



NOTICE OF MEETING

Audit Committee

TUESDAY, 2ND NOVEMBER, 2010 at 19:30 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, N22 8LE.

MEMBERS: Councillors Khan (Chair), Amin (Vice-Chair), Diakides, Meehan, Bloch, Butcher and Gorrie

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 - 8)

To confirm and sign the minutes of the Audit Committee held on the 14 September 2010.

5. DEPUTATIONS AND PETITIONS

6. AUDIT PROGRESS REPORT (PAGES 9 - 10)

Report of Grant Thornton.

7. VALUE FOR MONEY REPORT (PAGES 11 - 32)

Report of Grant Thornton.

8. HOUSING ALLOCATIONS, LETTINGS AND HOMELESSNESS SERVICES RE-INSPECTION - FINAL REPORT (PAGES 33 - 42)

Report of the Director of Urban Environment to inform the Audit Committee of the outcome of the Audit Commission's re-inspection of the Council's Housing Allocations, Lettings and Homelessness services and to summarise the content of the report.

9. ANNUAL STATEMENT OF ACCOUNTS - OUTCOME OF THE ANNUAL AUDIT FOR 2009/10 AND REVIEW OF THE ANNUAL GOVERNANCE STATEMENT (PAGES 43 - 50)

Report of the Director of Corporate Resources to update the Committee on the final outcome of the annual audit for 2009/10 and to agree an action plan flowing from the audit of the accounts and auditor's final report.

10. TREASURY MANAGEMENT PRACTICES DOCUMENT (PAGES 51 - 64)

Report of the Director of Corporate Resources to present the Treasury Management Practices document for scrutiny as required by the CIPFA Treasury Management Code of Practice.

11. HOUSING BENEFITS - 2ND QUARTER PROGRESS REPORT ON COUNTER FRAUD ACTIVITY (PAGES 65 - 70)

Report of the Director of Corporate Resources to advise and update Members on the Counter Fraud performance of the Benefits and Local Taxation Service from the 1st June 2010 – 30th September 2010.

12. INTERNAL AUDIT - 2ND QUARTER PROGRESS REPORT (PAGES 71 - 110)

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 2010/11 annual audit plan and reports issued for outstanding 2009/10 audits together with the responsive fraud investigation work. In addition, to provide details of the work the Council's personnel division has undertaken in supporting disciplinary action taken across all departments by respective council managers.

13. RISK MANAGEMENT - UPDATE (PAGES 111 - 116)

Report of the Head of Audit and Risk Management to inform the Audit Committee of the current position on compliance with the corporate risk management policy for the management of risk registers across the Council.

14. NATIONAL FRAUD INITIATIVE 2010/11 - CORPORATE ARRANGEMENTS AND REQUIREMENTS (PAGES 117 - 124)

Report of the head of Audit and Risk Management to inform the Audit Committee of the statutory 2010/11 National Fraud Initiative data matching exercise and the Council's compliance with the requirements of the exercise.

15. NEW ITEMS OF URGENT BUSINESS

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

16. DATE OF NEXT MEETING

Thursday, 3 February 2010, 7.30pm.

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London N22 8HQ

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Monday, 25 October 2010

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**MINUTES OF THE AUDIT COMMITTEE
TUESDAY, 14 SEPTEMBER 2010**

Councillors Khan (Chair), Diakides, Meehan, Bloch and Gorrie

Apologies Julie Parker, Director of Corporate Resources

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PRAC30.	<p>APOLOGIES</p> <p>Apologies for lateness were received from Cllr Diakides, and apologies for absence were received from Julie Parker, Director of Corporate Resources.</p>	
PRAC31.	<p>URGENT BUSINESS</p> <p>There were no items of urgent business.</p>	
PRAC32.	<p>DECLARATIONS OF INTEREST</p> <p>There were no declarations of interest.</p>	
PRAC33.	<p>MINUTES</p> <p>RESOLVED</p> <p>That the minutes of the meeting held on 26 July 2010 be approved and signed by the Chair.</p>	
PRAC34.	<p>DEPUTATIONS AND PETITIONS</p> <p>There were no deputations or petitions.</p>	
PRAC35.	<p>LEASEHOLD CHARGES - INTERIM PROGRESS REPORT</p> <p>The Chair agreed to a request to vary the order of the agenda and take agenda item 12, Leasehold Charges interim progress report, at this point in the agenda.</p> <p>Phil Harris, Assistant Director for Strategic and Community Housing Services, introduced the report, which had arisen from the Committee's concerns at its previous meeting that three recommendations of Grant Thornton had not been agreed by Homes for Haringey. Internal Audit had examined the areas in question to ensure that these would not lead to any control issues, and the findings of Internal Audit and the detailed action plan were appended to the report. Mr Harris reported that no further action was required for two of the three areas, and that as a result of the further action required in respect of Leaseholder Consultation on Qualifying Long Term Agreements, Homes for Haringey would be revising the procedure notes, to be included in the Homes for</p>	

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Haringey and Council procurement procedures.

The Committee expressed concern that, although the report indicated that procedures were correct, Members had experience of cases where problems had arisen and would be reluctant to agree that everything was operating fully satisfactorily in this area. Cllr Meehan gave an example of a case he had been personally involved in where leaseholders had been sent excessive estimates, and he intended to raise this further with the Homes for Haringey management. In response to Member concerns, Jackie Thomas, Homes for Haringey, responded that the report had focussed on the processes in place, but that the service was also reliant on the quality of the information it was provided with, and that problems arose where this information was incorrect. The Committee acknowledged that, while satisfactory processes might be in place, it was key to ensure that the correct information was being supplied so that output was accurate.

The Committee suggested that an analysis of complaints received by councillors should be undertaken to identify areas where problems were regularly occurring, and expressed concern that the issues raised by councillors as a result of estate visits were not being fully analysed by managers. Ms Thomas reported that managers should be producing reports analysing the outcomes of estate inspections as a matter of course, but that this could be looked into further as part of the Internal Audit work for Homes for Haringey. In response to concerns raised by the Committee about the impact of incorrect estimates being sent out, particularly to elderly residents, Ms Thomas stated that measures such as the Key Leaseholder Scheme and pre- and post-inspection systems were in place to address this issue. Ms Thomas reported that it had been identified that in most cases where an estimate was revised, this was as a result of the work varying from the original specification, and work was in place to address this.

Paul Dossett, Grant Thornton, addressed the Committee and stated that although the arrangements in respect of the processes in place had been discharged as a result of the audit and follow up work, there were clearly concerns on the part of Members regarding how the systems were operating in practice, and recommended that a full audit on this area be undertaken, looking at a large sample size on a risk basis. The Committee welcomed this suggestion, and Kevin Bartle, Lead Finance Officer, recommended that this would be an appropriate way forward. The Committee suggested that an appropriate starting point would be to speak to Members who undertake estate visits, to identify the problems that they see recurring.

The Chair summarised that in response to further concerns of the Committee in regard to the proper discharge of duties in the area of leasehold charges, External Audit had recommended that a full audit be undertaken and that this had been agreed by the Lead Finance Officer. The Chair moved and it was:

RESOLVED

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	<p>i) That the Committee note the outcome of the Internal Audit Team's completed follow-up of the three recommendations raised in the Grant Thornton report which were not agreed by Homes for Haringey;</p> <p>ii) That the Committee note that the Council is content with the outcome of the follow-up work undertaken by the Internal Audit Team and there are no further actions required for two of the three recommendations;</p> <ul style="list-style-type: none"> • Estate and Block costs – no further action required • Service Quality – no further action required • Leaseholder Consultation on Qualifying Long Term Agreements – further action required; <p>iii) That the Committee note that the outstanding further action requires Homes for Haringey to revise the procedure notes for the Leaseholder Consultation on Qualifying Long Term Agreements and include in Homes for Haringey and Council procurement procedures once approval has been sought from the Board at its next meeting on 27th September. The Audit Committee will be updated on progress in three months time.</p> <p>iv) That a full audit be undertaken by Internal Audit in respect of leasehold charges, looking at a large sample size on a risk based approach.</p>	
<p>PRAC36.</p>	<p>GRANT THORNTON PROGRESS REPORT</p> <p>Paul Dossett, Grant Thornton, presented the progress report. The Committee was advised that no significant issues had been identified to date in respect of the annual audit of accounts, and that this would be reported to the General Purposes Committee on 23rd September. Further to the abolition of the CAA and, subsequently, the Audit Commission, Mr Dossett reported that Grant Thornton would bring a revised audit plan for 2010/11 to the forthcoming meeting of the Audit Committee.</p> <p>Kevin Bartle, Lead Finance Officer, reported that the Council was satisfied with progress on the audit of accounts, and advised the Committee that an action plan would be presented along with the accounts, to be monitored by the Audit Committee.</p> <p>On a motion by the Chair it was:</p> <p>RESOLVED</p> <p>That the content of the report be noted.</p>	
<p>PRAC37.</p>	<p>GRANT CLAIMS AND RETURNS PLANNING MEMORANDUM</p> <p>Grant Thornton presented the report on the Grant Claims and Returns</p>	

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	<p>Planning Memorandum. The results of the grants work would be reported to the Audit Committee in late 2010 or early 2011. In response to a question from the Chair regarding the fee scale indicated in the report, Kevin Bartle, Lead Finance Officer, confirmed that he felt that this was reasonable.</p> <p>On a motion by the Chair it was:</p> <p>RESOLVED</p> <p>That the content of the report be noted.</p>	
<p>PRAC38.</p>	<p>CIPFA BENCHMARKING - INTERNAL AUDIT RESULTS 2009/10</p> <p>Anne Woods, Head of Audit and Risk Management, presented the report on the results of the CIPFA Benchmarking exercise for 2009/10. It was reported that the Council was looking at developing a corporate approach to fraud and ways of increasing the effectiveness of the use of resources in relation to anti-fraud work.</p> <p>In response to a question from the Committee regarding why the Council's overhead costs were so high, Kevin Bartle, Lead Finance Officer, advised that a number of different costs contributed to the calculation of overheads; it was acknowledged that some of Haringey's costs were high, and that these were being addressed in the current budget process.</p> <p>In response to a question from the Committee regarding the Council's anti-fraud work, the Head of Audit and Risk Management reported that they were looking at developing a corporate resource by changing the focus of existing resources to enable a more proactive approach in future. The Committee asked for further information on why additional anti-fraud work was necessary, and the basis on which this work was being undertaken, in response to which it was agreed that the Head of Audit and Risk Management would provide a report on this issue to the next meeting, including the areas to be focussed on. The Committee noted that in other organisations, for example the NHS Trust, a regular corporate anti-fraud report was submitted to the Board, and was a very helpful document, in response to which the Head of Risk Management confirmed that this was precisely the type of report the Council intended to produce in future, once a corporate anti-fraud resource was developed. The way in which such a report would be presented to the Committee, and whether any information would need to be classified as exempt, would need to be considered in due course.</p> <p>The Head of Audit and Risk Management confirmed that, until a corporate anti-fraud resource had been developed, quarterly reports on anti-fraud work in relation to housing and council tax benefits would continue, but that a combined, corporate report on proactive anti-fraud work would replace this in due course.</p> <p>On a motion by the Chair it was:</p>	

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	<p>RESOLVED</p> <p>That the content of the report be noted, and that it also be noted that, in due course, regular corporate anti-fraud reports would be presented to the Audit Committee.</p>	
<p>PRAC39.</p>	<p>REGULATION OF INVESTIGATORY POWERS ACT (RIPA) 2000 - OPERATION AND USE WITHIN THE COUNCIL</p> <p>Anne Woods, Head of Audit and Risk Management, presented the report on the operation and use of RIPA by the Council during 2009/10. In order to comply with the new Order in relation to RIPA, introduced in 2010, it was reported that the Senior Responsible Officer with responsibility for oversight of RIPA was the Director of Corporate Resources, who will provide quarterly reports on RIPA applications to the Cabinet Member for Resources and will provide an annual report to Cabinet. It was reported that the Council had never extensively used RIPA and that 3 applications had been made in 2009/10. There were no outstanding recommendations as a result of the regular inspections into the use of RIPA at the Council.</p> <p>The Committee expressed concern that the Council was having to use RIPA to undertake work which should be the responsibility of the Police, and that further pressure should be put on the Police to act. The Head of Audit and Risk Management responded that there were areas where the onus was on the local authority to investigate, but that she was unable to comment on individual cases.</p> <p>The Chair stated for the record that, while he had no objection to the annual RIPA report to Cabinet, he felt that the Audit Committee should also continue to see the report, as this Committee had the authority to oversee the use of RIPA. In response to the Committee's concerns that duplication of work should be avoided, and that this was something that would be looked at as part of the ongoing Governance Review, the Chair fully agreed that duplication should be avoided, but advised that the Audit Committee's Terms of Reference set out that the Committee was responsible for the performance of the Council – financial and non-financial.</p> <p>RESOLVED</p> <p>That the requirements of RIPA legislation and the operational processes in place to ensure that the Council complies with these requirements be noted.</p>	
<p>PRAC40.</p>	<p>WHISTLEBLOWING - IMPLEMENTATION AND USE OF THE COUNCIL POLICY 2009/10</p> <p>Anne Woods, Head of Audit and Risk Management, presented the report on the operation and use of the Council's whistleblowing policy in 2009/10. This report was presented to the Committee on an annual basis in accordance with a recommendation made by the external auditors. It was reported that the whistleblowing policy was circulated to</p>	

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	<p>all staff in various ways, such as on the intranet, via team briefs and on payslips. The policy was used infrequently, and had been used on two occasions in 2009/10, however other referral routes such as Fraudcall and the internal audit email account were used more regularly; as these were anonymous services, there was no way of knowing whether these were being used by staff instead of the formal whistleblowing procedure.</p> <p>The Committee expressed surprise that the use of the whistleblowing policy was so low, and felt that it would be useful to know the general sort of issues raised under the whistleblowing and other referral processes, so that any changes could be monitored. The Head of Audit and Risk Management advised that information was provided in the quarterly internal audit progress report to the Audit Committee, and indicated that one of the uses of the whistleblowing policy had been in relation to bullying and harassment.</p> <p>In response to a question from the Committee regarding how the Council's experience of the whistleblowing policy compared with other local authorities, the Head of Audit and Risk Management reported that speaking to colleagues regarding this matter, the use of whistleblowing was generally low across the London Boroughs.</p> <p>In response to a question from the Chair, Kevin Bartle, Lead Finance Officer, confirmed on behalf of the Section 151 Officer that Haringey's policy in this area was compliant with relevant guidance and that the annual report to the Committee in respect of this matter was good practice.</p> <p>RESOLVED</p> <p>That the content of the report be noted.</p>	
<p>PRAC41.</p>	<p>INTERNAL AUDIT - UPDATED TERMS OF REFERENCE</p> <p>Anne Woods, Head of Audit and Risk Management, presented the report on the revised Internal Audit Terms of Reference. It was reported that the Terms of Reference were fully compliant with the CIPFA code of practice, and that there had been very few changes, which were to reflect changes to the Council's Constitution during the year.</p> <p>The Committee requested that, in future, for this report and other policies which were revised on a regular basis and presented to Members for approval, the changes from the previous version be marked up for ease of reference. In response to a question from the Committee in relation to paragraph 9.1 of the Terms of Reference, the Head of Audit and Risk Management clarified that responsibility for managing the risk of Fraud and Corruption lay with the relevant Heads of Service, but Internal Audit were responsible for investigating reported cases of alleged fraud and corruption.</p> <p>In response to a question from the Chair, Kevin Bartle, Lead Finance Officer, confirmed that Haringey was compliant with the requirements of</p>	

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	<p>the CIPFA Code of Practice, as set out in items a) to i) of paragraph 16.2 of the report. Mr Bartle also confirmed satisfaction with the performance of the Head of Audit and Risk Management.</p> <p>RESOLVED</p> <p>That the revised Terms of Reference for the Internal Audit Service be approved.</p>	
<p>PRAC42.</p>	<p>REPORT ON OUTSTANDING AUDIT RECOMMENDATIONS</p> <p>Anne Woods, Head of Audit and Risk Management, presented the report on the work undertaken to address the outstanding Priority 2 and 3 audit recommendations. The Committee welcomed the report that all but three of the recommendations had now been implemented, and noted that of those one was in progress, to be completed by 30 September 2010, one was awaiting sign-off and one was awaiting a software release, anticipated in November 2010.</p> <p>In response to concerns from the Committee regarding the ability of Heads of Service to challenge the recommendations of Internal Audit, the Chair noted that management was able to address issues in a different way to the recommendations of Internal Audit, provided that they could demonstrate supporting regulations, guidance and best practice, and that this was acceptable. The Chair also advised that the Committee regularly requested the Section 151 Officer to monitor any such instances and exercise their professional judgement in these matters. The Committee agreed that in instances where management did not agree the recommendations made by Internal Audit, they should be able to attend the Committee to explain their reasons for this. Kevin Bartle, Lead Finance Officer, assured Members of the Committee that Heads of Service at times had robust discussions with Internal Audit regarding recommendations, and were able to challenge issues.</p> <p>The Chair advised that this report had been requested as there was often a focus on Priority 1 recommendations only, but it was also important for Priority 2 and 3 recommendations to be followed up. The Chair acknowledged that, where recommendations were no longer appropriate, these could be updated accordingly and the Section 151 Officer should look into these matters to determine whether the alternative measures taken were appropriate.</p> <p>RESOLVED</p> <ul style="list-style-type: none"> i) That the progress and responses received in respect of outstanding Priority 2 and 3 audit recommendations be noted. ii) That the actions taken to address the outstanding recommendations be confirmed as satisfactory. 	
<p>PRAC43.</p>	<p>NEW ITEMS OF URGENT BUSINESS</p>	

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	There were no new items of urgent business.	
PRAC44.	DATE OF NEXT MEETING Tuesday, 2 November 2010, 7.30pm. The meeting closed at 20:40hrs.	

