



Haringey Council

Special Corporate Committee

MONDAY, 24TH OCTOBER, 2011 at 19:00 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, N22 8LE.

MEMBERS: Councillors Amin, Gorrie, Griffith, Jenks, Khan, McNamara, Meehan, Watson, Whyte and Williams

AGENDA

1. APOLOGIES FOR ABSENCE(IF ANY)

To receive any apologies for absence.

2. URGENT BUSINESS

The Chair will consider the admission of any late report in relation to the item shown on the agenda. Please note that under the Council's Constitution – Part 4 Section B paragraph 17 – this being a special meeting of the Corporate Committee no other business shall be considered.

3. DECLARATIONS OF INTEREST

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

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

To consider any requests received in accordance with Part 4, Section B, Paragraph 29 of the Council's Constitution.

5. CHILDREN'S CENTRES STAFFING RESTRUCTURE

The Committee to consider proposals for the future delivery of this service. **Report to Follow**

6. CORPORATE ANTI-FRAUD AND CORRUPTION STRATEGY (PAGES 1 - 40)

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

7. INTERNAL AUDIT PROGRESS REPORT - 2011/12 QUARTER 2 (PAGES 41 - 76)

To advise the Committee of the work undertaken during the second quarter by the Internal Audit Service in completing the 2011/12 annual audit plan and reports issued for outstanding 2010/11 audits, together with the responsive and housing benefit fraud investigation work, and to provide details of the work undertaken by Council's Human Resources business unit in supporting disciplinary action taken across all departments by respective Council Officers.

8. UPDATE ON TERMS AND CONDITIONS (PAGES 77 - 78)

To update Members on the progress of the review of employment terms and conditions.

9. SHARED SERVICES PREFERRED PARTNERSHIP WITH LONDON BOROUGH OF WALTHAM FOREST - UPDATE REPORT (PAGES 79 - 80)

The report updates members on the preferred partnership with Waltham Forest Council with particular emphasis on the staffing elements of service delivery.

10. LONDON LIVING WAGE - POLICY AND HOURLY PAY RATE SUPPLEMENTS (PAGES 81 - 86)

To ensure that the hourly rate of pay of council employees at the lower end of the London pay spine remain at a reasonable and fair level of pay for working in London as determined by the Living Wage Unit on behalf of the Mayor of London for the Greater London Authority group.

11. APPOINTMENT OF HEAD OF LEGAL SERVICES AND LEAD FINANCIAL OFFICER (PAGES 87 - 88)

The report proposes a process for the appointment to two posts :Assistant Director of Finance and Head of Legal Services.

12. EXCLUSION OF THE PRESS AND PUBLIC

The following items are likely to be subject of a motion to exclude the press and public from the meeting as they contains exempt information as defined in Section 100a of the Local Government Act 1972; Para 3 - information relating to the business or financial affairs of any particular person (including the authority holding that information).

13. PENSION FUND APPOINTMENT OF PASSIVE FUND MANAGERS

To receive a report on the outcome of the tender process to appoint two passive fund managers for the Pension Fund. **Report to Follow**

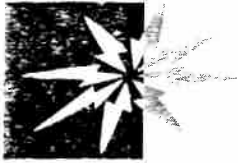
14. LEISURE MANAGEMENT CONTRACT - PENSION FUNDING ISSUE (PAGES 89 - 92)

The Committee to receive an update on the leisure management contract pension funding issue discussed at the Corporate Committee meeting on the 27 September.

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Haringey Council

Report for:	Corporate Committee 24 October 2011	Item number	
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Title:	Corporate Anti-fraud and Corruption Strategy
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Report authorised by :	Director of Corporate Resources <i>J. Pinner</i> 4/10/11
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Lead Officer:	Anne Woods, Head of Audit and Risk Management Tel: 020 8489 5973 Email: anne.woods@haringey.gov.uk
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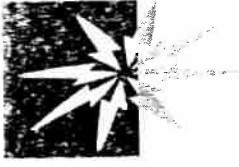
Ward(s) affected: ALL	Report for: Non-Key Decision
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1. Describe the issue under consideration

- 1.1 As part of the Chartered Institute of Public Finance and Accountancy (CIPFA) 2006 Code of Practice, and the requirements of the Council's Whistle-blowing policy, Haringey Council needs to ensure that there are appropriate processes in place for the reporting and investigation of allegations of fraud and corruption.
- 1.2 The Corporate Committee is responsible for Anti-fraud and Corruption arrangements as part of its Terms of Reference. In order to provide assurance that the corporate policy is consistent with relevant professional codes of practice and other best practice requirements, it is reviewed on a regular basis, with approval for the final Anti-fraud and Corruption Strategy resting with the Corporate Committee. The corporate strategy was last presented to members at the Audit Committee in November 2009 for formal approval.

2. Cabinet Member Introduction

- 2.1 Not applicable



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3. Recommendations

3.1 That the Corporate Committee reviews and approves the revised Corporate Anti-fraud and Corruption Strategy; together with the appended Fraud Response Plan, Whistle-blowing Policy, Housing Benefit Anti-fraud Strategy and Sanctions Policy, and Anti-money Laundering Policy.

4. Other options considered

4.1 Not applicable.

5. Background information

5.1 An Anti-fraud and Corruption Strategy provides the framework within which all employees, Councillors and partnership organisations should operate. Alongside the anti-fraud strategy, a fraud response plan sets out how employees, members of the public, Councillors and other related parties can make their concerns known and how the Council will deal with any allegations made.

5.3 The Council is committed to reducing the potential for fraud and corruption to the lowest possible level. The updated Anti-fraud and Corruption Strategy and related appendices, attached as an annex to this report, are key documents in informing people of the Council's position on fraud and corruption and its intention to deal with any issues in a firm, but responsible way.

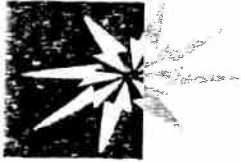
6. Comments of the Chief Financial Officer and Financial Implications

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

6.2 The risks of fraud and any associated potential financial losses are identified and recorded in the Council's corporate risk register. Ensuring that the Council has dedicated fraud prevention and investigation resources assists in both reducing the risk of financial losses from occurring and in the recovery of resources from identified frauds.

7. Legal Implications

7.1 The Acting Head of Legal Services has been consulted in the preparation of this report, and comments as follows.



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7.2 In view of the fact that the various strategies reported on continue to follow industry best practice, coupled with the fact that any amendments to those strategies, in the main, reflect operational changes, means that there are no direct legal implications arising out of the report.

8. Equalities and Community Cohesion Comments

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

9. Head of Procurement Comments

9.1 Not applicable.

10. Policy Implications

10.1 There are no direct implications for the Council's existing policies, priorities and strategies. However, reducing the opportunity for fraud to take place in the first place, and taking appropriate action to detect and investigate identified fraud will assist the Council to use its available resources more effectively.

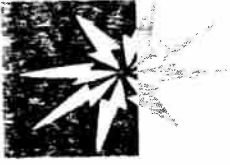
11. Use of Appendices

11.1 Annex 1 – Anti-fraud and Corruption Strategy

12. The Anti-fraud and Corruption Strategy

12.1 The Council's Anti-fraud and Corruption Strategy gives guidance to relevant individuals, employees, Councillors, members of the public and organisations working in partnership with the Council, on what the Council wants to know about in relation to fraud and corruption, what people should do if they suspect fraud and corruption and how the Council will deal with any allegations made.

12.2 The Council's Anti-fraud and Corruption Strategy is published on the Haringey website and intranet site, together with details of how to report suspected cases of fraud and corruption. Annual reminders to all staff on how to report suspected cases of fraud and corruption, together with contact details, are provided in staff newsletters, and the corporate Team Brief publication. This approach ensures that all staff are made aware of the Council's expectations and processes in relation to fraud and how to report



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it. Publicity on the Council's anti-fraud strategy is also included in the annual Pensions Newsletter, the 'Haringey People' publication and Homes for Haringey's 'Home Zone' publication on a regular basis.

