularly and documented as required by legislation;</li> <li>• An Asset Disposal policy should be developed and</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<p>implemented across the service;</p> <ul style="list-style-type: none"> <li>• A formal tender process should be completed for the suppliers used by the service;</li> <li>• A formal contract should be agreed and signed with the chosen suppliers;</li> <li>• The utility bills received and paid by the service should be regularly monitored; and</li> <li>• On disposal of assets, the suppliers used by the service, as well as all other relevant departments within the Council, should be notified of the disposals in a timely manner.</li> </ul> <p>The priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• The Service should maintain records of all stock, above a pre-determined value, owned by the Council;</li> <li>• Formal monitoring arrangements should be agreed with the chosen suppliers with regular (at least quarterly) monitoring meetings held, as part of the performance monitoring process;</li> <li>• The Service should request relevant reports from the Central Payments Team in order to monitor the time taken for invoices relating to the service to get paid;</li> <li>• Hostel Managers should be reminded of the requirement to ensure that hostel inspections are completed on a weekly basis as required by the procedures and training provided for any identified needs/gaps in knowledge; and</li> <li>• An action plan detailing expected standards and milestones should be set and implemented in order to ensure that the hostels meet the Decent Homes Standard.</li> </ul>	
<b>URBAN ENVIRONMENT</b>			
<b>Planning Applications &amp;</b>	Audit work was undertaken to cover the following areas:	Weaknesses in the system of controls are such as to put the	<b>Limited</b>





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Audit area	Scope	Status/key findings	Assurance
		<p>Officer and the Enforcement Officer are not always documented;</p> <ul style="list-style-type: none"> <li>• For six out of 11 cases sampled where an enforcement notice was served, evidence was not maintained of the notice being registered onto the s188 Register and in ten cases the acknowledgement letter to the complainant was not found;</li> <li>• The final decision letter to the owner and complainant following the serving of an enforcement notice is not always held on file;</li> <li>• Local indicators are reported at the monthly SMT meetings. However, where variations from targets were identified these did not appear to be further discussed and reviewed; and</li> <li>• For six out of eight planning appeals sampled that were closed, the final decision letter was not held on file, while for three out of 12 enforcement appeals sampled, the decision letter was not available.</li> </ul> <p>As a result of our audit work we have raised one priority 1, six priority 2 and two priority 3 recommendations which will help improve controls in the area.</p> <p>The priority 1 recommendation is as follows:</p> <ul style="list-style-type: none"> <li>• The Service should maintain on file all relevant documents relating to both current and closed cases.</li> </ul> <p>The priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• The Service's Development Control Manual should be periodically reviewed and updated, where necessary, to reflect changes in legislation and procedures;</li> <li>• All relevant officers should be reminded of the need to complete site visit forms fully, where appropriate, and to</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<p>retain each form in the relevant case file;</p> <ul style="list-style-type: none"> <li>• The weekly list of resolved cases should be approved by the relevant Team Leaders prior to submission to the Assistant Director and Lead Members;</li> <li>• I-Plan should be updated in a timely manner to record details of all payments and corresponding AG receipts;</li> <li>• The Enforcement Service should develop a formal induction programme for new staff; and</li> <li>• The Council should send a notification letter to complainants and owners upon receipt of a complaint, following a site visit and upon closure of a case.</li> </ul> <p>The priority 3 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• The Service should only process planning applications which are accompanied by a signed declaration from the applicant or the agent; and</li> <li>• The final decision letter should be submitted within the required timeframe in all cases.</li> </ul> <p>It should be noted that during the audit, access to I-Plan was unavailable due to the system being upgraded. As a result we only completed testing on information held on paper files.</p>	
<p><b>Parking Control &amp; Enforcement</b></p> <p><b>2008/09</b></p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> <li>• Policies and Procedures;</li> <li>• Emissions Based and Residents Parking Permits; and</li> <li>• Issue of PCN &amp; Follow-up of Unregistered Vehicles;</li> <li>• Identification of Income Due;</li> </ul>	<p>Weaknesses in the system of controls are such as to put the system objectives at risk.</p> <p>A number of controls were observed to be operating satisfactorily, some of which are listed below:</p> <ul style="list-style-type: none"> <li>• Strategic and operational policies and procedures in place;</li> <li>• For the samples selected during the audit second checks had been undertaken on vehicles not registered with the DVLA in order to identify the vehicle owner's address;</li> <li>• For the samples selected during the audit information</li> </ul>	<p><b>Limited</b></p>

Audit area	Scope	Status/key findings	Assurance
	<ul style="list-style-type: none"> <li>• Pay &amp; Display Income Collection;</li> <li>• Recovery of Outstanding PCN Income;</li> <li>• Accounting for Income;</li> <li>• Write-Offs;</li> <li>• PCN Appeals;</li> <li>• Emissions Based and Residents Parking Permits; and</li> <li>• Follow-up of previous year's recommendations.</li> </ul>	<p>recorded of PCNs issued had been promptly uploaded onto CIVICA from the handheld computers on a daily basis;</p> <ul style="list-style-type: none"> <li>• Authorisation for the pursuit of PCN debts is obtained using the progress reports provided by the Bailiffs; and</li> <li>• A charging structure for emissions-based permits is in place and posted on the Council's website.</li> </ul> <p>Within the system there are weaknesses which put some of the system objectives at risk. The areas where weaknesses were found include:</p> <ul style="list-style-type: none"> <li>• Errors on security company revenue sheets, detailing pay and display machine income, are not always investigated;</li> <li>• Data cleansing reports outlining pursuable PCN debts are not requested from the Council's Bailiffs on a regular basis;</li> <li>• A journal is not always raised in a timely manner to transfer income received from the SAP 'holding' account to the 'revenue' account;</li> <li>• Incorrect responses are sometimes sent to vehicle owners appealing a PCN;</li> <li>• There are no formal set criteria used for considering a PCN debt for write off;</li> <li>• There are no documented processes with regards to authorising the cancellation of a PCN; and</li> <li>• Supporting documentation for issuing emissions-based permits is not always put on file.</li> </ul> <p>As a result of our audit work we have raised one priority 1 recommendation, nine priority 2 recommendations and one priority 3 recommendation, which will help improve controls in the area.</p> <p>The priority 1 recommendation is as follows:</p> <ul style="list-style-type: none"> <li>• The Parking Service and Corporate Finance should agree a</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<p>set of strict criteria to be used when considering the write-off of PCN debt. These criteria should be formally documented in the Write-off Policy.</p> <p>The priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• Where it is not possible to take photographs when issuing a PCN to a vehicle in contravention of parking regulations, a note should be made in the Pocket Book to clearly explain the reasons for this;</li> <li>• For the effective operation of the Pay and Display parking machines, the Parking Service should ensure that: <ul style="list-style-type: none"> <li>(a) An audit receipt is generated for each collection and where none is available, an explanation is sought; and</li> <li>(b) Where there are differences between the audit receipt and the contractor's revenue and banking report, these should be investigated and resolved by the Senior Accounts &amp; Revenue Officer.</li> </ul> </li> <li>• Data cleansing reports should be produced on an appropriate periodic basis (as decided by the Service). These should be reviewed and evidence of production and review should be documented;</li> <li>• The Senior Accounts &amp; Revenue Officer should be reminded of the requirement to review all reconciliations undertaken between the banking sheets and CIVICA transaction sheets, as an independent officer;</li> <li>• All relevant staff within the service should be reminded of the requirement to ensure that the SAP 'holding' account is cleared on a weekly basis and a journal raised to transfer parking income held within the account to the parking 'revenue' account;</li> <li>• Management should develop and implement robust quality control procedures, requiring appropriate senior officers to</li> </ul>	

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Audit area	Scope	Status/key findings	Assurance
		<p>perform a regular sample check of the decisions and responses sent to vehicle owners appealing against PCNs issued to them;</p> <ul style="list-style-type: none"> <li>• Quality control procedures to be put in place by management should require a regular check to be performed by an independent senior officer on a sample of PCNs put forward for cancellation to confirm that these are appropriate and in line with Council policy;</li> <li>• All relevant staff should be reminded of the requirement to ensure that supporting documentation is maintained with each parking permit application; and</li> <li>• Management should review cases of PCNs that have been suspended on a monthly basis.</li> </ul> <p>The priority 3 recommendation is as follows:</p> <ul style="list-style-type: none"> <li>• The Payment Services Department should develop a plan for the implementation of scanning of residents permit documentation at the main cashiers' office.</li> </ul> <p>We were informed that the Head of Parking Service had identified debts for write-off in February 2008 but the approval of these by Corporate Finance had not been received at the time of the audit. We were informed that the contract for the provision of cash collection services for Pay and Display machines has been put out to tender and the closing date for bids was 5th May 2009 and as such we have not re-raised a formal recommendation given the action taken by the Council.</p> <p>We have also followed-up the fifteen recommendations raised as a result of the 2007/08 Internal Audit. We found that eight recommendations have been implemented, two have been partly implemented, two have not been implemented and three are no longer applicable. We have re-raised three recommendations in our report.</p>	

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Audit area	Scope	Status/key findings	Assurance
<p><b>Decent Homes Standard 2009/10</b></p>	<p>Audit work was undertaken to cover the control environment in the following areas:</p> <ul style="list-style-type: none"> <li>• Determination of Costs;</li> <li>• Procurement Arrangements (including VFM and selection of Contractors);</li> <li>• Monitoring of Outcome; and</li> <li>• Performance Monitoring (including process for obtaining residents' feedback).</li> </ul>	<p>Weaknesses in the system of controls are such to put the system objectives at risk.</p> <p>A number of controls were observed to be operating satisfactorily, some of which are listed below:</p> <ul style="list-style-type: none"> <li>• A Strategic Alliance Agreement between the Council, the ALMO and each of the four area partners has been signed and agreed between all parties;</li> <li>• Monthly performance reports are produced by each of the area partners, which detail overall project delivery status within the area, detailed budgetary and financial analysis and detailed operational risks and issues logs;</li> <li>• Monthly compliance meetings, which include key representatives from the ALMO, have been attended by each area partner;</li> <li>• Regular costing analysis is undertaken by the ALMO in order to benchmark costing across all areas and against industry averages;</li> <li>• An ALMO Client Monitoring Team has recently been set up (six months ago) by the Council in order monitor the operational management of the programme and to submit strategic reporting to the regeneration board; and</li> <li>• Individual proposed works packages are submitted in a standard Council report format to the Procurement Committee for authorisation.</li> </ul> <p>Within the system there are weaknesses which put the system objectives at risk. The areas where weaknesses were found include :</p> <ul style="list-style-type: none"> <li>• A lack of a dedicated review panel focussing on the strategic management and scrutiny of the Decent Homes Programme as a whole;</li> </ul>	<p><b>Limited</b></p>

Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> <li>• We were unable to identify a formal remit or documented terms of reference detailing the responsibilities and requirements of the ALMO Client Monitoring Team;</li> <li>• We could not establish a set of formal communication protocols between the Council, the ALMO, the ALMO Client Team and the Council's Procurement Committee;</li> <li>• The absence of projected key milestones over the project's life and failure to monitor the critical path of the project; and</li> <li>• There is a failure to undertake formal analysis and report on strategic risks and issues within the project highlight reports.</li> </ul> <p>As a result of our internal audit work in this area we have raised five priority 1, two priority 2 and one priority 3 recommendations, which should help to improve the control environment.</p> <p>The priority 1 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• A decision in response to the recent gateway report on the identified potential overspend should be made and communicated to relevant parties;</li> <li>• The Council review the governance arrangements regarding the management of the Decent Homes Programme;</li> <li>• Key milestones should be identified throughout the lifecycle of the project and progress against these should be monitored at the strategic and operational level;</li> <li>• A strategic risks log should be maintained and reported on as a co-ordinated effort between the Council and the ALMO; and</li> <li>• Strategic issues should be identified, recorded and reported in line with the Council's Project Management Framework.</li> </ul> <p>The priority 2 recommendations are as follows:</p>	



Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> <li>• Upon approval of work packages by the Council's Procurement Committee, the proposal forms submitted by Homes for Haringey should be amended to include any changes and the final approved specifications; and</li> <li>• Management should define a formal remit and document a Terms of Reference for the ALMO Client Monitoring Team.</li> </ul> <p>The priority 3 recommendation is as follows:</p> <ul style="list-style-type: none"> <li>• All meetings held between the ALMO and ALMO Client Team are documented.</li> </ul>	

**FMSiS Assessments:**

Our work during 2009/10 involves checking compliance with the requirements of the Financial Management Standard in Schools (FMSiS).

All Primary, Infants, Junior and Special Schools are to be assessed as to whether they meet the requirements of the standard by 31<sup>st</sup> March 2010. To achieve this we planned visits to these Schools, as part of the assessment process, over the three years as follows:

- 40% of schools by the 31st March 2008;
- 40% of schools by the 31st March 2009; and
- 20% of schools by the 31st March 2010.

Our work during 2009/10 will involve visits to the remaining 20% of Primary Schools to check compliance with the FMSiS. Haringey Education Finance Team, in conjunction with Internal Audit, provided an FMSiS training session to these Schools in June 2009 and our visits are scheduled to start from October 2009.

Where the validity of the FMSiS certificate is due to expire, we have scheduled visits to relevant Schools to assess continued compliance with the requirements of the Standard. This includes visits to three Secondary Schools.

Detailed Progress Report - Implementation of Priority 1 Recommendations 2005/06

Audit Area	Priority	Original Implementation Deadline	Progress/Status	Comments/Update
TOREX Leisure Management System	1	Ongoing/ May 2008	<p>Request to software suppliers to correct the system in order to fully prevent access following repetitive invalid logon attempts <i>Deadline: December 2008</i></p>	<p><b>In Progress</b> <b>Quarter 1 Update</b> The department will be moving across from using Torex to a newer model called Advantage. This upgrade will aim to prevent individuals accessing the system following three failed attempts.  The software upgrade of the new system for the DSO Sports and Leisure department has been delayed but is expected to be completed for September 2009. <b>Revised Deadline: September 2009</b></p> <p><b>Quarter 2 Update</b>  The go live date is now scheduled for the 14<sup>th</sup> December as per IT's project plan. The Service has indicated that the allocation of resources by IT is beyond their control and that the delay is due to IT's very long process to get projects prioritised amongst the rest of the council's business. <b>Revised Deadline: December 2009</b></p>
			<b>2005/06</b>	

## Detailed Progress Report - Implementation of Priority 1-3 Recommendations 2006/07

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
<b>URBAN ENVIRONMENT</b>				
<b>Pointing of Housing Register Applications</b>				
1	<p>All relevant staff should formally declare any personal interest they may have in the processing of applications, awarding of points and approval of successful applicants.</p> <p>A Declaration of Interest register should be maintained by a delegated officer and updated on a regular basis.</p>	2	June 2007	<p><b>Implemented</b></p> <p>Update received from management on 12.1.09:</p> <p>All new staff are advised on the need to declare any conflict of interest as part of their induction. Where it is identified that a housing application or homelessness application is being made by a member of staff or a member of their immediate family, the case is dealt with by a senior officer. Where an officer identifies that a case involves a friend or someone that they know, the case is dealt with by their senior.</p> <p>Management have confirmed that all staff in the housing assessment team have been issued with declaration of interest forms, all of which have been signed and returned. There is now a declaration of interest register which is available for viewing. This has been extended to all staff in Strategic &amp; Community Housing Services. The declaration of interest register is available to view at Apex House, where Strategic &amp; Community Housing Service is based.</p>
<b>CHIEF EXECUTIVE'S – PPP&amp;C</b>				
<b>Partnership Arrangements</b>				
2	A clearly defined consultation strategy should be developed and incorporated within the overall strategy for each partnership arrangement.	2	May 2008	<p><b>Implemented</b></p> <p>With the introduction of the new duty to involve, a new Community Engagement Framework has been adopted by Haringey Strategic Partnership in April 2009. The</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
	<p>Consultation strategies should be communicated to all responsible individuals and stakeholders, and should define who will be consulted, methods of consultation, responsibility for consultation and how consultation findings will be utilised.</p>			<p>Consultation Strategy falls under this framework, which was developed by a multi agency group. A delivery plan to support the framework has now been developed and will be presented to the HSP Performance Management Group on 22<sup>nd</sup> October. The delivery plan includes a proposal to develop an on-line partnership consultation strategy to be implemented later in the year. This on-line strategy aims to capture all consultation taking place across partner agencies.</p>

Detailed Progress Report - Implementation of Priority 1-3 Recommendations 2007/08