COUNCILLOR GMMH RAHMAN KHAN

Chair



LONDON BOROUGH OF HARINGEY

AUDIT PROGRESS REPORT - NOVEMBER 2010

Work	Progress
Audit Plan 2009/10	Our full audit plan and updated audit fee was agreed with management and presented to the February 2010 Audit Committee.
2009/10 accounts audit	<p>We worked with the Council to help prepare for the 2009/10 accounts audit, including the Head of Corporate Finance attending a half day accounts workshop on 10 February at our offices.</p> <p>Interim - our interim audit work is complete and there were no issues to report to the Audit Committee. We presented our Accounts Audit Approach Memorandum to the July meeting of the Audit Committee.</p> <p>Final - our audit the year end accounts is complete and we reported our results to the General Purposes Committee as part of the Annual report to those charged with governance (ISA260) in September 2010. We issued an unqualified opinion on the accounts on 27 September 2010.</p>
International Financial Reporting Standards (IFRS)	In 2009, we held a workshop with the Council and issued an IFRS conversion report planner to management which highlighted the areas of greatest likely impact for the Council and proposes a number of actions for the Council. We are continuing to work with management as preparations for IFRS continue and have had positive meetings with officers on in March and August 2010 to review the good progress being made to date. We have agreed with management that we will perform a review of the restated 31 March 2010 balance sheet, under IFRS, by 31 December 2010.
Value for Money conclusion 2009/10	<p>Our work on the 2009/10 Value for Money conclusion is complete and we issued an unqualified conclusion on 27 September 2010. Our work included the 2009 Use of Resources (UoR) assessment that we completed in Summer 2009 and the local risk based UoR work that we reported on during 2009/10.</p> <p>We are presenting the summarised results of this work to the November 2010 Audit Committee in our Value for Money report 2010.</p>

Work	Progress
Grants claims and returns certification	We presented our report of summary findings from our certification of 2008/09 claims and returns to the February 2010 Audit Committee. We presented our Grant Claims And Returns Planning Memorandum 2009-10 to the September 2010 Audit Committee and our work is underway. We will present to members the results of this work in January 2011.
Audit Plan 2010/11	<p>We agreed our indicative fee for 2010/11 with the Chief Financial Officer and presented this to the June meeting of the Audit Committee. This letter is prepared in advance of the audit year in order to provide the Audit Commission will details of indicative fees nationally.</p> <p>The Audit Commission has published information on the new approach to local Value for Money work following the cessation of CAA. We will continue to give a conclusion on whether the Council has proper arrangements for securing Value for Money in accordance with our statutory responsibility under the Code of Audit Practice.</p> <p>The work we will undertake to support our conclusion will be risk-based and informed through discussions with the Council. We will shortly review and discuss with management the planned areas of focus in our 2010/11 VFM work (including arrangements for financial resilience and personal social care budgets) to ensure that we agree a local programme of VFM audit work that gives us assurance over arrangements in place and supports the Council to improve its performance. We will present the full 2010/11 Audit Plan to members in January 2011.</p>
Disbanding of the Audit Commission	The Secretary of State has recently announced the disbanding of the Audit Commission in 2012. We anticipate that audit arrangements will continue in the current format for the financial years 2010/11 and 2011/12. We will update the Audit Committee on future arrangements when more information becomes available.

Grant Thornton UK LLP

November 2010



London Borough of Haringey

Value for Money 2009/10

22 October 2010

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1 Executive Summary

Background and purpose of the report

- 1.1 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'). On the basis of the work completed we issued an **unqualified** Value for Money conclusion on 27 September 2010.
- 1.2 We described in our Audit Plan (December 2009) 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 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.

This report sets out our findings from these pieces of work to arrive at the unqualified conclusion.

Key findings and action required by the Council

- 1.3 The wider requirements of the Use of Resources (UoR) assessment have recently been abolished and will not be formally scored for this year. However, we set out in this report discussions of each theme and areas for improvement based on the work we had completed at the time the arrangements ceased.
- 1.4 The headline findings are as follows:
- prior to the abolition of the scored UoR assessment we shared our indicative assessment scores with the Council and fed back our assessment that the Council had improved its management arrangements in a number of areas, including data quality (previously assessed as "inadequate"), commissioning and procurement and asset management
 - the Council demonstrated strong and robust arrangements for the management of its workforce
 - there remains scope for the Council to demonstrate a more widespread understanding of costs and outcomes across its functions.

- 1.5 The key actions for the Council, relevant to the areas covered by our audit, are as follows:
- since the conclusion of our review there have been significant changes announced in relation to government grant allocations and future funding and there is significant pressure on the public sector and local government in particular, to generate efficiencies and operate within reduced resources. The Council will need to ensure that the impact of these and the requirement to find savings beyond those that had been anticipated and planned for as part of the MTFS are taken into account in all future financial planning.
 - The Council needs to address some significant in year challenges and robustly profile the impact of these in future financial plans.
 - The Council should ensure a continued focus on the production of its first set of IFRS compliant accounts in 2010/11 including ensuring that it mitigates against potential risks of the implementation project going off track.
 - The Council should ensure that it continues to emphasise the importance of data quality to prevent any relaxation in compliance and a potential return to an "inadequate" assessment.

Way forward

- 1.6 As the Use of Resources framework has now been abolished the weaknesses identified will not be followed up specifically through an assessment process. The Council should look to develop action plans on those weaknesses that link directly with corporate priorities.
- 1.7 Given the scale of the pressures facing public bodies in the current economic climate, the Commission has reviewed its work programme for 2010/11 onwards. As part of this exercise, the Commission has been discussing possible options for a new approach to local value for money (VFM) audit work with key national stakeholders. From 2010/11 we will therefore apply a new, more targeted and better value approach to our local VFM audit work. This will be based on a reduced number of reporting criteria specified by the Commission, concentrating on:
- securing financial resilience
 - prioritising resources within tighter budgets.
- 1.8 We will determine a local programme of VFM audit work based on our audit risk assessment, informed by these criteria and our statutory responsibilities. Given the nature of the financial challenges ahead we expect to drill down in detail into the Council's MTFS and the robustness of high value/high impact savings plans. We will no longer make annual scored judgments relating to our local VFM audit work. Instead we will report the results of all the local VFM audit work and the key messages for the audited body in our annual report to those charged with governance and in a clear and accessible annual audit letter.

Acknowledgements

- 1.9 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.

Use of this report

- 1.10 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.
- 1.11 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.

Grant Thornton UK LLP
22 October 2010

2 Scope of our work

Introduction

- 2.1 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').
- 2.2 Our VFM conclusion is informed by our use of resources work which, in Councils, is based on the Audit Commission Use of Resources (UoR) assessment. However, prior to conclusion of our work the new Coalition Government abolished the Comprehensive Area Assessment (CAA), which included the requirement for a scored UoR assessment.
- 2.3 Notwithstanding this, although we are not able to report scores for 2009/10 it is important to provide feedback on the work that we have completed to date. We set out below improvements identified since the previous year and assessed where there are opportunities to address areas of weakness.

Approach to the audit

- 2.4 The assessment was carried out between December 2009 and May 2010. We reviewed the Council's arrangements against nine KLoEs within the three UoR themes prescribed by the Audit Commission. Our work was based on review of written evidence and meetings with senior management and officers.
- 2.5 The key findings in each of the themes, and areas for improvement, are set out in the remaining sections of this report.

3 Managing finances

- 3.1 The managing finances assessment covers the following areas:
- planning finances to deliver priorities and sound financial health
 - sound understanding of costs and performance / achieving efficiencies
 - timely and reliable financial reporting and meeting stakeholder needs.

Planning finances to deliver priorities and sound financial health

- 3.2 The Council's short and medium term service and financial planning arrangements remained robust in 2009/10 and the Council provided a number of examples of outcomes resulting from this, most notably around educational attainment, many Local Area Agreement stretch targets and targets delivered in partnership (e.g. infant mortality).
- 3.3 Recent inspection reports on children's services provide evidence of a positive outcome from the Council's efforts to improve in a weak area. Engagement with the public and other stakeholders remains strong and developing this year. The Council remains strong on managing spending with some good examples of how known financial pressures have been dealt with in year.
- 3.4 The current economic climate has placed significant pressure on the public sector and local government in particular, to generate efficiencies and operate within reduced resources. The Council's medium term financial plan agreed in February 2010 indicated a balanced position over the period but included assumptions surrounding council tax rises, the formula grant, pay and price inflation as well as area and specific grants which are now subject to considerable change. Additionally the plan included £32m of planned efficiency savings of which £20m had still to be identified.
- 3.5 The Council is currently planning for the significant spending cuts anticipated as part of the central government's comprehensive spending review in October 2010. These spending cuts have been incorporated into the Council's revised budget and medium term financial strategy with a gap of £7.5m being forecast for 2010/11, rising to approximately £60m by March 2014. In order to address this budget gap the Council is developing an efficiency and savings programme which will also look at transformational change within the Council. This programme is currently being further developed and will be incorporated into the budget setting process for 2011/12 in February 2011.

Sound understanding of costs and performance/achieving efficiencies

- 3.6 The Council's overall arrangements for understanding costs remain satisfactory, as evidenced by the Council's robust financial planning, financial position and management of some in year issues requiring cost analysis, such as temporary accommodation. The Council has delivered the target 3% efficiencies over the last 3 years, including through schemes such as Smart Working.
- 3.7 However, a thorough understanding of transaction, unit and whole life costs is not yet sufficiently widespread and a bank of demonstrable service and efficiency outcomes achieved as a consequence this understanding is not yet apparent. An example of this arose from discussions we had during the year on CCTV, where the Council could not readily articulate the value in terms of quantifiable outcomes from its annual investment.
- 3.8 The evidence suggests that much of the Council's activity on efficiency schemes is work in progress with many identified efficiency savings still to be delivered. Implementation of the Council's recession strategy should provide more evidence around understanding costs and acting to address the local challenges.

Timely and reliable financial reporting and meeting stakeholder needs

- 3.9 Based on our updated review of service and financial reports we confirmed that arrangements for internal financial reporting remain as strong as last year. The outcome for the Council at the end of 2009/10 was a continued good financial position in the short to medium term, supported by a healthy reserves position despite the extreme pressures resulting from mandatory extra spend in children's services.
- 3.10 The Council managed an effective closedown process and worked with us to ensure a more rapid completion of the audit than in previous years. The Council produced its draft 2009/10 accounts in advance of the 30 June 2010 deadline and presented them to the General Purposes Committee on 28 June 2010. As in previous years, the working papers were timely and of a good standard and we worked collaboratively with officers to ensure a smooth audit process. We identified and agreed with management some areas where there was scope to further improve its arrangements, particularly around asset valuation and accounting (included in our agreed accounts audit action plan).
- 3.11 In terms of content, language and presentation, the annual report 2008/09 was as strong as the 2007/08 version but the report was published later than in the previous year (January 2010). The annual report for 2009/10 is due to be published in at the end of October 2010. There is scope for the Council to produce its annual report earlier, as it did in 2007/08.
- 3.12 We are continuing to work with management as preparations for IFRS continue and have had positive meetings with officers during the year to review the good progress being made to date. We have agreed with management that we will perform a review of the restated 31 March 2010 balance sheet, under IFRS, by 31 December 2010.

4 Governing the business

4.1 Governing the business theme considers four areas:

- commission and procure quality services tailored to local need
- produce relevant and reliable data and information to support decision making and manage performance
- promotion and demonstrating the principles and values of good governance
- managing risks and maintaining a sound system of internal control.

Commission and procure quality services tailored to local need

4.2 The Council has developed a strategic, corporate approach to commissioning and has a wide range of localised commissioning plans and approaches that are linked to specific areas and needs assessments and which sets out the vision for the Council and its partners. There is a good understanding of local needs which together with the joint strategic needs assessment (JSNA) and borough profile, provide core datasets that inform a range of activity. A Children and Young People's Plan Needs Assessment, containing sections on safeguarding and vulnerable children was completed during the year, whereby NHS Haringey and the Council's Children and Young People's Service drafted a joint commissioning framework for the Haringey Children's Trust.

4.3 There are a range of localised approaches to involving service users and other stakeholders in the commissioning process. These include the Temporary Accommodation User Forum where residents have an input into how services are delivered, the carers support group who sit on strategic forums such as the Drug and Alcohol Board and Young Peoples Task Group and the Local Involvement Networks, which have further developed their role during the last year and participate in discussions and decision making through representation on various Boards.

4.4 The Council has been recognised nationally for its customer service and working in close partnership with the Pension Service has identified £1.1m of new entitlements to State Pensions, Pension Credits and Attendance Allowance. The Council's action plan recognised the need to improve joint commissioning for children and young people, resulting in changes to Framework-I for Children's Services and addressed key concerns such as a reduction in administrative tasks. In addition, an NHS pilot project has been linked to Framework-I providing hospital staff access which allows them to investigate whether children have a protection plan or are known to the Children's Service.

- 4.5 The Council received a commendation for best local government procurement in respect of its approach to category management and various procurement projects have achieved savings in excess of £6m between 2006 and 2009. Significant savings continue to be derived from the Council's neutral vendor arrangement with Hays for temporary and agency staff. Working in partnership with the Domiciliary Care sector, the Council is shifting the emphasis of provision from public sector frameworks to endorsed catalogues, whereby qualifying residents will be able to purchase assisted living services from a priced catalogue provided by Domiciliary Care suppliers.
- 4.6 The Council procures goods and services strategically, using a range of methods and partners, while at the same time supporting national and local agendas and alignment with the Council's overall vision. Spending categories are risk-assessed and low-risk commodities are generally sourced through shared procurement arrangements. The Council and its Corporate Procurement Unit manage the London Energy Project, which was a winner of the Procurement Innovation and Initiative in the Government Opportunities Awards 2009 and has also been given formal delegated authority to act on behalf of 31 out of 33 London Authorities.
- 4.7 The Council is an acknowledged leader in the field of sustainability and was awarded the Carbon Trust Standard in 2009. At the time of our assessment savings of £570k had been made and carbon emissions reduced by 1,103 tonnes. The Council has developed tools to mitigate the negative environmental and socio-economic impacts of select contracts, for example, an Environmental Design Options tool is used a standardised reporting tool for the BSF, Primary Capital Programmes and future major and minor frameworks contract to quantify the carbon impact of building works.

Produce quality data and information to support decision making

- 4.8 The Council was assessed as inadequate on data quality (DQ) in 2008/09 due to two main weaknesses - data within the Children's Service as highlighted in the Joint Area Review of safeguarding after Baby Peter, and data quality issues revealed in the Benefits service as a result of the our audit work.
- 4.9 For 2009/10, DQ management arrangements work at a corporate level was reported to the Audit Committee quarterly and member scrutiny of DQ at has been robust. A rolling programme of ongoing performance data audits has occurred across services - 52 audits were completed in the year to December 2009. Outcomes of the audits were reported to the monthly finance and performance review meetings attended by Directors and the Chief Executive. The Council has developed a revised DQ strategy clearly setting out roles and responsibilities of officers. A series of workshops for managers and staff, attended by 150 officers, have been held to emphasis the importance of DQ.

- 4.10 The performance management element of the Covalent information system is fully operational and has been producing performance reports for over a year. Health partners have been given access to Covalent and trained so that they can now input performance information directly into Covalent and provide commentary on associated actions being taken to improve performance. The Haringey Strategic Partnership performance framework has been reviewed and changed to allow for a layered approach to managing and reporting. The newly formed HSP Business Group will have responsibility for challenging the robustness of partnership data.
- 4.11 Adult Social Services and Children's Services have put in place Quality Assurance frameworks and operational practices to ensure data is robust with sample audits and selected case file checking. An audit of referrals, initial and core assessment indicators covering data from April - Sept 2009 was completed, with a sample of 300 cases reviewed. This identified improvements in the quality of assessments and timeliness improvements as the year has progressed.
- 4.12 The Council received positive feedback in the JAR safeguarding follow-up report in February 2010 and further positive feedback from the unannounced inspection in September 2010. The reports found that there have been significant improvements in case recording, quality assurance and performance management processes. Improvements have been made to Framework-I, the electronic recording and information system, which are significantly improving the efficiency and effectiveness of key elements of child protection practice. Independent audits from an external consultant have been commissioned by a members' panel since shortly after the death of Baby Peter to provide an additional check on the integrity of data that councillors receive from all sources.
- 4.13 In benefits a new quality control and performance software has been developed and implemented, aimed at ensuring that identified errors are fed back to assessors and corrected. A Quality Compliance Team has been formed to carry out DQ checks of assessments. Workshops have been held with staff and team leaders to understand accuracy issues and identify solutions. There is ongoing testing of identified risk areas; i.e. new claim start dates, single persons discount and earned income calculations. There is focussed ongoing training and development activity for benefits staff. We would however caution that this is a significant project to achieve cultural change and that arrangements will need to be regularly assessed to ensure arrangements are measured against the best and improved outcomes are reflected in the certification of the Benefits Subsidy claim.
- 4.14 The Internal Audit report on Data Quality issued in April 2010 looked at three national indicators (NIs) and provided substantial assurance. Our follow-up of 2008/09 non-children's NI spot checks found good progress against the recommendations raised and our further spot-check work on children's indicators in June 2010 revealed no significant issues.
- 4.15 Overall, we obtained sufficient assurance from our review of the Council's new management arrangements, follow-up of prior year reported issues and reviews of inspection reports to enable us to conclude that for 2009/10, the Council's DQ arrangements were adequate, which allowed us to issue an unqualified VFM conclusion.

Promote and demonstrate principles and values of good governance

- 4.16 The Local Code of Corporate Governance (LCCG) has been effective in driving improvements and ownership of governance issues and arrangements across the Council. Monitored work programmes for key officers ensure that key statutory processes and good governance arrangements are completed, awareness is raised and monitoring of the AGS action plan at senior level ensures completion of actions.
- 4.17 There are effective links between the Annual Governance Statement, LCCG and UoR submission which has minimised duplication in the collection of information and improved the Council's use of data. There are good arrangements in place to meet the training and development needs of senior officers. The Member Learning and Development Working Group overview the Member development and learning programme and linked projects such as Working at the Political Interface sessions for officers, Safeguarding Children and Corporate Parenting Training, whilst promoting the opportunities offered by the personal development plans to Members.
- 4.18 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 service planning, commissioning and key strategic programmes. The Council's service performance information suggests that delivery of key services continued uninterrupted during the challenging events of 2008/09.
- 4.19 The Council has good arrangements in place to ensure ethical behaviour. In 2008 we conducted a review of probity and propriety and found that the Council has effective arrangements in place to set expectations in this area and encourage compliance. Our best practice recommendations focused on the need to ensure that members are effectively trained and that challenges around governance for partnerships were addressed and our follow up work noted good progress made.
- 4.20 During 2009/10 the Council and its partners developed and agreed the Haringey Strategic Partnership (HSP) which has strengthened governance arrangements and put in place strategic, efficient structures. This includes establishing the Business Group and clear roles and responsibilities for performance management, which ensures accountability at all levels of the partnership. The HSP also uses Covalent for performance reporting.
- 4.21 The Council has identified all of its significant partnerships outside the HSP. As well as adopting sound governance principles, partnerships are required to conform to the appropriate procurement and contractual arrangements required by Council policy.
- 4.22 The Council's work on Councillor Call for Action is regarded as best practice and the Council presented to a number of national and regional conferences on their arrangements. Two senior managers within the Corporate Governance Division were appointed to national positions as the Chair of the Association of Democratic Services Officers and the Chair of the Association of Electoral Administrators. The Council continues to provide specific training for members of Scrutiny Panels and a runs a specific annual induction process for scrutiny chairs & vice-chairs.

4.23 The Council has strong processes in place for ensuring engagement with its residents and stakeholders as a whole. There is evidence of engagement with hard to reach groups which has resulted in strong outcomes as a result of effective partnership working: For instance, Working with voluntary groups such as the Hanlon Centre the Council has been able to engage directly with young black men to actively seek their views on what matters most to them in their local area. The Council also held events for both Somali and Turkish women to discuss issues of importance to them and this resulted in the Hanlon Centre being designated as a 'reporting' centre for hate crime in the area.

4.24 An independent review of the Council's governance arrangements is nearing completion. The objectives of the review have been:

- to promote engagement with local people and ensure that decisions are taken as close to people as possible
- to facilitate the community leadership role of members and enable all members to influence the council's policies and services
- to improve the council's performance and support its 'One Borough' aspirations
- to achieve these objectives at less cost.

4.25 The review has focussed in particular on:

- arrangements for full council;
- role of the Mayoralty
- development of overview and scrutiny
- scope for extending the role of area assemblies
- role and function of council committees.