12.3 The Council's Anti-fraud and Corruption Strategy follows CIPFA's best practice model. The Council's Whistle-blowing policy conforms to the best practice guidance from Public Concern at Work, the independent charitable organisation which advises on whistle-blowing and governance matters.

12.4 The anti-fraud and corruption strategy is reviewed on a regular basis to ensure that any changes to best practice or relevant codes of practice are incorporated into the Council's documents. Updates to the documents attached to this report are highlighted to indicate the changes made, in accordance with members' requests.

12.5 No changes to the CIPFA Code of Practice, the Public Interest Disclosure Act, or Housing Benefit Regulations have been made, therefore the main changes reflect the operational re-organisation to bring the Housing Benefit Fraud Investigation Team within Audit and Risk Management and operate a single fraud reporting telephone and email service.

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ANTI-FRAUD AND CORRUPTION STRATEGY

Author:	Anne Woods
Owner:	Anne Woods
Version:	6.0
Classification:	UNCLASSIFIED
Issue Status:	FINAL
Date of First Issue:	2004
Date of Latest Re-issue	20/09/11

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September 2011

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If you have any concerns about fraud or corruption, please call: Fraudwatch on Freephone 0500 500 777. You can also click on the following link to send an email to fraudcall@Haringey.gov.uk

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

Deleted: If you want to report any concerns about Benefit Fraud you can send an email to: benefit.fraud@haringey.gov.uk or call 020 8489 2868. ¶

1. Why we have an anti-fraud strategy

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

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1.7 The anti-fraud and corruption strategy is part of the Council's overall approach to minimising the risk of fraud. The Council also participates in the statutory national data matching process, the National Fraud Initiative (NFI), which uses information from organisations across the country to prevent and detect fraud.

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

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

2. Our written rules

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

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

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

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

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

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

2.6 If anyone breaks these rules and regulations we may take formal action against them. This may ultimately include ending their employment with the Council, in respect of employees, and referral to the Standards Committee, in respect of Councillors. It is the responsibility of the Monitoring Officer (in Haringey, this is the Head of Legal Services) to report matters to the Standards Committee.

2.7 The Council's Contract Standing Orders include the procedures for letting contracts to external organisations. In addition to clauses identifying how the Council will deal with

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identified cases of fraud and/or corruption, the Council's standard contract terms and conditions include the requirement for organisations to publicise the Council's whistleblowing arrangements to ensure that concerns can be raised by people who do business with the Council.

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

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

3. How we expect people and organisations to behave

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

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

3.3 We feel our Councillors and employees have an important part to play in dealing with fraud and corruption. Dishonesty and fraud harms the Council and the reputation of its employees. Our Constitution (Part 4, Section 1, paragraph 5.52) states that our employees and Councillors must inform us if they suspect any case of fraud or corruption.

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

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

3.6 The Council's Constitution (Part 4, Section I, paragraph 5.56) also describes how the Head of Audit and Risk Management is entitled to have unrestricted access to any part of the Council, including its buildings, records, documents, items of equipment and members of staff.

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

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

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

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

4. Preventing fraud and corruption

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

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

4.3 Directors and the Assistant Chief Executive must make sure that suitable levels of controls are included in working procedures, especially financial procedures. It is important that employees' duties are organised so that no one person can carry out a

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complete transaction without some form of checking process being built into the system.

4.4 We must follow our procedures when employing, or considering employing, new staff. We must undertake all relevant checks required by law, including Police and Criminal Records Bureau checks and our own internal procedures, including previous employment, qualification and reference checks.

4.5 We are committed to working and co-operating with other organisations to prevent organised fraud and corruption. The Corporate Anti-Fraud Team and Housing Benefit Investigation Team work with Council staff and external organisations, including other councils and social landlords, to undertake a range of data matching and anti-fraud projects which help to reduce and detect fraud. Wherever possible, we will be prepared to help and exchange information with other Councils and organisations to deal with fraud. We will only share information in line with the relevant Data Protection legislation. This includes taking part in the statutory national data matching exercise to prevent and detect fraud, the National Fraud Initiative.

4.6 We have confidential facilities available for people to give us information that may prevent fraud and corruption. These include dedicated telephone lines for fraud, including Housing Benefit fraud and the email reporting facility, which members of the public can use to give us information about any concerns they may have.

4.7 We will make sure that full details of reporting facilities are widely published to the public, partner and contracting organisations, Councillors and employees, and that all information we receive in this way is investigated and dealt with quickly and in line with our procedures.

5. Detecting and investigating fraud and corruption

5.1 You should read this corporate anti-fraud and corruption strategy in conjunction with our fraud response plan which is shown at **Appendix 1**.

5.2 Under our Code of Conduct and Council Constitution, employees must report any suspected cases of fraud and corruption to the appropriate manager, or, if necessary, directly to the Head of Audit and Risk Management. Reporting cases in this way is essential to the anti-fraud and corruption strategy and makes sure that:

- Suspected cases of fraud and corruption are investigated properly;
- the fraud response plan is carried out properly;
- there is a standard process for dealing with all suspected cases of fraud and corruption; and
- People and our interests are protected.

5.3 The Council's Whistleblowing Policy, which is shown at **Appendix 2**, is intended to encourage and enable employees to raise serious concerns. By law, employees reporting concerns in this way have certain rights. These are set out in the Public Interest Disclosure Act 1998.

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5.4 The Head of Audit and Risk Management will work with Directors, the Assistant Chief Executive and the Head of Human Resources to decide how the allegations made will be investigated. This will include referring cases to the police where necessary. We will prosecute offenders and we will carry out our disciplinary procedures where appropriate. We will ensure that any internal proceedings do not prejudice any criminal case. The Council will seek recovery of monies and/or other assets obtained by fraud or corruption.

5.5 In cases relating to Housing Benefits and Council Tax Fraud, which are subject to statutory regulations and requirements in relation to benefit claims, the action taken will follow the policies and procedures within the Housing Benefits anti-fraud strategy, which is attached at Appendix 3. The Housing Benefit Investigation Team is within Audit and Risk Management and the team liaises with Council departments, the Department for Work and Pensions, other local authorities and external organisations to prevent and detect benefit fraud. The team's work forms part of the council's overall approach to reducing the risk of fraud and Appendix 3 provides details of how to report fraud in relation to housing and council tax benefits.

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5.6 The Council needs to ensure that there are appropriate arrangements and processes in place for the monitoring and reporting of any instances of suspected money laundering operations. The corporate Anti-money laundering policy is attached as Appendix 4 and explains what money laundering is, and what the Council does to ensure it manages the risks associated with crime and money laundering.

6. Training and raising awareness

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

6.2 We support the idea of providing training for employees who are involved in, or who manage, systems. We will make sure that their responsibilities and duties are regularly reviewed and employees are reminded of these on a regular basis. Audit and Risk Management provide regular fraud awareness briefing sessions and guidance to front-line staff and reminders are included in corporate briefing notes and newsletters to all staff on how to report fraud.

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

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

7. Our commitment

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

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

Haringey Fraud Response Plan

1. Why we have a Fraud Response Plan

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

2. What we want to know about

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

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3. How we protect those people who raise concerns

3.1 Confidentiality

We will try to protect a person's identity when he or she raises a concern and does not want their name to be revealed. However, in some cases, the investigation process itself may reveal the source of the information. Also, the person may be required to make a statement either as part of the investigation process, or to provide evidence for any disciplinary hearing, or criminal prosecution.

3.2 Harassment or Bullying

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

3.3 Anonymous Allegations

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

3.4 Untrue Allegations

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

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

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

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

4.3 This policy has been discussed with the relevant Trade Unions and professional organisations and has their support. A copy of the Whistleblowing Policy is attached to the Anti-fraud and corruption strategy, and is available on the Council's

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website and intranet site, or can be obtained from Human Resources, or your Trade Union Representative.