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
<b>CHILDREN AND YOUNG PEOPLE'S SERVICE</b>				
<b>Primary Capital Programme</b>				
1	<p>A Project Initiation Document (PID) should be developed for all key projects and should be authorised by the Project Sponsor and Corporate Finance, in line with the Council's Project Management Framework.</p> <p>Management should consider developing an approval process for related projects (such as a reduced PID)</p>	1	Changes suggested to start immediately	<p><b>Implemented</b></p> <p>The Assistant Director Business Support &amp; Development (Children &amp; Young People's Service) confirmed that a framework document has been completed and is in place. This explains the approach to delivering all schemes in the Primary and Pre-School Programme (PPS) and the commissioning approach to new sub-programmes within PPS (current sub-programmes in implementation phase are PCP, Children's Centres Phase 3, Youth Capital Plus).</p> <p>As each new sub-programme is commissioned, a short commissioning document is created defining the outcomes of that sub-programme, any funding restrictions, key timelines and prioritisation of spend. Then, as each project within a sub-programme is initiated, a standard Council template project PID is usually created (exceptions to this would be for very some of the very small maintenance projects we deal with). Given the PCP Programme was started prior to the commissioning process, the current documentation about that sub-programme is the Primary Strategy For Change and Project Briefs or PIDs (as per the stage of delivery) for each of the PCP projects (Broadwater Farm, Rhodes Avenue expansion, Coleridge).</p>
2	A Business Case should be developed for the Programme and for all individual projects within the programme, in line with the Council's	1	System now in place	<p><b>Implemented</b></p> <p>Please see comments above</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
	<p>Project Management Framework.</p> <p>For smaller projects, the Business Case should be approved by the Project Sponsor or management team, and that for projects that report to the Programme, the Business Case must also be signed off by Corporate Finance and agreed by the Stream Board.</p>			
<b>ADULTS, CULTURE &amp; COMMUNITY SERVICES</b>				
<b>Appointeeship &amp; Receivership</b>				
3	<p>Management should liaise with the Head of Corporate Finance to consider holding Appointeeship service user funds in interest bearing bank accounts, for the benefit of the clients.</p> <p>Consideration should be given to apportioning all interest earned on these accounts in an appropriate manner and crediting the interest to individual clients, based on the level of funds that they hold. In all cases, it should be specified whether the interest is credited gross or net, for tax return purposes.</p>	2	March 2009	<p><b>Not Applicable</b></p> <p>Management have considered the recommendation and it is the view of the Chief Finance officer that the Council should not pay interest.</p> <p>Management have pointed out that the administrative cost of managing these accounts, although not costed, is substantially higher, especially considering the cost of social workers' time spent in regularly managing some clients funds.</p> <p>The assumption thus far within the service (as with a large number of other authorities) has been that interest was not applied in lieu of the costs of administering client funds.</p>
4	<p>Management should put in place a process for invoices to be raised in a timely manner for all the relevant cases where care is provided to service users.</p>	2	<p>March 2009 – System purchase</p> <p><b>September 2009</b> – actual implementation</p>	<p><b>Implemented</b></p> <p>This recommendation has now been implemented. Subsequent to the last update the team have now moved to a fully paperless financial assessment file and workflow</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
				<p>within FWi to transfer assessment episodes to Revenue Officers where invoices are required.</p> <p>The service continues to use regular reconciliation as a check and balance on this revised process.</p> <p>Work on the FWi/OCC interface is continuing but because scheduling and cost issues this will unfortunately be delayed. Discussions with FWi to set a target date are ongoing.</p>
5	<p>It is recommended that all policies and procedures should be reviewed regularly, and at least annually, and updated, if necessary.</p> <p>It is further recommended that all documents should be dated and communicated to all relevant staff.</p>	3	<p>N/A</p> <p><i>Revised Deadline: November 2009</i></p>	<p><b>Partly Implemented</b></p> <p>Management Update 15/01/09:</p> <p>A renewed Section 48 policy is being re-drafted in line with the standardized Adults, Culture &amp; Community Services template. This template will include a review date.</p> <p>Management Update 09.04.09:</p> <p>The Section 48 policy has been revised apart from one remaining section in which the department are awaiting legal advice – this should be completed by May 2009.</p> <p>Update 13.7.09:</p> <p>The policy is still awaiting feedback and advice from legal services (<b>Revised Deadline: September 2009</b>)</p> <p><b>Update 18.9.09:</b></p> <p>This recommendation has not yet been fully implemented. A draft policy from legal services regarding Public Health Act is now expected at the end of October 2009 to complete the revised procedures, which will be renamed Income, Asset and Property Protection Procedures.</p> <p>The service requests that this deadline be extended to November 2009 to coincide with the implementation of the</p>



DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2009/10 APPENDIX A

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
				<p>ACCS Integrated Access Team, who will be incorporating the revised policy into their scripts.</p> <p><i>Revised Deadline: November 2009</i></p>

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2009/10

Follow Up Table - 2008/09 Audit Work

AUDIT AREA	Assurance Level	Recommendations																
		Category					Implemented					N/A	In Progress	Not yet due	Priority 1 Recommendations Outstanding			
		1	2	3	Total	1	2	3	Total									
<b>Council-wide</b>																		
Information Management & Security	Substantial	0	3	0	3	0	1	0	1	0	0	0	0	0	2			
<b>Chief Executives – PPP&amp;C</b>																		
Complaints Procedure	Substantial	0	3	1	4	0	3	1	4	0	0	0	0	0	0			
<b>Chief Executives – P&amp;OD</b>																		
Pre-employment checks	Substantial	1	4	0	5	1	4	0	5	0	0	0	0	0	0			
Implementation of Equal Pay Project	Substantial	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
<b>Corporate Resources</b>																		
Insurance Arrangements	Full	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Accounting and General Ledger	Full	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Pension Fund Investment	Full	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Disposal of Properties	Substantial	1	5	1	7	1	5	1	7	0	0	0	0	0	0			
Council Tax	Substantial	1	1	2	4	1	1	2	4	0	0	0	0	0	0			
Creditors	Substantial	0	2	1	3	0	1	1	2	0	0	0	0	0	1			
Housing & Council tax Benefits	Substantial	0	1	4	5	0	1	4	5	0	0	0	0	0	0			
Cash Receipting	Substantial	0	0	1	1	0	0	1	1	0	0	0	0	0	0			
NNDR	Substantial	0	3	3	6	0	3	3	6	0	0	0	0	0	0			
Strategic Financial Management & Budgetary Control	Substantial	0	0	1	1	0	0	1	1	0	0	0	0	0	0			
Cleaning Materials Procurement	Limited	5	5	1	11	5	5	1	11	0	0	0	0	0	0			

## APPENDIX A

## DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2009/10

AUDIT AREA	Assurance Level	Recommendations													Priority 1 Recommendations Outstanding
		Category			Implemented					N/A	Not Imp.	In Progress	Not yet due		
		1	2	3	Total	1	2	3	Total						
Framework-1 Application	Substantial	0	8	2	10	0	8	2	10	0	0	0	0	0	0
I-World Database	Substantial	0	5	1	6	0	5	1	6	0	0	0	0	0	0
ALBACS	Substantial	0	7	1	8	0	7	1	8	0	0	0	0	0	0
<b>Urban Environment</b>															
Highways (Contractor Processes)	Substantial	1	2	0	3	0	0	0	0	3	0	0	0	0	0
<b>Adults, Culture &amp; Community Services</b>															
Cranwood Residential Care Home	Substantial	0	7	1	8	0	7	1	8	0	0	0	0	0	0
Red House Residential Home	Substantial	0	8	1	9	0	7	1	8	1	0	0	0	0	0
Cemeteries & Crematorium	Substantial	1	6	1	8	1	6	1	8	0	0	0	0	0	0
Commissioning & Strategy	Full	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Children &amp; Young People's Services</b>															
Children's Centres – Broadwater Farm	Substantial	1	1	0	2	1	1	0	2	0	0	0	0	0	0
Children's Centre – General	Limited	3	6	1	10	2	6	1	9	0	0	0	0	1	0
Children's Centres – Pembury House	Substantial	0	2	0	2	0	2	0	2	0	0	0	0	0	0
Passenger Transport Services	Substantial	2	9	0	11	2	8	0	10	0	0	0	1	0	0
<b>All Directorates – Project Management Assurance</b>															
Building Schools for the future	Substantial	3	3	0	6	3	3	0	6	0	0	0	0	0	0
<b>Total</b>		<b>19</b>	<b>91</b>	<b>23</b>	<b>133</b>	<b>17</b>	<b>84</b>	<b>23</b>	<b>124</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>0</b>

**Implemented** – officers has indicated through self-certification the progress of recommendations. We have verified a sample of responses.

**N/A** – the recommendation is no longer applicable due to changes in the system, or alternative action has been taken to address the risk.

**Not implemented** – the recommendation has not been addressed, alternative action has not been taken.

**Partly implemented** – officers have started implementation of recommendations

Detailed Progress Report - Outstanding Priority 1 – 3 Recommendations 2008/09

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
<b>CORPORATE RESOURCES</b>				
<b>Cleaning Materials Procurement</b>				
1	<p>The Service's budget-setting process should be reviewed and appropriately revised to ensure that the budget set is realistic and reflective of the Service's current needs.</p> <p>In addition, the initial budget setting should be completed in consultation with the key stakeholders (the Head of Facilities Management, the Manager of Cleaning Services and the Area Managers) and should include an appropriate zero-based costing exercise.</p>	1	31/7/09	<p><b>Implemented</b></p> <p>Regular budget meetings take place, including discussion of budget setting. Evidence of key stakeholders discussion was provided</p>
2	<p>It is recommended that the Service should complete a comparison of stock usage across the different sites using the chemical usage spreadsheet, which should be sent on a regular basis by the Suppliers.</p> <p>This should be used to accurately monitor the usage of stock by similar sites and any variances investigated.</p>	2	31/4/09	<p><b>Implemented</b></p> <p>Information is now obtained from suppliers. The Cleaning Services Team then analyses the usage information by site and corrective actions are taken, where appropriate.</p>
3	<p>The service should ensure that annual/regular refresher training is provided to relevant members of staff to ensure that up-to-date guidelines on usage and responsibility is provided.</p> <p>In addition, records of training courses</p>	3	31/3/09	<p><b>Implemented</b></p> <p>A spreadsheet is maintained to record details of all relevant staff and refresher training courses attended, including dates.</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
	provided should be adequately maintained.			
<b>URBAN ENVIRONMENT</b>				
<b>Highways (Contractor Processes)</b>				
4	It is recommended that the Confirm system should be used to generate reports on actions taken in relation to inspections undertaken, and that management should check a sample of inspections to verify that appropriate action has been undertaken on a timely basis.	2	31/3/09	<b>Not Applicable</b> Management have suggested a change of response to the recommendation in that the highways contracts are now not valid as the Council have re-tendered and have new ones in place. Management have stated that new contracts have been signed. Internal Audit will seek to obtain documentary evidence from management that this has been done.
5	It is recommended that the Service should produce error logs for incomplete works from the Confirm system, and that corrective action is taken to rectify the works which are still outstanding.	2	31/6/09	<b>Not Applicable</b> Please see above comments
6	It is recommended that the Service should ensure that a signed agreement is in place between the Council and each contractor. It is further recommended that all contract variations should be supported by a signed approval by the relevant Council officer and by the contractor. A copy of the signed document giving notice of the	1	31/12/08	<b>Not Applicable</b> Please see above comments

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
	contract variation to the contractor should be retained on file and the Service should ensure that the contractor signs and returns the document promptly, for retention by the Council			
<b>ADULT, CULTURE AND COMMUNITY SERVICES</b>				
<b>Cemeteries and Crematorium</b>				
7	<p>It is recommended that relevant staff should be reminded to undertake a monthly reconciliation of all income received to income due, and that any discrepancies and overdue income should be identified, investigated and followed up to a prompt conclusion. (AR invoicing file)</p> <p>It is further recommended that the reconciliation should be checked by an independent officer, and signed and dated by both the preparer and reviewer.</p>	1	31/10/08	<p><b>Implemented</b></p> <p><i>Internal Audit Update 16.10.09:</i></p> <p>Audit received copies of three recent reconciliations, which have been signed.</p> <p><i>Management Update Quarter 2:</i></p> <p>There are some change of personnel but the task - reconciliation is now being done by a staff in Business Support and is done monthly and signed off by Business Support Manager. In summary, the action has been implemented and is being carried out monthly.</p>
<b>CHILDREN AND YOUNG PEOPLE'S SERVICES</b>				
<b>Children's Centre - General</b>				
8	<p>Policies and procedures currently used are the generic Haringey Council policies available on Harinet. The bespoke policies and procedures will be developed and once approved, they will be made available to the centres. Centres will ensure that staff are fully</p>	1	31/12/08	<p><b>Implemented</b></p> <p>Bespoke policies have been approved and this has been recorded. Generic Haringey policies are also now being used. Training has also been provided to staff and an attendance register has been kept to maintain a record of who received training.</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
<b>Passenger Transport Services</b>				
9	It is recommended that contractors should be reminded of their contractual obligations to provide quarterly reports identifying their performance against the standards set out in the contract.	1	3/11/08 – Contractors Meetings	<p><b>Implemented</b></p> <p>Management have confirmed that this procedure is in place. At the last quarterly meeting in July 2009 all contractors provided KPI reports. The same will take place in the next monitoring meeting end of November/ early December.</p>
10	<p>It is recommended that the procedures by which the Passenger Transport Service operates should be documented, dated, approved at the appropriate level and made available to all relevant staff for reference.</p> <p>It is further recommended that responsibility should be assigned to a nominated officer for maintaining the procedures, including reviewing and updating these, where appropriate, on a periodic basis.</p>	2	Nov 08	<p><b>In Progress</b></p> <p>Update 13.7.09:</p> <p>A new Transport Operations Manager has been appointed as from February 2009 and is currently in the process of reviewing and updating all procedures operated by the Transport Service in addition to management of the service and plans to have the procedures completed within six months. <b>Revised Deadline: September 2009</b></p> <p>Management comments at 16.10.09:</p> <p>“The deadline for the final agreed versions of the various SOPs is likely to be the end of November 2009. The delay has been due to the new Operations Manager post being recruited to, major prior staffing issues, the outsourcing of the driver and vehicle part of the service, and the need to revise all draft SOPs again in light of the new operating arrangements with the totally externalised fleet.</p> <p><b>Revised Deadline: November 2009</b></p>



## 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. The assurance level awarded in our internal audit report is not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

### **Deloitte & Touche Public Sector Internal Audit Limited**

#### **London**

#### **October 2009**

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**APPENDIX B**  
**IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/09 - 30/09/10 & B/F FROM 2008/09**

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/09/09	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
<b>Adult, Culture &amp; Community Services</b>	Allegation that employee running own business in work time	1	1	1	Pending	
<b>Children &amp; Young Persons Service</b>	Alleged failure to disclose motoring convictions/ Irregular expense claims (B/F)	1	1	1	Disciplinary Pending Employee Dismissed Dismissal Upheld at Appeal ET Lodged	
	Allegation that employee running business whilst off sick (B/F)	1	1	1	Pending	
	Alleged Irregular use of contractor	1	0	0	N/A	
<b>Chief Executive Service</b>	Allegation that employee failed to disclose other employment	1	1	1	Employee Resigned	

**APPENDIX B**  
**IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/09 - 30/09/10 & B/F FROM 2008/09**

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/09/09	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
<b>Corporate Resources</b>	Misuse of Resources (BF)	1	1	1	Dismissed  Re-instated at Appeal  Final Written Warning	
	Allegation of irregular land sale	1	1	1	Pending	
<b>Urban Environment</b>	Allegation of irregular involvement with supplier (B/F)	4	0	0	N/A	
<b>Non-specific</b>	LBH cheques claims of non-receipt	0	N/A	N/A	N/A	
<b>Total</b>		11	6	6		

## Haringey Council – Audit Committee

## Disciplinary Case Analysis July 2009 to September 2009

## Introduction

The information in this report is taken from SAP, covering the period **01 July 2009 – 30 September 2009**.

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
- Schools
- 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

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.

Directorate	Cases Open	Cases Closed	No of cases	No of employees
AS	11	9	20	18
C	18	13	31	28
CR	6	2	8	8
PO	2	0	2	2
PP	1	1	2	2
UE	10	3	13	13
HGY	48	28	76	71

Please, note that the total number of cases is **76**, but this only represents **71** 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.

- **Children's** has the highest percentage of disciplinary cases against its workforce at **2.17%** in this quarter
- **48** cases remain 'open' at the end of this period.

The following table looks at the stages of Disciplinary cases.

Stage	Cases Open	Cases Closed	Total	%
Invest. - not suspended	14	15	29	38
Invest. - suspended	25	11	36	47
ET	2	0	2	3
Appeal	7	2	9	12
Total	48	28	76	100

The following table identifies the outcomes of the **28** cases that were concluded.

### Disciplinary Case Outcomes

Outcome	Invest. - not suspended	Invest. - suspended	Invest. - appeal	Invest. - ET	Total	%
Appeal dismissed	0	0	1	0	1	4
Appeal upheld	0	0	1	0	1	4
Dismissal	1	2	0	0	3	11
No action	4	2	0	0	6	21
Other	3	0	0	0	3	11
Part upheld	0	0	0	0	0	0
Verbal warning	3	0	0	0	3	11
Written warning	4	0	0	0	4	14
Final writ warning	0	2	0	0	2	7
Resigned	0	1	0	0	1	4
Suspension lifted	0	3	0	0	3	11
Relegation/Demotion	0	1	0	0	1	4
Compromise Agreement	0	0	0	0	0	0
<b>Total</b>	<b>15</b>	<b>11</b>	<b>2</b>	<b>0</b>	<b>28</b>	<b>100</b>

- **21%** of cases resulted in **No action**
- **14%** of cases resulted in a **Written warning**

This table displays reasons for Disciplinary action against employees.

### Reasons for Disciplinary Cases

Reason	Cases Open	Cases Closed	Total	%
Assault	2	1	3	4
Attendance	2	5	7	9
Behaviour	18	11	29	38
Fraud / Theft	4	3	7	9
Misuse of resources	2	3	5	7
Negligence	11	3	14	18
Other	9	2	11	14
<b>Total</b>	<b>48</b>	<b>28</b>	<b>76</b>	<b>100</b>

- The highest cause for disciplinary action was for **Behaviour** at **38%**

This table looks at the ethnic breakdown and gender split for Disciplinary cases

Ethnic Class	Female		Male		All	
	Total	%	Total	%	Total	%
B & M E	21	49	22	51	43	61
White	13	48	14	52	27	38
Not Declared	1	100	0	0	1	1
<b>Total</b>	<b>35</b>	<b>49</b>	<b>36</b>	<b>51</b>	<b>71</b>	<b>100</b>

- **33%** of the workforce is male, but the male representation with disciplinary cases is significantly higher at **51%**

The following table looks at the ethnic breakdown per Directorate and across grade bands.