4.26 Once the results of the review have been reported, the Council will agree an action plan to take forward any recommendations. As part of our 2010/11 audit we will consider how the Council is taking forward implementation of the action plan.

Manage risks and maintain a sound system of internal control

4.27 The Council has improved operational management of risk through the use of the Covalent performance management system, which as resulted in directorates taking ownership of risk and risk management and their responses to changing circumstances such as the recession. Internal audit also routinely tests risk register completion.

- 4.28 The HSP risk management strategy has been fully implemented and all Thematic Boards now have risk registers which are monitored via officer and Board meetings. A quarterly review of compliance with the strategy is completed via query reports, which in January 2010 showed that Covalent had been fully utilised and risk management across all directorates and partnerships was almost fully complied with. The Council put in place new emergency contracts of insurance overnight following a court decision that the London Authorities Mutual Ltd, of which the Council is a member, was rendered ultra vires thereby invalidating all insurance contracts.
- 4.29 The Council participates effectively in the Audit Commission's National Fraud Initiative and, its approach to anti-fraud and corruption is adequate and operates within a clear strategic and policy framework. The anti-fraud strategy has been updated to reflect the risk of fraud and corruption within key partnerships and internal audit has provided substantial assurance over existing arrangements. There are examples of good outcomes within benefits fraud work, and successes have been publicised.
- 4.30 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 is currently in the process of integrating its anti-fraud teams with the aim of improving the focus on corporate risks and carrying out more proactive anti-fraud work.
- 4.31 The Council's Organisational Development and Learning service carried out an independent review of the performance and effectiveness of the internal audit service. The review identified areas of good practice and satisfaction with outcomes on disciplinary issues and reported positive feedback on the service as a whole. A peer review on the effectiveness of internal audit was also completed by London Borough of Havering and full compliance against the CIPFA Code of Practice was achieved. Our own work confirmed these findings.
- 4.32 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, challenged by the Head of Internal Audit. The AGS is signed off by the Chief Executive and Leader, after it has been produced by a group of officers including the Head of Internal Audit, Head of Legal Services and the Director of Corporate Resources. The Head of Internal Audit presents the AGS to the Audit Committee and deals with any questions. Whilst we acknowledge that this is common practice in local government, as the Head of Internal Audit is required to provide an opinion on the AGS, we suggest that it would be better governance if the AGS was presented by someone from outside of audit.
- 4.33 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 Audit Committee provides adequate challenge and control and has a balanced political representation, clear terms of reference and work plan.

5 Managing resources

5.1 Governing the business theme considers three areas:

- making effective use of natural resources
- managing assets effectively to deliver strategic priorities
- managing the workforce effectively to achieve strategic priorities

Understanding and quantifying the use of natural resources

5.2 The KLoE was not assessed this year at councils but, as referred to elsewhere in this report, the Council has well established arrangements for managing the use of natural resources.

Manage assets effectively to deliver strategic priorities

5.3 In 2008-09 we recommended that the Council needed to demonstrate outcomes and value for money from assets, over and above the use of offices and community buildings.

5.4 The Council has responded by providing 12 detailed case studies, covering many service areas, covering "Introduction>Need>What we did>Outcomes." These cover tangible outcomes in areas such as further education, housing, libraries, parks and community safety, e.g.

- Haringey Sixth Form Centre was built to deal with identified need in the east of the borough (highlighted by OFSTED). Since opening in 2007, the Council has experienced improved outcomes including on people not in employment, education or training (halved from 06-07 to 09-10), numbers staying on to sixth form (74% of 2008 increase in students being at the centre), A level and level 2 attainment (4.3% and 12% annual increases respectively to 2009).
- Haringey Community Transport was set up in 2007 as a social enterprise part funded by the Council to deliver flexible, accessible low cost minibus transport to the Voluntary and Community Sector (VCS). This has achieved outcomes including widespread use by VCS, 90%+ satisfaction scores against 80% targets, the Council being among the best in London on NI175 Access to services by public transport, top quartile in London on NI7 Environment for a thriving third sector.
- Street lighting investment. Place surveys showed crime and fear of crime to be key concerns for Haringey residents, particularly after dark. The Council has been able to show that investment in street lighting of £1m pa from 2006-2008 and £2m in 2009-10 has reduced the fear of crime and actual crime in the certain areas (including Kings Avenue, Fortis Green, West Green and Downhills Park) where the new lighting has been installed.

Value for Money 2009/10

- 5.5 The Council demonstrated themes of partnership working, VFM, improving access to services and sustainability through the 12 case studies providing strong evidence of outcomes from the strategic use of its different classes of assets across a number of service areas, to address a number of key priorities.
- 5.6 Working with partners to jointly use assets continues to develop from good individual examples to a more strategic approach being taken forward by the HSP. Using assets to help VCS and the community to achieve their aims is clearly evident in the Council's approach.
- 5.7 Overall, the Council has provided a volume of clear evidence that it focuses on using the asset base to help deliver sustainable social, environmental and economic outcomes for local communities, across a range of services and strategic priorities. This was the key issue preventing the Council from achieving a better assessment result last year, and we have concluded that this has been addressed in 2009/10.

Manage workforce effectively to achieve strategic priorities

- 5.8 We assessed workforce management at the Council for this first time this year. This included carrying out detailed assessment and feedback to management early in the year to assist in identifying areas where we would require additional information to support the Council's ambition of receiving a strong assessment result.
- 5.9 The Council was Winner of the Public Sector People Managers Association award for Human Capital Management in 2009. Average sickness levels reduced from 10 days in 2007 to 8.9 days in March 2009. This is below the average of 9.4 days from London Councils 2008/09 benchmarking data. Also, average absence levels were 8.7 days in June 2009, below the average of 8.9 days for the London Boroughs benchmarking club. There is evidence that the reduction is due to management driving the change. This is an area of focus for the Council which is continuing to take action to reduce sickness absence.
- 5.10 The Council's Leadership Programme won a National Training Award in 2009 and achieved reaccreditation against a more challenging Investors in People standard in November 2007.
- 5.11 The average number of agency staff employed per month decreased from 642 in 2007/08 to 623 in 2008/09. This represents 14% of the total workforce and is less than the average 15.6% from London Councils. Additional data from the London Boroughs benchmarking club shows the Council, at June 2009, to be below the 14.7% average and there is further evidence that the reduction is down to management actions.
- 5.12 At June 2009 the Council's overall turnover rate was 12.2%, which compares to the London Borough average. Since the Baby Peter case, the Council has considerably reduced social care staff turnover rates by remodelling team structures and ensuring a robust system of professional supervision is in place for social workers. Adult Social Care turnover has reduced from 12.9% in December 2008 to 9.8% in December 2009. Children & Families Social care turnover has reduced from 19.7% in March 2009 to 15.4% in March 2010.

Value for Money 2009/10

- 5.13 This and the above statistics are an achievement in the context of the significant risks to the morale and loyalty of the Council's workforce arising from the difficult circumstances of the past 2 years.
- 5.14 Based on the evidence from our 2009/10 assessment, equal pay negotiations were a good example of well managed change. Unions were involved from start which has limited the impact on the Council, with Haringey being in the half of London Boroughs that have reached agreement or unilaterally implemented single status changes in the last 3 years.
- 5.15 The Council's organisational development team has several 'change managers' and a project management approach to change. The SMART working programme aims to maximise the use of Council office space and create a work environment that enables staff to better serve residents. At the time of our assessment more than 400 staff had relocated. The programme is expected to realise £1.4 million annual savings for the Council. Change teams obtain regular feedback from staff and 80% of those surveyed said that support given prior to move was 'excellent' or 'good'.
- 5.16 The Council has a thorough understanding of its employment profile:
- 48.7% of staff are BME (borough profile 34.4% BME)
 - 73.8% of employees are female (borough profile 49.9% women)
 - 5% of the workforce are disabled increased from 4.6% in 2007/08
 - in 2009, of the top 5% earners 20% are BME staff (increase from 18% in 2007 but still below profile).
- 5.17 The Council won three national WOW! customer service awards in 2009, including best authority. The Council also won awards at the National Customer Service Awards in 2007, 2008 and 2009.
- 5.18 Overall, we considered that the Council had strong arrangements for the effective management of its workforce.
- 5.19 The Council is aware of a number of significant challenges in the area of workforce management arising from the significant changes impacting on local government and the rest of the public sector from current and future funding reductions and changes in the respective responsibilities of public sector and VCS organisations.

A Action Plan

This action plan includes recommendations intended to assist the Council in improving its performance in key areas of its activity. Our priority system grades the most significant recommendations as High priority (on a scale of High to Low).

Ref.	Recommendation	Priority	Management response	Implementation details
3.5	<p>In 2010/11, the Council will need to work hard to finalise and implement efficiency and savings programme (which will also look at transformational change within the Council) to ensure that it is best placed to deal with significant current and future funding pressures. This will include the need to clearly identify which activities provide the best value for money to the local population, based on a more widespread understanding of costs and outcomes.</p>	High	<p>The Haringey Efficiency and Savings Programme (HESP) is being finalised to incorporate current resource allocation. The programme includes a number of work streams through which the Council will manage the necessary changes. Value for money is central to the HESP and will be central to everything we do, set against the context of values and policies set by Members with a focus on vulnerable members of the community.</p> <p>We continue to update our needs analyses which are used to inform commissioning and procurement activity.</p>	<p>2010 to 2012 Director of Corporate Resources</p>

Ref.	Recommendation	Priority	Management response	Implementation details
3.11	The Council should produce its annual report earlier, as it did in 2007/08.	Medium	Agreed	August 2011 Head of Communications
3.12	The Council should ensure a continued focus on the production of its first set of IFRS compliant accounts in 2010/11 including ensuring that it mitigates against potential risks of the implementation project going off track.	Medium	Agreed	March 2011 Deputy CFO
4.13 - 4.15	<p>The Council should ensure that it continues to emphasise the importance of data quality to prevent any relaxation in compliance and a potential return to an "inadequate" assessment.</p> <p>The Council should ensure a continued focus on dealing with identified areas for improvement arising from any spot-check work (for example reducing the level of manual intervention required to process system data for reporting purposes, a common but non-critical theme in our findings).</p>	Medium	The Council continues to focus on data quality with its ongoing programme of data quality audits and the implementation of the Data Quality Strategy. The proposed new structure for Performance Management and the Business Intelligence functions will further strengthen the Council's data quality arrangements.	Ongoing Head of Performance Management

Ref.	Recommendation	Priority	Management response	Implementation details
4.32	<p>The Council should ensure that its AGS is presented to Members by someone from outside of audit, in line with best practice, so that the Head of Internal Audit can clearly demonstrate her independence when providing her opinion on the AGS.</p>	Medium	<p>The Council's Head of Legal Services and Director of Corporate Resources present the draft Annual Governance Statement to the Chief Executive's Management Board for review and approval. We will ensure that an officer other than the Head of Audit and Risk Management present the AGS to the Audit Committee for approval.</p>	<p>For 2010/11 AGS approval processes. Director of Corporate Resources</p>



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Agenda item:

[No.]**Audit Committee****On 2 November 2010**

Report Title Housing Allocations, Lettings and Homelessness Services Re-Inspection – Final Report	
Report of Director of Urban Environment	
Signed: 	Date: 25 October 2010
Contact Officer : Phil Harris, Assistant Director (Strategic & Community Housing Services) Tel: 020 8489 4338 E-mail: phil.harris@haringey.gov.uk	
Wards(s) affected: All	Report for: Key Decision
<p>1. Purpose of the report</p> <p>1.1 To inform the Audit Committee of the outcome of the Audit Commission's re-inspection of the Council's Housing Allocations, Lettings and Homelessness services and to summarise the contents of the final inspection report.</p> <p>1.2 To approve the approach that the Council will take in responding to the Audit Commission's recommendations and findings.</p>	
<p>2. Introduction by Cabinet Member</p> <p>2.1 Overall, the final report is very positive and recognises the significant progress that has been made in Strategic & Community Housing Services since the last inspection in October 2007 and the recruitment of a new management team.</p>	

2.2 Although there is still much to be done, I am especially pleased with the second judgement of 'excellent prospects for improvement' (page 39) and the references to "good progress", "strong track record" and "strengths significantly outweigh weaknesses". By reading this section of the report first, it is possible to gain a good overview of the Housing Service as a whole and the journey we are on. The preceding sections of the report look at the service in more detail.

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

3.1 The actions taken in response to the Audit Commission's recommendations will help meet the following priorities in the Council Plan:

Priority 3 - A Thriving Haringey

Improving housing conditions in the private sector and in the Council's stock of permanent and temporary accommodation, to provide families and vulnerable households with the stability they need, making it easier for them to maintain their links with schools, healthcare professionals and support networks.

Priority 4 - A Caring Haringey

Continuing to prevent homelessness by leading the delivery of Haringey's multi agency Homelessness Strategy 2008-11 and maintaining focus on effective prevention and options services. Improving the speed of homelessness decision making and adopting a more transparent Allocations policy. By moving homeless households out of Temporary Accommodation and into private sector accommodation the Council is supporting independent living.

Priority 5 –Driving Change, Improving Quality

Improving value for money through more cost-effective procurement, rent negotiations with private landlords and more effective use of the Council stock.

4. Recommendations

4.1 It is **recommended** that the Audit Committee:

- (a) Receives and notes the Audit Commission's final report and judgements in relation to its re-inspection of the Council's Housing Allocations, Lettings and Homelessness services.; and
- (b) Agrees to the proposed approach for responding to the Audit Commission's recommendations and findings.

5. Reason for recommendation(s)

- 5.1 The Audit Commission's re-inspection was a significant statutory requirement and the outcome is therefore being reported to Members for consideration and noting.
- 5.2 The successful outcome of the re-inspection indicates the good progress that has been made in Strategic & Community Housing Services since the last inspection in October 2007 and contributes to enhancing the Council's reputation.

6 Summary

- 6.1 The Audit Commission inspected the Council's Housing Allocations and Lettings Service in October 2007 and after some delay, published its final report in December 2008. The judgement was that the Housing and Lettings Service was a "poor" (no stars) service with "promising prospects for improvement".
- 6.2 In accordance with usual inspection practice, this meant a re-inspection would be conducted and, in May 2010, the Audit Commission undertook a re-inspection and extended the scope of that inspection to include Homelessness services.
- 6.3 The Audit Commission's draft report was issued on 21 June 2010 and, following minor changes, the final report was published on 12 August 2010.
- 6.4 It was the judgment of the Audit Commission that the Council is providing a "Fair" (one star) service that has "excellent prospects for Improvement".
- 6.5 The Audit Commission identified a number of improvements that the Housing Service has achieved since the previous inspection, along with a number of areas where strengths were adjudged to outweigh weaknesses. The Commission's summary and scoring is set out in **Appendix A** of this report.
- 6.6 In its report, the Audit Commission made 4 specific recommendations (see **Appendix B**) in relation to improvements that the Council should make in relation to the following areas:
- (a) Access to services and customer focus
 - (b) Allocation of vacant social housing
 - (c) Prevention of homelessness
 - (d) Unit cost benchmarking and value for money
- 6.7 The Council is expected to act on the recommendations and to address the weaknesses identified in the report.

- 6.8 During the period leading up to the inspection, Strategic & Community Housing Services revised its approach to service improvement and developed the Housing Improvement Plan for 2010-12. This sets out the Housing Service's approach to continuous improvement and ongoing service change and development in response to the political, financial and social challenges the service is facing.
- 6.9 The Housing Improvement Plan was developed shortly after the preparation of the self-assessment submitted to the Audit Commission for inspection and, as a result, it anticipates to a great extent the improvements and weaknesses that the inspectors have since identified in their report. It therefore provides a ready-made framework within which the required local improvement actions are being managed and monitored.
- 6.10 A review is being carried out to ensure that all of the Audit Commission's recommendations and findings are reflected appropriately in the Housing Improvement Plan and its underlying action plans.
- 6.11 The Audit Commission invited the Council to submit a formal response to the inspection recommendations, which was duly published alongside the report on the Commission's website. There are no material issues with the inspection findings or the conduct of the inspection, and overall the inspection was balanced, professional and a positive experience for the service.

7 Chief Financial Officer Comments

- 7.1 Homelessness is a key financial issue for the Council, as changes in Housing Benefit levels from April 2010 have already led to a significant overspend within the Housing budget in 2010-11 and further proposed changes are likely to exacerbate this position.
- 7.2 The Issues identified within the Inspection report are covered within the Housing Improvement Plan and are thus in the process of being actioned. These actions can be delivered within existing resources and are expected to mitigate the impact of Housing Benefit changes by continuing to reduce the level of Homelessness

8 Head of Legal Services Comments

- 8.1 The Head of Legal Service has been consulted in the preparation of this report.
- 8.2 This re-inspection was carried out by the Housing Inspectorate pursuant to its powers under the Local Government Act 1999 section 10. Under the Act the Housing Authority has a duty to ensure that its services comply with the requirements of the best value legal framework and as such the recommendations and findings should be implemented as part of the Housing Improvement Plan and its underlying action plans.

9 Equalities & Community Cohesion Comments

- 9.1 The inspection report includes comments relevant to the equalities and diversity elements of the service's improvement plans and these will be reviewed and strengthened to ensure the Audit Commission's findings are addressed.
- 9.2 This will include, for example, ensuring that Equalities Impact Assessments are completed more comprehensively, and ensuring that the approach to monitoring diversity to ensure fair and equal access across all services is more consistent and produces more demonstrable outcomes.

10 Consultation

- 10.1 Consultation took place with the Audit Commission on their findings and the draft report. The final report has been published on the Commission's web site and the Council has submitted a formal response, to be published alongside it.
- 10.2 A number of the improvement actions that address the inspection findings are already underway and where appropriate these include provision for service user and stakeholder consultation. This is identified in the Housing Improvement Plan or its underlying plans, including consultation on the Housing Allocations Policy.

11 Service Financial Comments

- 11.1 The Service is continuing with the approach outlined in the Housing Improvement Plan for 2010-12. The recommended service improvements will be contained within the budgets for 2010/11 and 2011/12.

12 Use of appendices

Appendix A – Audit Commission Summary and Scoring
Appendix B – Audit Commission Recommendations

13 Local Government (Access to Information) Act 1985

- 13.1 Audit Commission Report - Allocations, Lettings and Homelessness Re-inspection, London Borough of Haringey July 2010.
- 13.2 Strategic & Community Housing Services, Housing Improvement Plan 2010-12.