4.4 If an employee suspects fraud, they should raise their concern with their line manager. Failing that, the employee should approach their line manager's manager, or the Director. If the employee cannot raise their concern within their department, they should approach Internal Audit, their HR Business Partner, or the Head of Legal Services.

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

4.6 Audit and Risk Management can be contacted at:

Level 1, Alexandra House,
10 Station Road, Wood Green,
London, N22 7TR
Telephone: 020 8489 3768
Email: fraudcall@haringey.gov.uk

Deleted: Fax: 020 8489 3827

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

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

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

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

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

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

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

6.2 We cannot say how every individual case will be dealt with. However, the Council does have a Disciplinary Code of Practice which sets out the general processes for in disciplinary cases. We will comply fully with this Code in our investigations. As a general guide, we will use the following approach to ensure that clear lines of

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communication are in place, ensure that appropriate people and specialists are involved at the right times, and confidentiality is maintained. We will:

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

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

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

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

7. Alternative methods for raising concerns

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

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

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- **the Police** – suspicions of fraud or corruption may be reported directly to the Police.

WHISTLEBLOWING

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WHISTLEBLOWING

BACKGROUND

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

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

SUMMARY OF WHISTLEBLOWING POLICY

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

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

PUBLIC INTEREST DISCLOSURE ACT Protection for Whistleblowers

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

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

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

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

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

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

WHISTLEBLOWING POLICY

INTRODUCTION

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

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

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

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

1. Who it applies to

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

2. How you identify matters of concern

That concern may be something that:-

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

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

3. How to raise your concern

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

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

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

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

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

4. How the Council will respond

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

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

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

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

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

5. Investigating the case

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

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

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

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

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

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

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

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

6. The responsible officer

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

7. How the matter can be taken further

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

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

- the District Auditor
- the Police.

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

8. Protection for Whistleblowers - Confidentiality

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

9. Untrue Allegations

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

10. Anonymous Allegations

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

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

11. Victimisation

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

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

12. Contracting Organisations

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

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

WHISTLEBLOWING - GUIDANCE NOTES FOR MANAGERS

WHAT IS WHISTLEBLOWING

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

It often happens when:-

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

Management Responsibility

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

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

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

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

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

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

Internal reporting mechanisms for dealing with whistleblowing complaints

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

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

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

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

External Reporting Mechanisms

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

Housing Benefit and Council Tax Benefit – Anti-fraud Strategy and Sanctions Policy

Anti-fraud Strategy

1. Statement of Intent

1.1 Haringey Council is responsible for administering public funds. The Benefits and Local Taxation Service has a key role in ensuring that the right benefits go to the right people in accordance with their entitlement.

1.2 The Council will ensure that effective policies and procedures are in place to prevent and detect benefit fraud either by employees or claimants. The Council will use the criminal and civil powers available to it to take action against those who have committed benefit fraud.

1.3 Prosecutions may be undertaken by the Council through its own Legal Service or in partnership with the Department for Works and Pensions Solicitors Office, or the Crown Prosecution Service.

2. Measures we have in place to tackle benefit fraud

- a) We employ a dedicated team to investigate suspected benefit fraud
- b) We have a published Sanctions Policy
- c) We inform our customers of their responsibility to tell us about any changes in their circumstances and the documents that they must provide
- d) We have published email and telephone contact details which anyone can use to refer cases of suspected benefit fraud to us
- e) We participate in the National Fraud Initiative data matching exercise
- f) Staff involved in benefits administration and fraud investigation attend regular fraud awareness training
- g) We work with other organisations including other Local Authorities, the Police, UK Border Agency and the Department for Work and Pensions on joint investigations
- h) We publicise successful prosecutions in the local media

3. Who is affected by this strategy?

3.1 This strategy will be applied to anyone who applies for Housing Benefit and Council Tax Benefit, or anyone who assists a person make a claim for benefit, which they know is false or dishonest.

3.2 It will also apply to any person who receives Housing Benefit and Council Tax Benefit, either as a claimant, or a partner of the claimant, appointed representative, landlord or managing agent or employee of the Council.

4. Deterring Benefit Fraud

4.1 The Council recognises that the most people who claim Housing and Council Tax Benefit are honest and keep within the rules of the system. However, the Council also recognises that no system is foolproof and will periodically request anyone in receipt of benefit to confirm their details. It

will also participate in regular data-matching exercises with other organisations.

4.2 Any person found committing benefit fraud will be subject to the Council's Sanctions Policy. The Council will also make use of the full range of available opportunities to publicise the details of anyone found guilty of serious benefit fraud. In this way the Council will seek to increase fraud awareness amongst the community and the consequences of acting dishonestly.

5. Data Protection Act and other relevant legislation

5.1 Those responsible for investigating benefit fraud will be required to comply at all times with the relevant legislation relating to the investigation of criminal offences.

5.2 The Council is registered under the Data Protection Act 1998 for the purposes of preventing and detecting crime, the prosecution of offenders and the collection of any tax. The investigators will use appropriate data disclosure forms to ensure that investigations comply with the legislation and individuals' data is used appropriately.

5.3 The Council requires its investigators to work within the guidelines of the following legislation at all times:

- a) The Police and Criminal Evidence Act (PACE) 1984
- b) Regulation of Investigatory Powers Act 2000
- c) Criminal Procedures and Investigations Act 1996
- d) The Human Rights Act 2000
- e) The Social Security Administration and Fraud Acts 1992 - 2008

6. Referral of Benefit Fraud

6.1 The Council wants to encourage anyone who suspects benefit fraud to report their suspicions, either openly or anonymously, to the Benefits Fraud Investigation Team. The details of how to report fraud are also on the Council's website and are:

- In writing to: Benefits Fraud Investigation Team, PO Box 22727, Wood Green, London, N22 7WS;
- By telephone (voicemail facility, 24 hours/7 days a week) on Freephone 0500 500 777
- By contacting the Benefit Fraud Team directly (9.00am – 5.00pm, Monday – Friday)
- By email to: fraudcall@Haringey.gov.uk

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

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

Sanctions Policy

This policy is intended to provide clear guidance on what sanctions are available to the Council against anyone who commits benefit fraud and when the use of a sanction is suitable. The guidelines apply equally to members of the public, Council staff, and members of the Council.

The Benefit Fraud Investigation Team review each fraud case and any mitigating circumstances are taken into account on a case by case basis.

Sanctions Available to the Council

The Council has the power to impose three forms of sanction on claimants who have committed benefit offences:

1. Prosecutions
2. Civil Cautions
3. Administrative Penalties

Prosecutions

Prosecutions will be reserved for those cases which, in the opinion of the Council, are the most serious. Prior to any decision to prosecute being made, the Investigator will apply the 'Evidential Test' and then the 'Public Interest Test', as set out in the *Code for Crown Prosecutors*.

Evidential Test

Whilst not an exhaustive list, the investigator should consider the following:

- Is the evidence of sufficient quality and reliability to support a prosecution?
- Is the reliability of the evidence affected by such factors as the defendant's age, mental capacity, or understanding?
- What explanation has the defendant given? Is the court likely to find it credible in light of the evidence as a whole?
- If the identity of the defendant is likely to be questioned, is the evidence about this strong enough?
- Is the reliability of the evidence likely to be compromised by the accuracy or credibility of a witness?

Public Interest Test

If the Evidential Test has been met, the Council should then consider whether or not a prosecution would be in the public interest as defined by the *Code for Crown Prosecutors*. The facts in each case will determine if this test is satisfied. The following list is not exhaustive, but a review may include the following:

- Whether the defendant was a ring leader, or an organiser, of the offence;
- Whether there has been any abuse of position or privilege;
- Whether there are grounds for believing that an offence is likely to be continued or repeated, based on the person's previous history;
- Whether the offence, although not serious in itself, is widespread in the area where it was committed and so prosecution may act as a deterrent.