Dir	Ethnic Group	MANUAL		SC1-SC5		SC6-SO2		PO1-PO3		PO4-PO7		PO8+		TOTAL	
		T	WF	T	WF	T	WF	T	WF	T	WF	T	WF	T	WF
AS	B & ME	1	5.6	5	27.8	3	16.7	1	5.6	1	5.6	0	0.0	11	61.1
	White	0	0.0	6	33.3	1	5.6	0	0.0	0	0.0	0	0.0	7	38.9
	<b>Total</b>	<b>1</b>	<b>5.6</b>	<b>11</b>	<b>61.1</b>	<b>4</b>	<b>22.2</b>	<b>1</b>	<b>5.6</b>	<b>1</b>	<b>5.6</b>	<b>0</b>	<b>0.0</b>	<b>18</b>	<b>100</b>
C	B & ME	0	0.0	5	18.5	6	22.2	3	11.1	3	11.1	0	0.0	17	63.0
	White	0	0.0	1	3.7	3	11.1	1	3.7	2	7.4	3	11.1	10	37.0
	<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>6</b>	<b>22.2</b>	<b>9</b>	<b>33.3</b>	<b>4</b>	<b>14.8</b>	<b>5</b>	<b>18.5</b>	<b>3</b>	<b>11.1</b>	<b>27</b>	<b>100</b>
CR	B & ME	0	0.0	0	0.0	5	62.5	1	12.5	0	0.0	0	0.0	6	75.0
	White	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	2	25.0	2	25.0
	<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>5</b>	<b>62.5</b>	<b>1</b>	<b>12.5</b>	<b>0</b>	<b>0.0</b>	<b>2</b>	<b>25.0</b>	<b>8</b>	<b>100</b>
PO	B & ME	0	0.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0	1	50.0
	White	0	0.0	0	0.0	0	0.0	0	0.0	1	50.0	0	0.0	1	50.0
	<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>1</b>	<b>50.0</b>	<b>0</b>	<b>0.0</b>	<b>1</b>	<b>50.0</b>	<b>0</b>	<b>0.0</b>	<b>2</b>	<b>100</b>
PP	B & ME	0	0.0	0	0.0	0	0.0	0	0.0	1	50.0	0	0.0	1	50.0
	White	0	0.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0	1	50.0
	<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>1</b>	<b>50.0</b>	<b>0</b>	<b>0.0</b>	<b>1</b>	<b>50.0</b>	<b>0</b>	<b>0.0</b>	<b>2</b>	<b>100</b>
UE	B & ME	0	0.0	4	30.8	2	15.4	0	0.0	1	7.7	0	0.0	7	53.8
	White	0	0.0	3	23.1	0	0.0	2	15.4	1	7.7	0	0.0	6	46.2
	<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>7</b>	<b>53.8</b>	<b>2</b>	<b>15.4</b>	<b>2</b>	<b>15.4</b>	<b>2</b>	<b>15.4</b>	<b>0</b>	<b>0.0</b>	<b>13</b>	<b>100</b>
HGY	B & ME	1	1.4	14	20.0	17	24.3	5	7.1	6	8.6	0	0.0	43	61.4
	White	0	0.0	10	14.3	5	7.1	3	4.3	4	5.7	5	7.1	27	38.6
	<b>Total</b>	<b>1</b>	<b>1.4</b>	<b>24</b>	<b>34.3</b>	<b>22</b>	<b>31.4</b>	<b>8</b>	<b>11.4</b>	<b>10</b>	<b>14.3</b>	<b>5</b>	<b>7.1</b>	<b>70</b>	<b>100</b>

**NB:** 1 employee from Children and Young Peoples Service is excluded from the above table due to not having an ethnicity declared, however, falls into salary band SC1-SC5



## Suspensions

This table shows a summary of suspension cases.

### Summary of Suspension Cases

Case status	Total
No. of cases heard	10
No. of cases not concluded	25
No. of cases not concluded - leaver	1
Total	36

### Timescales (no of days) of Suspension Cases

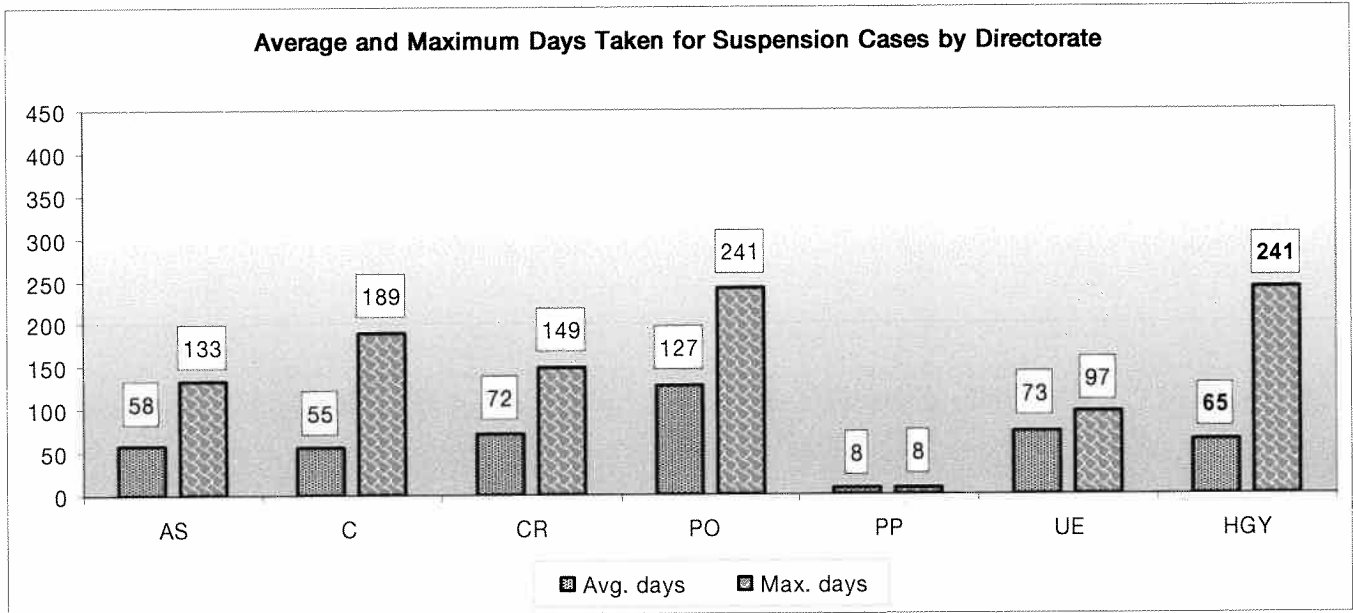
The table below looks at the **36** suspension cases and identifies the no. of working days each case has taken. If the case has not concluded by the end of the period, the number of working days is calculated from the start date of the current disciplinary stage to the end of the quarter.

The table also identifies, by directorate, the average number of days suspension for all cases, the maximum days for a single case and average days suspension for cases heard within that period.

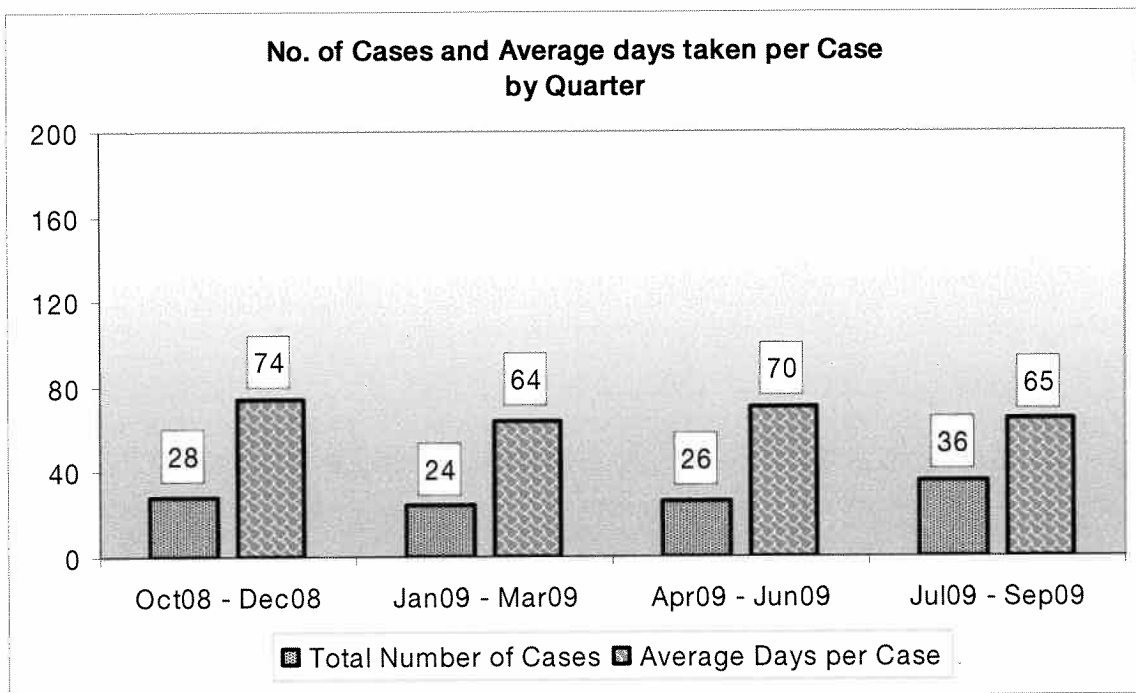
### Timescales (no of days) of Suspension Cases

Directorate	1-60	61-120	121-180	181-240	240+	Total cases	Total days	Avg days of total cases	Max. Days	Total cases heard	Avg days of cases heard
AS	5	3	1	0	0	9	526	58	133	5	56
C	8	3	0	1	0	12	665	55	189	4	71
CR	3	0	2	0	0	5	359	72	149	1	38
PO	1	0	0	0	1	2	254	127	241	0	0
PP	1	0	0	0	0	1	8	8	8	0	0
UE	3	4	0	0	0	7	512	73	97	0	0
HGY	21	10	3	1	1	36	2324	65	241	10	60
Total cases heard	6	4	0	0	0	10					

On average, **65** days were spent on each suspension case within the quarter.



The chart below looks at the number of suspension cases per quarter and highlights Haringey Council's average number of days per case.



The average number of days taken per suspension case has been consistent over the last year, showing the benefit of the ongoing scrutiny and focus on management action.



Haringey Council

Agenda item:

**Audit Committee****On 5 November 2009**Report Title: **Risk Management update – Quarter 2 2009/10**Report authorised by: **Chief Financial Officer**

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

**Tel:** 020 8489 5973**Email:** [anne.woods@haringey.gov.uk](mailto:anne.woods@haringey.gov.uk)Wards(s) affected: **All**Report for: **Information****1. Purpose of the report**

1.1 To inform the Audit Committee of the current position on risk management implementation across the Council.

**2. State link(s) with Council Plan Priorities and actions and/or other Strategies:**

2.1 Audit and Risk Management contribute to the Council priority to deliver excellent, customer focused, cost effective services by ensuring that the Council's risk management framework is in place and operating effectively. Internal audit reviews key risk registers, the controls in place to manage the identified risks. Recommendations for improvement are made, where appropriate.

2.2 Risk management forms a key element within the revised Use of Resources assessment and will continue to be part of the CAA from 2009 onwards. The reports to both managers and the Audit Committee on the implementation of the Council's risk management policy and strategy ensure that the requirements of the CAA assessment are fulfilled.

**3. Recommendations**

3.1 The Audit Committee is recommended to note the implementation of the risk management strategy across the Council.

**4. Reason for recommendation(s)**

4.1 The Audit Committee is responsible for approving the Council's Risk Management Policy and Strategy as part of its Terms of Reference. In order to facilitate this, and

provide information on its implementation across the Council, progress reports are provided on a regular basis for review and consideration by the Audit Committee.

## **5. Other options considered**

5.1 Not applicable

## **6. Summary**

6.1 The internal audit service makes a significant contribution to ensuring the implementation of the Council's risk management framework throughout the authority. This report focuses on the work undertaken during the second quarter of 2009/10 to ensure the risk management framework is complied with.

## **7. Head of Legal Services Comments**

7.1 The Head of Legal Services has been consulted in the preparation of the is report, and advises that there are no direct legal implications arising out of the report or the recommendations.

## **8. Chief Financial Officer Comments**

8.1 The Chief Financial Officer has no additional comments to add.

## **9. Head of Procurement Comments**

9.1 Not applicable

## **10. Equalities and Community Cohesion Comments**

10.1 This report deals with how risks are managed across all areas of the Council, which have an impact on various parts of the community. Improvements in managing risks and controls will therefore improve services the Council provides to all sections of the community.

## **11. Consultation**

11.1 No external consultation was required or undertaken in the production of this report. Consultation is undertaken with respective service managers, Assistant Directors and Directors in the production of risk registers and internal audit reports. Their comments are included in the final report which is circulated in accordance with the agreed internal audit reporting protocol.

## **12. Service Financial Comments**

12.1 There are no direct financial implications arising from this report. The work within

internal audit to implement the Council's risk management framework is part of the contract with Deloitte and Touche which was awarded following a competitive tendering exercise in compliance with EU regulations from 1 April 2007. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget. Service departments manage risks as part of the routine work to achieve their business plans and costs are contained within their revenue budgets.

### **13. Use of appendices**

13.1 Appendix A – Update on risk registers Quarter 2 2009/10

### **14. Local Government (Access to Information) Act 1985**

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

## **15. Background**

15.1 The Council's Risk Management strategy is reviewed on an annual basis to ensure that it reflects current operational requirements and best practice. The latest version was approved by the Audit Committee at its meeting on 23 April 2009.

15.2 The Chair of the Audit Committee requested that a report on risk management and compliance with the Council's strategy be presented to the Committee on a quarterly basis. The review and testing of risk registers formed part of the 2009/10 annual audit plan which was approved at the Audit Committee meeting on 23 April 2009. This is an ongoing process to ensure the key controls to manage identified risks are effective and operate as intended.

## **16. Risk Registers**

16.1 The Council has been implementing a new performance management system (Covalent) which also includes a risk management module. Risk registers are managed electronically at business unit, department and corporate level.

16.2 Appendix A shows the latest position for all Business Units and Directorates as at 30 September 2009. Risk registers for business units and directorates are up to date and reviewed in accordance with the Council's risk management strategy. During 2009/10, a number of organisational changes have taken place across the Council. Within Urban Environment, the Enforcement Business Unit is now contained within Frontline Services Business Unit. Within PPP&C, Neighbourhood Management Business Unit is now contained within Safer Communities Business Unit. The risk registers for Enforcement and Neighbourhood Management have been incorporated into the new Business Unit structure and will be reported within this for 2009/10.

- 16.3 The risk registers have been reviewed in accordance with the planned programme of audit work. The electronic Covalent system replicates the previous format for the council's risk registers, but provides Business Unit Managers with a more effective and flexible reporting and monitoring process than the previous manual process. The electronic system is able to produce a variety of reports and information to suit the managers' requirements. The electronic system allows managers to view and sort their current risks individually, or by risk rating; RAG status; or actions due.
- 16.4 The process to input the current risk registers on to the performance management system was undertaken during the first and second quarters of 2009/10. During the second quarter 2009/10, risk registers from Urban Environment, P&OD, and CYPs have been loaded onto the Covalent system and training has been provided to the departmental representatives. Electronic management and reporting of risk registers is now in place for all departments of the Council in accordance with the previously agreed timetable.
- 16.5 Covalent automatically sends email reminders to the business unit representatives when updates are due and the system will provide an audit trail to allow for monitoring and follow up by Internal Audit. Internal Audit will also provide resources (as part of the annual audit plan) to assist business units on an ongoing basis and to ensure that all actions and updates are being done in accordance with the relevant timescales.
- 16.6 The corporate risk register is reviewed on a quarterly basis by the Chief Executive's Management Board and reported annually to the Audit Committee.

## **17. Partnership Risk Management**

- 17.1 The Comprehensive Area Assessment (CAA), under the Use of Resources annual assessment requires the Council to have appropriate arrangements in place to provide assurance on the risk management processes of its key partnerships. Although the Audit Committee only has direct responsibility for the Council's risk management arrangements, the processes to provide assurance for key partnerships are detailed below.
- 17.2 The Haringey Strategic Partnership (HSP) formally adopted its own risk management strategy in July 2008. Haringey Council supported the process to implement the HSP risk management strategy during 2008/09 and all the HSP Thematic Boards introduced their own risk registers, with an overarching HSP risk register approved by the HSP Board in 2009.
- 17.3 As the lead organisation, the Council has been supporting the HSP in the ongoing implementation and monitoring of its risk management strategy. During 2009/10, the HSP risk registers will be loaded onto the Council's electronic Covalent system to assist in the development and improvement of risk management for the HSP on an ongoing basis. It is estimated that this will be fully completed by 31 March 2010.

17.4 Homes for Haringey (HfH) has its own risk management strategy which has been formally adopted by the HfH Board. The strategy is reviewed on a regular basis and HfH has risk registers in place to manage and monitor its key risks. The implementation of the strategy and the management of its risk registers and key controls forms part of the HfH annual internal audit plan. Audit and Risk Management provide the internal audit service for HfH and any risks which impact on Haringey Council are reported via the agreed reporting processes.