Appendix A – Audit Commission Summary and Scoring

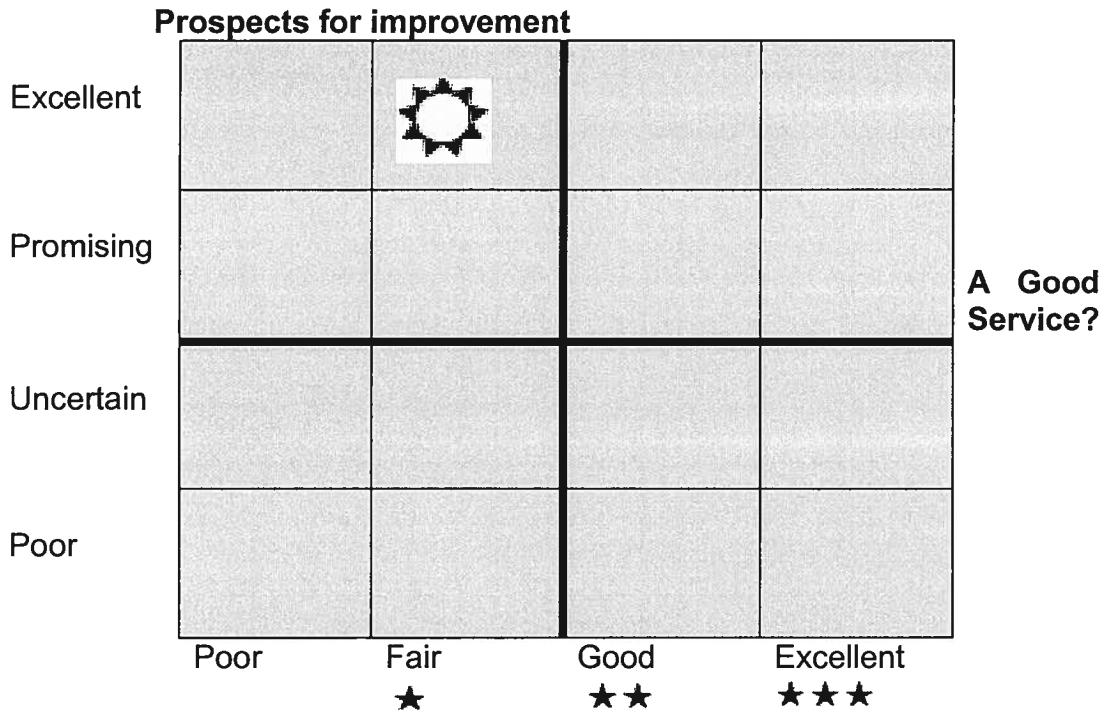
Summary

- 1 Haringey Council provides 'fair' allocations, lettings and homelessness services, which have excellent prospects for improvement. The services were inspected in 2007 and found to be 'poor', with promising prospects for improvement. This re-inspection found that services have improved in a number of areas.
- 2 There is now a comprehensive approach to preventing homelessness and offering housing options, which has contributed to a steady reduction in the use of temporary accommodation. Targets to limit the use of bed and breakfast accommodation have been met, and the standard of temporary accommodation is generally satisfactory. However, Haringey still has a very high number of households in temporary accommodation and the speed of homelessness decision-making is slow.
- 3 Services are generally easy to access and a good range of information is available, although the speed of telephone access is not meeting targets. Frontline staff provide a good level of customer care, and appointments are made efficiently and in appropriate timescales. There is also a sound approach to dealing with complaints. However, service standards are not comprehensive and the approach to obtaining customer feedback is patchy.
- 4 There is an effective approach to assessing and meeting the needs of vulnerable adults, and a strong multi-agency approach to providing advice and support to people experiencing domestic violence. There are arrangements to make services accessible to all customers, and a range of surgeries and activities take place to reach out to different groups. However, the approach to monitoring diversity to ensure fair and equal access across all services is not consistent or comprehensive and has produced limited outcomes.
- 5 The present lettings policy is not sufficiently transparent, registrations are not carried out promptly and the register has not been reviewed for several years, although the Council has plans to address these issues.
- 6 The Council has reduced the cost of providing temporary accommodation, while maintaining standards, but there is also a lack of comprehensive benchmarking and comparative data to enable the service to be sure it is delivering value for money.
- 7 The prospects for improvement are considered to be 'excellent' because appropriate plans and strategies are in place, with actions that will improve services for customers. There is a strong track record of improvement over recent years, including good progress against the recommendations of the 2007 inspection. Performance monitoring and reporting is generally robust and there has been strong leadership of the inspected services. There is the financial and staffing capacity to deliver further improvement and capacity is strengthened through external funding and partnership working.

Scoring the service

8 We have assessed London Borough of Haringey as providing a 'fair', one-star service that has excellent prospects for improvement. Our judgements are based on the evidence obtained during the inspection and are outlined below.

'a fair service that has excellent prospects for improvement'



Source: Audit Commission

9 We found the service to be fair because it has a range of strengths including:

- an effective approach to preventing homelessness and using the private rented sector has significantly reduced the level of temporary accommodation used;
- the housing and support needs of vulnerable adults are being addressed;
- targets for limiting the use of bed and breakfast accommodation have been met;
- good quality information and an informative website are available for service users;
- there is effective working with housing associations and other partners in the allocation of homes and prevention of homelessness;
- the multi-agency Hearthstone service is providing effective one-stop help to people facing domestic abuse;
- there is effective procurement of temporary accommodation, which has reduced unit costs while maintaining standards; and
- there is a sound approach to dealing with complaints.

10 However, there are some areas which require improvement. These include:

- the current allocations policy is not sufficiently transparent and needs updating;
- housing registrations are not carried out promptly;
- there are lengthy average relet times for empty council homes;
- the speed of homelessness decision-making is not meeting targets;
- diversity monitoring is not comprehensive and has not been systematically used to improve service delivery;
- the service does not have a clear understanding of the value for money of the inspected services and how this compares with other organisations;
- telephone calls are not answered within target times; and
- service standards are not yet comprehensive, and there are weaknesses in monitoring and reporting of performance against the standards.

11 The service has excellent prospects for improvement because:

- there is a strong track record of improvement over recent years, including progress against the recommendations of the 2007 inspection;
- appropriate plans and strategies are in place, with actions that will improve services for customers;
- performance monitoring and reporting is generally robust;
- there has been strong leadership of the inspected services which has supported improvement; and
- there is the financial and staffing capacity to deliver further improvement and capacity is strengthened through external funding and partnership working.

12 However, there are barriers to improvement. These include:

- progress has been slow in some areas, such as a failure to review the housing register; and
- there has not been a sufficiently strong focus on learning from other organisations or from customer feedback.

Appendix B – Audit Commission recommendations

Recommendation

R1 The Council should improve access and its customer focus by:

- ensuring that service standards are comprehensive and that performance against them is regularly monitored and reported;
- ensuring that telephone answering is accurately monitored and meets target timescales;
- ensuring that support is available to people bidding for properties at all Customer Service Centres;
- ensuring that the diversity of service users is monitored and that this information is used to shape service delivery and to ensure fair and equal access to services;
- completing equality impact assessments of all key service areas; and
- ensuring that customer feedback on the inspected services is regularly collected, reviewed and acted upon.

Recommendation

R2 The Council should improve its approach to allocating vacant social rented homes by:

- reviewing the present allocation policy, in consultation with stakeholders, to ensure that it provides customers with a clear understanding of how homes are allocated;
- ensuring that new housing applications are registered promptly;
- regularly reviewing the housing register to ensure that it records current housing need; and
- ensuring that the allocation element of property relet times is minimised.

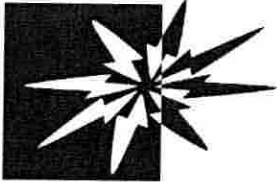
Recommendation

R3 The Council should improve its approach to preventing and addressing homelessness by:

- developing an effective private sector deposit guarantee scheme for 'non-priority' homeless people;
- ensuring that landlords of Home Finder Scheme properties are either accredited, or meet accreditation standards before being accepted onto the scheme;
- ensuring that homelessness decisions are taken as promptly as is reasonably possible;
- considering the provision of a specialist mediation service, particularly for young people leaving home; and
- ensuring that all reports of disrepair in temporary accommodation are responded to in line with the agreed procedures and timescales.

Recommendation

R4 The Council should take action to improve its approach to providing value for money by assessing the unit costs and outcomes of its services and initiatives and comparing these with other organisations, including high performers.



Haringey Council

Agenda Item

Audit Committee**On 2nd November 2010**

Report title: **Annual Statement of Accounts – outcome of the annual audit for 2009/10 and review of the annual governance statement**

Report of: **Director of Corporate Resources**

Ward(s) affected: All

Report for: Information

1. Purpose

1.1 To update the Committee on the final outcome of the annual audit for 2009/10 and to agree an action plan flowing from the audit of the accounts and auditor's 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: Kevin Bartle – Lead Finance Officer

Contact officer: John Holden – Acting Head of Finance – Accounting and Control
Telephone 020 8489 3720

3. Executive Summary

3.1 The statutory report of Grant Thornton following their audit of the Council's accounts 2009/10 was approved by the General Purposes Committee on 23rd September 2010. 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 the Director of Corporate Resources to General Purposes Committee on 28 June 2010 – Statement of Accounts 2009/10

Report of the Director of Corporate Resources to General Purposes Committee on 23 September 2010 – Annual Governance Report

6. Background

- 6.1 At the General Purposes committee meeting of 23rd September 2010, Grant Thornton presented to members the findings from their audit of the accounts for 2009/10, prior to signing off the audit by the statutory deadline of 30th September 2010.
- 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 30th September 2010, in the event the auditors issued the opinion on 27th September 2010.
- 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 2009/10 accounts on 7 June 2010 (prior to submission to the auditor of the full draft accounts on 28 June), which enabled the auditors to carry out a technical review of the accounts. This review was fed back to Council officers prior to the 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.

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

- The Council managed an effective closedown process and worked with the auditors to ensure a more rapid completion of the audit than in previous years.
- The Council continues to secure improvements in valuing and accounting for its fixed assets although the audit findings suggest there is scope for further development, particularly in light of the requirements under international accounting standards applicable from 2010/11.
- The Council is developing its response to the forthcoming comprehensive spending review and will need to work hard to deliver the anticipated significant financial challenge ahead.

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 and management response for improvements arising from the annual audit. This action plan is attached at Appendix A to this report with the management responses.

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 beyond those stated in the body of this report.

Appendix A - Action Plan

Rec. No.	Para Ref	Recommendation	Priority	Council response	Implementation date and responsibility
1	-	<p>Accounting for council tax using the Collection Fund Adjustment Account</p> <p>During our review of the Council's accounting for council tax under the new SoRP requirements identified that the Council had not used a Collection Fund Adjustment Account to reflect the surplus or deficit on collections during the year. Whilst the values involved are not material we would recommend that the Council ensure the correct accounting is applied for 2010/11 in order to prevent a larger problem from arising in future years.</p>	Medium	Agreed. In 2010/11 the Council will review the accounting entries relating to the surplus or deficit on the Collection Fund and transfer the appropriate balance to the Collection Fund adjustment account.	March 2011 Head of Finance – Accounting and Control
2	2.9 - 2.11	<p>NNDR debtor due from the Department for Communities and Local Government (DCLG) and tax payers</p> <p>Our testing showed a large balance due from DCLG in relation to NNDR pool income not received in respect of previous years. The Council was able to demonstrate that these debts relate as far back as 2006/07 and as such reflect a weakness in the Council's system for reconciling the Council's finance system to its benefits system and recording the receipt of this money in a timely fashion. The Council should ensure that the two systems are reconciled and that the finance system accurately presents the true debt due from the DCLG and tax payers on a more timely basis.</p>	Medium	Agreed. The Council will review the DCLG debt in relation to NNDR to ensure that SAP accurately reflects the correct position and ensure it is reconciled to SX3 on a timely basis. In addition the Council will ensure that any subsequent repayment of the DCLG debt is recorded accurately and on a timely basis.	December 2010 Head of Finance – Accounting and Control

3	2.12	<p>NNDR Income from Ratepayers</p> <p>Our testing identified a significant difference between the NNDR income recorded in the Collection Fund and the NNDR income as per the NNDR3 return submitted by the Council for certification. The Council should ensure that the calculation for NNDR income to be included in the accounts is based upon the same report used for the NNDR3 return. This should ensure that in future years the two income figures can be agreed.</p>	Medium	<p>Agreed. The Accounting and Control team will work closely with the Benefits and Local Taxation team to ensure that the same reports are used for closing and for compiling the NNDR3 return.</p>	<p>June 2011</p> <p>Head of Finance – Accounting and Control</p>
4	2.23	<p>Fixed Asset Movements</p> <p>The Council should ensure that manual checks are performed on the reports run from the fixed asset register to ensure that the movements reported in the fixed asset note are compliant with the SoRP.</p>	Medium	<p>Agreed. The Council will incorporate additional reconciliation checks on the reports generated from the fixed asset register.</p>	<p>March 2011</p> <p>Head of Finance – Accounting and Control</p>
5	-	<p>Sundry Debtor Provision</p> <p>Our work on sundry debtors and the bad debt provision held against these balances identified a general provision of £420,000 which had been carried forward from 2007/08 and did not relate to specific balances. It is understood that this provision is held in order to mitigate against bad debts which service lines have not specifically provided against. Accounting standards do not allow the use of such general provisions and as such the Council should ensure a thorough review of all debtors and make provisions against specific balances that are considered doubtful.</p>	Medium	<p>Agreed. The Council will ensure that all bad debt provisions held are against specific debtor balances and not general provisions.</p>	<p>March 2011</p> <p>Head of Finance – Accounting and Control</p>

6	2.25	Depreciation of Council Houses As in the previous year the Council continues to use the major repairs allowance (MRA) as a proxy for Council house depreciation. The difference between the depreciation charged and the amount that would be charged under conventional depreciation methods was not considered material. However, the Council should continue with plans to calculate an actual depreciation figure on council dwellings in future years as the size of the impact can fluctuate year on year, particularly with the move to IFRS.	Medium	Agreed. The Council will continue to work towards analysing the Council dwellings' records held on the fixed asset register into their land and building constituents to enable actual depreciation figures to be calculated.	March 2011 Head of Finance – Accounting and Control
7	-	Reconciliation between rent and financial accounting systems Accounting information regarding rental income and debtors is maintained in a separate accounting system (OHMS) and a manual interface between the systems takes place as part of the closing process. In our review of the homelessness debtor a difference between the two systems was identified that had arisen due to human error when processing the manual interface. The Council should introduce a system whereby manual interfaces such as this are reconciled to ensure that the correct figures are included in the accounts.	Medium	Agreed. The Council will review the reconciliations currently produced between the OHMS system and the Council's finance system SAP and ensure that future reconciliations will identify this potential error from recurring.	December 2010 Head of Finance – Accounting and Control
8	2.27	Hostel Valuations The Council should formally document the rationale to back up the EUV basis used for valuing hostels, and ensure it is supported by appropriate evidence, to confirm compliance with the CLG housing valuation guidance.	Medium	Agreed. The Council will review the valuation methodology used for hostels to confirm compliance with CLG guidance.	December 2010 Head of Finance – Accounting and Control

9	2.32	<p>Classification of changes in asset values</p> <p>The reconciliation between revaluation schedule and figures included in the accounts for revaluations identified a group of transaction which had incorrectly been treated as assets with impairments. The Council should perform such as reconciliation as part of their closing procedures to ensure that figures within the accounts accurately reflect the supporting schedules.</p>	Medium	<p>Agreed. The proposed reconciliation will be incorporated into the closing process for 2010/11.</p>	<p>March 2011</p> <p>Head of Finance – Accounting and Control</p>
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Haringey Council
Agenda item:

Audit Committee

On 2 November 2010

Report Title.	Treasury Management Practices Document	
Report of:	Director of Corporate Resources	
Signed :	<i>Kevin Batta for DoCR</i>	
Contact Officer :	Nicola Webb, Head of Finance: Treasury & Pensions Telephone 020 8489 3726	
Wards(s) affected: All	Report for: Non Key Decision	
1. Purpose of the report		
1.1.	To present the Treasury Management Practices document for scrutiny as required by the CIPFA Treasury Management Code of Practice.	
2. Recommendations		
2.1	That members consider and approve the Treasury Management Practices (TMP) document attached as Appendix 1. The TMP was approved by General Purposes Committee on 23 rd September 2010.	
3. Reason for recommendations		
3.1	To ensure that the Treasury Management practices adopted and used by officers have been independently scrutinised by members and also to meet the requirements of the CIPFA Treasury Management Code of Practice.	
4. Summary		
4.1	The set of Treasury Management Practice documents required by the CIPFA Code of Practice are shown in the report. These explain how the Council approaches each aspect of treasury management.	

5. Head of Legal Services Comments

5.1 The Head of Legal Services has been consulted on the content of this report and comments that its content and recommendation are within the policy agreed by Council and consistent with the purposes of Financial Regulations.

6. Use of appendices

6.1 Appendix 1: Treasury Management Practices Document approved by General Purposes Committee on 23rd September 2010.

7. Local Government (Access to Information) Act 1985

7.1 The following background papers were used in the preparation of this report:

- CIPFA Treasury Management Code of Practice

For access to the background papers or any further information please contact Nicola Webb, Head of Finance: Treasury & Pensions, on 0208 489 3726.

8. Treasury Management Practices

8.1 The CIPFA Treasury Management Code of Practice requires local authorities to produce and maintain a document of Treasury Management Practices (TMP). The Code requires the document to be subject to scrutiny following initial member approval. The draft document was presented to and approved by General Purposes Committee on 23rd September 2010, as part of a wider report on treasury management issues.

8.2 The TMP document attached as Appendix 1 has been prepared using the words provided by CIPFA and they have only been changed where necessary to make them relevant to Haringey. A statement of how each area is applied by the Council is provided underneath.

8.3 The document is supplemented by a Systems Document covering the detail of how to apply the practices for use by officers in their day to day work on treasury management.

9. Recommendation

9.1 That members consider and approve the Treasury Management Practices (TMP) document attached as Appendix 1. The TMP was approved by General Purposes Committee on 23rd September 2010.

APPENDIX 1

Haringey Council: Treasury Management Practices (TMPs)

TREASURY MANAGEMENT PRACTICE 1: RISK MANAGEMENT

All treasury management activities involve both risk and the pursuit of reward or gain for the Council. The council's policies and practices emphasise that the effective identification, management and containment of risk are the prime objectives of treasury management activities.

The Director of Corporate Resources will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in *TMP6 Reporting requirements and management information arrangements*. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out below.

1.1 Credit and Counterparty Risk Management:

Definition

Credit and counterparty risk is the risk of failure by a counterparty to meet its contractual obligations to the Council under an investment, borrowing, capital, project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the Council's capital or revenue resources.

CIPFA Principle

The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in *TMP4 Approved instruments, methods and techniques* and listed in the annual Treasury Management Strategy Statement. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

Application in Haringey

The Council's counterparty list is drawn up with the advice of the Council's Treasury Management advisers and reflects the Council's cautious risk averse approach. It is approved annually as part of the Treasury Management Strategy Statement.

1.2 Liquidity Risk Management

Definition

Liquidity risk is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the Council's business/service objectives will be compromised.

CIPFA Principle

The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

Application in Haringey

The Council states in its Treasury Management Strategy Statement its borrowing strategy including whether it intends to borrow in advance of need. Officers maintain a cashflow forecast to ensure that adequate cash balances are available to meet the Council's obligations.

1.3 Interest Rate Risk Management

Definition

Interest Rate risk is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself adequately.

CIPFA Principle

The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with *TMP6 Reporting requirements and management information arrangements*.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

Application in Haringey

The Council has access to information from its Treasury Management advisers and other financial commentators about the likely future course of interest rates to enable it to assess future treasury risks. The majority of the Council's loans and investments are fixed rate and the proportion of those

which can be variable is set out in the Treasury Management Strategy Statement annually.

1.4 Exchange Rate Risk Management

Definition

Exchange rate risk is the risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the Council's finances against which the Council has failed to protect itself adequately.

CIPFA Principle

The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

Application in Haringey

Currently the Council does not have any significant transactions in foreign currencies, so exchange rate risk is not an issue for the Council.