When considering a case for prosecution, in addition to the Evidential and Public Interest Tests outlined above, the investigator should also take the following into consideration:

- Whether there was a degree of planning in the process that was more than minimal;
- Whether a false, counterfeit or forged instrument was used in the commission of the offence;
- Whether offences have been committed against more than one agency, authority or government department;
- Whether the defendant has a previous history of benefit fraud;
- The duration of the alleged offence;
- Whether the person has refused to accept a Formal Caution or Administrative Penalty.

Civil Cautions

A Caution is a formal written warning that can be administered as an alternative to prosecution. Details of the Caution are retained for a period of five years and may be included if any further benefit fraud offences occur.

The Council may consider issuing a Simple Caution if:

- The claimant has been Interviewed Under Caution (IUC);
- To our knowledge, the claimant has never previously offended;
- There was little or no planning involved in the process of committing the offence;
- The person has fully admitted the offence during an IUC;
- The person expresses genuine remorse for what they have done.

If the person refuses the Caution, the case will usually be referred for prosecution.

Administrative Penalties

Section 115 of the Social Security Administration Act 1992, as amended by Section 15 of the Social Security (Fraud) Act 1997, allows the Council to apply an Administrative Penalty as an alternative to prosecution. The penalty is fixed to 30% of the total qualifying overpayment.

The Council may consider issuing an Administrative Penalty if:

- The claimant has been Interviewed Under Caution;
- To our knowledge the claimant has never previously offended;
- There was little or no planning involved in the process of committing the offence.

If the person refuses the Administrative Penalty, the case will usually be referred for prosecution.

The Decision to Administer a Sanction.

It is for the Investigating Officer to identify potential sanction cases and recommend which sanction should be imposed. Once the relevant evidence has been obtained, the Fraud Investigation Officer's Line Manager will make a final decision on what sanction to impose, or whether to proceed. The case can then be passed to the relevant prosecuting authority for legal action to be commenced.

Publicity

The Fraud Investigation Team aims to publicise cases where successful prosecutions have taken place. The final decision to publicise will rest with the Council's Communications and Consultation Unit.

Recovery of Overpayments

Regardless of whether or not any sanction action is taken, the Council will try to recover all overpayments. This action is taken by the Enforcement Team who will pursue all available methods of recovering the debt.

Proceeds of Crime

The Proceeds of Crime Act 2002 (POCA) was put in place to demonstrate that crime does not pay. In addition to the recovery of monies obtained directly through criminal activity – i.e. the overpaid benefit – the use of POCA ensures that the full scope of any criminal activity that the fraudulent claimant is involved with is identified, restrained and confiscated as appropriate.

The Council refers all suitable cases for financial investigation. These investigations are carried out in conjunction with accredited Financial Investigators from the Department of Work and Pensions, Serious and Organised Crime Agency, or the Metropolitan Police Service.

PROCEEDS OF CRIME AND ANTI-MONEY LAUNDERING POLICY AND PROCEDURES

1. What is money laundering?

Money laundering is the term used for several offences involving the proceeds of crime, or terrorism. This includes possessing, or in any way dealing with, or concealing, or converting the proceeds of any crime, as well as funds likely to be used for terrorism, as well as the proceeds of terrorism. Money laundering is generally used to describe the activities of organised criminals converting the proceeds of crime into legitimate activities, with the intention of hiding their true sources of income.

The current Money Laundering legislation covers all proceeds of crime, both money and property, regardless of how small the value. In reality, it involves a suspicion that someone is benefiting financially from dishonest activities. Therefore, the money laundering aspect would be the attempt to do legitimate business with the Council using assets and/or monies derived from the proceeds of crime or terrorism.

This guidance sets out the legal and regulatory requirements relating to money laundering, as they affect both the Council and you personally.

2. What laws exist to control money laundering?

In recent years, new laws have been passed which significantly shift the burden for identifying acts of money laundering from Police and Government agencies to organisations and their employees. The principal legislation and regulation relating to money laundering are the Proceeds of Crime Act 2002 (POCA), the Terrorism Act 2000 (TA), and the Money Laundering Regulations 2007.

There are three primary offences to take account of:

- **'concealing'** is where someone knows, or suspects, a case of money laundering, but conceals or disguises its existence;
- **'arranging'** is where someone involves himself or herself in an arrangement to assist money laundering; and,
- **'acquisition', 'use', or 'possession'** is where someone seeks to benefit from money laundering by acquiring, using, or possessing the property concerned.

There are also two third party offences to take account of:

- **'failing to disclose a primary offence'** is where someone becomes aware or suspects money laundering, but fails to take action in reporting it; and,
- **'tipping off'** is where someone informs a person who is, or is suspected of being, involved in money laundering, in such a way as to reduce the likelihood of being investigated, or prejudicing an investigation.

These money laundering offences may be committed by the Council itself, or by any of the Members and employees (including permanent, agency and temporary staff) working within it.

PROCEEDS OF CRIME AND ANTI-MONEY LAUNDERING POLICY AND PROCEDURES

3. What is the Council's response to money laundering?

Local authorities have a responsibility to ensure the proper conduct of public business. The consequences of the Council or any of its Members or employees facing prosecution under the money laundering legislation would be very serious and reflect poorly not only on the Council, but on the public service as a whole.

Although local authorities are unlikely to be a prime target for money laundering, the size and scope of services is such that it is not possible to discount entirely the risks surrounding money laundering. In order to mitigate this risk, this policy and guidance, including reporting arrangements, has been produced.

Management should ensure that arrangements are in place to prevent the Council and its Members and employees being exposed to money laundering in those services where there is a potential risk. They should also ensure that those Members and employees who may become exposed to money laundering are made fully aware of this guidance and are suitably trained.

It should be noted that the professional bodies of some employees (e.g. accountants and solicitors) have issued guidance on personal obligations and responsibilities relating to money laundering, and those employees should familiarise themselves with that guidance.

4. What are the implications for staff who become involved?

Examples of possible situations involving exposure to money laundering are found in the appendix to this document. However, it cannot be stressed too strongly that it is every Member and employee's responsibility to be vigilant, and to be aware of the requirement to report actual or suspected cases of money laundering.

While it is unlikely that a Member or employee would commit one of the three primary offences, a failure to disclose a suspicion of money laundering is a serious offence in itself, and there are only very limited grounds in law for not reporting a suspicion.

Depending on the severity of the suspected offence, the Magistrates' Court can issue fines of up to £5,000, or sentences of up to 6 months in prison (or both), and, in the Crown Court, fines are unlimited, and sentences of up to 14 years may be handed out.

PROCEEDS OF CRIME AND ANTI-MONEY LAUNDERING POLICY AND PROCEDURES

5. How do we ensure 'due diligence'?

The Money Laundering Regulations 2007 require the identification and monitoring of clients on a risk sensitive basis. Where relevant business is undertaken, the clients need to be subject to some form of risk based due diligence. Most of the Council's business is not defined in the regulations as being relevant; it is mainly those services involving accountancy, audit, legal, and property transactions which could be carrying out relevant business.

In most cases, the business undertaken will be where the client is another public or statutory body, and therefore the risk assessment indicates that no further due diligence about the status of the client is needed. However, for other third party clients or politically exposed persons (see attached appendix for definition) there needs to be formal and recorded due diligence checks.

A record will be maintained, by Corporate Finance, including details of the customer due diligence, which needs to be kept for five years after the end of the business relationship together with a record of the transactions also kept for five years. In these rare circumstances, guidance on performing the due diligence checks can be obtained from the Head of Audit and Risk Management.

6. What should I do if I suspect a case of money laundering?

If you have any questions or doubts about an individual, company, or transaction that you have been dealing with, then it is important to seek advice from the Head of Audit and Risk Management. This approach means that the information can be considered at the time the transaction or the business takes place.

Section 2 of this guidance states that failure to take action or to report activities is an offence under the Regulations. However, failure to do so is only an offence if the suspicion relates, in the event, to an actual crime. Therefore, a common sense approach needs to be taken, in order to ensure that officers' time is not wasted.