17.5 During 2009/10, the Council will seek assurances from other key partners outside the HSP and HfH that their risk management arrangements are appropriate and fulfil the requirements of both the Council and the CAA Use of Resources. It is estimated that this will be fully completed by 31 March 2010.

## Progress Report Quarter 2 2009/10 - Risk Register Update Summary

	Department	Level	Risk Register Title	Date of most recent update
1	Corporate - CEMB	Corporate	Corporate Register	October 2009
2	CE - Policy Performance Partnerships & Communication	Dept	Policy Performance Partnerships & Communication	September 2009
3	CE - PPPC	BU	Safer Communities	September 2009
4	CE - PPPC	BU	Communications	September 2009
5	CE - PPPC	BU	Policy & Performance	September 2009
6	CE - Organisational Development	Dept	Organisational Development	September 2009
7	CE - OD	BU	Human Resources	September 2009
8	CE - OD	BU	Local Democracy and Member Support	September 2009
9	CE - OD	BU	Organisational Development & Learning	September 2009
10	Corporate Resources (CR)	Dept	Corporate Resources	October 2009
11	CR	BU	Legal Services	September 2009
12	CR	BU	IT Services	September 2009
13	CR	BU	Customer Services	September 2009
14	CR	BU	Benefits & Local Taxation	September 2009
15	CR	BU	Corporate Finance	September 2009
16	CR	BU	Audit & Risk Management	September 2009
17	CR	BU	Corporate Procurement	September 2009
18	CR	BU	Corporate Property Services	September 2009
19	Children and Young People's Service (CYPS)	Dept	Children & Young People's Service	September 2009
20	CYPS	BU	Children & Families	September 2009
21	CYPS	BU	School Standards and Inclusion	September 2009
22	CYPS	BU	Business Support & Development	September 2009
23	CYPS	BU	Children's Networks	September 2009
24	Adults Culture and Community Services (ACCS)	Dept	Adults Culture and Community Services	September 2009



## Progress Report Quarter 2 2009/10 - Risk Register Update Summary

	Department	Level	Risk Register Title	Date of most recent update
25	ACCS	BU	Commissioning & Strategy	September 2009
26	ACCS	BU	Adult Services	September 2009
27	ACCS	BU	Recreation Services	September 2009
28	ACCS	BU	Culture, Learning & Libraries	September 2009
29	Urban Environment (UE)	Dept	Urban Environment	September 2009
30	UE	BU	Strategic & Community Housing	September 2009
31	UE	BU	Frontline Services	September 2009
32	UE	BU	Planning & Policy Development	September 2009

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Haringey Council

Agenda item:

**[No.]****Audit Committee****On 5 November 2009**

Report Title: **Alexandra Palace – follow up audit of corporate governance and internal controls at the Charitable Trust and Trading Company**

Report Authorised by: **Chief Financial Officer**

Report of and contact Officer: Anne Woods, Head of Audit and Risk Management

**Tel:** 020 8489 5973

**Email:** [anne.woods@haringey.gov.uk](mailto:anne.woods@haringey.gov.uk)

Wards(s) affected: **All**

Report for: **Information**

### 1. Purpose of the report

1.1 To advise the Audit Committee of the follow up audit work completed following the original review of corporate governance and internal control arrangements at Alexandra Palace and Park Charitable Trust and Alexandra Park Trading Limited.

### 2. State link(s) with Council Plan Priorities and actions and/or other Strategies:

2.1 Audit and Risk Management contribute to the Council priority to deliver excellent, customer focused, cost effective services by reviewing systems and undertaking investigations, where appropriate, to reduce risks and improve controls.

### 3. Recommendations

3.1 That the Audit Committee notes the contents of the report and the actions agreed and being taken to address the findings and recommendations.

### 4. Reason for recommendation(s)

4.1 The Audit Committee is responsible for monitoring the completion of internal audit work completed and the implementation of agreed recommendations as part of its Terms of Reference. In order to facilitate this, reports are provided for review and consideration by the Audit Committee.

**5. Other options considered**

5.1 Not applicable

**6. Chief Financial Officer Comments**

6.1 The Chief Financial Officer is satisfied with the actions taken to date by officers from APTL and APPCT and considers these appropriate to address the internal audit recommendations.

**7. Comments of the Head of Legal Services**

7.1 The actions undertaken by the CFO, as detailed in this report, to ensure that proper financial and governance arrangements are in place for the trust and its trading subsidiary, are within the scope of the duties of the CFO under section 151 Local Government Act 1972. These actions are consistent with independent decision-making by the Board of the APPCT in accordance with its duties as charity trustee and independent decision-making by the Board of the APTL in accordance with its Articles of Association.

**8. Equalities and Community Cohesion Comments**

8.1 This report deals with how risks to service delivery are managed within Alexandra Palace charitable trust and trading company, which have an impact on various parts of the Council and the community as a whole. Improvements in managing risks and controls will therefore improve services which Alexandra Palace charitable trust and trading company and the Council provides to all sections of the community.

**9. Consultation**

9.1 The follow up reports referred to in this report have been agreed with officers at Alexandra Palace charitable trust and trading company and have been presented to the respective Boards for consideration and approval.

**10. Service Financial Comments**

10.1 There are no direct financial implications arising from this report. Internal Audit has provided advice and guidance where appropriate to support Alexandra Palace Charitable Trust and APTL in the implementation of recommendations. The cost of undertaking the follow up audit work has been contained within the Audit and Risk Management revenue budget.

**11. Use of appendices**

11.1 Appendix 1 – APPCT follow up report  
Appendix 2 – APTL follow up report

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

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

**13. Background**

- 13.1 The Council has previously provided temporary resources, including staff and financial support, to Alexandra Palace in order to assist in improving the systems and controls in place. In order to ensure that appropriate governance and internal control arrangements were in place, the Council's Chief Financial Officer requested that an internal audit be undertaken of both the charitable trust and trading company using powers under section 151 of the Local Government Act 1972.
- 13.2 The work was completed and the findings and recommendations agreed with the relevant managers at APPCT and APTL. Action plans to address the recommendations were also agreed with the APPCT and APTL managers and reported to the Boards of APPCT and APTL. The recommendations and management actions to address these were approved by the respective Boards during 2008. The audit reports were subsequently reported to this Audit Committee at its meeting of 28 October 2008. The Audit Committee recommended that all internal audit recommendations were implemented by 31 March 2009.
- 13.3 Internal Audit undertook follow up reviews at both organisations during April and May 2009, to ensure that the agreed actions had been implemented. Since the original audit reviews were completed, there had been substantial changes to the management structure and personnel at Alexandra Palace. This was partially in response to the findings and conclusions of both the separate independent review and the internal audit work.
- 13.4 The findings and reports of the follow up audit work were again discussed and agreed with the respective managers at Alexandra Palace. The follow up reports have both been submitted to the Boards of APPCT (October 2009) and APTL (June 2009) for review and consideration.
- 13.5 The Boards of APTL and APPCT acknowledged that although not all recommendations had been fully implemented at the time the follow up audit work was undertaken, substantial progress had been made to address the key risk and control issues which had been originally raised by internal audit. Both APTL and APPCT Boards approved the actions which were being undertaken and proposed by senior management in order to fully implement the audit recommendations.
- 13.6 Internal Audit have agreed the key actions which remain outstanding with APTL and APPCT managers. Improvements in governance and control frameworks have been made and work to fully embed these has been endorsed by APTL and APPCT Boards. Internal audit is satisfied that the original recommendations are being addressed by

managers at Alexandra Palace. Internal audit will undertake a final follow up review during March 2010 to ensure that all recommendations have been fully implemented.

13.7 The Council is providing ongoing temporary support to Alexandra Palace to assist with the implementation of recommendations and the proposed improvements in governance arrangements and internal controls. Liaison with the Director of Corporate Resources, the Chief Financial Officer and officers from Corporate Finance is continuing on a regular basis.

13.8 Summaries of both reports are now attached to this report for information.

Recommendation	Priority	Management Response	Original Deadline	Status at time of follow-up audit (June 2009)	Update by General Manager at September 2009	Revised Deadline	Management Action Required
<p>1. <u>Corporate Governance</u></p> <p>The Trust put in place a Code of Corporate Governance for their organisation; take appropriate measures to publicise it; ensure that responsibility for monitoring and reviewing its operation is defined; and ensure that it is complied with on an ongoing basis across the organisation, with regular reports to the Board demonstrating compliance.</p>	1	<p>APPCT agrees that it will review corporate governance arrangements but points out that the board did not accept the recommendations made in the report of 2005 which was submitted to the board of trustees without input from the charity officers or advisors.</p> <p>The matter was taken up by the then Chair of the board but not pursued</p> <p>The review when it is conducted will rely heavily on the separate legal advice which has been sought and this will be reported to the trustees in due course.</p>	April 2009	<p><b>Not Achieved</b></p> <p>A draft Code of Corporate Governance was presented to the Board in February 2009. APPCT advised internal audit that it has been resolved to hold "away days" to discuss the contents and the way forward. An away day has been set for the 19<sup>th</sup> June 2009.</p>	<p><b>Not Achieved</b></p> <p>At the APPCT Board meeting on June 30, Trustees supported a paper which highlighted the opportunity for a greater overhaul of the current governance. A Project Steering Group has been formed and is overseeing this work, which is progressing in line with a review of the branding of AP. This work will engage stakeholders across a broad spectrum of interest groups and ensure high levels of collaboration and will inform future strategic master-planning for the</p>	March 2010	Yes

<p>2. <u>Risk Management Framework</u></p> <p>The Trust implement a risk management framework for their organisation; ensure that responsibility for monitoring and reviewing its operation is defined; and ensure that it is complied with and embedded across the organisation.</p>	<p>1</p>	<p>APPCT will review its risk management strategy and report this back to the board of trustees. Formal adoption will of course be contingent on the review of strategy which is required now that the development is not going ahead</p>	<p>April 2009</p>	<p><b>Partly Achieved</b></p> <p>As part of the Code of Governance the trustees were presented with a risk management schedule and draft risk register at the February Board meeting. Internal Audit were advised that this issue will be included in the planned away day for further discussion</p>	<p><b>Partly Achieved</b></p> <p>The Interim General Manager has been strategically reviewing business operations and addressing short term urgent issues of skill deficiencies &amp; legislative compliance, updating a master compliance sheet regularly. During the next quarter a strategic risk management frame work will be addressed. Trustees will be informed at Board meetings during October and</p>	<p>site. The Awayday has been scheduled for 26 September and a Stakeholder Forum for 24 October.</p>	<p>December 2009</p>	<p>Yes</p>
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<p>3. <u>Relationship with Haringey Council</u></p> <p>The Trust formally agrees an operating framework between the organisations and Haringey Council.</p> <p>The framework should specify the processes and timing for financial and legal input from Haringey Council into reports to the Trust's Board</p>	<p>1</p>	<p>The operating framework between APPCT and LBH is currently defined in the LBH constitution. A report by the local authority officers on corporate governance was submitted to the trustees some time ago but the contents were rejected by the trustees.</p> <p>APPCT will review the existing relationships and define a framework in consultation with the trust solicitor, charity commission and local authority officers</p> <p>It must be noted that there is a risk that too close an association with LBH may lead to the inadvertent creation of a shadow directorship of APTL which would not be beneficial.</p>	<p>April 2009</p>	<p><b>Partly Achieved</b></p> <p>A paper for consideration on the relationship with Haringey Council has been drafted for consideration.</p>	<p><b>Partly Achieved</b></p> <p>The existing relationships operate effectively, with regular liaison between senior officers of APPCT and LBH but the General Manager exercises judgement and takes decisions (in consultation with trustees where appropriate). The final framework will be drafted as part of the Review of Governance work described at 1.</p>	<p>December 2009</p>	<p>Yes</p>
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<p>4. <u>Internal Audit Arrangements</u></p> <p>The Trust ensures that appropriate internal audit arrangements are in place for their organisations.</p> <p>Annual audit plans should be in place, which are agreed by the Board.</p> <p>Monitoring arrangements, including review of internal audit reports and implementation of recommendations should be in place.</p>	<p>2</p>	<p>There is also a risk of the local authority having undue influence over the decisions of the charity trustees and officers which could have serious repercussions if the Charity commission were to conclude that the necessary separation had been compromised.</p>	<p>March 2009</p>	<p><b>Not Achieved</b></p> <p>The Head of Finance is preparing a specification for new internal auditors for both the Charity and Trading Company</p>	<p>above.</p> <p>A SLA is in place with Corporate Procurement. The Interim GM is currently using Corporate Procurement, Legal and Insurances services from LBH.</p> <p><b>Achieved</b></p> <p>Mazars have now been appointed as internal auditors to the APPCT and APTL.</p>	<p>N/A</p>	<p>No</p>
<p>5. <u>Contract Management Framework</u></p>	<p>1</p>	<p>APPCT agrees that this is a weakness and will draft</p>	<p>March 2009</p>	<p><b>Partly Achieved</b></p>	<p><b>Achieved</b></p>	<p>N/A</p>	<p>No</p>

<p>The Trust implement a contract management framework for their organisation; ensure that responsibility for monitoring and reviewing its operation is defined; and ensure that it is complied with and embedded across the organisation.</p> <p>The framework should define approval and reporting requirements, including the involvement of the Board</p>		<p>suitable frameworks.</p> <p>The current position on those contracts identified above is a direct result of the drive to achieve the overall council and trustee strategy of risk transfer via a long lease of the building which has prevented re-tendering.</p>		<p>To assist with the management of contracts and procurement the Charity has entered into a one year Service Level Agreement (SLA) with the Council's procurement team effective from April 2009. The signing of the SLA is to be reported to the Board. In addition regular site meetings are held with the main contractors undertaking regular work. All contracts are now in place and a contract register and lease register have been created to show key information. Additional controls have been recommended during the course of the follow up audit these have been agreed</p>	<p>Regular, formal Contact Review meetings are held with term contractors operating on site at operational management and strategic levels.</p> <p>The Interim General Manager has used and continues to use LBOH basic procedures. Corporate Procurement and Legal Services from LBOH are actively involved in key contract works. (E.g. security and Facilities Management contracts).</p> <p>The Contract Management framework will be documented as part of the preparation for the new Facilities M &amp;</p>	
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<p><u>6. Business Planning Process</u></p> <p>The Trust implements a formal business planning framework for their organisation; and ensures that responsibility for monitoring and reviewing its progress is defined.</p> <p>The framework should define approval, monitoring and reporting requirements, including the involvement of the Board.</p>	<p>1</p>	<p>The trust undertakes in business planning by way of annual budget preparation, APPCT is aware that the LBH planning cycle is triennial and that APPCT planning does not align with the LBH system. There is no requirement of the Charities act that it does so, but it will endeavour to provide three year information.</p>	<p>November 2008</p>	<p><b>Partly Achieved</b></p> <p>The Charity Trustees considered and adopted a one year business plan in March 2009. Internal Audit were advised that it is intended to produce a three year business plan once the trustees have resolved the future strategy and objectives of the charity. The General Manager, the company Managing Director and Head of Finance now meet on a regular basis with the Council's Head of Finance</p>	<p><b>Partly Achieved</b></p> <p>The Interim General Manager has developed cost models for R&amp;M expenditure which are proactively managed.</p> <p>Capital applications for 2010-11 are being submitted in line with the council timetable..</p> <p>The Trust will attempt to align its budget setting process with that of LBH.</p>	<p>December 2009</p>	<p>Yes</p>
<p><u>7. Performance Review and Staff Development</u></p> <p>The Trust will ensure that a formal performance review and staff training</p>	<p>2</p>	<p>All staff will have been appraised by the end of September 08</p>	<p>September 2008</p>	<p>Although the deadline of September 2008 was not met all staff appraisals have now been</p>	<p><b>Achieved</b></p> <p>The Interim General Manager has actively reviewed custom</p>	<p>N/A</p>	<p>Yes</p>