1.5 Refinancing Risk Management

Definition

The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the Council for those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

CIPFA Principle

The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the Council as can reasonably be achieved in the light of market conditions prevailing at the time.

The Council will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over reliance on any one source of funding if this might jeopardise achievement of the above.

Application in Haringey

The Council monitors its maturity profile to ensure it is as even as possible to avoid substantial refinancing in any one year. Targets for the maturity profile are set as a prudential indicator in the Treasury Management Strategy Statement annually. When borrowing decisions are being made, the maturity profile is one of the factors considered when determining the length of time to borrow for.

1.6 Legal and Regulatory Risk Management

Definition

The risk that the Council itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the Council suffers losses accordingly.

CIPFA Principle

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the Council, particularly with regard to duty of care and fees charged.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the Council.

Application in Haringey

The Council's Financial Regulations, which form part of the Council's Constitution, contain evidence of the power to act as required by section 151 of the Local Government Act 1972.

The Council will confirm, if requested to do so by counterparties, the powers and authorities under which the Council effects transactions with them. Officers establish the powers of those with whom they enter into transactions for the first time, including any compliance requirements in respect of a duty of care and best practice.

1.7 Fraud Error and Corruption and Contingency Management

Definition

This is the risk that the Council fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

CIPFA Principle

The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

Application in Haringey

The Council has in place a Scheme of Delegations to ensure that only authorised officers can carry out transactions on behalf of the Council. A systems document is in place which details all the procedures to be followed by officers.

1.8 Market Risk Management

Definition

This is the risk that, through adverse market fluctuations in the value of the principal sums the Council borrows and invests, its stated treasury management policies and objectives are compromised, against which it fails to protect itself adequately.

CIPFA Principle

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

Application in Haringey

The Council does not currently invest in instruments whose market value can vary, so it is not exposed to this risk.

TREASURY MANAGEMENT PRACTICE 2 - PERFORMANCE MEASUREMENT

CIPFA Principle

The Council is committed to the pursuit of best value in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements.

Application in Haringey

The Council measures the performance of its treasury portfolio on a quarterly basis using the following measures:

- Value weighted credit score
- Time weighted credit score
- Weighted Average Maturity
- Interest rate payable
- Interest rate earned

Value for money from service providers is tested regularly through tendering processes.

TREASURY MANAGEMENT PRACTICE 3 - DECISION MAKING AND ANALYSIS

CIPFA Principle

The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the officers' detailed systems document.

Application in Haringey

The Council's treasury management team maintain a complete audit trail of all decisions taken within the limits set out in the annual Treasury Management Strategy Statement approved by the Council.

TREASURY MANAGEMENT PRACTICE 4: APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

CIPFA Principle

The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the Treasury Management Strategy Statement, and within the limits and parameters defined in *TMP1 Risk Management*.

Application in Haringey

The Treasury Management Strategy agreed by the Council on an annual basis sets out the approved instruments, methods and techniques to be used in treasury management. The Council's treasury management team undertake activities within the limits of the current strategy.

TREASURY MANAGEMENT PRACTICE 5: ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES AND DEALING ARRANGEMENTS

CIPFA Principle

The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the Director of Corporate Resources will ensure that the reasons are properly reported in accordance with *TMP6 Reporting requirements and management information arrangements*, and the implications properly considered and evaluated.

The Director of Corporate Resources will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Director of Corporate Resources will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out.

The Director of Corporate Resources will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

The Director of Corporate Resources will fulfil all responsibilities delegated to them in accordance with the Council's policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on Treasury Management.

Application in Haringey

The officers carrying out treasury management activity have clear roles and limits of responsibilities and embedded in these is the principle of segregation of duties. These arrangements are subject to an annual internal audit to ensure the controls in the procedures are sufficient.

TREASURY MANAGEMENT PRACTICE 6: REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

CIPFA Principle

The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum:

The Council will receive:

- an annual report on the strategy and plan to be pursued in the coming year
- a mid-year review
- an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and Treasury Management Practices.

The General Purposes Committee will receive regular monitoring reports on treasury management activities and risks.

The Audit Committee will have responsibility for the scrutiny of treasury management policies and practices.

Application in Haringey

The draft annual Treasury Management Strategy is reported initially to General Purposes Committee. It is then presented to Audit Committee for scrutiny before Cabinet and final approval by full Council in February each year in time for the new financial year.

The mid-year report and out-turn reports are presented to General Purposes Committee, Cabinet and full Council.

General Purposes Committee are responsible for monitoring treasury management activity and this is carried out through the production of quarterly reports.

TREASURY MANAGEMENT PRACTICE 7: BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

CIPFA Principle

The Director of Corporate Resources will prepare, and the Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with *TMP1 Risk management, TMP2 Performance measurement, and TMP4 Approved instruments, methods and techniques*. The Director of Corporate Resources will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with *TMP6 Reporting Requirements and management information arrangements*.

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting

practices and standards, and with statutory and regulatory requirements in force for the time being.

Application in Haringey

The costs of the staff working on treasury management are shown in the Corporate Finance budget and the interest earned and payable are shown in the Non Service Revenue budget. These expenditure and income budgets will be brought together and reported when setting the Treasury Management Strategy.

The Council accounts for all its treasury management transactions in accordance with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom.

TREASURY MANAGEMENT PRACTICE 8: CASH AND CASH FLOW MANAGEMENT

CIPFA Principle

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Director of Corporate Resources, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Director of Corporate Resources will ensure that these are adequate for the purposes of monitoring compliance with *TMP1.2 Liquidity risk management*.

Application in Haringey

All the Council's funds are aggregated for cash flow and investment management arrangements. The only exception to this is pension fund monies, which are invested separately in accordance with the requirements of the Local Government Pension Scheme (Management & Investment of Funds) Regulations 2009.

A cash flow forecast is prepared at the beginning of the financial year and maintained on a regular basis to manage the Council's liquidity risk.

TREASURY MANAGEMENT PRACTICE 9: MONEY LAUNDERING

CIPFA Principle

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained.

Application in Haringey

In accordance with recommended practice the Council maintains an anti money laundering policy. The policy is to prevent, wherever possible, the

organisation and its staff being exposed to money laundering, to identify the potential areas where it may occur and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases. The Council has nominated the Head of Internal Audit & Risk Management to be the responsible officer to whom any suspicions relating to transactions involving the Council will be communicated. The responsible officer is conversant with the requirements of the Proceeds of Crime Act 2002 and ensures relevant staff are appropriately trained and informed so they are alert for suspicious transactions. The responsible officer has made arrangements to receive and manage the concerns of staff about money laundering and their suspicion of it, to make internal enquiries and to make reports, where necessary, to National Criminal Intelligence Services (NCIS).

The officers carrying out treasury management have clear procedures to identify the borrowers and lenders they deal with. The procedures specify the authentication process which must be followed when dealing with a lender or borrower for the first time.

TREASURY MANAGEMENT PRACTICE 10: TRAINING AND QUALIFICATIONS

CIPFA Principle

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Director of Corporate Resources will recommend and implement the necessary arrangements.

The Director of Corporate Resources will ensure that Council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities. Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

Application to Haringey

All council members are invited to attend training on treasury management when they are elected and on a regular basis to keep their knowledge and skills up to date.

Officers' training needs are reflected in their development plans and they keep their knowledge and skills up to date through information and events from the Council's treasury advisers and CIPFA.

TREASURY MANAGEMENT PRACTICE 11: USE OF EXTERNAL SERVICE PROVIDERS

CIPFA Principle

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times. It recognises that there may be potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Director of Corporate Resources.

Application in Haringey

Contracts are in place with the Council's bankers and treasury management advisers. These are subject to regular review and re-tender in accordance with the Council's Contract Procedure Rules, which form part of the Council's Constitution.

TREASURY MANAGEMENT PRACTICE 12: CORPORATE GOVERNANCE

CIPFA Principle

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Council has adopted and has implemented the key recommendations of the Code. This together with the other arrangements detailed in this document, are considered vital to the achievement of proper corporate governance in treasury management, and the Director of Corporate Resources will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Application in Haringey

The Director of Corporate Resources ensures that systems are in place to deliver proper financial administration and holds monthly meetings with officers responsible for treasury management to review the operation of the function. The annual Treasury Management Strategy Statement and quarterly reports are published on the Council's website, along with the annual Statement of Accounts to ensure transparency.

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Haringey Council

Agenda item:

Audit Committee

On 2 November 2010

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

Report authorised by: Julie Parker, Director of Corporate Resources

Signed : *J. Parker 25/10/10*

Report of and Contact Officer : Ian Biggadike, Deputy Head of Benefits and Local Taxation
Tel: 020 8489 1939

Email: ian.biggadike@haringey.gov.uk

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 1st June 2010 – 30th September 2010.

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

- 2.1 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. Recommendations

- 3.1 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.

4. Reason for recommendation

- 4.1 For Members to remain informed of the activity of the Fraud Investigations Team and are able scrutinise this accordingly.

5. Other options considered

5.1 Not applicable.

6. Summary

6.1 The Benefits and Local Taxation Service continues to maintain and further develop an effective approach to counter benefit fraud activity.

6.2 During the period 1/7/10 to 30/9/10, BLT achieved 39 sanctions and a further 6 cases referred for prosecution.

6.3 Key work priorities for the Fraud Investigation Team in Quarter 2 have been prosecutions, the National Fraud Initiative, Housing Benefit Matching Service, pro-active operations with the Police and Homelessness and joint working with the Department for Work and Pensions.

7. Chief Financial Officer Comments

7.1 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 & local taxation cash limit.

8. Head of Legal Services Comments

8.1 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.

8.2 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.

9. Head of Procurement Comments

9.1 Not applicable.

10. Equalities & Community Cohesion Comments

10.1 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 adherence to the Council's Equalities and Community Cohesion policies.

11. Consultation

11.1 No consultation was required for the production of this report.

12. Service Financial Comments

12.1 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.

12.2 However, there is a clear expectation on Local Authorities to maintain effective counter fraud activity

12.3 The Benefits and Local Taxation Service currently 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.

12.4 The Council has reviewed options available, in order to make effective use of existing resources in addressing fraud prevention and detection. The Councils corporate anti fraud policies and strategies are being reviewed in order to reflect a new Corporate Anti Fraud Structure, combining the in-house fraud investigation resources within internal audit, with those in the Housing Benefits Investigation Team

13. Use of Appendices / Tables and photographs

13.1 Appendix 1 - Detailed breakdown of sanction cases achieved during Quarter 2 2010/2011

14. Local Government (Access to Information) Act 1985

14.1 The background working papers are located within the BLT Fraud Section, 10 Station Rd, Wood Green N22.

15. BACKGROUND

15.1 Counter fraud performance is primarily judged against successful outcomes in respect of Prosecutions and Sanction based activity. 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.

15.2 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.

16 COUNTER FRAUD ACTIVITY

16.1 Performance of the Fraud Investigation Team for the 2nd quarter 2010/11 is summarised in Table 1. (figures in brackets are for the equivalent period in 2009/10)

Table 1

Sanction Type	Number Issued	2 nd Quarter Target	Status
Caution	28 (13)		Accepted
Admin Penalty	5 (5)		Accepted
Prosecution	6 (8)		Guilty
Total	39 (26)	40 (34)	

16.2 Sanctions performance during quarter 1 and quarter 2 finished just three cases short of the 60 case target for the period.

16.3 Partnership working with Police operations, the DWP Fraud Investigations Team and other local authorities fraud operations have continued in Quarter 2.

16.4 In addition, we continue to work closely with Safer Communities to provide intelligence towards the Gang Action Group initiative.

17 Overpaid Housing Benefit

17.1 From 1/6/10 to 30/9/10 - counter fraud activity has identified £631,321 in overpaid Housing and Council Tax benefits and a further £2,516. in Administrative Penalties.

17.2 Central government subsidy paid in relation to overpayments is at a rate of 40p to the £1.00 or 40%.

17.3 Consequently, it can be estimated that £252,528. has been recovered from the DWP in subsidy. This then leaves a 60% shortfall against benefit expenditure.

- 17.4 The subsidy arrangements are designed to incentivise local authorities to recover overpaid Housing Benefit. If an overpayment is fully recovered, the Local Authority can keep the recovered income as well as the 40% subsidy, thus receiving 140% return on the benefit paid out.
- 17.5 We are still unable to report our performance with recovery of overpayments due to problems with the IT software which is currently being resolved.. It is anticipated that we should be able to report recovery performance in the Quarter 3 audit committee report. However, we have undertaken a manual exercise which has revealed that 71.5% of overpayments created through detection of fraud have recovery action currently in progress – either recovered in full or ongoing recovery action taking place
- 17.6 The Department for Work and Pensions have implemented the “one strike” rule for all sanctions, where an overpayment occurs solely after 1/4/10. This strike will be that 4 weeks benefit will be lost for a first sanctionable offence and a further 13 weeks lost for a subsequent offence. This rule is primarily enforced by the DWP and applies equally to all sanctions including Prosecutions. This could have financial implications for the Council in terms of Public Sector rent arrears and Council Tax recovery depending on the case types investigated and the outcomes involved. As yet, no cases have been affected by the one strike rule, as all sanctions so far in 2010/2011 also relate to previous years.

18 Anti-fraud and corruption strategy

- 18.1 The 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.
- 18.2 The Anti-Fraud and Corruption Strategy outlines the types of activities the Council will use to both detect and prevent benefit fraud. Since April 2008 the Benefit and Local Taxation Service has re-focussed activities to remind benefit claimants of the importance to report changes in their circumstances to ensure that the right benefit is being paid.
- 18.3 The Council has reviewed the options available for the detection and prevention of benefit fraud, in order to make the most effective use of existing resources available across the Council. As a direct result of this review. the responsibility for the investigation and prevention of Housing Benefit fraud will be moving from the Benefits and Local Taxation Service to a newly formed Corporate Anti Fraud Team,

19 Successful prosecutions in 2010/11 so far

19.1 Below are details of prosecutions that have taken place in 2010/2011 so far.

- A husband and wife team who contrived a tenancy in order to claim £58,000 in Housing Benefits over 6 years – sentenced to a year supervision order and 80 hours community service respectively - £1,500 costs awarded
- A man who had £67,000 in a safety deposit box received £26,000 in Housing and Council Tax benefits over a 2 year period – sentenced to 3 months custodial suspended subject to a supervision order and imminent confiscation proceedings
- A woman living with a working partner who also had £38,000 in capital – where £33,000 in Housing and Council Tax benefits was claimed over 6 years – sentenced to 10 months custodial sentence
- A man with a false passport and adopted identities for a further 6 people – claimed £17,000 in Housing Benefit over 2 years – sentenced to 15 months custodial
- A man who failed to notify he left his address 2 ½ years before - received £25,500 in Housing Benefit – sentenced to 150 hours community service and £1,300 costs
- A man who had stolen an identity for Council Tax benefit and other financial frauds - received £670 in Council Tax benefits over a year and a half – sentenced to 2 years for the range of offences involved and will be deported upon release
- A man who was working full-time received DWP and LA benefits totalling £22,500 over a 4 year period – sentenced to 20 weeks custodial sentence suspended for 2 years – 150 hours community service and £800 costs



Haringey Council

Agenda item:

Audit Committee

On 2 November 2010

Report Title: Internal Audit Progress Report – 2010/11 Quarter 2	
Report authorised by: Director of Corporate Resources <i>J. Fowler</i> <i>25/10/10</i>	
Report of and Contact Officer: Anne Woods, Head of Audit and Risk Management Tel: 020 8489 5973 Email: anne.woods@haringey.gov.uk	
Wards(s) affected: All	Report for: Non-key decision
<p>1. Purpose of the report</p> <p>1.1 To inform the Audit Committee of the work undertaken during the second quarter by the Internal Audit Service in completing the 2010/11 annual audit plan and reports issued for outstanding 2009/10 audits together with the responsive fraud investigation work. In addition, to provide details of the work the Council's personnel division has undertaken in supporting disciplinary action taken across all departments by respective council managers.</p>	
<p>2. State link(s) with Council Plan Priorities and actions and/or other Strategies:</p> <p>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 provide assurance that managers have implemented agreed recommendations and improvements.</p>	
<p>3. Recommendations</p> <p>3.1 The Audit Committee is recommended to note the audit coverage and progress during the second quarter 2010/11.</p> <p>3.2 That the Audit Committee notes the progress and responses received in respect of outstanding audit recommendations.</p> <p>3.3 That the Audit Committee confirms that the actions taken during Quarter 2 to</p>	

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 2010 and focuses on:

- Progress by Deloitte and Touche 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;
- 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; and
- Information on the reasons for the creation of a corporate anti-fraud resource within Audit & Risk Management.

6.2 The information has been compiled from information held within the Audit & Risk Management business 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 this report, and advises that there are no direct legal implications arising from the report.

8. Chief Financial Officer Comments

8.1 The Chief Financial Officer supports the contents and recommendations set out in

this report and in particular the progress reported both in relation to the in year planned activity and also following up outstanding recommendations from prior years.

8.2 The proposed integration of the audit and housing benefit investigation functions should enable the council to be best placed to deal with a likely increase in fraudulent activity as set out in paragraph 19.5. Furthermore, a review and update of the Council's corporate anti-fraud policies and strategies is planned and will be provided to the Audit Committee to review and approve as set out in the terms of reference.

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 during the audit process and in the production of individual internal audit reports and follow up programmes. 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 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 nd Quarter	Year to date	Target
A1	Audit work Completed vs. Planned programme	71%	75%	95%
A2	User satisfaction (1 = low, 5 = high)	4	3.71	3.75
A3	Time taken to complete investigations (2009/10 referrals)	6.5 weeks	8 weeks	8 weeks
A4	Priority 1 recommendations implemented at follow up	100%	100%	95%

16. Internal Audit work – Deloitte and Touche contract

16.1 The activity of Deloitte and Touche for the second quarter of 2010/11 to date is detailed at Appendix A, which also includes reports issued for outstanding work from the 2009/10 audit plan. 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. As at 30 September, only 2 recommendations from prior years remained outstanding: 2005/06 - One Priority 2 recommendation remains outstanding; and 2007/08 - One Priority 3 recommendation remains outstanding. Work is ongoing to address these and internal audit is satisfied that managers' actions are appropriate to manage the

lower priority risks facing the Council. Internal Audit will continue to monitor implementation of recommendations to ensure appropriate actions are taken to mitigate identified risks.

16.3 A summary of all follow up audit projects for 2008/09 work which have been undertaken is also included in Appendix A (pages 16-17). We have followed up on 181 recommendations to date and found that 174 (96%) have been implemented and seven are no longer applicable which means that there are no outstanding recommendations from 2008/09. All Priority 1 recommendations followed up to date, where the deadline for implementation has passed, have been implemented.

16.4 A summary of all follow up audit projects for 2009/10 work which have been undertaken is also included in Appendix A (page 19). We have followed up on 29 recommendations to date and found that 27 (93%) have been implemented and one is no longer applicable. Ten out of eleven Priority 1 recommendations followed up to date, where the deadline for implementation has passed, have been implemented. One Priority 1 recommendation is in progress and the details provided at Appendix A.