The Council has nominated the Head of Audit and Risk Management within the Corporate Resources Directorate as the officer responsible for dealing with any suspicions of money laundering. You should therefore report any suspicious transactions or concerns to the Head of Audit and Risk Management in writing. The matter would then be discussed with you and a decision made whether to make a formal report to the Serious Organised Crime Agency.

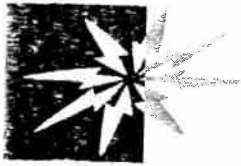
PROCEEDS OF CRIME AND ANTI-MONEY LAUNDERING POLICY AND PROCEDURES

A. Examples of possible situations involving exposure to money laundering

1. There may be situations where funds come into the Council from an unfamiliar source. In particular, if the Council is forming a new business relationship, or is considering undertaking a significant one-off transaction, it would be prudent to identify fully the parties involved. This will be especially true if the parties concerned are not physically present, or may be acting for absent third parties.
2. Transactions involving the handling of the proceeds of asset disposals, e.g. land sales, can be especially vulnerable, and may demand further enquiry. Caution should be exercised in respect of:
 - unusual arrangements; offshore funds being used;
 - transactions involving a third party who is not known to the Council, or where the identity of a party is difficult to establish or is undisclosed;
 - where an intermediary is involved, or where the ultimate ownership of a company is hidden; and,
 - situations where a party is evasive as to the source of funds.
3. Members or employees having direct contact with the public or businesses may become suspicious where the nature of the goods or the amounts of the cash seems inconsistent with what might, in the circumstances, be regarded as normal.
4. Cashiers may be asked, in the normal course of their work, to accept payments in unusually amounts of cash for the settlement of debts. As a guide, sums in the region of £10,000 and above would be regarded as a sum of cash that should be reported.
5. Circumstances which might arouse particular suspicion are where cash is tendered which exceeds significantly the amount of the debt, or the debt is paid twice (or more) and the person or business requests subsequently a refund from the Council of the balance.

B. Politically Exposed Persons

The Regulations define politically exposed persons as a person “...*who is or has, at any time in the preceding year been entrusted with a prominent public function by a state other than the United Kingdom, a European Community institution or an international body*” or a family member or known close associate of such a person.



Haringey Council

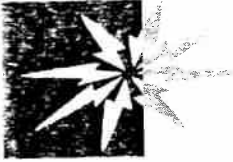
Report for:	Corporate Committee 24 October 2011	Item number	
Title:	Internal Audit Progress Report – 2011/12 Quarter 2		
Report authorised by :	Director of Corporate Resources <i>J. Fowler 14/10/11</i>		
Lead Officer:	Anne Woods, Head of Audit and Risk Management Tel: 020 8489 5973 Email: anne.woods@haringey.gov.uk		
Ward(s) affected: ALL	Report for: Non-Key Decision		

1. Describe the issue under consideration

- 1.1 The Corporate 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 Corporate Committee on the work undertaken by the Internal Audit Service in completing the 2011/12 annual audit plan, together with the responsive pro-active fraud investigation work, and housing benefit fraud investigation work. Where further action is required or recommended, this is highlighted in the report and appendices and included in the recommendations for the Corporate Committee.
- 1.2 In addition, the report provides details of the work the Council's Human Resources business unit has undertaken in supporting disciplinary action taken across all departments by respective Council managers.

2. Cabinet Member Introduction

- 2.1 Not applicable



Haringey Council

3. Recommendations

- 3.1 The Corporate Committee is recommended to note the audit coverage and counter-fraud work completed during the second quarter, 2011/12.
- 3.2 That the Corporate Committee reviews the management responses received for those audit recommendations not fully implemented; and confirms that the managers' actions taken during the second quarter to address the outstanding recommendations are appropriate.

4. Other options considered

- 4.1 Not applicable.

5. Background information

5.1 The internal audit service and counter-fraud teams make a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council. This report looks at the work undertaken in the quarter ending 30 September 2011 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 particular attention given to priority 1 recommendations;
- Details of pro-active and reactive investigative work undertaken relating to fraud and/or irregularities including those within the remit of the Housing Benefit Fraud Investigation Team; and
- Information in respect of disciplinary action taken by managers across all departments of the Council during the quarter.

5.2 The information in this report 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.

6. Comments of the Chief Financial Officer and Financial Implications

6.1 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.

6.2 The annual income recovery target for the HB Fraud Team is £250k. Although the actual recovery of overpaid benefits for the second quarter



Haringey Council

was only £20.3k, this represents 76.6% of the total overpayments identified. At the mid-year position the overpayments recovered is 38% of the overall annual target and no issues are currently identified which will prevent the annual recovery target from being achieved.

6.3 The financial benefits to the Council of the work completed during the second quarter as part of the ongoing tenancy fraud project will be realised as properties are recovered and returned to the Council's portfolio. The Audit Commission estimate that the costs of fraudulent tenancies and unauthorised sub-letting equate to £18k per annum per property, therefore it is pleasing to note that outcomes from the project are beginning to happen with two properties already recovered.

7. Legal Implications

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

8. Equalities and Community Cohesion Comments

8.1 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. The report also contains details of how fraud investigation work is undertaken and pro-active fraud projects are managed. Improvements in managing risks and controls will therefore improve services the Council provides to all sections of the community.

9. Head of Procurement Comments

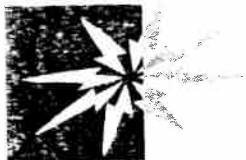
9.1 Not applicable.

10. Policy Implications

10.1 There are no direct implications for the Council's existing policies, priorities and strategies. However, reducing the opportunity for fraud to take place in the first place, and taking appropriate action to detect and investigate identified fraud will assist the Council to use its available resources more effectively.

11. Use of Appendices

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



Haringey Council

12. Performance Management Information

12.1 Although there are no national or Best Value Performance Indicators, key 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 key area monitored in 2011/12 and gives a breakdown between the quarterly and cumulative performance.

Table 1

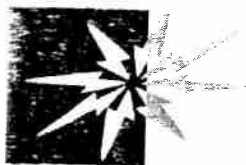
PI Ref.	Performance Indicator	2 nd Quarter	Year to date	Target
1	Audit work – Days Completed vs. Planned programme	85%	38%	95%
2	Priority 1 recommendations implemented at follow up	100%	92%	95%
3	Benefit fraud cases completed and accepted for prosecution	7	16	50
4	Overpayments recovered (including POCA and confiscation awards)	£20.3k	£94.3k	£250k

13. Internal Audit work – Deloitte and Touche contract

13.1 The activity of Deloitte and Touche for the second quarter of 2011/12 to date is detailed at Appendix A. Deloitte and Touche planned to deliver 250 days of the 2011/12 annual audit plan (1000 days) during the second quarter. Deloitte and Touche actually delivered 212.5 days audit work during the quarter, which is 85% of the planned work. To date, 38% (383.25 days) of the annual planned programme of 1000 days has been completed as at 30 September 2011. This is below the planned target of 50%, but Deloitte and Touche are only paid on the completion of each project and it is expected that the annual target of 95% will be achieved. Ongoing monthly contract monitoring reviews ensure that performance levels are kept under review.

13.2 Members of the Corporate 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 considered 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 the findings and recommendations of those reports which received a 'limited' assurance rating.

13.3 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 the previous Audit Committee meetings to ensure that managers were



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taking appropriate action to address outstanding recommendations. Only four recommendations from prior years remain outstanding: 2005/06 – one Priority 2 recommendation remains partly implemented; 2009/10 – two Priority 2 recommendations remain partly implemented. Work is ongoing to address these and internal audit is satisfied that managers' actions are appropriate to manage these 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.