<p>and development framework is introduced. The framework should specify the roles and responsibilities of all relevant parties, including the Board.</p>				<p>completed. It is intended to hold performance appraisals twice yearly and the Charity has adopted the template that is currently used by the Council</p>	<p>and practice. Short term issues of skill deficiencies are being addressed. A new Staff Handbook has been produced for officers of the Trust and performance appraisals are scheduled for all permanent officers.</p>		
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<p>8. <u>Contract Management</u></p> <p>The Trust should ensure that its expenditure complies with local and statutory procurement regulations.</p> <p>In particular, the Trust should ensure that contracts are in place for:</p> <ul style="list-style-type: none"> <li>• security arrangements;</li> <li>• engineering; and</li> <li>• legal services.</li> </ul>	<p>1</p>	<p>The APPCT have recently considered the future of contracts for Security and Engineering. A forward plan is being developed to ensure the security function is secured until it is tendered and a new contract begun in April 2009, the engineering contract has been extended until 2010 when it will be re-tendered.</p> <p>The General manager is seeking advice on the subject of the legal services to the trust and this will be reported to the board in due course.</p> <p>Further procurement advice will be sought as part of a review of financial controls and procedures being conducted by the new Head of Finance</p>	<p>February 2009</p>	<p><b>Partly Achieved</b></p> <p>Contracts are in place for engineering and security. Internal Audit were advised that the issue of a contract for legal services will be subject to further consideration by the Board.</p>	<p><b>Achieved</b></p> <p>Novation of Security contract has been completed with support of LBOH Legal Services.</p> <p>Improved Facilities M&amp;E Contract being project managed for a new contract in place by 31/8/10.</p> <p>Regular, formal Contact Review meetings are held with term contractors operating on site at operational management and strategic levels.</p> <p>Legal services were addressed by Trustees at their meeting on 30 June and the arrangements have been regularised</p>	<p>N/A</p>	<p>Yes</p>
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<p>9. <u>Contract Management</u></p> <p>A copy of the insurance bond held by Integral (UK) Ltd should be obtained and held on file.</p> <p>The Trust should ensure that this continues to be in force should this contract be extended or re-appointed.</p>	2	This has been obtained		<b>Achieved</b>		N/A	No
<p>10. <u>Repair and Maintenance of Building</u></p> <p>The Trust should ensure that a robust programme of planned maintenance, developed by a suitably qualified and independent contractor/surveyor, is in place and is appropriately approved and monitored.</p> <p>The Trust should ensure that any additional works required or identified as part of the planned maintenance programme are subject to separate assessment and approval</p>	2	<p>A defined programme of PPM is in place, the GM has subsequently re-appointed the professional advisor to assist in the contract management of the engineering contract. Advice is also sought on the building from several other professional advisors on an as needed basis.</p> <p>The PPM contractor does not have authority to undertake additional works unless approved by the Charity, however total separation of this role would lead to unnecessary cost increases.</p>		<p>The maintenance schedule is held on a database that was originally compiled by a company called FSI; using a software package they developed called Concept. There have been some additions since inception of the database that have been entered by the contractor. The contractor advises of work that is outside of what is termed maintenance. Work is not carried out</p>	<p><b>Achieved</b></p> <p>Detailed review of contract undertaken and areas of VFM and transparency of delivery key areas of deficiency. Improved FM contract is being project managed for 31/8/10 when existing contract expires.</p> <p>LBH Internal Audit are addressing short term issues with us to improve VFM and performance.</p>	N/A	Yes

<p>processes.</p>			<p>until verified as necessary by Peter Sharp Associates and approved by the General Manager.</p> <p>During the course of the audit the following was noted</p> <p>a) level of monthly contract spend.</p> <p>b) The maintenance schedule was compiled some years ago.</p> <p>c) The planned maintenance database can be accessed and amended by the PPM contractor.</p> <p>d) Incurred expenditure on repairs outside of contracted maintenance appears high..</p>	<p>This area is under close scrutiny and review to ensure that VFM can be identified.</p> <p>Strategic meeting being scheduled with incumbent suppliers top management to address areas of concern</p> <p>Concept System and database being updated for new contract for December 2009</p> <p>Reactive maintenance control system improved and capped at a monthly level, under FM formal approval.</p>		
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<p>11. <u>Performance Review</u> The performance of the Development Manager must be subject to formal appraisal, in accordance with the requirements of the original appointment</p>	<p>2</p>	<p>Agreed, with the ending of the development project, some of the KPI points are not valid and as such the continuation of this contract for services may now not be needed.</p>	<p>September 2008</p>	<p><b>Achieved</b> The contract of the Development Manager has been ended</p>	<p>N/A</p>	<p>N/A</p>	<p>No</p>
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<p>12. <u>Asset Register</u></p> <p>The asset register should be reviewed and amended to reflect date of acquisition and value.</p> <p>Arrangements should be put in place for on-going periodic review of the register to ensure accuracy</p>	<p>2</p>	<p>Agreed. A more detailed fixed asset register will be introduced in the 2008/09 financial year and the date and value of all new acquisitions will be recorded.</p> <p>In respect of existing assets, this information should be relatively easy to obtain for the past three financial years. However, the backing documentation for earlier acquisitions is likely to be in archive and thus we will need to consider the cost/benefit of updating the register for these items, particularly as many older items will be fully depreciated.</p>	<p>March 2009</p>	<p><b>Achieved</b></p> <p>An asset register has been drawn up and a physical inspection and tagging of items purchased in the last three years carried out. This is additional to lists of assets held that are older than three years old. A copy of the two records is being stored both on and off site.</p>	<p><b>Achieved</b></p>	<p>N/A</p>	<p>No</p>
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Internal Audit Service Follow-up Audit Alexandra Palace Trading Company (APTL) May 2009

Recommendation	Priority	Management Response	Original Deadline	Status at time of Follow-up audit	Management comments as at 21/05/2009	Revised Deadline	Management Action Required
<p>1. <u>Corporate Governance</u> APTL ensure that the agreed Code of Corporate Governance is embedded throughout the organisation; take appropriate measures to publicise it; ensure that responsibility for monitoring and reviewing its operation is defined; and ensure that it is complied with on an ongoing basis across the organisation with regular reports to the Board demonstrating compliance.</p>	2	<p>Corporate Governance arrangements were agreed at the APTL Board of 25<sup>th</sup> January 2008. Further work will be conducted on the governance of the company to ensure it is operating effectively. The current arrangements fulfil statutory company law requirements.</p>	None Given	<p><b>Partially Achieved</b> There is a scheme of delegation in place however there has been no substantial review of this document since its inception. APTL needs to ensure that effective corporate governance arrangements are embedded throughout the organisation.</p>	<p>There is a scheme of delegation in place which meets statutory requirements. Now the new Managing Director and the Senior Management Team are in place, further work is planned to improve this document to include for example, more detail on the respective roles of the Board and the Management Team</p>	End of July 2009	Yes
<p>2. <u>Risk Management Framework</u> APTL implement a risk management framework for their organisation; ensure that responsibility for monitoring and reviewing its operation is defined; and ensures that it is complied with and embedded across the organisation</p>	1	<p>APTL have implemented Business risk framework linked to the business performance within its business plan, this will be reviewed on a regular basis by the senior management team and Board.</p>	On-going	<p><b>Partially Achieved</b> The APTL Business Plan for 2009/10 includes a risk register which highlights the key risks faced by the organisation and identifies actions required to reduce the likelihood and impact of those risks.</p>	<p>Further work in this area was undertaken at a workshop in April following which a draft risk register was drawn up. The risk register will be completed at a further session before the end of June and presented to the Board in September</p>	July 2009	Yes
<p>3. <u>Relationship with Haringey Council</u> APTL formally agree an operating framework between the organisation and Haringey Council. The framework should</p>	1	<p>Management believe this recommendation should be removed on the basis: APTL is a wholly separate commercial operating company</p>	None Given	<p><b>Partially Achieved</b> Whilst this recommendation was originally requested to be removed it is felt that there is benefit to be derived from the introduction of terms</p>	<p>Subject to wider governance review for which deadlines are still being set</p>	To be advised	Yes

<p>specify the processes and timing for financial and legal input from Haringey Council into reports to APTL's Board</p>		<p>whose purpose is defined by the memorandum and articles of association. It must be noted that there is a risk that too close an association with LBH may lead to the inadvertent creation of a shadow directorship of APTL which would not be beneficial. There is also a risk of the local authority having undue influence over the decisions of the charity trustees and officers which could have serious repercussions if the Charity commission were to conclude that the necessary separation had been compromised.</p>	<p>of reference to improve clarity. Monthly meetings have been introduced with the Council's Head of Finance which have assisted in bringing bidding timescales in line. The governance review for APPCT, which commences in June 2009, will also provide an opportunity for defining this relationship for both the Trust and APTL.</p>	<p>Tendering for the appointment of internal auditors is to commence at the end of June 2009.</p>	<p>On target to complete</p>	<p>Yes</p>
<p>4. <u>Internal Audit Arrangements</u>                  APTL ensure that appropriate internal audit arrangements are in place for their organisation. Annual audit plans should be in place, which are agreed by the Board. Monitoring arrangements, including</p>	<p>2</p>	<p>This is recognised as an area for improvement. The newly appointed Head of Finance will be re-assessing the financial controls and procedures during the 2008/09 financial year and will look to re-</p>	<p>Deadline not passed. Work is being undertaken to address the recommendation.</p>	<p>On target to complete</p>	<p>Yes</p>	

<p>review of internal audit reports and implementation of recommendations should be in place</p>		<p>establish a robust internal audit function by June 2009.</p>	<p>March 2009</p>	<p>Legal opinion has now been received, which clarified that APTL is required to follow EU Procurement Directives by virtue of its relationship with the Trust and the Council. A draft tendering and procurement policy has been produced and will be implemented by July 2009. In the interim budget holders are instructed to follow the Trust's policy, which closely mirrors that of the Council.</p>	<p>Not set as yet</p>	<p>Yes</p>
<p>5. <u>Contract Management Framework</u>          APTL implement a contract management framework for their organisation; ensure that responsibility for monitoring and reviewing its operation is defined; and ensures that it is complied with and embedded across the organisation.          The framework should define approval and reporting requirements, including the involvement of the Board.</p>	<p>1</p> <p>APTL agree this is an area for improvement and will take advice on the most suitable course of action and implement</p>	<p>March 2009</p>	<p><b>Not Achieved</b>          Legal opinion was being sought as to whether APTL is obliged to comply with local and statutory contract regulations. Budget holders have been instructed to follow the Trust's draft procurement policy (which is closely based on the Council's policy) until such time as a bespoke policy for APTL has been developed and approved. This piece of work is planned for 2009/10.</p>	<p>Legal opinion has now been received, which clarified that APTL is required to follow EU Procurement Directives by virtue of its relationship with the Trust and the Council. A draft tendering and procurement policy has been produced and will be implemented by July 2009. In the interim budget holders are instructed to follow the Trust's policy, which closely mirrors that of the Council.</p> <p>Following the appointment of the Executive Assistant a review of existing contracts will be conducted to gauge the level of further work required</p>	<p>Not set</p>	<p>Yes</p>
<p>6. <u>Business Planning Framework</u>          APTL implement a formal business planning</p>	<p>1</p> <p>Agreed</p>	<p>November 2008</p>	<p><b>Partially Achieved</b>          APTL have advised that an agreed process for producing the business plan in a</p>	<p>The management view is this has been achieved for the following reasons.</p>	<p>Not set</p>	<p>Yes</p>

<p>framework for their organisation; and ensure that responsibility for monitoring and reviewing its progress is defined.</p> <p>The framework should define approval, monitoring and reporting requirements, including the involvement of the Board.</p>		<p>standard format is in place, although a formal framework has not been implemented. Embedding the business planning process will take place from 2009/10 onwards via reports to the senior managers and the Board, and staff work plans and performance reviews. It is still advised that APTL fully address the original recommendation.</p>	<p>A standard business plan format was adopted for the 2008/09 business plan and informed the business plan for 2009/10 – although the opportunity was taken to improve the latter further.</p> <p>The creation and delivery of a business plan is enshrined in the job description of the MD. In addition, senior managers contribute to the process according to an agreed formula and timeframe.</p> <p>The business plan is subject to APTL Board approval on an annual basis and progress against targets reviewed monthly through management accounts and quarterly at Board meetings.</p> <p>Each Head of Dept has responsibility for their budget for which they have signed up to deliver.</p> <p>On 23 April a staff</p>		
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<p>7. <u>Performance review and staff development</u></p> <p>APTL ensure that a formal performance review and staff training and development framework is introduced.</p> <p>The framework should specify the roles and responsibilities of all relevant parties, including the Board</p>	2	<p>APTL have subsequently implemented a performance review framework which came into effect in June 08 and all staff had been appraised by the end of July 08.</p>	September 2008	<p><b>Achieved</b></p> <p>Appraisals of staff previously appointed were undertaken in line with the agreed deadline. The performance review framework currently in place is based on the Council's own process.</p> <p>APTL advised that the performance review framework will be linked to business plan to ensure consistency.</p>	<p>showcase was held and the aims of the business plan were discussed and a bespoke staff version of the business plan was distributed. This will inform monthly staff meetings too.</p> <p>All staff work plans and appraisals will be focused on the 6 aims identified through the business plan and will be monitored and evaluated in 1:1s, mid year reviews and the end of year review.</p>	N/A	No
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<p>8. <u>Staffing</u> APTL should seek to fill all current vacant posts as soon as possible.</p>	2	Key senior management and operational posts have been recruited to and filled. Board have approved senior posts, commencement dates range from May 08 to November 08.	November 2008	Not achieved by original deadline however all key management staff with the exception of the MD's Executive Assistant have now been appointed	This was achieved by the original deadline in terms of SMT. A decision was taken by APTL Board in September 08 to create a new Head of Catering post, which is recruitment to this post happened later.	as per R5 above	Yes
<p>9. <u>Contract Management</u> APTL should ensure that its expenditure complies with local and statutory procurement regulations, especially in areas of high expenditure. Compliance with procurement regulations should be monitored and reported on regularly</p>	1	Agree systems to put in place following a review by the Head of Finance in consultation with the new MD and Board	March 2009	<b>Not Achieved</b> See comments at recommendation 5.	Linked to recommendation 5	as per R5 above	Yes
<p>10. <u>Procedure Manuals</u> APTL should develop and implement written procedure manuals for each trading activity which should be formally approved. Responsibility for monitoring, reviewing and updating the procedures should be identified. APTL should use the opportunity of introducing</p>	2	Agreed. This is now in hand and responsibility given to the respective department managers.	March 2009	<b>Not achieved</b> Not all of the trading areas have produced procedure manuals. However APTL advise that this will be scheduled into 2009/10 work plans. It is still advised that APTL fully address the original recommendation.	Not all of the trading areas have to date produced updated procedure manuals; however this is on individual Senior Management Team members' work plans for 2009/10	March 2010	Yes



<p>formal procedure manuals to undertake a programme of staff training relevant to their roles and responsibilities.</p> <p>All staff should be required to formally acknowledge receipt of the procedure manuals</p>						
<p>11. <u>Segregation of duties</u></p> <p>APTL must ensure that there is adequate separation of duties across all functions and operational processes</p>	<p>Separation of duties is always difficult in a small Finance team. The Head of Finance will conduct a review of existing controls and procedures to ensure that, where separation of duties is not possible, compensating controls exist to protect the organisation from fraud and error</p>	<p>March 2009</p>	<p><b>Achieved</b> Due to the small size of the finance team it has not been possible to introduce a complete segregation of duties. However it was agreed that the revised procedures introduced did achieve the required objective.</p>	<p>A centralised post opening procedure has been implemented whereby cheques are logged and signed for before being passed to the Sales Ledger Clerk. Due to the small size of the finance team it has not been possible to introduce a complete segregation of duties. The appointment of the Financial and Management Accountant, who is responsible for reconciling the bank account, has improved internal controls.</p>	<p>N/A</p>	<p>No</p>
<p>12. <u>CRB Checks</u></p> <p>All persons employed in the Ice Rink should be subject to CRB check.</p> <p>Any organisation or individual who rents the Ice Rink for lessons or classes/clubs</p>	<p>It is accepted that all APTL staff that work on the ice and have contact with child or vulnerable adults will be CRB checked. Reception staff will not (which is a similar policy to that adopted by</p>	<p>November 2008</p>	<p><b>Achieved</b> CRB checks have been carried out for staff that are employed in relevant positions in the Ice Rink.  A record of checks carried out is</p>	<p>No comment</p>	<p>N/A</p>	<p>No</p>

<p>should be required to provide proof of CRB checks in order to safeguard APTL.</p> <p>Regular monitoring and checking procedures should be in place to ensure that compliance with requirements is maintained.</p>		LBH).		<p>maintained in spreadsheet form as an aid to monitoring. Advice on the maintenance of CRB checks has also been sought from the Council's Recruitment Contract Officer</p>			
<p>13. <u>License checks on security staff</u></p> <p>APTL should ensure that all security staff employed on site, directly, or via a contract, have appropriate licenses in accordance with statutory requirements.</p> <p>Regular monitoring and checking of procedures should be in place to ensure that compliance with requirements is maintained</p>	1	Agreed	September 2008	<p><b>Not Achieved</b></p> <p>It is still advised that APTL fully address the original recommendation. APTL should ensure that they have adequate procedures in place to satisfy themselves that work completed by APPCT ensures that security staff hold appropriate licenses.</p>	The management view is this is not applicable as this is a primary responsibility of APPCT	Not set	Yes
<p>14. <u>Banking Procedures</u></p> <p>All cheques received by APTL must be kept securely locked away until banked.</p> <p>Banking of all income must be done in a timely manner.</p>	2	Agreed	September 2008	<p><b>Achieved</b></p> <p>All cheques are now kept in the safe. Income is being banked in a timely manner.</p>	No comment	N/A	
<p>15. <u>Accounting for controlled stationery</u></p> <p>APTL needs to maintain</p>	2	Agreed	January 2009	<p><b>Partially Achieved</b></p> <p>Purchase order books are treated as controlled stationery</p>	The management view is that this has been achieved because purchase order books	Not set	Yes

adequate records and security arrangements in respect of controlled stationery items, notably order books. The record should include details of all controlled stationery issued across all trading functions. Used order books should be retained to resolve any queries that may arise.					by the issuing department. However the holding of stock at team level has is subject to review this year.	are treated as controlled stationery by the issuing HR department. The holding of stock at team level is subject to review this year.		
16. <u>Ice Rink Charging Policy</u>  The Ice Rink charging policy should be revised to require payment in advance for its hire by individuals or clubs/organisations	2	Agreed, although this will be a staged approach with our hirers to ease the initial double charging for arrears in advance	December 2008	<b>Not achieved</b> APTL advise that the whole of the pricing policy and charging policy for events, catering and the ice rink will be subject to review in 2009/10.	No comment	No comment	March 2010	Yes
17. <u>Bank Reconciliation</u>  All outstanding queries related to the bank reconciliation must be resolved as soon as possible	2	Agreed. The historical discrepancies on the bank reconciliation have now been resolved and the bank reconciliation will be kept up to date going forward	On-going	<b>Achieved</b> The Financial and Management Accountant reconciles the bank account on a monthly basis. All outstanding items have been resolved.	No comment	No comment	N/A	No
18. <u>Management Information</u>  APTL should ensure that all key management information is made available to all trading functions in a timely manner, notably information in respect of both paid and	3	Agreed. The Head of Finance plans to implement a new management information pack from the 2009/10 financial year, together with new procedures for	March 2009	<b>Achieved</b> The senior management team meets every 2 weeks and key indicators have been introduced for each trading/service area. The	From June 2009, Crystal Reports are to be introduced with more detailed departmental reporting on monthly variances.	From June 2009, Crystal Reports are to be introduced with more detailed departmental reporting on monthly variances.	Not set	Yes

<p>unpaid accounts</p>		<p>forecasting and variance reporting. In the interim, the Head of Finance will work with other senior managers to ensure they are provided with the information necessary for them to review income and expenditure in the areas under their control</p>		<p>Managing Director holds monthly one to one meetings with all senior managers, meets with the Board quarterly, the Chair every 2 weeks and the Council's Director of Corporate Resources monthly. Business performance reports are issued monthly to the APTL Board.</p>			
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Haringey Council

Agenda item:

**[No.]****Audit Committee****On 5 November 2009**Report Title: **National Fraud Initiative**Report authorised by: **Chief Financial Officer**

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

Tel: 020 8489 5973

Email: [anne.woods@haringey.gov.uk](mailto:anne.woods@haringey.gov.uk)Wards(s) affected: **All**Report for: **Information****1. Purpose of the report**

1.1 To advise the Audit Committee of the operation and progress made in investigating potential data matches across the Council as part of the National Fraud Initiative (NFI).