16.5 To date, 71% of the planned annual programme of work for quarter 2 has been delivered, the reduced delivery was as a result of clients' annual leave commitments. To date, 75% of the planned work has been completed, although at this stage there are no issues identified at this date which will prevent the 95% annual target from being achieved. Ongoing monthly contract monitoring reviews ensure that performance levels are kept under review.

16.6 In conjunction with the Director of Corporate Resources, 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 performance 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.

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 2010/11 and any which were brought forward from 2009/10. 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.

17.2 Within the second quarter, six new cases were referred to Internal Audit for investigation, and four cases were completed during the quarter involving Council employees. The four cases completed took 6.5 weeks on average to complete, within the agreed performance target of 8 weeks. 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, 22 referrals in relation to new allegations were made via the Council's email reporting facility. Of these, seven related to housing benefits issues and were referred to the Housing Benefit Fraud Investigation Team for further review, five related to potential subletting frauds and five referrals related to school admissions. Five referrals were not related to fraud within Haringey Council.

17.4 The In-house Team also investigates claims of non-receipt of Council cheques. In the second quarter of 2010/11, there have been no referrals for investigation and no losses to the Council. 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 2010/11. 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 During quarter 2, the number of disciplinary cases investigated was 63, with 45 remaining 'open' at the end of the quarter. The average length of time taken to resolve disciplinary cases in quarter 2 was 91 days, a reduction of 14 days compared with the average length of time for the previous quarter's cases. A number of the complex cases which contributed to the increased length of suspension time in recent quarterly reports were resolved during quarter 2, although some remain under investigation.

19. Corporate Anti-fraud Resources

19.1 The National Fraud Authority (NFA) was established as an Executive Agency of the Attorney General's Office in October 2008, to take forward the Government's response to fraud, building on the 2006 Fraud Review. The NFA has estimated that the total scale of fraud against the public sector amounts to some £25 billion per year, comprising £18 billion of losses in tax through fraud and £7 billion of fraud against public sector expenditure, including social security benefits.

19.2 There is a significant challenge to public sector organisations in attempting to balance resources between fraud prevention and detection. As economic circumstances alter, the motive and opportunities for fraud may increase and developing issues like identity verification arise with the increase in online services. This applies equally to fraud threats from inside and external to the organisation.

19.3 Frauds may be opportunistic attempts by individual members of staff, customers, or contractors to obtain a financial advantage. The sums involved in any one such case may be small, but these can mount up to significant losses of public money if there are a lot of cases involved. At the other end of the scale, departments may suffer from more systematic and premeditated attacks by organised crime groups. These may be fewer in number but the losses in each case can be substantial. In some cases fraudsters may work in collusion with the department's staff. As well as diverting money that should be spent on public services, fraud can undermine the position of honest citizens and businesses and support the activities of those involved in other serious crime.

19.4 The Council faces a wide range of different risks from internal and external fraud, some examples of which include:

- Benefit claimants who fail to declare all earnings, income or capital, or who conceal family circumstances, to obtain benefits to which they are not entitled;
- People who claim discounts and allowances on Council Tax and/or NNDR to which they are not entitled;
- People obtaining social housing to which they are not entitled;
- Contractors who claim payment for work which they have not carried out;
- People or businesses who claim grants to which they know they are not entitled;
- Employees colluding with contractors or criminals to defraud the Council by e.g. selling details of departmental records to allow fraudulent claims for payment;
- Organised criminals obtaining large sums, for example through committing organised fraud against the benefit system through stolen, forged or counterfeit documents, or through creating fictitious benefit claims.

19.5 The Council is facing considerable challenges to deliver services whilst making substantial savings over the next three years. Combined with the current economic situation, the risk of fraud is considered to be increasing. The Council has reviewed the options available in order to make the most effective use of existing resources in addressing fraud prevention and detection. Combining the in-house fraud investigation resources within internal audit and housing benefits would enable the Council to utilise existing skills in developing a corporate pro-active approach which would focus attention on key and emerging risks, for example as part of the National Fraud Initiative exercise.

19.6 An integrated and risk based corporate approach would therefore assist the Council to better understand and manage the risks of fraud because this:

- Fits in with good corporate governance. A major element of good corporate governance is a sound assessment of the Council's business risks. Fraud risk should be managed in the same way as managing any other business risk and should therefore be approached systematically at both the organisational and operational level;
- Helps with developing a range of measures which apply proportionate and well targeted pressure at all levels of the problem;
- Can help achieve a cost effective approach in tackling fraud by focusing on areas of greatest risk and where efforts may have the greatest impact; and

- Can be a helpful way of communicating to staff what the Council is trying to do and what is expected from them. This can also assist in providing a deterrent message to potential fraudsters that they are unlikely to succeed in attempts to commit fraud against the Council.

19.7 In combining the audit and housing benefit investigation functions, an integrated and risk based approach to tackling fraud can be developed. It will enable a clear policy and strategy to be developed and implemented for the Council which will:

- Help to understand the size of the problem;
- Understand the types of risk;
- Assign responsibilities for tackling fraud;
- Prepare plans for managing fraud risks;
- Monitor performance and review plans as necessary;
- Set targets;
- Implement measures to tackle fraud;
- Prevent and deter fraud; and
- Detect, investigate and impose sanctions.

19.8 There is no single package of measures which can be applied universally by and across the Council to tackle fraud. Measures need to be tailored to the type and size of risk faced in order to try and achieve savings, or prevent fraudulent expenditure. Savings could arise in three ways:

- The direct effects from recovering amounts defrauded;
- The preventive effect, through improved future compliance from those previously detected committing fraud; and
- The deterrent effects on others as they learn of the greater efforts being taken to crack down on fraud.

19.9 It is planned to review and update the Council's corporate anti-fraud policies and strategies in order to reflect the new corporate anti-fraud structure. These will be provided in due course to the Audit Committee for review and approval, in accordance with the committee's terms of reference.

**Internal Audit
Quarter 2 Internal Audit Report
2010/2011
London Borough of Haringey**

Deloitte & Touche Public Sector Internal Audit Ltd.
October 2010

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Executive Summary

Introduction

This is our second quarter report to the Audit Committee for the 2010/11 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 our internal audits. 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.

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

- Priority 1* - major issues for the attention of senior management
- Priority 2* - other recommendations for local management action
- Priority 3* - minor matters and/or best practice recommendations

Key Highlights/Summary of Quarter 2 2010/11 – Final Reports issued:

- Catering Services (CYPS) – Compliance with Financial Regulations;
- Transport Services (CYPS) – Compliance with Financial Regulations;
- Corporate Property Services – Risk Register Testing;
- Security Virus & Patch Management;
- CCTV Community Safety Management and Operation;
- Health & Safety (Corporate Risk Register); and
- Local Democracy & Member Services (Risk Register Testing).

As part of the 2010/11 Internal Audit Plan, we also issued a draft report in Quarter 2 for the following audits:

- Absence Management (Urban Environment);
- Park Force (Project Management Assurance);
- Certificates of Lawfulness;
- Employment Ongoing Verification Procedures; and
- Local Democracy & Member Services Risk Register Testing.

The above list does not include reports which we have issued to schools in Quarter 2.

Follow Up of Prior Years' Recommendations

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

2005/06

One Priority 2 recommendation remains outstanding; work is ongoing to address this.

2007/08

One Priority 3 recommendation remains outstanding; work is ongoing to address this.

2008/09

We have followed up 181 recommendations and found that 174 (96%) have been implemented and seven are no longer applicable. All Priority 1 recommendations followed up to date, where the deadline for implementation has passed, have been implemented.

2009/10

To date we have followed up 29 recommendations and found that 27 (93%) have been implemented, one has been partly implemented and one is no longer applicable. One Priority 1 recommendation has not been fully implemented and a revised deadline has been given by management for its full implementation.

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2010/11

APPENDIX A

Audit Progress Summary:

The following table sets out the audits finalised in quarter two of 2010/11, showing those that relate to the 2009/10 and 2010/11 financial years, 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.

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)		
					1	2	3
2009/10							
Council Tax	Jan 2010	6/7/10	Substantial	↔	0	3	0
Creditors	Nov 2009	12/7/10	Substantial	↔	0	2	0
Unaccompanied Asylum Seeking Children	Nov 2009	14/7/10	Limited	N/A	5	3	0
Framework I Disaster Recovery Test	May 2010	15/7/10	N/A	N/A	0	1	0
Housing Benefits	Feb 2010	17/8/10	Substantial	↔	0	12	0
Mental Health	Apr 2010	24/8/10	Limited	N/A	1	3	0
Data Transfer	Feb 2010	16/09/10	Limited	N/A	0	9	0
2010/11							
Catering Services – Compliance with Financial Regulations	Apr 2010	19/7/10	Substantial	N/A	0	7	2
Transport Services (CYPS) – Compliance with Financial Regulations	Apr 2010	22/7/10	Substantial	N/A	1	5	0
Corporate Property Services - Risk Register Testing	May 2010	22/7/10	Substantial	N/A	0	1	1
Security Virus & Patch Management	Jul 2010	13/8/10	Substantial	N/A	0	1	1
CCTV Community Safety Management and Operation	Jul 2010	31/08/10	Substantial	N/A	0	1	0
Health & Safety (Corporate Risk Register)	Jun 2010	03/09/10	Substantial	↔	1	2	1
Local Democracy & Member Services (Risk Register Testing)	Aug 2010	08/09/10	Full	N/A	0	0	0

DETAILED SUMMARIES:

Audit area	Scope	Status/key findings	Assurance
CORPORATE RESOURCES – IT AUDIT			
<p>Data Transfer 2009/10</p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> • Policies, Procedures and Guidelines Policies, procedures and guidelines have been established for the transfer of data to external organisations. • Data Security Training and Awareness Arrangements are in place to provide staff with adequate training and awareness around the secure transfer of data to external organisations. • Data Classification Data classification markings have been defined and guidelines are in place to ensure that data is marked accordingly based on its confidentiality/sensitivity. • Data Sharing Protocols Data sharing protocols have been established with the external organisations with which the Council shares its data. • Data Sharing Register Complete, accurate and up to date records are maintained to help identify which data 	<p>Within the system there are some weaknesses which 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"> • The Council has a number of policy, procedure and guideline documents in place to help ensure that data transferred to external organisations is done so in a secure and appropriate manner; • The AUP/006 Mobile Working/Portable Storage Device Acceptable Usage Policy prohibits staff from using portable data storage devices to transfer data with a protective marking of PROTECT or above and controls have been established to restrict staff from loading specific classes of data onto these devices; • The Council's intranet site, Harinet, contains an e-learning portal that allows staff to complete computer based training. The software also has the functionality to monitor and report on user results and course completion; • The Government Connect Secure Extranet (GCSx) e-learning course includes the protective marking of information and the handling and transfer of data. This course, however, is only specific to GCSx users and therefore this has not been delivered to all staff within the Council; • The Council have adopted the UNCLASSIFIED, 	<p>Limited</p>

Audit area	Scope	Status/key findings	Assurance
	<p>sets are shared with which external organisation.</p>	<p>PROTECT, RESTRICTED, CONFIDENTIAL, SECRET and TOP SECRET protective marking scheme. This scheme is compliant with the Government's Security Policy Framework National Protective Marking Scheme;</p> <ul style="list-style-type: none"> • The following policies and procedures have been developed to help ensure that the Council's information is marked in accordance with the protective marking scheme: <ul style="list-style-type: none"> ○ ISP/003 Information Classification Policy; ○ ISP/003a Appendix A – How to Classify Information; and ○ ISP/007 Information Handling, Labelling and Disposal Procedures; • The 'Haringey Information Sharing Protocol – A Practitioner Guide' and 'Haringey Information Sharing Protocol' templates have been developed for establishing Information Sharing Protocols between the Council and external organisations with whom Council data is shared; and • An Information Sharing Protocol register has been established to help identify and monitor Information Sharing Protocols the Council have established with external organisations. The register is designed to record the name of the Information Sharing Protocol, the participants/partners to the protocol, a brief description of the protocol, the protocol status, the Council owner of the protocol and the protocol review date. <p>The areas where weaknesses were found include:</p> <ul style="list-style-type: none"> • The roles and responsibilities of the Senior Information Risk Officer (SIRO) have not yet been formally defined and assigned to an accountable officer; 	

Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> • Ownership of information assets within the Council have not yet been clearly defined and assigned to Information Asset Owners; • The Council's Information Risk Policy has not yet been formally documented and approved; • The Data Protection Policy was drafted in October 2009 but has not yet been formally approved, finalised and distributed to all staff; • The 'Records Management and Data Handling' e-learning module has not yet been completed and made available on the Harinet e-learning portal. Staff across the Council have therefore not yet received any formal training on data handling; • Although e-learning courses for 'Data Protection' and 'Information Security' is available on Harinet, only a very small percentage of staff within the Council has completed the training. This was supported by the generally low levels of awareness during our audit interviews amongst some staff of the data security, protective marking and incident reporting policies and procedures within the Council; • Although policies, procedures and guidelines have been established for the protective marking of Council information, information held within Council departments is not being positively marked in accordance with the policy; • There are a number of data sharing arrangements in place across the Council that are not supported by an agreed Information Sharing Protocol; • The Information Sharing Protocol templates do not 	

Audit area	Scope	Status/key findings	Assurance
		<p>include any provisions for including the types of data being shared, the approved methods transferring and securing the shared data; and</p> <ul style="list-style-type: none"> • Although the Council has established an Information Sharing Protocol Register, the register is incomplete and out of date and therefore does not include all the protocols in place for the data sharing arrangements in place across the Council. <p>As a result of our audit work we have raised nine Priority 2 recommendations which will help improve controls in the area.</p> <p>The priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> • Information owners for the information assets that are held within the Council should be appointed and their roles and responsibilities should be clearly defined; • The Council's Data Protection Policy should be formally approved, finalised and distributed to all staff; • The responsibilities of a Senior Information Risk Officer (SIRO) should be formally defined and the role assigned to a member of the Board or Senior Management Team; • The Council should develop an Information Risk Policy; • The 'Records Management and Data Handling' e-learning module should be completed, approved and delivered to all staff across the Council; • Information assets held within the Council should be identified and marked in accordance with the Council's approved 'Information Classification Policy'; • Information Sharing Protocols should be established for the information sharing arrangements that the Council has with external organisations; 	

Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> The Information Sharing Protocol template should be reviewed and updated to include details pertaining to the type of information being shared, the approved methods by which the shared data can be transferred and the approved handling/security arrangements to be applied to the shared data; and The Information Sharing Protocol Register is reviewed and updated (where necessary) on a regular basis. 	
ADULT, CULTURE & COMMUNITY SERVICES			
Mental Health 2009/10	Audit work was undertaken to cover the following areas: <ul style="list-style-type: none"> Identification of Adults who are Potentially at Risk; Recording and Screening of Referrals; Assessment of Clients Needs (including case conference and decision making); Assessments of Appropriate Care Package; Monitoring and Review of Service Providers; Prevention and Early Intervention; Delivery of Self-Directed Support; Payments for Services Received; and Budgetary Control. 	Within the system there are weaknesses which put some the system objectives at risk. A number of controls were observed to be operating satisfactorily, some of which are listed below: <ul style="list-style-type: none"> A risk assessment policy is in place; For a sample of five patient/service user referrals, a record was in place of their referral being screened by the Short Term Assessment and Recovery Team (START) and of their assessment having been carried out by the Support and Recovery Team; A KPI is in place and is monitored for the time taken to complete an assessment of a Service User, following their referral to the Support and Recovery Team; and Budget monitoring reports were produced and meetings took place for the months in the sample. The areas where weaknesses were found include: <ul style="list-style-type: none"> For a sample of five service users who are part of the Care Programme Approach (CPA), it was found that in one case, no record of the CPA being in place was recorded on 	Limited

Audit area	Scope	Status/key findings	Assurance
		<p>RiO;</p> <ul style="list-style-type: none"> • In several instances, the Mental Health Performance Call Over meeting minutes identified that further action needed to be taken but did not specify a deadline for when the action was to be implemented by; and • The Safeguarding Adults Prevention Strategy 2009-11 is still in draft form. <p>Audit was not able to complete testing in a number of areas as the information was not readily available at the time of the audit: evidence that risk assessment training and early intervention training had been provided to relevant staff, evidence of Short Term Assessment and Recovery Team (START) staff structure chart being in place, evidence that procedure notes are in place for the completion of referral screenings by START and evidence of the training received by staff responsible for completion of referral screenings.</p> <p>As a result of our audit work we have raised one priority 1 and three priority 2 recommendations to help improve controls in the area.</p> <p>The Priority 1 recommendation is as follows:</p> <ul style="list-style-type: none"> • Relevant staff within the Trust should be reminded of the need to record in RiO, all cases where a service user is subject to a Care Programme Approach (CPA). Senior management should also carry out spot checks to verify whether a record of a service users CPA has been made on RiO. <p>The Priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> • The Assessment and Care Management Manual should be reviewed and updated, to ensure that its contents are in line with the strategic direction and objectives of the 	

Audit area	Scope	Status/key findings	Assurance
		<p>Council as a whole. Evidence of this should be retained e.g. through the use of version control;</p> <ul style="list-style-type: none"> • Explicit deadlines should be recorded on all action plans developed to improve areas where performance has dropped to facilitate monitoring of the implementation and progress of these actions; and • The Safeguarding Adults Prevention Strategy should be reviewed and formally approved for use within the Council. <p>It has been agreed with management that the following areas will be covered as part of the audit of Transformation Social Care Programme to be completed in the final quarter of the 2010/11 financial year:</p> <ul style="list-style-type: none"> • Assessment of an individual's ability to manage their budget as part of their care plan; and • Guidance to service users on how they should manage their personal budgets. 	
CHILDREN & YOUNG PEOPLES SERVICES			
<p>Unaccompanied Asylum Seeking Children 2009/10</p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> • Compliance with Local and Statutory Requirements; • Documentation, Policy and Procedures; • Application, Assessment and Referral Processes; • Monitoring and Review of Clients and Service Provision; 	<p>Within the system there are weaknesses which 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"> • There was evidence of links between the Service's senior staff and statutory organisations and other similar organisations to assist with the identification of changes in legislation; • The applications received and assessed by the Service are documented on the Framework-i system; 	Limited

Audit area	Scope	Status/key findings	Assurance
	<ul style="list-style-type: none"> • Payments to Service Providers; • Budget Management and Control; and • Monitoring and Reporting Arrangements. 	<ul style="list-style-type: none"> • There is evidence of some feedback sessions organised for the service users; and • A purchase order was raised for all transactions sampled. <p>The areas where weaknesses were found are listed below:</p> <ul style="list-style-type: none"> • Guidelines available within the Service are not comprehensive and have not been reviewed and updated within the past twelve months; • The outcome of the initial assessments had not been documented for two out of 10 children sampled and there was also no evidence to show that the results of the core assessments and notifications of the IND had been recorded for eight out of 10 children; • There is currently no independent review by senior management of the assessment decisions made by officers within the Service; • LAC reviews and visits had not been completed as often as required for five out of 10 unaccompanied children; and • The Service’s managers have not recently completed a strategic review of the service provided. <p>As a result of our internal audit work in this area we have raised five priority 1 and three priority 2, 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"> • The policies, procedures and guidelines available to the Service should be reviewed and updated, where appropriate, to reflect all current practices, agreed management policy and current regulation and legislation; • All relevant staff should be reminded of the requirement to 	

Audit area	Scope	Status/key findings	Assurance
		<p>ensure that the results of all initial and core assessments are documented and retained;</p> <ul style="list-style-type: none"> • A quality assurance process should be developed and implemented for the regular and independent review by senior management of a sample of assessment decisions made by officers within the Service; • The completion of the statutory Looked After Children (LAC) reviews and visits by relevant staff and social workers should be monitored by the senior management within the Service and reported on as part of the Team's Performance Management Framework; and • Senior management within the Service and the Directorate should complete a strategic review of the service to cover current performance against agreed standards and resource requirements against agreed objectives. <p>The priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> • Management should complete an analysis of any trends emerging from all relevant reviews of performance; • The budget monitoring process should be formalised to include regular monitoring meetings between the Finance Team and relevant budget holders; • The performance reports produced by the Service, including performance against relevant national indicators, should be presented for discussion and further action, where appropriate, at the monthly senior management meetings. 	