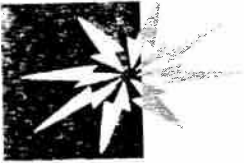
13.4 A summary of all follow up audit projects for 2010/11 work which have been undertaken is also included in Appendix A (pages 12-13). We have followed up on 104 recommendations to date and found that 88 have been implemented, 6 are no longer applicable, five are in progress, and five recommendations had not reached their due date. Overall, a compliance rate of 95% has been achieved for the second quarter and 100% in relation to Priority 1 recommendations. One Priority 1 recommendation followed up to date, where the deadline for implementation has passed, remained partly implemented and details of this are contained in Appendix A (page 16).

13.5 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 this quarter, Internal Audit are satisfied that managers have been taking appropriate action to address the issues raised in the original recommendations prior to 2010/11.

14. In-house Team – Fraud investigation/Pro-active work

14.1 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 Council's Information Security Policy. Appendix B details the individual cases that were completed by the In-house Team to date in 2011/12 and any which were brought forward from 2010/11, relating to Council employees. 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, two whistle blowing referrals were made.

14.2 Within the second quarter, twenty eight cases were referred to Internal Audit for investigation, including nine relating to permanent and temporary employees. Seven cases were completed during the quarter involving Council employees. This included cases brought forward from 2010/11. Internal Audit work closely with officers from personnel and the service involved to ensure that the investigation is completed as quickly as possible.

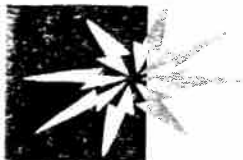


Haringey Council

- 14.3 The section has been working with Homes for Haringey and the Strategic and Community Housing Service to develop an approach to target and investigate housing and tenancy fraud. The Audit Commission estimate that each fraudulent tenancy costs councils an estimated £18k in temporary accommodation and other associated costs. Fraud awareness briefing sessions have been provided to all relevant housing and Homes for Haringey staff (including referral and assessment teams, tenancy management officers, concierge and operations/repairs teams). An agreed referral and investigation process is in place for all suspected cases of tenancy fraud and the corporate team work closely with all officers in housing, legal services and Homes for Haringey to investigate cases.
- 14.4 Since the fraud awareness training sessions have been run, individual staff members have made referrals relating to potential tenancy fraud. During the first two quarters of 2011/12, 46 referrals have been made, including 26 made by housing and Homes for Haringey officers.
- 14.5 Two properties have been recovered and the keys returned, so the tenancies can be allocated to tenants in accordance with the Council's lettings policy. Re-possession action is being taken in 9 cases, with Notices Seeking Possession either served or prepared for serving. Interviews Under Caution have been completed in 5 further cases with a view to re-possession and prosecution, if the evidence supports this.
- 14.6 Investigations are ongoing in 21 cases, with another 6 cases awaiting risk assessment and initial review. Only 2 cases which have been referred to date in 2011/12 resulted in no further action being taken. Feedback on the outcomes of cases is provided to housing and Homes for Haringey staff to show the positive outcomes resulting from their referrals.
- 14.7 The Corporate Anti-Fraud Team will now be working with Strategic and Community Housing Services to develop the tenancy fraud project with key Registered Social Landlords.

15. Housing Benefit Fraud Investigation

- 15.1 During the second quarter, the HB Fraud team completed investigations on seven benefit fraud cases and submitted these to Legal Services for prosecution at crown court. In the same period, a further two investigations into benefit fraud cases were completed and lower sanctions (cautions) are waiting to be applied as the subjects' addresses are waiting to be confirmed.
- 15.2 In the second quarter, four cases were heard at crown court, including three cases which were prepared and submitted for prosecution during the same quarter. All four prosecution cases found in favour of the Council. All four cases identified that an overpayment had been fraudulently obtained by the



Haringey Council

claimants. The total overpayment identified for the four cases was £26.5k, of which £20.3k (76.6%) has already been recovered. Overpayment plans are in place to recover the remaining amounts. The team will be working with the HB recovery team and Legal Services going forward to ensure that all options for recovery are considered when fraud has been proven.

15.3 The HB Fraud Team has been working towards completing prosecution cases for a number of complex fraud cases during the second quarter and it is expected that these will contribute substantially to the overall annual targets when the cases are finalised.

16. National Fraud Initiative

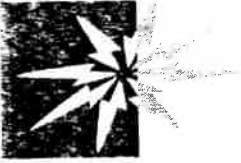
16.1 During the second quarter of 2011/12, the team has been continuing their investigations into the potential data matches provided to the Council as part of the statutory National Fraud Initiative (NFI) exercise. Work has been undertaken to investigate pension payments, blue badges, housing benefits, right to buy and housing tenants.

16.2 The Corporate Anti-fraud Team has completed their investigations into potential fraud in relation to blue badges issued by Haringey Council (an original 230 potential matches). The Corporate Anti-fraud Team worked in conjunction with the Concessionary Travel Team to identify where blue badges which were no longer eligible/required had already been returned by badge holders or their families. The team wrote to all addresses where the blue badge was showing as no longer required/eligible and requesting that it be returned to the Council. Subsequently, the team undertook a programme of planned visits to addresses where no response was received and, in total, successfully recovered 50 blue badges. All matches in this area have now been investigated and outstanding issues resolved.

16.3 In addition, the team has completed the investigations into potential matches for pensions data. Only one case, out of an original 227 potential matches, remains outstanding, and this has been referred to the Pensions team for further investigation. All other matches have been cleared as not fraudulent

16.4 Work has started on the 60 data matches for cases which indicate a potential fraud in Right to Buy. This work will be completed during the third quarter. Officers from Housing Services have been completing an initial review of the potential data matches for housing tenants during the second quarter. The Corporate Anti-fraud team will be working with housing officers to investigate those matches which indicate potential fraud on tenancies.

16.5 The Housing Benefit Fraud Investigation Team has started work on investigating the potential data matches (a total of 6,843 potential data



Haringey Council

matches, with 3,758 higher risk matches) for a range of housing benefit areas. The latest position is as follows:

- Housing benefits to payroll data, where the individual is employed by Haringey: matches have been completed and seven cases are being followed up;
- Housing benefits to pensions data, where the individual is receiving a pension from Haringey: matches have been completed and six cases are being followed up; and
- Housing benefits to payroll data, where the individual is employed by another organisation: matches have been completed and four cases are currently being prepared for prosecution.

17. Council-wide disciplinary statistics

17.1 Appendix C details the number of disciplinary suspensions and/or action taken in the second quarter of 2011/12. 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.

17.2 During quarter two, the number of disciplinary cases investigated was 39, with 21 remaining 'open' at the end of the quarter. The average length of time taken to resolve disciplinary cases in quarter two was 80 days, which represents a decrease of 16 days compared to the first quarter of 2011/12, and is the lowest average over the previous four quarters.

**Internal Audit
Quarter 2 Internal Audit Report
2011/2012
London Borough of Haringey**

Deloitte & Touche Public Sector Internal Audit Ltd.
October 2011

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Executive Summary

Introduction

This is our second quarter report to the Corporate Committee for the 2011/12 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 Corporate 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:

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

Key Highlights/Summary of Quarter 2 2011/12 – Final Reports issued:

- Supplier Managed PSL Properties (for Temporary Accommodation) 2010/11;
- Building Control Services 2010/11;
- Housing Options – Private Renting Scheme 2011/12;
- Voluntary Redundancy Programme 2011/12;
- OHMS Application 2011/12;
- Parking Services – Pay & Display 2011/12;
- Library Services – Stock Management & Control 2011/12;
- IWORLD Disaster Recovery Test 2011/12;
- HAYS Resource Management Contract 2011/12;
- Haringey Guarantee 2011/12; and
- Use of External Counsel 2011/12.

Delivery of 2011/12 Internal Audit Plan

As part of the 2011/12 Internal Audit Plan, we have started our planning work with regards to agreeing the scope and start date for individual audits. Draft reports have been issued for the following audits:

- Haringey Park Children's Home (Children & Families Establishment audit);
- Haslemere Road Family Centre (Children & Families Establishment audit);
- Coppert's Road Children Home (Children & Families Establishment audit);
- The Grange Day Centre (Adult Establishment audit);
- The Haven day Centre (Adult Establishment audit);
- Parking Services – Residents and Other Parking Permits;
- School Admissions and Place Planning; and
- SPOCC Applications Audit (Community Housing Services).