**2. State link(s) with Council Plan Priorities and actions and/or other Strategies:**

2.1 Audit and Risk Management contribute to the Council priority to deliver excellent, customer focused, cost effective services by assisting in the completion of potential data matches under the National Fraud Initiative and undertaking investigations, where appropriate, to reduce risks and improve controls.

**3. Recommendations**

3.1 That the Audit Committee notes the content of the report.

**4. Reason for recommendation(s)**

4.1 The Audit Committee is responsible for Anti-fraud and Corruption arrangements as part of its Terms of Reference. The National Fraud Initiative supports the Council's anti-fraud work. In order to provide assurance that the NFI is being appropriately used and followed up, reports on its operation and progress on investigations are provided to the Audit Committee.

### **13. Use of appendices**

13.1 Appendix 1 – Summary of recommended matches and progress to date

### **14. Local Government (Access to Information) Act 1985**

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

### **15. Background**

15.1 The Council provided information to the Audit Commission in October 2008 as part of the National Fraud Initiative (NFI). Potential data matches for further investigation were provided back to the Council in March 2009. This report provides information to the Audit Committee on the progress that the Council has made to date in investigating the potential data matches.

### **16. National Fraud Initiative (NFI)**

16.1 Since 1996, the Audit Commission has run NFI once every two years. The NFI is a data matching exercise that compares sets of data to identify inconsistencies or other circumstances that might indicate fraud or error. This may include examples such as a tenant with more than one council house, a housing benefit claimant not declaring income or an employee on long-term sick leave while working elsewhere. The data-matching exercises also help auditors to assess the arrangements that audited bodies have put in place to deal with fraud. The most recent completed exercise (in 2006/07) identified an estimated £140 million of fraud and error across the United Kingdom.

16.2 In previous NFI exercises, Haringey Council has been required to submit a number of 'data sets' for inclusion in the data matching process. These were classed as 'core' data sets and were provided from the information held on Haringey's IT systems. The core data sets for previous NFI exercises and the data matching processes were: Housing Benefits; Social Housing; Payroll and Pensions Payroll; and Creditors data.

16.3 A new Code of Data Matching Practice was implemented for NFI 2008/09. The aim under the new arrangements was to ensure that, while upholding and protecting individuals' rights in relation to their personal data at all times, the NFI continued to serve the public interest by safeguarding public money against losses from fraud or corruption and making an effective contribution to the wider fight against fraud.

16.4 The new legislation has meant that the range of data matches made available to participating bodies has increased substantially and is more diverse. The previous core data sets have been supplemented by a new range of compulsory data sets. The core data sets now include private supported care home residents; electoral register; council tax; transport passes and permits; and licences (market traders, taxi and personal licences to sell alcohol).

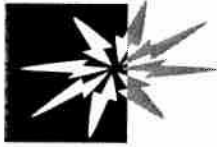
'recommended filter' of those potential data matches which it considers should be investigated. For Haringey Council, a total of 2,130 recommended filter matches was indicated. The summary of these is provided at Appendix 1.

- 18.2 Appendix 1 shows the current status of investigations and review of the recommended filter matches. The information is taken from the NFI website which officers have used to record their investigations and outcomes. The NFI requires that the investigations into potential data matches are completed by 31 December 2009.
- 18.3 During August 2009, Internal Audit met with all key contacts who are undertaking the investigations to ensure that they were aware of their roles and responsibilities; knew how to access and use the NFI website; had begun to investigate the recommended matches; and were planning to complete the process by the required deadline.
- 18.4 For the 2008/09 data, 42% of the investigations into the recommended data matches have already been completed. Of these, three frauds and five errors have been recorded. Two frauds related to officers who were identified as working illegally and they were dismissed. A second employee failed to provide satisfactory evidence of a correct and valid National Insurance Number and their employment was terminated. The five errors related to incorrect National Insurance numbers being held on Haringey Council's systems, causing a false match to be indicated. All errors have been corrected on the Council's systems.
- 18.5 Action plans have been agreed with key contacts to ensure that investigations are completed on the outstanding data matches by the required deadline. Internal audit will continue to monitor completion of investigations and advise managers of any issues identified which would prevent the completion of the work by 31 December 2009.

APPENDIX 1

Data set	Total Recommended Data Matches for investigation	Investigations			Frauds identified	Errors identified	Investigations not started
		complete	in progress	in progress			
Blue Badges	394	394	0	0	0	0	0
Concessionary passes	136	80	0	0	0	0	56
Council Tax	0	0	0	0	0	0	0
Deferred Pensions	0	0	0	0	0	0	0
Housing/Council Tax Benefit	1297	341	364	0	0	4	592
Housing Rents	109	2	0	0	0	0	107
Insurance	9	0	0	0	0	0	9
Market Traders	0	0	0	0	0	0	0
Procurement	0	0	0	0	0	0	0
Pensions	72	28	15	0	0	0	29
Payroll	71	21	21	3	0	1	29
Right to buy	29	23	0	0	0	0	6
Residential Homes	3	3	0	0	0	0	0
Resident Parking	10	0	0	0	0	0	10
Student Loans	0	0	0	0	0	0	0
Temporary accommodation	0	0	0	0	0	0	0
Taxi Drivers	0	0	0	0	0	0	0
<b>Total</b>	<b>2130</b>	<b>892</b>	<b>400</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>838</b>





Haringey Council

Agenda item:

**[No.]****Audit Committee****On 5 November 2009**Report Title: **Anti-fraud and corruption strategy**Report authorised by: **Chief Financial Officer**

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

**Tel:** 020 8489 5973**Email:** [anne.woods@haringey.gov.uk](mailto:anne.woods@haringey.gov.uk)Wards(s) affected: **All**Report for: **Non-key decision****1. Purpose of the report**

1.1 To advise the Audit Committee of the revised Corporate Anti-fraud and Corruption Strategy, Fraud Response Plan and Whistle-blowing Policy.

**2. State link(s) with Council Plan Priorities and actions and/or other Strategies:**

2.1 Audit and Risk Management contribute to the Council priority to deliver excellent, customer focused, cost effective services by investigating allegations of fraud and corruption, where appropriate, to reduce risks and improve controls.

**3. Recommendations**

3.1 That the Audit Committee approves the revised Corporate Anti-fraud and Corruption Strategy, Fraud Response Plan and Whistle-blowing Policy.

**4. Reason for recommendation(s)**

4.1 The Audit Committee is responsible for Anti-fraud and Corruption arrangements as part of its Terms of Reference. In order to provide assurance that the corporate policy is consistent with relevant professional codes of practice and other best practice requirements, it is reviewed on a regular basis, with approval for the final anti-fraud and corruption strategy and fraud response plan resting with the Audit Committee.

**5. Other options considered**

5.1 Not applicable

**6. Summary**

6.1 The Council needs to ensure that there are appropriate arrangements and processes in place for the reporting and investigation of allegations of fraud and corruption. In addition, the requirements of CIPFA's code of practice and the Comprehensive Area Assessment need to be complied with. The Council's corporate Anti-fraud and corruption strategy and fraud response plan form part of the assurances to satisfy the relevant requirements.

**7. Head of Legal Services Comments**

7.1 The Head of Legal Services has been consulted in the preparation of this report, and notes that the documents referred to in the recommendations all follow published best practice guidance. Accordingly, there are no direct legal implications arising out of the recommendations in the report.

**8. Chief Financial Officer Comments**

8.1 The Chief Financial Officer has no additional comments to make.

**9. Head of Procurement Comments**

9.1 Not applicable

**10. Equalities and Community Cohesion Comments**

10.1 This report deals with how the Council deals with allegations of fraud and corruption across all areas of the council, which have an impact on various parts of the community. Improvements in managing risks and controls and reducing the opportunity for fraud will therefore improve services the Council provides to all sections of the community.

**11. Consultation**

11.1 No external consultation was required or undertaken in the production of this report. Consultation has been undertaken with relevant departments to ensure that all corporate, statutory and best practice requirements are incorporated into the corporate Anti-fraud and corruption strategy.

**12. Service Financial Comments**

12.1 There are no direct financial implications arising from this report. Investigations into allegations of fraud and corruption are undertaken using existing available resources within Internal Audit and relevant service departments where applicable. The costs are contained within revenue budgets which are monitored on a monthly basis.

### **13. Use of appendices**

- 13.1 Annex 1 – Anti-fraud and corruption strategy
- Annex 2 – Fraud response plan
- Annex 3 – Whistleblowing policy
- Annex 4 – Housing Benefit anti-fraud strategy

### **14. Local Government (Access to Information) Act 1985**

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

### **15. Background**

- 15.1 As part of the Chartered Institute of Public Finance and Accountancy's (CIPFA) 2006 Code of Practice, and the requirements of the Council's Whistle-blowing policy, Haringey Council needs to ensure that there are appropriate processes in place for the reporting and investigation of allegations of fraud and corruption.
- 15.2 The Comprehensive Area Assessment (CAA) includes the requirements to have appropriate arrangements in place which are designed to promote and ensure probity. It is therefore important to ensure that the Council can demonstrate compliance with the CAA and best practice requirements.
- 15.3 In addition, the Benefits Fraud Inspectorate, as part of their inspection in 2007, recommended that the Council produce a separate anti-fraud strategy specifically in relation to Housing Benefits work.
- 15.4 The Council's arrangements in place to ensure probity and propriety were also subject to review during 2008/09 by the Council's external auditors, Grant Thornton. No serious weaknesses in the Council's processes or systems were identified by Grant Thornton, although a number of 'best practice' recommendations were raised which have been incorporated into the annual review of the corporate anti-fraud and corruption strategy. The key change made to the strategy was to explicitly include bodies working in partnership with the Council.
- 15.5 An Anti-fraud and Corruption Strategy provides the framework within which all employees, Councillors and partnership organisations should operate. Alongside the anti-fraud strategy, a fraud response plan sets out how employees, members of the public, Councillors and other related parties can make their concerns known and how the Council will deal with any allegations made.
- 15.6 The Council is committed to reducing the potential for fraud and corruption to the lowest possible level. The revised Anti-fraud and Corruption Strategy, attached as Appendix A, is a key document in informing people of the Council's position on fraud and corruption and its intention to deal with any issues in a firm, but responsible way.

## **16. The Anti-fraud Strategy**

- 16.1 The Council has an Anti-fraud and Corruption Strategy which is published on the Haringey website and intranet site, together with details of contact phone numbers for reporting suspected instances of fraud and corruption. Annual reminders to all staff on how to report suspected cases of fraud and corruption, together with contact details, are provided in staff newsletters, and the corporate Team Brief publication. In addition, a letter from the Chief Executive setting out expected standards and reporting processes is provided with payslips on a regular basis. This approach ensures that all staff are made aware of the Council's expectations and processes in relation to fraud and how to report it. Publicity on the Council's anti-fraud strategy is also included in the 'Haringey People' publication and Homes for Haringey's 'Home Zone' on a regular basis.
- 16.2 The anti-fraud and corruption strategy is reviewed on an annual basis to ensure that any changes to best practice or relevant codes of practice are incorporated into the Council's documents. During 2009/10, the anti-fraud and corruption strategy was reviewed, and some amendments were made in order to reflect operational changes and reporting structures and the recommendations made by Grant Thornton.
- 16.3 The Council's anti-fraud strategy and fraud response plan follows CIPFA's best practice model. The Council's Whistle-blowing policy conforms to the best practice guidance from Public Concern at Work, the independent charitable organisation which advises on whistle-blowing and governance matters.
- 16.4 Included with the Council's anti-fraud strategy, as a separate appendix, is the Housing Benefit anti-fraud strategy. The Housing Benefit anti-fraud strategy was previously presented separately to this Committee for approval, but forms part of the Council's overall consistent approach to reducing the risk of fraud and is therefore published as an appendix to the council's overall anti-fraud strategy.
- 16.5 The Council's anti-fraud strategy and fraud response plan, together with the whistle-blowing policy, give guidance to relevant individuals, employees, Councillors, members of the public and organisations working in partnership on what the Council wants to know about in relation to fraud and corruption, what people should do if they suspect fraud and corruption and how the Council will deal with any allegations made.

## **17. Audit Committee Responsibilities**

- 17.1 The purpose of the Audit Committee is 'to provide independent assurance of the adequacy of the risk management framework and the associated control environment'.
- 17.2 Part of the Audit Committee's terms of reference includes Corporate Governance and the Regulatory Framework. Within this broad area, specific reference is made that the Committee '*monitor Council policies on Whistle-blowing and Anti-fraud and Corruption*'.

- 17.3 To fulfil part of the Committee's responsibilities, the updated anti-fraud and corruption strategy and relevant appendices is presented for review and approval.
- 17.4 In addition, in order that the Audit Committee is able to fulfil its monitoring role, the quarterly internal audit progress reports include details of all referrals via the whistle-blowing policy and email and telephone reporting facility. The quarterly reports also contain details of all disciplinary investigations which involve financial irregularities and details of any attempts to fraudulently alter and cash the Council's cheques.

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**HARINGEY COUNCIL**

**ANTI-FRAUD AND CORRUPTION**  
**STRATEGY**

**SEPTEMBER 2009**

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If you have any concerns about fraud or corruption, please call: Fraudwatch on Freephone 0500 500 777.

You can also click on the following link to send an email to [fraudcall@Haringey.gov.uk](mailto:fraudcall@Haringey.gov.uk)

We will take your concerns seriously and ensure that we treat them in the strictest confidence.

## 1. Why we have an anti-fraud strategy

- 1.1 Haringey Council employs approximately 9,000 staff and has an annual turnover of more than £1billion. We provide a wide range of services to individuals, households, the voluntary sector and work in partnership with many other private and public sector organisations. Haringey Council is also part of the Haringey Strategic Partnership, working in a formal partnership with the main public services, voluntary, community and private sectors to deliver the Sustainable Community Strategy.
- 1.2 The Council aims to provide excellent services to all its users. However, the size and nature of our services, like any other large organisation, means that there is a risk of loss due to fraud and corruption, both from within the Council and outside it.
- 1.3 This anti-fraud and corruption strategy is intended to address any instances where fraud or corruption are suspected. The definition of **Fraud** is based on the Fraud Act 2006 which introduced three specific offences of fraud: fraud by false representation; fraud by failing to disclose information; and fraud by abuse of position. **Corruption** is defined as "the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person". Our Fraud Response Plan, which is attached to this strategy at Appendix 1, gives some examples of fraud and corruption.
- 1.4 The key message we want to publicise is that we expect all Councillors, employees, consultants, contractors, partner organisations and service users, to be honest, and to give us any help, information and support we need to deal with fraud and corruption.
- 1.5 We are committed to making sure that the opportunity for fraud and corruption is reduced as much as possible. Where the possibility of fraud or corruption exists, or is identified, we will respond promptly, deal with it firmly and in line with the procedures outlined in this strategy.
- 1.6 An important part of this approach is having an anti-fraud and corruption strategy, which we will use to advise and guide Councillors, employees and our partners on our approach to the serious issues of fraud and corruption. This strategy is written for the benefit of employees, Councillors, members of the public and our partners. Organisations and businesses dealing with the Council are also expected to act honestly. It is designed to help everyone to understand their roles and responsibilities

in relation to preventing and reporting fraud and corruption, as well as aiming to ensure that everyone is treated consistently and fairly.

1.7 The anti-fraud and corruption strategy is part of the Council's overall approach to minimising the risk of fraud. The Council also participates in the statutory national data matching process, the National Fraud Initiative (NFI), which uses information from organisations across the country to prevent and detect fraud. The Council also has a separate Housing Benefit anti-fraud strategy, but this forms part of the council's overall approach to reducing the risk of fraud and is published as **Appendix 3** to the council's overall anti-fraud strategy.