FMSIS Assessments and Summary:

We have completed our work relating to 2009/10 with regard to checking continued compliance with the requirements of the Financial Management Standard in Schools (FMSIS). We visited 18 Schools, including 13 Primary Schools, two Children's Centres and three Secondary Schools. We have issued final reports for 17 Schools, all of which were assessed as meeting the Standard. As previously reported, no report was issued for John Loughborough Secondary School, as the School is deemed to have failed the assessment due to the required information not being provided for us to complete the assessment.

We will continue our scheduled visits to relevant Schools in Quarter 3, as part of our work relating to 2010/11. We will report on the results of our work in our next report to the Audit Committee.

Detailed Progress Report - Implementation of Recommendations 2005/06

Ref	Recommendation	Priority	Original Deadline	Progress/Status
ADULTS, CULTURE & COMMUNITY SERVICES				
TOREX Leisure Management System				
1	<p>Management should contact the software suppliers with a view to investigating whether and how 'failed logon attempts' can be included in the existing Audit Trail logging, as are successful logons and logouts currently.</p>	2	Ongoing / May 2008	<p>Partly Implemented</p> <p>Management confirmed that this was raised with Xn, the software supplier, who were writing an amendment to the software for another client, which would then be available on general release for all their clients to install. The ITS Business Partner stated that it is understood that this would be released in March 2010 and that it was the business' intention to get this installed as a change request when it becomes available.</p> <p>Update at 5 July 2010:</p> <p>This recommendation has not been fully implemented due to problems with the software upgrade. The supplier issued an upgrade and some councils implemented this early but experienced significant problems resulting in the upgrade being withdrawn. The latest news from the supplier is that the issues have been resolved and the Council is due to migrate to 9.5 later this year. Revised Deadline: Quarter 2/3 2010</p> <p>Update 2 September 2010:</p> <p>It is expected that the upgrade of the current system to Version 9.5 will take place in November 2010.</p>

Detailed Progress Report - Implementation of Recommendations 2007/08

Ref	Recommendation	Priority	Original Deadline	Progress/Status
ADULTS, CULTURE & COMMUNITY SERVICES				
Appointeeship & Receivership				
1	<p>All policies and procedures should be reviewed regularly, and at least annually, and updated, if necessary.</p> <p>Furthermore, all documents should be dated and communicated to all relevant staff.</p>	3	March 2008	<p>Partly Implemented</p> <p>Update 2 September 2010:</p> <p>The Service have held discussions with Legal Services. The procedures have now been finalised from the Service's end and from Legal Services' end. However, one element of the procedures still needs to be agreed, relating to funerals. Legal Services have contacted other local authorities to determine their approach for dealing with funerals so that a reasonable and consistent approach can be applied for Haringey. The Service will discuss and agree the treatment of funerals with the Finance Manager (Adults Finance Team). The Service will book a slot for the revised procedure document to be agreed at DMT.</p> <p><i>Revised Deadline: October 2010</i></p> <p>Update 14.10.10:</p> <p>The documents are being prepared for submission to DMT for sign-off before being communicated to relevant staff.</p> <p><i>Revised Deadline: December 2010</i></p>

Follow Up Table - 2008/09 Audit Work

AUDIT AREA	Assurance Level	Recommendations													Priority 1 Recs. Outstanding			
		Category			Implemented					N/A								
		1	2	3	Total	1	2	3	Total	N/A	Not Imp.	In Progress	Not due					
Council-wide																		
Information Management & Security	Substantial	0	3	0	3	0	3	0	3	0	0	0	0	0	0	0	0	0
Chief Executives – PPP&C																		
Complaints Procedure	Substantial	0	3	1	4	0	3	1	4	0	0	0	0	0	0	0	0	0
Emergency Planning Procedures	Substantial	0	5	1	6	0	5	1	6	0	0	0	0	0	0	0	0	0
Chief Executives – P&OD																		
Pre-employment checks	Substantial	1	4	0	5	1	4	0	5	0	0	0	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	0	0	0
Payroll	Substantial	1	6	1	8	1	6	1	8	0	0	0	0	0	0	0	0	0
Corporate Resources																		
Insurance Arrangements	Full	0	0	0	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	0	0	0
Pension Fund Investment	Full	0	0	0	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	0	0	0
Council Tax	Substantial	1	1	2	4	1	1	2	4	0	0	0	0	0	0	0	0	0
Creditors	Substantial	0	2	1	3	0	2	1	3	0	0	0	0	0	0	0	0	0
Housing & Council Tax Benefits	Substantial	0	1	4	5	0	1	4	5	0	0	0	0	0	0	0	0	0
Cash Receipting	Substantial	0	0	1	1	0	0	1	1	0	0	0	0	0	0	0	0	0
NNDR	Substantial	0	3	3	6	0	3	3	6	0	0	0	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	0	0	0

APPENDIX A

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2010/11

AUDIT AREA	Assurance Level	Recommendations														Priority 1 Recs. Outstanding	
		Category						Implemented						N/A	In Progress		Not due
		1	2	3	Total	1	2	3	Total								
Sundry Debtors	Substantial	1	4	0	5	1	3	0	4	1	0	0	1	0	0	0	0
Cleaning Materials Procurement	Limited	5	5	1	11	5	5	1	11	0	0	0	0	0	0	0	0
Framework-I Application	Substantial	0	8	2	10	0	8	1	9	1	0	0	1	0	0	0	0
I-World Database	Substantial	0	5	1	6	0	5	1	6	0	0	0	0	0	0	0	0
ALBACS	Substantial	0	7	1	8	0	7	1	8	0	0	0	0	0	0	0	0
SAP CRM	Substantial	0	4	2	6	0	4	2	6	0	0	0	0	0	0	0	0
Urban Environment																	
Highways (Contractor Processes)	Substantial	1	2	0	3	0	0	0	0	3	0	0	0	0	0	0	0
Parking Services	Limited	0	11	0	11	0	11	0	11	0	0	0	0	0	0	0	0
Adults, Culture & Community Services																	
Cranwood Residential Care Home	Substantial	0	7	1	8	0	7	1	8	0	0	0	0	0	0	0	0
Red House Residential Home	Substantial	0	8	1	9	0	7	1	8	1	0	0	1	0	0	0	0
Cemeteries & Crematorium	Substantial	1	6	1	8	1	6	1	8	0	0	0	0	0	0	0	0
Commissioning & Strategy	Full	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leisure Centre Procurement	Substantial	2	4	0	6	2	4	0	6	0	0	0	0	0	0	0	0
Chestnuts Park (Project Mgmt. Assurance)	Substantial	3	3	0	6	2	3	0	5	1	0	0	1	0	0	0	0
Children & Young People's Services																	
Children's Centres – Broadwater Farm	Substantial	1	1	0	2	1	1	0	2	0	0	0	0	0	0	0	0
Children's Centre – General	Limited	3	6	1	10	3	6	1	10	0	0	0	0	0	0	0	0
Children's Centres – Pembury House	Substantial	0	2	0	2	0	2	0	2	0	0	0	0	0	0	0	0
Passenger Transport Services	Substantial	2	9	0	11	2	9	0	11	0	0	0	0	0	0	0	0
Building Schools for the Future (PMA)	Substantial	3	3	0	6	3	3	0	6	0	0	0	0	0	0	0	0
Total		26	128	27	181	24	124	26	174	7	0	0	7	0	0	0	0

Follow Up Table - 2009/10 Audit Work

AUDIT AREA	Assurance Level	Recommendations											Priority 1 Recs. Outstanding												
		Category				Implemented				N/A	Not Imp.	In Progress		Not due											
		1	2	3	Total	1	2	3	Total																
Chief Executives – P&OD																									
Councillor Call for Action	Substantial	0	1	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Corporate Resources																									
Decent Home Standards (Procurement)	Limited	5	2	1	8	5	2	1	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Urban Environment																									
Temporary Accommodation	Limited	3	8	0	11	2	8	0	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adults, Culture & Community Services																									
Recreation Services (including Leisure)- Risk Register Testing	Limited	2	0	0	2	2	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ACCS- Culture Libraries and Learning- Risk Register Testing	Substantial	0	3	0	3	0	2	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leisure Centres – Income Generation and Collection	Substantial	1	2	1	4	1	2	1	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		11	16	2	29	10	15	2	27	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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 Recommendations 2009/10

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
URBAN ENVIRONMENT				
TEMPORARY ACCOMMODATION				
1	<p>Management should undertake a review of all current procedures covering every team within the Service to ensure that these are up-to-date and properly reflect the new operational practices resulting from the 'whole service' restructure of Strategic and Community Housing Services and that, where procedures do not exist, these are developed. The procedures, which should have version controls and identify reviewing responsibility to be built into work plans, should then be formally reviewed and signed off by senior management. It is further recommended that the induction pack given to new staff should be reviewed and updated and that a training log should be kept for each staff, recording all gaps in skills and training provided.</p> <p>In addition, to the procedures being made available to staff, a process should be put in places for the dissemination of the procedures to all staff via training and briefing sessions.</p>	1	31 st March 2010	<p>Partly Implemented</p> <p>At the time of our follow-up audit, the teams within the Service were in the process of fully updating their policies and procedures. Although most of these have been developed and some have been finalised, it was found that there are some procedures which are still in draft format or are awaiting quality assurance review.</p> <p>An induction pack has is in the process of being finalised before being communicated to staff and made available on the Council's intranet. For all three teams sampled, training logs were maintained. We were informed by the Business Support Manager that action is currently being taken to try to centralise the training records maintained for staff in line with the results of the needs assessment completed for the Service.</p> <p>We were informed that the finalised procedures had been discussed at staff team meetings.</p> <p>Update from management in August 2010:</p> <p>“A list of the required procedures has been drawn up and it was always the intention that these will be finalised by September. The recent budget situation has led to proposal for a further e-structure hence whilst the procedures will be completed there may be a need to hold back on the finance one's in relation to temporary accommodation whilst revised team structures are finalised by March 2011”</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
				<p><i>Revised deadline: March 2011</i></p> <p><i>Responsible officer: Housing Assessments and Lettings Manager / Temporary Accommodation / Procurement & Compliance Manager.</i></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 2010

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APPENDIX B

IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/10 – 30/09/10 & B/F FROM 2009/10

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/09/2010	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Adults, Culture & Community Services	Allegation that employee used a fraudulent Blue B/F 2009/10	1	1	1	Dismissed	
	Allegation of Gross Misconduct	1	1	1	Appeal completed Dismissed	
	Allegation of theft of client monies	1	1	1	Dismissed	
Chief Executive Service	Allegation that employee undertaking other employment during contracted hours B/F 2009/10	1	1	1	Employee Dismissed Appeal Pending	
Children and Young People's Service	Allegation that employee had undeclared other employment	1	0	0	N/A	
	Allegation that employee working elsewhere whilst off sick	1	1	1	Disciplinary Action Pending	

APPENDIX B

IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/10 – 30/09/10 & B/F FROM 2009/10

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/09/2010	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Corporate Resources	Allegation of irregular land sale B/F 2009/10	1	1	1	Employee Dismissed	
	Allegation of working elsewhere whilst off sick	1	1	1	Appeal completed Employee Resigned	
	Allegation that employee is running a business from their desk	1	1	1	Disciplinary Action Pending	
Urban Environment	Allegation of irregular housing allocation B/F 2009/10	1	1	1	Disciplinary sanction imposed Appeal Withdrawn	
Total		10	9	9		

Disciplinary Case Analysis July to September 2010

Introduction

The information in this report is taken from SAP, covering the period 01 July 2010 – 30 September 2010.

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.

Disciplinary Cases by Directorate

Directorate	Cases Open	Cases Closed	No of cases	No of employees
AS	7	4	11	11
C	17	4	21	21
CR	10	2	12	10
PO	1	0	1	1
PP	4	1	5	4
UE	6	7	13	11
HGY	45	18	63	58

Please, note that the total number of cases is 63, but this only represents 58 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.

- **Policy, Performance, Partnerships and Comms** has the highest percentage of disciplinary cases against its workforce at 2.26% in this quarter
- 45 cases remain 'open' at the end of this period.

The following table looks at the stages of Disciplinary cases.

Stages of Disciplinary Cases

Stage	Cases Open	Cases Closed	Total	%
Invest. - not suspended	14	4	18	29
Invest. - suspended	20	11	31	49
ET	3	0	3	5
Appeal	8	3	11	17
Total	45	18	63	100

The following table identifies the outcomes of the 18 cases that were concluded.

Disciplinary Case Outcomes						
Outcome	Invest. - not suspended	Invest. - suspended	Invest. - appeal	Invest. - ET	Total	%
Compromise agreement	0	0	0	0	0	0
Dis. Appeal Dismissed	0	0	1	0	1	6
Dis. Appeal Part Upheld	0	0	1	0	1	6
Dis. Appeal Upheld	0	0	0	0	0	0
Dis. Appeal Withdrawn	0	0	1	0	1	6
Dis. Dismissal	1	7	0	0	8	44
Dis. ET Withdrawn	0	0	0	0	0	0
Dis. Final Written Warning	0	2	0	0	2	11
Dis. No Action	0	0	0	0	0	0
Dis. Other	0	0	0	0	0	0
Dis. Relegation/Demotion	0	1	0	0	1	6
Dis. Resigned	0	0	0	0	0	0
Dis. Verbal Warning	2	0	0	0	2	11
Dis. Written Warning	1	0	0	0	1	6
Escalated to next stage	0	0	0	0	0	0
Suspension Lifted	0	1	0	0	1	6
Total	4	11	3	0	18	100

- 44% of cases resulted in Dismissal

This table displays reasons for Disciplinary action against employees.

Reasons for Disciplinary Cases				
Reason	Cases Open	Cases Closed	Total	%
Assault	1	1	2	3
Attendance	1	2	3	5
Behaviour	15	7	22	35
Fraud / Theft	8	2	10	16
Misuse of resources	4	0	4	6
Negligence	13	3	16	25
Other	3	3	6	10
Total	45	18	63	100

- The highest cause for disciplinary action was for Behaviour at 35%

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

**Disciplinary Case employee representation
by Ethnicity and Gender**

Ethnic Class	Female		Male		All	
	Total	%	Total	%	Total	%
B & M E	18	51	17	49	35	60
White	10	48	11	52	21	36
Not Declared	1	50	1	50	2	3
Total	29	50	29	50	58	100

- 33% of the workforce is male, but the male representation with disciplinary cases is significantly higher at 50%

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

Disciplinary Case employee representation by Ethnicity and Grade Band													
(T = Total no. in grade band, WF = % of total disciplined employees in Directorate)													
Dir	Ethnic Group	SC1-SC5		SC6-SO2		PO1-PO3		PO4-PO7		PO8+		TOTAL	
		T	WF	T	WF	T	WF	T	WF	T	WF	T	WF
AS	B & ME	6	60	1	10	0	0	0	0	0	0	7	70
	White	2	20	1	10	0	0	0	0	0	0	3	30
	Total	8	80	2	20	0	0	0	0	0	0	10	100
C	B & ME	4	20	1	5	3	15	2	10	0	0	10	50
	White	2	10	3	15	1	5	3	15	1	5	10	50
	Total	6	30	4	20	4	20	5	25	1	5	20	100
CR	B & ME	3	30	2	20	1	10	0	0	0	0	6	60
	White	0	0	2	20	1	10	1	10	0	0	4	40
	Total	3	30	4	40	2	20	1	10	0	0	10	100
PO	B & ME	0	0	1	100	0	0	0	0	0	0	1	100
	White	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	1	100	0	0	0	0	0	0	1	100
PP	B & ME	0	0	0	0	2	50	2	50	0	0	4	100
	White	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	2	50	2	50	0	0	4	100
UE	B & ME	5	45	1	9	1	9	0	0	0	0	7	64
	White	2	18	0	0	2	18	0	0	0	0	4	36
	Total	7	64	1	9	3	27	0	0	0	0	11	100
HGY	B & ME	18	32	6	11	7	13	4	7	0	0	35	63
	White	6	11	6	11	4	7	4	7	1	2	21	38
	Total	24	43	12	21	11	20	8	14	1	2	56	100

NB: 2 employees are excluded from the above table due to not having an ethnicity declared

1 employee is from the Children's Directorate and in salary band PO8+

1 employee is from Adults, Culture & Comms Directorate and in salary band SC1-SC5

Suspensions

This table shows a summary of suspension cases.

Summary of Suspension Cases	
Case status	Total
No. of cases heard	11
No. of cases not concluded	20
No. of cases not concluded - leaver	0
Total	31

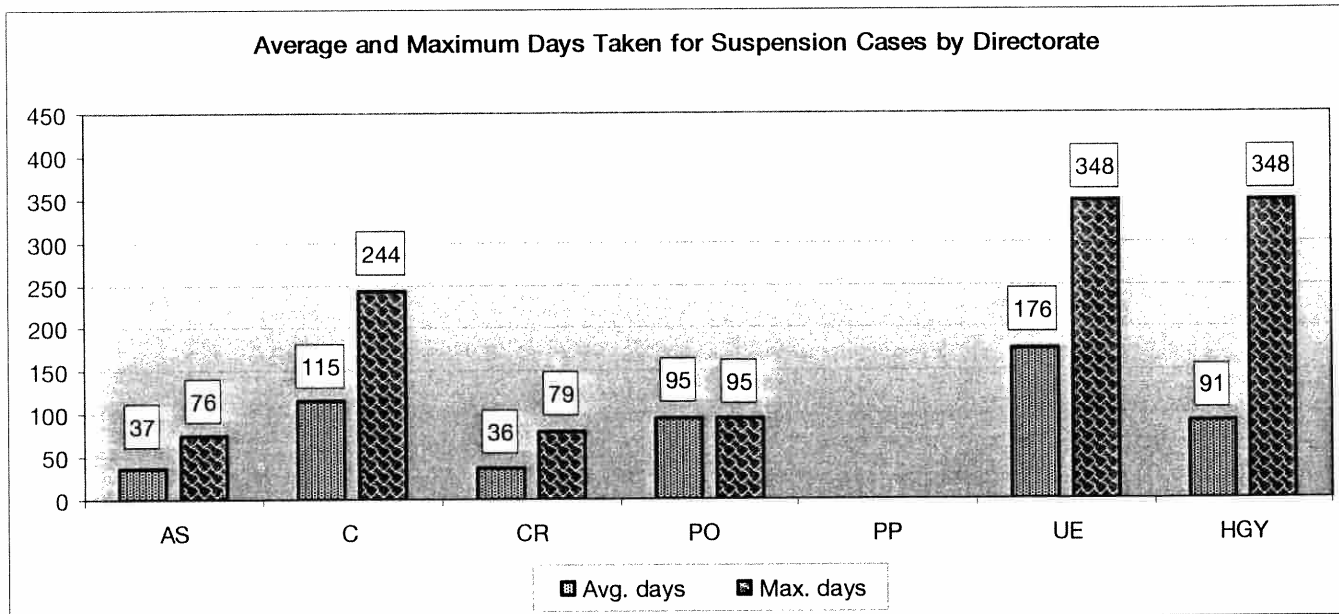
Timescales (no of days) of Suspension Cases

The table below looks at the 31 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.