The above list does not include schools which have been visited 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.

2009/10

Two Priority 2 recommendations remain outstanding; work is ongoing to address these.

2010/11

To date we have followed up 104 recommendations raised in 2010/11 and the results of our work are as follows:

- Implemented – 88 (84%);
- Partly implemented – 5 (5%);
- Not due for completion – 5 (5%);
- No longer applicable – 6 (6%); and
- Not implemented – 0 (0%).

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2011/12

APPENDIX A

Audit Progress and Detailed Summaries

The following table sets out the audits finalised in Quarter Two of 2011/12, of which two relate to the 2010/11 financial year, 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
2010/11							
Supplier Managed Private Sector Leasing Properties (for Temporary Accommodation)	April 2011	05/07/11	Substantial	N/A	0	5	4
Building Control Services	July 2010	20/09/11	Substantial	N/A	1	5	0
2011/12							
Housing Options – Private Renting Scheme	July 2011	17/08/11	Substantial	N/A	0	1	0
Voluntary Redundancy Programme	June 2011	17/08/11	Substantial	N/A	0	1	0
Parking Services – Pay & Display	June 2011	24/08/11	Limited	N/A	2	5	1
IWORLD DR Test	June 2011	01/09/11	Substantial	N/A	0	1	3
OHMS Application (Needs Module)	June 2011	02/09/11	Substantial	N/A	0	5	2
HAYS Resource Management	July 2011	09/09/11	Limited	N/A	2	4	0
Library Services – Stock Management and Control	August 2011	14/09/11	Substantial	↔	1	2	0
Haringey Guarantee	August 2011	20/09/11	Substantial	N/A	0	0	0
Use of External Counsel	August 2011	26/09/11	Substantial	N/A	0	0	1

Final Reports Issued during Quarter 2 with Limited Assurance

Audit area	Scope	Status/key findings	Assurance
Parking Services – Pay & Display 2011/12	Audit work was undertaken to cover the following areas: <ul style="list-style-type: none"> • Policies and Procedures • Contract Monitoring • Management Arrangements • Income Collection • Banking • Reconciliation Process 	<p>While there is a basically sound system, there are weaknesses, which put some of the system objectives at risk. Some of the key findings are detailed below:</p> <ul style="list-style-type: none"> • An audit ticket is generated from each Pay & Display machine showing how much money has been taken by the machine, which facilitates the income reconciliation process; • A Cash Collection Report, which is produced by the Contractor and shows cash collected from each machine, is sent to Parking Services; • A copy of the signed contract with Contract Security Services Ltd is not available within Parking Services and we were informed that the Contractor's performance is not monitored; • Meeting minutes and action plans are not always produced following meetings with the Contractor; • Management reports have not been produced since March 2001, due to a review of reporting requirements following the restructure exercise; • The list of machines emptied (as per the Contractor's Cash Collection Reports) are not compared to the Income Collection Schedule produced by Corporate Finance; • No checks are conducted on the timeliness of banking; • The reconciliation between the Cash Collection Reports and the Audit Tickets have not been completed since 18 May 2011; and • There was no evidence of reconciliations between the Cash Collection Report and SAP being reviewed. <p>As a result of our audit work we have raised two priority 1</p>	Limited

Audit area	Scope	Status/key findings	Assurance
		<p>recommendations, five priority 2 recommendations and one priority 3 recommendation which should assist in improving the control environment.</p> <p>The Priority 1 recommendations are as follows:</p> <ul style="list-style-type: none"> • Parking Services should obtain a signed copy of the contract with Contract Security Services Ltd. • Alternative arrangements should be made to provide cover for absent staff who are responsible for completing key tasks, including the reconciliation of Cash Collection Reports with Audit Tickets. <p>The Priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> • All meetings held with the Contractor should be minuted and action plans, with responsibilities and deadlines, should be developed, where required. Progress against required actions should be monitored at subsequent meetings, and should be included as a standing item on the meeting agenda. • Reporting requirements for Parking Services, which include Pay & Display, should be formalised and agreed by management, and communicated to all relevant staff as soon as possible. Coverage of Pay & Display in the reports should allow for effective review and monitoring. • The list of machines emptied by Contract Security Services Ltd (per the Cash Collection Reports) should be regularly checked against the Income Collection Schedule, as updated to take account of new machine additions. The responsibility for completion of this check needs to be agreed with Corporate Finance. • The reconciliation of the Cash Collection report to SAP should be extended to include a check on the dates monies are collected and banked, to ensure that banking is 	

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2011/12

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>completed promptly in line with contractual obligations. The responsibility for completion of this check needs to be agreed with Corporate Finance.</p> <ul style="list-style-type: none"> • The reconciliation between the Cash Collection Reports and SAP should be documented, dated and signed off by both the preparer and reviewer. <p>The Priority 3 recommendation is as follows:</p> <ul style="list-style-type: none"> • Procedures should be reviewed annually (or more frequently, where there are changes in Council policy) and updated where necessary. 	

Audit area	Scope	Status/key findings	Assurance
<p>HAYS Resource Management Contract 2011/12</p>	<p>CORPORATE RESOURCES – PROCUREMENT</p> <p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> • Contract Completion; • Contract Monitoring; • Payment to HAYS; • Identification of Need and Role Requirements; • Appointment of Candidates including CRB Checks; and • Management Information. 	<p>Weaknesses in the system of internal controls are such as to put the client's objectives at risk.</p> <p>Some of the key findings are detailed below:</p> <ul style="list-style-type: none"> • The contract between HAYS Resource Centre and the Council was extended in April 2011, it had not been formally agreed; • The Headline Report for May 2011 shows that 42% of all agency staff had a length of service in excess of 12 months, with two cases dating back to 2000; • We were informed that contract meetings take place, but these are not formally documented; • Examination of 15 agency workers' details identified the following: <ul style="list-style-type: none"> ○ On one occasion, five agencies were consulted and five candidates proposed to the Council; however no interview took place; ○ On a further occasion, 100 candidates were proposed showing that a shortlist was not prepared; and ○ On two occasions the agency workers started work before formal authorisation was given. • The Headline Report provides relevant information, including length of service and reasons for hire charts but the graphs have formulae with hidden figures. This caused difficulties in verifying the accuracy of the information. In addition, HAYS Resources provide a separate report with all job position numbers against the relevant staff which is deemed too time consuming for the HR team to review two sets of management reports; • The Council HR MI Team monthly scorecards include the total full time equivalent (FTE) of agency staff as a 	<p>Limited</p>

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2011/12

APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>percentage of total staff by Directorate and the Council. The scorecard total of 317 for May matched the Headline Report total of 317 provided by HAYS. However, the Directorate figures did not match the Headline Report and some of the Directorates have different titles. As a result of our audit work we have raised two priority 1 and four priority 2 recommendations which should assist in improving the control environment.</p> <p>The Priority 1 recommendations are as follows:</p> <ul style="list-style-type: none"> • The contract extension should be formally agreed, signed by both parties and communicated; and • Procedures for the appointment of agency staff in excess of 11 months should be reviewed and updated to reflect the requirement for a second HR approval. <p>The Priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> • The quarterly contract meetings should be formally documented; • Candidates proposed by agencies should be interviewed by the Council for suitability prior to being approved for use; • The HR team should request that HAYS Resources: <ul style="list-style-type: none"> ○ Disclose the hidden information supporting the graphs within the monthly Headline Report; ○ Incorporate the job position numbers into the Headline Report; and ○ Ensure agency release forms are not processed without the job number included. • The Balance Scorecard and Headline Report provided by HAYS Resources should be aligned to include information provided for management review in the same format, and any variation should be explained. 	