1.8 The strategy set out in this document covers the following areas:

- Our written rules
- How we expect our Councillors and employees to behave
- Preventing fraud and corruption
- Detecting and investigating fraud and corruption
- Training

## 2. Our written rules

2.3 We have a number of procedures and rules to make sure that how we work and manage our finances on a day to day basis is properly controlled. These procedures are essential to ensure the possibility of fraud and corruption is minimised. It is important that all Councillors and employees know about them, and understand their role in complying with them.

2.2 The most important procedures which relate to all employees and Councillors are:

- Council Constitution;
- Contract Standing Orders;
- Financial Procedure Rules;
- Code of Conduct for Employees; and
- Code of Conduct for Councillors.

2.3 Individual departments have also introduced their own measures, in addition to the above list. These are designed specifically to manage their services and may not relate to any other part of the Council. Examples may include working manuals, guidance notes and operating procedures.

2.4 Directors must make sure that all employees have access to both the procedures which relate to everyone and to any which relate specifically to their services. All employees should receive suitable training in the use of these procedures.

2.5 Councillors and employees are responsible for making sure that they read and understand the rules and regulations that apply to them, and act in line with them.

2.6 If anyone breaks these rules and regulations we may take formal action against them. This may ultimately include ending their employment with the Council, in respect of employees, and referral to the Standards Committee, in respect of Councillors. It is the

responsibility of the Monitoring Officer (in Haringey, this is the Head of Legal Services) to report matters to the Standards Committee.

2.7 The Council's Contract Standing Orders include the procedures for letting contracts to external organisations. In addition to clauses identifying how the Council will deal with identified cases of fraud and/or corruption, the Council's standard contract terms and conditions include the requirement for organisations to publicise the Council's whistleblowing arrangements to ensure that concerns can be raised by people who do business with the Council.

2.8 Homes for Haringey (HfH), is the organisation which manages the Council's housing stock, including leasehold properties. Haringey Council has a management agreement with HfH, but HfH has its own arrangements for confidential reporting and whistleblowing. These are approved by the HfH Board and are publicised on the HfH website. Internal Audit work closely with HfH to ensure that any issues raised which may impact on the Council are dealt with appropriately.

2.9 The Haringey Strategic Partnership (HSP) is the group of organisations which work together to achieve the aims of the Haringey Sustainable Community Strategy. The HSP has representatives from the police, fire, health, and voluntary sector services and has its own arrangements for confidential reporting and whistleblowing. These are approved by the HSP Board and are publicised on the HSP website. The Council acts as the lead organisation for the HSP, and also for receiving and investigating any concerns raised through the HSP whistleblowing process. Internal Audit work closely with the HSP to ensure that any issues which may impact on the Council are dealt with appropriately.

### **3. How we expect people and organisations to behave**

3.1 We expect all individuals, groups and organisations that receive services from, or provide services on behalf of the Council to be honest in their dealings with us and our clients and customers. We expect all our Councillors and employees, including temporary and agency employees, to lead by example in these matters.

3.2 The Council has Codes of Conduct for Councillors and employees and these set out an approach to work that is both honest and fair. Councillors and employees must act in line with these Codes at all times. The council also issues regular reminders to all employees explaining the Council's view on fraud and corruption and of their responsibilities under the Code of Conduct and the Council's Constitution.

3.3 We feel our Councillors and employees have an important part to play in dealing with fraud and corruption. Dishonesty and fraud harms the Council and the reputation of its employees. Our Constitution states that our employees and Councillors must inform us if they suspect any case of fraud or corruption.

3.4 Organisations that work in partnership, or through contractual arrangements, with the Council are bound by the terms and conditions of their written arrangements, service level or management agreements, or contracts which include clauses relating to fraud and corruption and arrangements for promoting the Council's whistleblowing policy. The HSP and Homes for Haringey have separate reporting arrangements for fraud and

whistleblowing, as set out above. The Council expects that these contractual and other arrangements will be complied with.

3.5 If anyone refers a matter to the Head of Audit and Risk Management which relates to Homes for Haringey or the HSP, we will advise the individual whose responsibility it is to take any action and make sure that the information is passed to the relevant people to enable a proper review to be completed.

3.6 The Council's Constitution also describes how the Head of Audit and Risk Management is entitled to have unrestricted access to any part of the Council, including its buildings, records, documents, items of equipment and members of staff. The Head of Audit and Risk Management can also report matters to the police, if this is appropriate.

3.7 We will deal with all information fairly and confidentially. We will try, as far as possible, not to reveal the names of the people who gave us the information. Our fraud response plan attached at **Appendix 1** gives more advice on this issue for employees and Section 5 of this strategy details how people can report any suspected cases of fraud or corruption.

3.8 We expect our Directors and Assistant Chief Executives to deal firmly and quickly with anyone who is responsible for fraud or corruption. The Head of Audit and Risk Management, in consultation with the relevant Director, or Assistant Chief Executive may refer matters to the police if any criminal activity is suspected, or has taken place.

3.9 The Council will always seek to recover any monies, assets, or other resources which have been identified as being obtained via fraud or corruption. The Council's debt recovery processes will be used in cases that have been dealt with by internal disciplinary or contractual arrangements. Where criminal proceedings apply, the Council will seek recovery through the Court processes.

3.10 We will treat all concerns raised in good faith seriously. We must ensure that any investigation process is not misused and therefore any abuse, such as raising unfounded or malicious allegations, will be dealt with as a disciplinary matter.

#### **4. Preventing fraud and corruption**

4.1 We believe that if we are to eliminate fraud and corruption, we must prevent it from happening in the first place. It is essential that we have clear rules and procedures that all Councillors, employees, consultants and contractors understand and can work within. These include the main procedures which apply to all Councillors and employees, and these are set out in section 2 of this strategy. The following section sets out what we as a Council must do, as part of our regular working arrangements, to reduce the risk of fraud and corruption.

4.2 We must regularly review and update our written rules to ensure that they keep up to date with the latest government legislation.

4.3 Directors and Assistant Chief Executives must make sure that suitable levels of controls are included in working procedures, especially financial procedures. It is

important that employees' duties are organised so that no one person can carry out a complete transaction without some form of checking process being built into the system.

- 4.4 We must follow our procedures when employing, or considering employing, new staff. We must undertake all relevant checks required by law, including Police and Criminal Records Bureau checks and our own internal procedures, including previous employment, qualification and reference checks.
- 4.5 We are committed to working and co-operating with other organisations to prevent organised fraud and corruption. Wherever possible, we will be prepared to help and exchange information with other Councils and organisations to deal with fraud. We will only share information in line with the relevant Data Protection legislation.
- 4.6 We have confidential facilities available for people to give us information that may prevent fraud and corruption. These include dedicated telephone lines for fraud, including Housing Benefit fraud and the email reporting facility, which members of the public can use to give us information about any concerns they may have.
- 4.7 We will make sure that full details of reporting facilities are widely published to the public, partner and contracting organisations, Councillors and employees, and that all information we receive in this way is investigated and dealt with quickly and in line with our procedures.

## 5. Detecting and investigating fraud and corruption

- 5.1 You should read this corporate anti-fraud and corruption strategy in conjunction with our fraud response plan which is shown at **Appendix 1**.
- 5.2 Under our Code of Conduct and Council Constitution, employees must report any suspected cases of fraud and corruption to the appropriate manager, or, if necessary, directly to the Head of Audit and Risk Management. Reporting cases in this way is essential to the anti-fraud and corruption strategy and makes sure that:
  - Suspected cases of fraud and corruption are investigated properly;
  - the fraud response plan is carried out properly;
  - there is a standard process for dealing with all suspected cases of fraud and corruption; and
  - People and our interests are protected.
- 5.3 The Council's Whistleblowing Policy, which is shown at **Appendix 2**, is intended to encourage and enable employees to raise serious concerns. By law, employees reporting concerns in this way have certain rights. These are set out in the Public Interest Disclosure Act 1998.
- 5.4 The Head of Audit and Risk Management will work with Directors, Assistant Chief Executives and the Head of Human Resources to decide how the allegations made will be investigated. This will include referring cases to the police where necessary. We will prosecute offenders and we will carry out our disciplinary procedures where

appropriate. We will ensure that any internal proceedings do not prejudice any criminal case. The Council will seek recovery of monies and/or other assets obtained by fraud or corruption.

5.5 In cases relating to Housing Benefits and Council Tax Fraud, the action taken will follow the policies and procedures laid down by the Benefits and Local Taxation division.

## 6. Training and raising awareness

6.1 We understand that the key to introducing a successful anti-fraud and corruption strategy and making sure it continues to apply will depend on effective training and making sure that everyone is aware of their responsibilities.

6.2 We support the idea of providing training for employees who are involved in, or who manage, systems. We will make sure that their responsibilities and duties are regularly reviewed and employees are reminded of these on a regular basis.

6.3 We are also committed to training and developing our employees who are involved in investigating fraud and corruption. We will continue to provide suitable training so that their work is carried out in line with any legal requirements and our own written rules.

6.4 In addition, we need to ensure that everyone, including Councillors, employees, partners and contractors, is aware of the proper procedures and processes they can use to report and respond to any suspected case of fraud. The publication of this strategy and regular reminders of their responsibilities will assist us in raising and maintaining awareness.

## 7. Our commitment

7.1 We are committed to tackling fraud and corruption whenever it happens. Our response will be effective and organised and will rely on the principles set out in this strategy.

7.2 We will continue to review our rules and procedures and will make sure that this strategy document is regularly reviewed to keep it up to date and in line with our written rules.

**Audit & Risk Management**  
**September 2009**

## Haringey Fraud Response Plan - APPENDIX 1

### 1. Why we have a Fraud Response Plan

- 1.1 Haringey Council is committed to developing a culture of honesty and zero tolerance to fraud and corruption.
- 1.2 In line with that commitment, the Council's Anti-Fraud Strategy outlines how we aim to prevent, investigate and report on fraud and corruption.
- 1.3 This Fraud Response Plan supports the Council's approach by setting out the ways in which individuals or organisations can make their concerns known about suspected fraud or corruption. It also outlines how the Council will deal with such instances.

### 2. What we want to know about

- 2.1 This Fraud Response Plan is intended to be put in place where concerns about fraud or corruption have been raised. The definition of **Fraud** is based on the Fraud Act 2006 which introduced three specific offences of fraud: fraud by false representation; fraud by failing to disclose information; and fraud by abuse of position. **Corruption** is defined as: "The offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person".
- 2.2 Concerns or allegations which fall within the scope of other procedures, e.g. grievances about an employee's own employment, mistreatment of vulnerable clients, or acts of discrimination, will usually be referred to the relevant department and dealt with under those procedures.
- 2.3 Fraudulent or corrupt acts may include:
  - Where a process or system is likely to be abused by either employees or public, e.g. allocation of housing or other accommodation
  - Where individuals or companies have fraudulently obtained money from the Council, e.g. by submitting invalid invoices, or Housing Benefit fraud
  - Where Council equipment is used for personal use, e.g. personal use of Council vehicles
  - Where there is a misuse of resources, e.g. theft of building materials
  - Activities undertaken by officers of the Council which may be illegal, or against the Council's Constitution or policies, e.g. receiving gifts or hospitality
- 2.4 The above list cannot cover every example of fraud or corruption. If you have any questions, please contact the Head of Audit and Risk Management for further advice and guidance (Tel: 020 8489 3768).

### 3. How we protect those people who raise concerns

#### 3.1 Confidentiality

We will try to protect a person's identity when he or she raises a concern and does not want their name to be revealed. However, in some cases, the investigation

process itself may reveal the source of the information. Also, the person may be required to make a statement either as part of the investigation process, or to provide evidence for any disciplinary hearing, or criminal prosecution.

### **3.2 Harassment or Bullying**

We understand that reporting any concerns may be a difficult decision to make, especially if the individual is worried about suffering harassment or bullying from those responsible for carrying out the fraud or corruption. We will not tolerate harassment or bullying and our disciplinary procedures and our policy on harassment and bullying support this. We will take action to protect those who raise a concern in good faith.

### **3.3 Anonymous Allegations**

We would always encourage people come forward to discuss their concerns with us directly. Concerns raised anonymously may be much less convincing, but, depending on the seriousness of the issues raised and the amount of information provided, we will still consider investigating the concern further. However, unless we are able to confirm the allegation from other sources, we may not be able to undertake a full investigation.

### **3.4 Untrue Allegations**

A concern may be raised in good faith by some-one, but it is not found to be the case by the subsequent investigation. No action will be taken against the person who raised the original concern. However, if people make allegations they know to be untrue, we may consider taking further action against those individuals making the allegations.

## **4. What should an employee or Councillor do if they suspect fraud or corruption?**

4.1 Employees and Councillors are often the first to realise when things may be going wrong, or fraud and corruption may be taking place. However, they may feel that they would not be supported by colleagues or managers, if they raised their concerns, or they may even be afraid of being harassed or bullied. In these circumstances, an individual may feel it would be easier to ignore their concerns, rather than report it.

4.2 The Council's Whistleblowing Policy is intended to encourage and enable individuals to raise concerns within the Council, rather than overlooking a problem. The policy applies to all Haringey employees, staff of Council contractors, agency staff and trainees.

4.3 This policy has been discussed with the relevant Trade Unions and professional organisations and has their support. A copy of the Whistleblowing Policy is attached to the Anti-fraud and corruption strategy, and is available on the Council's website and intranet site, or can be obtained from Human Resources, or your Trade Union Representative.

4.4 If an employee suspects fraud, they should raise their concern with their line manager. Failing that, the employee should approach their line manager's manager, or the Director. If the employee cannot raise their concern within their



department, they should approach Internal Audit, their Personnel Manager, or the Head of Legal Services.

4.5 The nature of the complaint will determine the Council's course of action and the employee's concerns may be investigated by service management, Internal Audit, or Personnel.

4.6 Audit and Risk Management can be contacted at:

Level 1, Alexandra House,  
10 Station Road,  
Wood Green,  
London,  
N22 7TR  
Telephone: 020 8489 3768  
Fax: 020 8489 3827

**5. What should a member of the public or a partner organisation do if they suspect fraud or corruption?**

5.1 The Council encourages members of the public or a partner organisation who suspect fraud and corruption to contact the Council's Head of Legal Services or Audit and Risk Management in the first instance.

5.2 Audit and Risk Management operates independently of all other Council departments. Contact details for Audit and Risk Management are set out at paragraph 4.6 above.

5.3 The Haringey Strategic Partnership (HSP) has its own arrangements for confidential reporting and whistleblowing. These are approved by the HSP Board and are publicised on the HSP website. The Council acts as the lead organisation for the HSP, and also for receiving and investigating any concerns raised through the HSP whistleblowing process. Internal Audit work closely with the HSP to ensure that any issues which may affect the Council are dealt with appropriately.

5.4 The possible courses of action taken by the Council are outlined in section 6 below.

**6. How will allegations of fraud or corruption be dealt with by the council?**

6.1 For issues raised by employees or members of the public, the action taken by the Council will depend on the nature of the concern. The matters raised may be investigated internally, or referred to the Police.

6.2 We cannot say how every individual case will be dealt with. However, the Council does have a Disciplinary Code of Practice which sets out the general processes for in disciplinary cases. We will comply fully with this Code in our investigations. As a general guide, we will use the following approach to ensure that clear lines of communication are in place, ensure that appropriate people and specialists are involved at the right times, and confidentiality is maintained. We will:

- Inform the relevant manager of the allegation;
- Undertake an initial review to see if the allegation could be true;

- Advise the relevant manager of the results of the initial review and agree whether there needs to be any further investigation;
- Inform the Personnel Department of the investigation to date and agree whether the employee should be suspended from work to allow for further investigations to take place;
- Agree an approach with the manager and personnel to complete the investigation, together with any relevant timescales;
- Produce a final report on the findings of the investigation, which will say whether any breaches of the Council's procedures, regulations, or Code of Conduct have taken place.

6.3 Within ten working days of a concern being received, the responsible officer will write to the complainant:

- Acknowledging that the concern has been received;
- Indicating how they propose to deal with the matter;
- Giving an estimate of how long it will take to provide a final response; and
- Provide individuals with information on staff support mechanisms.

6.4 The Council accepts that those people who reported the alleged fraud or corruption need to be assured that the matter has been properly addressed. Subject to legal constraints, the Council will inform the person raising the concern about the progress and outcome of any investigation.

## 7. Alternative methods for raising concerns

7.1 If either an individual, member of a partner organisation or the public, or an employee feel that it is right to take the matter outside these processes, the following are possible ways forward:

- **your local Councillor** – If you live within Haringey, your Councillor can be contacted at their regular surgery in your area. If you are not sure which is your Councillor, visit our website, [www.haringey.gov.uk](http://www.haringey.gov.uk) or call 020 8489 2947. You can also write to your councillor at: Member Services, Level 5, River Park House, 225 High Road, Wood Green, N22 8HQ.
- **the council's external auditors (Grant Thornton)** – These are appointed to review and comment on the Council's finances and performance. By law, they must be completely independent from the Council. They can be contacted at [paul.dossett@gtuk.com](mailto:paul.dossett@gtuk.com).
- **your Trade Union** – employees may invite their Trade Union to raise a matter on their behalf.
- **the Police** – suspicions of fraud or corruption may be reported directly to the Police.

# WHISTLEBLOWING

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## WHISTLEBLOWING

### BACKGROUND

The Government's paper on an ethical framework for local government proposed that every local authority should institute a procedure for whistleblowing, which would enable workers to raise concerns about malpractice confidentially inside and, if necessary, outside the organisation. In line with these proposals, the Council designed a whistleblowing policy based on guidance from the Local Government Board (LGMB) and this was agreed by Personnel Sub Committee on 10 November 1998. The Council's whistleblowing policy is kept under review to ensure it complies with relevant guidance and best practice.