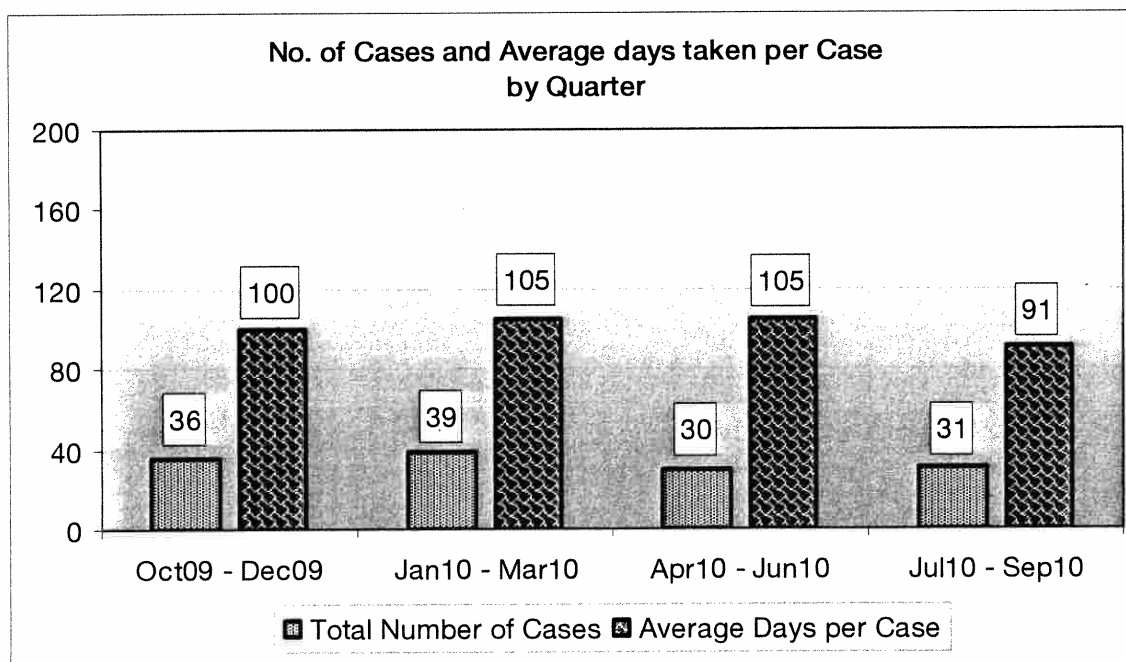
The table also identifies, by directorate, the average number of days suspension for all cases, the maximum days for a single case and average days suspension for cases heard within that period.

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	7	1	0	0	0	8	297	37	76	4	50
C	3	2	3	1	1	10	1151	115	244	2	63
CR	5	1	0	0	0	6	215	36	79	1	79
PO	0	1	0	0	0	1	95	95	95	0	0
PP	0	0	0	0	0	0	0	0	0	0	0
UE	1	2	0	1	2	6	1058	176	348	4	160
HGY	16	7	3	2	3	31	2816	91	348	11	95
Total cases closed	5	4	0	1	1	11					

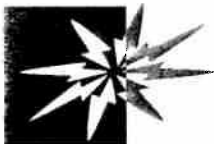
On average, 91 days were spent on each suspension case within the quarter.



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



Due to a number of difficult and complicated cases being concluded there has been a 14 day reduction in the in the average days taken per case for this quarter compared with the last quarter.



Haringey Council

Agenda item:

Audit Committee

On 2 November 2010

Report Title: Risk Management update Quarter 2 2010/11

Report authorised by: Director of Corporate Resources

J. P. W. 25/10/10

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

Tel: 020 8489 5973

Email: 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 compliance with the corporate risk management policy for the management of risk registers 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.

3. Recommendations

3.1 The Audit Committee is recommended to note the compliance with the risk management strategy for the completion of risk registers 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, the corporate Policy progress reports are provided on a regular basis for review and approval 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 compliance with the corporate risk management framework for risk registers during the second quarter of 2010/11.

7. Head of Legal Services Comments

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

8. Chief Financial Officer Comments

8.1 The Chief Financial Officer confirms that there are no direct financial implications associated with this report however, regular review and challenge to existing and emerging risks should significantly mitigate against financial exposure. Should any highlighted risk materialise, the impact, mitigation and reporting of these would normally be addressed in a separate report. Any significant implications would be reported to the Audit Committee as part of the agreed Terms of Reference.

8.2 The Chief Financial Officer is satisfied that the Council is complying with the corporate risk management strategy in relation to the completion of risk registers. In one case where the latest update to the risk register is more than three months old, the Head of Service has been requested by the Chief Financial Officer to review and update this within one month.

9. Head of Procurement Comments

9.1 Not applicable

10. Equalities and Community Cohesion Comments

10.1 This report deals with how risk registers are managed across all areas of the Council. Improvements in managing risks and controls will 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 and managing the corporate risk management policy 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 1 – Update on risk registers Quarter 2 2010/11

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 25 March 2010.

15.2 The Chair of the Audit Committee requested that a report on risk management and compliance with the Council's strategy in respect of risk registers be presented to the Committee on a quarterly basis. The review and testing of risk registers forms part of the 2010/11 annual audit plan which was approved at the Audit Committee meeting on 25 March 2010. 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 All risk registers are managed electronically at business unit, department and corporate level. Appendix 1 shows the latest position for all Business Units and Directorates as at the end of quarter 2.

16.2 The corporate risk register is reviewed on a quarterly basis by the Chief Executive's Management Board and reported annually to the Audit Committee. The last review by

the Audit Committee was completed at its meeting on 24 June 2010. The corporate risk register is subject to its quarterly review at the CEMB meeting on 2 November 2010.

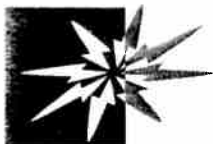
- 16.3 During the second quarter, a number of organisational changes have taken place across the Council. The functions of the previous PPP&C directorate are currently managed by other directorates and their risk registers are incorporated into the new reporting structures as follows: Safer Communities Business Unit now reports to the Director of Urban Environment; Policy and Performance and Communication and Consultation Business Units now report to the Assistant Chief Executive – People & Organisation Development. Appendix A reflects the changes made during quarter 2.
- 16.4 Covalent provides an audit trail to allow for monitoring and follow up by Internal Audit. One risk register (Benefits & Local Taxation) is currently being reviewed and will be updated on Covalent during October 2010. All other risk registers for business units and directorates have been reviewed and updated in accordance with the corporate policy.

Progress Report Quarter 2 2010/11 - Risk Register Update Summary

	Department	Level	Risk Register Title	Date of most recent review
1	Corporate - CEMB	Corporate	Corporate Register	June 2010
2	CE – People & Organisational Development (P&OD)	Dept	People & Organisational Development	October 2010
3	CE – P&OD	BU	Communication & Consultation	October 2010
4	CE – P&OD	BU	Policy & Performance	October 2010
5	CE – P&OD	BU	Human Resources	October 2010
6	CE – P&OD	BU	Local Democracy & Member Support	October 2010
7	CE – P&OD	BU	Organisational Development & Learning	October 2010
8	Corporate Resources (CR)	Dept	Corporate Resources	October 2010
9	CR	BU	Legal Services	October 2010
10	CR	BU	IT Services	October 2010
11	CR	BU	Customer Services	September 2010
12	CR	BU	Benefits & Local Taxation	July 2010
13	CR	BU	Corporate Finance	October 2010
14	CR	BU	Audit & Risk Management	September 2010
15	CR	BU	Corporate Procurement	September 2010
16	CR	BU	Corporate Property Services	September 2010
17	Children & Young People's Service (CYPS)	Dept	Children & Young People's Service	October 2010
18	CYPS	Dept	Safeguarding/JAR	September 2010
19	CYPS	BU	Children & Families	October 2010
20	CYPS	BU	School Standards & Inclusion	October 2010
21	CYPS	BU	Business Support & Development	September 2010
22	CYPS	BU	Children's Networks	October 2010
23	Adults Culture & Community Services (ACCS)	Dept	Adults Culture & Community Services	September 2010
24	ACCS	BU	Safeguarding & Strategic Services	September 2010
25	ACCS	BU	Adult Services & Commissioning	September 2010

Progress Report Quarter 2 2010/11 - Risk Register Update Summary

	Department	Level	Risk Register Title	Date of most recent review
26	ACCS	BU	Recreation Services	September 2010
27	ACCS	BU	Culture, Libraries & Learning	September 2010
28	Urban Environment (UE)	Dept	Urban Environment	October 2010
29	UE	BU	Strategic & Community Housing Services	October 2010
30	UE	BU	Frontline Services	October 2010
31	UE	BU	Planning & Policy Development	September 2010
32	UE	BU	Safer Communities	September 2010



Haringey Council

Agenda item:

Audit Committee

On 2 November 2010

Report Title: National Fraud Initiative 2010/11	
Report authorised by: Director of Corporate Resources <i>J. Power 25/10/10</i>	
Report of and Contact Officer: Anne Woods, Head of Audit and Risk Management Tel: 020 8489 5973 Email: anne.woods@haringey.gov.uk	
Wards(s) affected: All	Report for: Information
<p>1. Purpose of the report</p> <p>1.1 To inform the Audit Committee of the statutory 2010/11 National Fraud Initiative data matching exercise and the Council's compliance with the requirements of the exercise.</p>	
<p>2. State link(s) with Council Plan Priorities and actions and/or other Strategies:</p> <p>2.1 Audit and Risk Management contribute to the Council priority to deliver excellent, customer focused, cost effective services by ensuring that the Council responds appropriately to statutory requirements and investigates potential instances of fraud and corruption to minimise the risk of current and future losses.</p>	
<p>3. Recommendations</p> <p>3.1 The Audit Committee is recommended to note the contents of the report.</p>	
<p>4. Reason for recommendation(s)</p> <p>4.1 The Audit Committee is responsible for monitoring Council policies in relation to fraud and corruption as part of its Terms of Reference. In order to facilitate this, and provide information on implementation and compliance with these across the Council, progress reports are provided on a regular basis for review and information by the Audit Committee.</p>	
<p>5. Other options considered</p>	

5.1 Not applicable

6. Summary

6.1 The Council needs to ensure that there are appropriate arrangements and processes in place to comply with and respond to the statutory National Fraud Initiative exercise. The Council’s corporate Anti-fraud and Corruption policy; internal audit and housing benefit investigation teams; and service departmental resources form part of the assurances to satisfy the relevant requirements are in place and operating effectively.

7. Head of Legal Services Comments

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

8. Chief Financial Officer Comments

8.1 As set out in paragraph 12.1 there are no direct financial implications associated with the participation with this initiative however, it should help to identify fraudulent or incorrect payments some of which should be recoverable by the authority.

8.2 Furthermore, where individuals are identified and prosecuted, it provides a strong message that fraudulent behaviour will not be tolerated.

8.3 The Chief Financial Officer is satisfied that the Council complies with the requirements of the National Fraud Initiative.

9. Head of Procurement Comments

9.1 Not applicable

10. Equalities and Community Cohesion Comments

10.1 This report explains how the Council participates in the statutory national data matching exercise managed by the Audit Commission with the aim of identifying and preventing instances of fraud. Effective and efficient service delivery will have an impact on various parts of the community. Improvements in preventing and detecting 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.

12. Service Financial Comments

12.1 There are no direct financial implications arising from this report. At this stage it is planned that investigations into potential data matches and fraud will be undertaken on a risk basis, as recommended by the Audit Commission, and using existing available resources. Internal Audit will provide resources as part of the planned Corporate Anti-fraud Team to investigate relevant data matches and any follow up work required. An assessment of any additional resources which may be required from service departments will be made when the NFI data is available in February 2011.

13. Use of appendices

13.1 Not applicable

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 Since 1996, the Audit Commission has run the statutory National Fraud Initiative (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 last NFI exercise in 2008/09 helped trace a total of £215 million in fraud, error and overpayments. Since the initiative's start in 1996, the NFI programme has helped identify £664 million in fraud, error and overpayment.
- 15.2 To ensure data is provided to the Audit Commission securely, it is automatically encrypted during submission to a secure website. The data matches highlighted as a result of NFI are then provided to participating bodies through the same secure website, which is then used by the Commission's auditors to monitor progress in following up these examples of potential fraud and error.
- 15.3 The NFI has regularly expanded the range of risks addressed in response to requests from audited bodies. The Serious Crime Act 2007 amended the Audit Commission Act 1998 to include new powers enabling the NFI exercise to be extended. NFI now offers data matching services to a wider audience including:
- Banks and financial institutions
 - Central government departments and agencies

- Housing associations
- Private sector pensions
- Recruitment agencies
- Retail sector companies
- Voluntary sector

15.4 The new legislation also required the publication of a new Code of Data Matching Practice which sets out the strict protocols governing NFI to ensure full data protection compliance. The 2008 Code of Data Matching Practice was reviewed by the Information Commissioner and was laid before both Houses of Parliament in July 2008. This ensures that data protection is given top priority alongside protecting the public purse.

15.5 The Secretary of State for Communities and Local Government proposed the abolition of the Audit Commission in his announcement on 13 August 2010. The government has indicated that its aim is for the new arrangements for the audit of local authorities and NHS bodies to be in place from the 2012/13 financial year. The details of the new arrangements and the transition to them have not been worked out and are subject to primary legislation. Therefore, there is no immediate change to the NFI and the 2010/11 exercise will continue as planned.

16. Core elements and data requirements of NFI 2010/11

16.1 Previous NFI exercises have yielded significant successes within Haringey, notably within the area of Housing Benefits where overpayments in excess of £200k have been identified. However, the Council has also been successful in identifying fraud and overpayments in relation to other areas including non-declaration of secondary employment; employees working whilst off sick; misuse of blue badges; fraudulent claims for single person discount; and persons who had no eligibility to work in the UK. Disciplinary action has been taken against four employees identified as committing fraud resulting in three dismissals and one resignation. Recovery of identified salary overpayments has been instructed by service departments.

16.2 The Code of Data Matching Practice continues to be in place for NFI 2010/11 and online training guidance provides support for participants when using the secure NFI website. The aim is to ensure that, while upholding and protecting citizens' rights in relation to their personal data at all times, the NFI continues 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.

16.3 The Audit Commission Act 1998 Part 2(A) allows the NFI to increase the number and range of participants by enabling bodies in the wider public and private sectors such as the Department of Health, the Driver and Vehicle Licensing Agency and financial institutions to submit data sets for matching by the Audit Commission. Table 1 below sets out the core data sets which Haringey Council has provided for the 2010/11 NFI exercise.

Table 1 – Core data sets 2010/11

Data set submitted
Housing benefit claimants
Payroll
Pensions payroll
Trade creditors payment history
Trade creditors standing data
Housing rents
Private supported care home residents
Electoral register
Students eligible for a student loan
Insurance claimants
Transport passes and permits including: <ul style="list-style-type: none"> • Residents parking permits • Blue badges • Concessionary travel
Licences including: <ul style="list-style-type: none"> • Market trader/market operator • Taxi driver • Personal licences to supply alcohol

16.4 The amendments to the Audit Commission Act 1998 now enables the Commission to make these match types available to participants that are new to NFI, in particular to local public bodies audited by the Northern Ireland Audit Office, central government departments and their agencies. Audit Scotland and the Wales Audit Office have already taken up the full range of matches under their own statutory powers within the NFI framework. This expansion increases the opportunities for fraud detection by audited bodies as they match against the data provided by the new participants.

16.5 As with previous exercises, Haringey Council is required to inform people that their data is being used in the NFI process. This is in accordance with the Data Protection Act 1998 and is known as 'fair processing notices'. There are certain exemptions where Haringey is not required to provide fair processing notices, for example, where personal information must be made available to the public because of a statutory requirement e.g. the electoral register.

16.6 The Audit Commission recommends adopting a 'layered' approach to fair processing notices, where there are three levels of notification – summary notice, condensed text and full text. Haringey follows this guidance in issuing fair processing notices. Summary notices provide the minimum necessary content for individuals whose data is

being matched and, where practicable, indicate where more detailed information can be found. Summary notices are usually put on application forms e.g. benefits, housing tenancies etc and on payslips. The condensed text provides an explanation of the Audit Commission's data matching exercises and is published on the Council's website and can be used as a source of further information for summary text notices. The full text is available on the Audit Commission's website and a link to this is provided from the Council's website. Haringey Council also uses staff and pensions newsletters, Team Brief, Haringey People, and Home Zone to publicise its participation in the NFI and this approach has been agreed with the Audit Commission.

18. Use of data 2010/11 NFI exercise

- 18.1 The Council submitted all the statutory data to the Audit Commission by the required deadline of 11 October. Previous NFI data matches have been investigated by service departments, with limited support made available from the small in-house internal audit team to assist and review progress. With the implementation of the Corporate Anti-fraud Team during 2010/11, resources will be provided through Audit & Risk Management to investigate data matches and potential fraud in key areas. The recommended Audit Commission risk based approach will be used, but it is anticipated that using officers with investigation skills and experience to target high risk data matches will ensure that the Council is even more successful in detecting and preventing fraud. Results from the NFI exercise will also be used to inform and develop the pro-active anti-fraud plan in future years.
- 18.2 Most of the key data matches will continue to be in effect for the 2010/11 NFI exercise, including payroll to payroll; payroll to pensions; benefits to payroll and licences; and trade creditors to payroll. The NFI process matches within each organisation and across all other data sets from submitting authorities. The paragraphs below highlight what other data sets will be used for when the data matches are released in 2011.
- 18.3 Housing Benefits. To allow a more effective assessment of NFI matches, the Audit Commission has agreed with the Department for Work and Pensions to integrate key intelligence from data relating to this type of benefit claimant into NFI, for example income declared and student status.
- 18.4 Payments to private residential care homes. NFI matches residential care home payments to the Department for Work and Pensions deceased records to identify cases where payments were still being made after the date of a resident's death.
- 18.5 Transport passes and permits. NFI will match data to the Department for Work and Pensions deceased records to identify cases where passes were still in existence after the date of a pass/permit holder's death for Blue Badges and Concessionary Travel Passes. NFI will also match data with the DVLA to identify drivers who are disqualified or no longer entitled to drive, and with Council Tax records to identify cases where an address has multiple parking permits, but is in receipt of single person's discount.

18.6 Insurance Claims. The Audit Commission is working in partnership with the Insurance Fraud Bureau to match local authority claims data to information from the private sector relating to personal injury claims and known fraudsters.

18.7 Licences. The data will be matched to DWP records and housing/council tax benefit records to identify whether correct benefits are being claimed.

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