The Whistleblowing Policy is set out in full on page 3 with additional Guidance for Managers on page 7. Key points from the Policy are listed below together with information on the Public Interest Disclosure Act which provides protection for whistleblowers.

### SUMMARY OF WHISTLEBLOWING POLICY

- Where a worker has concerns about malpractice (and it is not appropriate to raise them through other procedures) they should be raised with:
  - either (a) The worker's line manager
  - or failing that (b) The line manager's manager (grandparent role) or the director
  - 2nd step (c) Head of Audit and Risk Management, Human Resources or Head of Legal Services
  - 3rd step (d) Members
  - final step (e) an external organisation - i.e. Grant Thornton. This is the Council's independently appointed External Auditor and can be contacted at Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London, NW1 2EP, or via email at [paul.dossett@gtuk.com](mailto:paul.dossett@gtuk.com)
- The Council will provide a written response to the whistleblower, assuming the referral is not made anonymously, within ten days indicating how it proposes to deal with the concerns raised.
- The Council will seek to protect the worker's identity when they raise a concern and do not want their name to be disclosed. However, during the investigation the source of the information may be revealed and individuals may be required to provide a statement.
- The Council will not tolerate harassment or victimisation and will take action to protect a worker raising a concern in good faith.

- Investigations conducted under this Policy will follow the same process as the Disciplinary Procedures for investigating cases of misconduct/gross misconduct .
- If employees make an allegation which they believe to be genuine but is then not proven, no action will be taken against them. However, employees who maliciously raise an unfounded concern may have disciplinary action taken against them.

### **PUBLIC INTEREST DISCLOSURE ACT Protection for Whistleblowers**

Under the Public Interest Disclosure Act 1998, a worker will have the right not to suffer detriment or be unfairly dismissed as the result of speaking out about crime, fraud, miscarriages of justice, dangers to health and safety, breaches of civil service code or risks to the environment.

The Whistleblower must reasonably believe that one of the conditions that constitutes a qualifying disclosure is occurring, and must make the disclosure in good faith and not for personal gain.

A qualifying disclosure means any disclosure of information which in the reasonable belief of the worker making the disclosure tends to show one or more of the following:

- that a criminal offence has been committed, is being committed, or is likely to be committed;
- that a person has failed, is failing or is likely to fail to comply with any legal obligation to which he is subject;
- that a miscarriage of justice has occurred, is occurring or is likely to occur;
- that the health or safety of any individual has been, is being or is likely to be endangered;
- that the environment has been, is being or is likely to be damaged.

If workers wish to raise the matter externally rather than internally, they will be protected only if they can show that they are not motivated by personal gain and that they reasonably believe the information they are giving is true.

If victimised by their employers, whistleblowers can bring a claim to an employment tribunal for compensation. Awards will be uncapped and based on the losses suffered. Gagging clauses in employment contracts and severance agreements will be void.

## **WHISTLEBLOWING POLICY**

### **INTRODUCTION**

Workers of the Council have an important role in helping the organisation to promote good practice while providing a service to the community and protecting its vulnerable clients.

Workers are usually the first to know when something is going seriously wrong - be it a serious danger to the public or a major fraud. All too often the alarm is not sounded on malpractice. The result is that the people in charge do not get the chance to take action before real damage is done.

Whistleblowing policies aim to ensure that serious concerns are properly raised and addressed in the workplace and are increasingly recognised as a key tool to deliver good practice. It is essential for Haringey that a whistleblowing policy/procedure is in place and well publicised so all staff are aware of what is required of them.

We must ensure that the code meets the requirements of the Council's equality policies and is not misused in any way to discriminate against minority groups.

#### **1. Who it applies to**

This policy applies to all Council workers which includes senior and junior members of staff. The following sections set out what you should do and how the council will respond in cases which are referred under this policy.

#### **2. How you identify matters of concern**

That concern may be something that:-

- is unlawful
- is against the Council's standing orders or policies
- falls below established standards or practice
- amounts to improper conduct
- involves clients or the public being put in danger
- involves funds being stolen or wasted.

This is not an exhaustive list and you should speak to your manager, or contact one of the people or organisations listed below, if you need further advice.

#### **3. How to raise your concern**

Where you have concerns about malpractice and it is not appropriate to raise them through other procedures such as grievance procedures, they should be raised with:-

either (a) your line manager  
or failing that (b) the line manager's manager (grandparent role) or  
the director

2nd step (c) the Head of Audit and Risk Management, Human  
Resources, or the Head of Legal Services

- |            |     |   |
|------------|-----|---|
| 3rd step   | (d) | Members   |
| final step | e)  | an external organisation - Grant Thornton. This is the Council's independently appointed External Auditor who can be contacted at Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London, NW1 2EP, or via email at <a href="mailto:paul.dossett@gtuk.com">paul.dossett@gtuk.com</a> |

The decision to raise concerns with the managers listed above, will depend on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice. If you believe that management is involved, you could approach any of the following: the Head of Legal Services, the Head of Audit and Risk Management, Human Resources or Grant Thornton, the Council's external Auditors.

#### **4. How the Council will respond**

Within ten days of a concern being raised the responsible person will:-

- Assess the complaint and identify the most effective process to use to investigate the allegations raised.
- Notify the Head of Audit and Risk Management that a complaint has been raised to ensure it is recorded properly in accordance with this policy.
- write to the person raising the complaint, assuming that the referral has not been made anonymously, to acknowledge their complaint
- indicate how they propose to deal with the matter raised
- give an estimate of how long it will take to provide a final response
- provide individuals with information on staff support mechanisms.

There are existing procedures in place to enable individuals to lodge a grievance relating to their own employment. A grievance should be seen as a direct concern to individuals whilst whistleblowing concerns the wider organisation.

This Whistleblowing Policy is intended to cover concerns that fall outside the scope of other procedures These include:-

- conduct which is an offence or a breach of law
- health and safety risks, including risks to the public as well as other employees
- the unauthorised use of public funds
- possible fraud and corruption
- damages to the environment
- sexual or physical abuse of clients
- other unethical conduct.

## **5. Investigating the case**

Following an allegation, where appropriate, an independent and impartial manager will be involved in the investigation.

Managers will make sure that the investigation is carried out as quickly and as thoroughly as possible.

Once an investigation commences, every effort will be made to bring it to an early conclusion.

To conduct an investigation under the Whistleblowing Policy, managers will follow the same process as the Disciplinary Procedures for investigating cases of misconduct/gross misconduct.

An investigation may conclude that, potentially, there has been a breach of the Council's Code of Conduct and Disciplinary Rules. In these circumstances, management would invoke the disciplinary process.

The amount of contact between the officers considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided.

The Council will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings, the Council will arrange for you to receive advice about the procedure.

The Council accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of the progress and outcome of any investigation.

## **6. The responsible officer**

The Head of Legal Services, (Monitoring Officer), has overall responsibility for the maintenance and operation of this policy. The Head of Audit and Risk Management will maintain a record of concerns raised and the outcomes (but in a form which does not breach your confidentiality) and will report as necessary to the Council

## **7. How the matter can be taken further**

This policy is intended to provide you with an avenue **within** the Council to raise concerns. The Council hopes you will be satisfied with any action taken. If you are not, and if you feel it is right to take the matter outside the Council, the following are possible contact points:

- Grant Thornton – The Council's External Auditors
- your trade union
- your local Citizens Advice Bureau



- the District Auditor
- the Police.

If you do take the matter outside the Council, you should ensure that you do not disclose confidential information. Check with the contact point about that.

### **8. Protection for Whistleblowers - Confidentiality**

The Council will seek to protect an individual's identity when they raise a concern and do not want their name to be disclosed. However, during the investigation the source of the information may be revealed and the individual may be required to provide a statement.

### **9. Untrue Allegations**

If you make an allegation which you think is genuine but is not proven, no action will be taken against you. If, however, you maliciously raise an unfounded concern, then disciplinary action may be taken against you.

### **10. Anonymous Allegations**

The policy encourages individuals to put their name to their allegations. However, it is understood that some people may wish to remain anonymous. Concerns expressed in this way are much less powerful, but will be considered, at the discretion of the Council.

In exercising the discretion the factors to be taken into account would include: the seriousness of the issues raised, and the credibility of the concern.

### **11. Victimisation**

The Council will not tolerate harassment or victimisation and will take action to protect you when you raise a concern in good faith.

If you do receive reprisals from those responsible for the malpractice or any other member of staff, they may be disciplined under the Council's procedures.

### **12. Contracting Organisations**

These arrangements will be extended, with appropriate variations, to staff of contracting organisations. Such arrangements will be carefully confined to those areas of activity relating specifically to contractors' relationships with the Council and should not extend to contractors' internal arrangements.

**It is necessary for all involved in the process, i.e. Council staff, whistleblowers and anyone accused of malpractice, for whistleblowing to be dealt with properly, quickly and discreetly to make the process efficient, fair and effective.**

## WHISTLEBLOWING - GUIDANCE NOTES FOR MANAGERS

### WHAT IS WHISTLEBLOWING

Whistleblowing is when a worker discloses, i.e. 'blows the whistle' on, any wrongdoings such as fraud, malpractice, mismanagement, breach of any health and safety law or any other illegal act, either on the part of management or by fellow workers.

It often happens when:-

- i) workers have tried to complain through internal channels and have failed
- ii) the organisation's culture persuades workers that complaints will be ignored
- iii) the person committing malpractice is the worker's direct boss and/or at the top of the organisation, so again workers feel to complain directly would be useless and result in victimisation.

### Management Responsibility

When workers discover something is wrong they should be encouraged to report the malpractice. This gives managers the chance to correct any malpractice before the issue escalates.

Managers must try to ensure that workers who make a complaint have confidence that:

- a) it is going to be properly investigated and addressed
- b) they will suffer no detriment as a result of speaking out.

N.B      Victimising or deterring workers from raising legitimate concerns is a serious disciplinary offence. Whistleblowers are also afforded protection under the Public Interest Disclosure Act (see page 2).

Managers must have respect for the confidentiality of workers raising concerns if they (the workers) so wish. However, workers should be made aware that during the investigation the source of the information may need to be revealed and the individual may be required to provide a statement.

In all cases where an employee uses the Council's Whistleblowing policy to raise their concerns, the person receiving the concern must notify the Head of Audit and Risk Management. They are the Council's nominated officer for recording any Whistleblowing referrals and are required to maintain a log, which ensures confidentiality, and provide periodic information on the use of the Whistleblowing policy.

### **Internal reporting mechanisms for dealing with whistleblowing complaints**

As a first step, individuals should normally raise concerns with their line manager or their manager's manager (grandparent role) or the Director. Secondly, if for example they believe management is involved, they should approach the Head of Legal Services, Human Resources, or the Head of Audit and Risk Management. The next step should be to Members and finally to an external agency (see below).

Depending on the seriousness of the allegation and who is suspected of the malpractice, individuals may wish to report directly to the Head of Legal Services or Members.

It must be emphasised that, before deciding on using external mechanisms, a final request to the Head of Legal Services or members should be encouraged.

If whistleblowers fear that their employer will bring retribution, they can make a wider disclosure to the police, the media or MPs.

### **External Reporting Mechanisms**

If individuals do not feel confident using the internal reporting channels they should contact **Grant Thornton**, an external organisation who are the Council's independently appointed External Auditor and can be contacted at Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London, NW1 2EP, or via email at [paul.dossett@gtuk.com](mailto:paul.dossett@gtuk.com)



## **Anti –Fraud and Corruption Strategy – relating to Housing Benefit and Council Tax Benefit**

### **1. Statement of Intent**

- 1.1 Haringey Council (“The Council”) is responsible for administering public funds. The Benefits and Local Taxation Service has a key role in this function and must ensure that the right benefits go to the right people in accordance with their entitlement.
- 1.2 Our responsibility for administering Housing and Council Tax Benefits includes a duty to ensure that the system is not open to abuse by any person or group.
- 1.3 The Council will ensure that effective policies and procedures are implemented to prevent and detect benefit fraud either internally or externally and we place a high regard on maintaining confidence in our Service and the benefit system as a whole.
- 1.4 The Council will use the criminal and civil powers available to it to take action against those who have committed benefit fraud. Prosecutions may either be undertaken by the Council through its own legal service or in partnership with the Department for Works and Pensions Solicitors Office or the Crown Prosecution Service.

### **2. Measures we will take to tackle benefit fraud**

1. We will employ a dedicated team to investigate suspected benefit fraud
2. We will have a published Sanctions Policy
3. We will inform our customers of their responsibility to tell us about any changes in their circumstances and the standards of evidence that they must provide
4. We will have clear means by which members of the public can refer cases of suspected benefit fraud to us
5. We will participate in data matching schemes, including the National Fraud Initiative and the Housing Benefit Matching Service
6. Benefits and Local Taxation staff and any other staff involved in benefits administration will be expected to attend periodic fraud awareness training
7. We will work with other organisations such as other local authorities, Police and the Department for Work and Pensions on joint investigations
8. We will publicise successful prosecutions in the local media

### **3. Who is affected by this strategy**

- 3.1 This strategy will be applied to anyone who applies for Housing Benefit and, or Council Tax Benefit, or anyone who assists a person to make a claim for benefit which they know is false or dishonest.
- 3.2 It will also apply to any person who receives payments of Housing Benefit

and, or Council Tax Benefit, either in the capacity of claimant, or partner of the claimant, appointed representative, landlord or managing agent or employee of the Council where they are found to be complicit in the commission of an offence.

#### **4. Deterring benefit fraud**

- 4.1 The Council recognises that the vast majority of people who claim Housing Benefit and, or Council Tax Benefit are completely honest.
- 4.2 However, in order to safeguard public funds it will maintain a level of standards necessary to prevent fraud from entering the benefits system when new claims for benefit are made.
- 4.3 The Council also recognises that no system is foolproof and will therefore periodically request anyone in receipt of benefit to confirm their details. It will also participate in regular data-matching exercises with other organisations.
- 4.4 Any person found to be engaged in benefit fraud will be subject to the Council's Sanctions Policy. The Council will also make use of the full range of available opportunities to publicise the details of anyone found guilty of benefit fraud. In this way the Council will seek to increase fraud awareness amongst the community and the consequences of acting dishonestly.

#### **5. Data Protection Act and other relevant legislation**

- 5.1 Those responsible for investigating benefit fraud will be required to comply at all times with the relevant legislation relating to the investigation of criminal offences. Investigators will also be required to obtain the relevant professional qualifications to ensure that they understand the legislation applying to counter fraud activity and act with integrity at all times.
- 5.2 The Council is registered under the Data Protection Act 1998 "the Act" for 'the purposes of preventing and detecting crime, the prosecution of offenders and the collection of any tax'.
- 5.3 Where appropriate the Council will use section 29 of "the act" to exempt those organisation, from the provisions of "the Act", who may have information which will help in the prevention and detection of crime. The appropriate data disclosure forms will be used at all time and a register of disclosures maintained to audit this activity.
- 5.4 The Council will require Investigators to work within the guidelines of the:

- 1. The Police and Criminal Evidence Act (PACE) 1984
- 2. Regulation of Investigatory Powers Act 2000
- 3. Criminal Procedures and Investigations Act 1996
- 4. The Human Rights Act 2000

5. The Social Security Administration and Fraud Acts 1992 - 2008

**6. Staff integrity**

6.1 Through it's existing recruitment and appointment procedure the Council will always seek to maintain the highest standards when appointing staff to the Benefits and Local Taxation Service. In addition to this the vetting of successful candidates will take place to ensure benefit is not being wrongly claimed.

6.2 All Benefits and Local Taxation staff are required to work within the Council's general code of conduct. A supplementary code (under development) will also apply to Benefits and Local Taxation to include guidance to staff on declarations regarding the processing of their own, a relatives or close family friends benefit claim. There will also be guidance relating to staff who are a landlord or who have relatives or close family friends who are a landlord.

6.3 Any member of Council staff found to be involved in benefit fraud, whether relating to the Council or any other local authority or public body will be subject to the requirements of this strategy and where appropriate the Council's disciplinary procedures.

**7. Referral of benefit fraud**

7.1 The Council will have an open referral policy; any person who suspects benefit fraud can refer their suspicion personally or anonymously to the Council's Benefits Fraud Investigation Team.

- In writing to - **Benefits Fraud Investigation Team, PO Box 22727, Wood Green, London, N22 7WS**
- Fraudwatch Telephone Hotline (24 hours/ 7 days a week) **0500 500 777**
- Benefit Fraud report line (9.00 – 5.00 Mon-Fri) **020 8489 2868**
- Councils website - [www.haringey.gov.uk/benefits](http://www.haringey.gov.uk/benefits)
- E-mail - [benefit.fraud@haringey.gov.uk](mailto:benefit.fraud@haringey.gov.uk)

7.2 The Council's Fraud Investigation Team will investigate those cases where there is a reasonable suspicion, based on the available evidence, that fraud is taking place.

7.3 Investigations undertaken by the Council's Fraud Investigation Team are confidential. Officers are unable to engage with third parties in discussion about the conduct and nature of their investigations.

**8. Accountability**

- 8.1 Operational responsibility for the counter benefit fraud function rests with the Head of Benefits and Local Taxation Service. As with any council service the conduct of the Fraud Investigations Team is covered by the Council's Complaints Procedure.
- 8.2 To ensure that the Council is maintaining effective measures to counter benefit fraud performance will be reported to elected members through the Audit Committee on a quarterly basis. These reports will be available on request to members of the public.