Detailed Progress Report – Implementation of Recommendations 2005/06

Ref	Recommendation	Priority	Original Deadline	Progress/Status
ADULTS, CULTURE & COMMUNITY SERVICES (Now Place & Sustainability)				
TORREX Leisure Management System				
1	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.	2	Ongoing	<p>Partly Implemented <i>Management Update 4 April 2011:</i> Version 9.6 of the software has now been released on the market. A project has been set up within the Council to implement it. It is planned that it will be implemented within the next 3-6 months.</p> <p><i>Management Update 5 October 2011</i> The status is as before, the project has been delayed and progress is expected within the next few months. Corporate IT are seeking to prioritise resourcing delivery of the scheme before Dec 2011. Otherwise the issue will be picked up in the Leisure Transfer process with the new operator. Related current residual risk is low.</p>

Detailed Progress Report – Outstanding Recommendations 2009/10

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
CORPORATE RESOURCES				
IT AUDIT - PLANNING & CONTROL APPLICATION				
1	A procedure should be established to reconcile payments received from the Planning Portal and iPlan as well as e-Forms on the Haringey website and iBuild application via the Haringey e-Payments system. This should ensure that all payments received via the Cash Receiving interface are reconciled to the Planning Portal application and e-Forms.	2	31 August 2010	<p>Partly Implemented:</p> <p>Implementation date is unclear at present due to costs involved, however, in the interim a workaround has been developed whereby before applications are formally completed, SAP is checked for payments received.</p> <p>Management Update 5/10/2011</p> <p>The status is as reported above. The issue has been reported to the supplier but progress is dependent on the prioritisation by the supplier and this would depend on demand from all their customers, unless the Council was to commission the work specifically.</p>
2	<p>The current audit trail in place on the iPlan and iBuild application should be reviewed to ensure audit trail functionality specifies the tables required for auditing. This should be completed with management to help ensure that all system activity is recorded for the following areas:</p> <ul style="list-style-type: none"> • Changes to system files or fields; • User access to the system; and • Unauthorised access attempts and user lockouts. 	2	31 August 2010	<p>Partly Implemented:</p> <p>It has been agreed that this recommendation is not going to be implemented at this time due to the way that the i-LAP is configured. However, as with the input controls above, an enhancement request based upon the recommendation will be submitted.</p> <p>Management Update 5/10/2011</p> <p>The status is as reported above. The issue has been reported to the supplier but progress is dependent on the prioritisation by the supplier and this would depend on demand from all their customers, unless the Council was to commission the work specifically.</p>

Follow Up Table – 2010/11 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															
Corporate Resources																								
Use of Consultants (Procurement audit)	Limited	3	1	0	4	3	1	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Management of Out of Hours Telephone Contact Service	Substantial	1	5	0	6	1	5	0	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BLT risk register – testing of key controls	Substantial	0	4	1	5	0	4	1	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Disposals/ sales of properties (Risk Register CR05)	Substantial	0	3	1	4	0	3	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Use of corporate purchase/ credit cards	Substantial	1	3	2	6	1	2	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Use of waivers	Substantial	1	4	1	6	1	3	1	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Corporate Resources - IT																								
Framework-i to SAP Payments Interface	Substantial	0	5	2	7	0	2	1	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Children & Young People's Service																								
Catering Services	Substantial	0	7	2	9	0	5	2	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IBSD risk register – testing of key controls	Substantial	2	0	0	2	2	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transport Services – Compliance with Financial Regulations	Substantial	1	5	0	6	1	5	0	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leaving Care Services – Cash handling procedures	Substantial	0	6	1	7	0	6	1	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commissioning and Placements (No recourse to public funds service – cash handling	Substantial	0	3	1	4	0	3	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2011/12

APPENDIX A

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					
Adults & Housing Services																		
Strategic & Community Housing Services (Risk Register UE06)	Substantial	0	3	0	3	0	2	0	2	0	0	0	0	0	0	0	1	0
Framework I Disaster Recovery Exercise	Substantial	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0
Day Centre Transport	Substantial	0	4	2	6	0	4	2	6	0	0	0	0	0	0	0	0	0
Safeguarding Adult Services	Substantial	1	2	0	3	1	2	0	3	0	0	0	0	0	0	0	0	0
Domiciliary Care Contracts	Substantial	0	2	0	2	0	2	0	2	0	0	0	0	0	0	0	0	0
Chief Executives																		
Health & Safety	Substantial	1	2	1	4	0	2	1	3	0	0	0	0	0	1	0	0	1
Data Quality – National Performance Indicators	Substantial	0	1	1	2	0	1	0	1	1	0	0	0	0	0	0	0	0
Employee Expenses (including temporary/agency staff)	Substantial	0	2	0	2	0	1	0	1	1	0	0	0	0	0	0	0	0
Translation and Independent Services	Substantial	1	5	0	6	1	5	0	6	0	0	0	0	0	0	0	0	0
Urban Environment																		
Certificates of Lawfulness	Substantial	0	6	0	6	0	4	0	4	0	0	0	0	0	2	0	0	0
CCTV Community Safety Management and Operation (Risk Register UE08)	Substantial	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0
Compliance with corporate procedures – Absence Management	Substantial	0	2	0	2	0	1	0	1	1	0	0	0	0	0	0	0	0
Total		12	77	15	104	11	65	12	88	6	0	0	0	5	5	1		

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 2010/11

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
CORPORATE RESOURCES				
USE OF CORPORATE PURCHASE/ CREDIT CARDS				
1	<p>Corporate Resources should consider enforcing the 5 day deadline for authorising daily log sheets as stated in the Purchasing Card User Guide. Where the cardholder fails to comply with the deadline, the sanctions per the Purchasing Card User Guide should be imposed.</p> <p>A reminder should be sent to all current card holders and further issued to Finance Managers to raise persistent non-compliance.</p>	2	31/03/11	<p>Partly Implemented</p> <p>Management Update 11/10/11: The 5 day deadline for authorising daily log sheets fails to take into account annual leave and will therefore be amended to a 10 day deadline.</p> <p>Accounts payable will scan all daily logs sheets and store the files electronically. A monthly 5% audit will be undertaken on the files and non-compliance with the Purchasing Card User Guide will be recorded and emails sent to Budget Holders. Repeat non-compliance will be met with the revocation of relevant officers' p cards.</p> <p>Owner: Accounts Payable Finance Officer/Information and Document Management Officer (Procurement Business Officer acting)</p> <p><i>Revised Deadline: 31 October 2011</i></p>

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2011/12

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Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
2	<p>Corporate Resources should remind all Finance Managers of their responsibility to retain documentation in accordance with the Corporate Document Retention Policy.</p> <p>A review of the age of documentation held in Directorates should be undertaken at least on a yearly basis to identify such documents that should be disposed of.</p>	3	31/03/11	<p>Partly Implemented</p> <p>Management Update 11/10/11: Statements and daily log sheets are sent to CPU, where they are scanned and held centrally, in an online and paper filing structure.</p> <p>Documents will be disposed of after six years, in accordance with standard guidance for the retention of financial records.</p> <p>Owner: Accounts Payable Finance Officer/Information and Document Management Officer (Procurement Business Officer acting)</p> <p><i>Revised Deadline: 31 October 2011</i></p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
CHIEF EXECUTIVE				
HEALTH & SAFETY				
3	<p>A formal process should be put in place for each Directorate to submit, within a specified deadline, their Quarterly Health & Safety Directorate Service Reports. The process should include following up on Directorates that have not submitted their reports, and taking appropriate action to address any issues.</p>	1	31.12.10	<p>Partly Implemented <i>Management Update June 2011:</i> It has been difficult to implement this recommendation for all Directorates due to current resource constraints across the Council. However, this issue has been cascaded to the Health & Safety officers within each Directorate and progress will be monitored at directorate Health and Safety forum meetings.</p> <p><i>Revised deadline: 31 December 2011</i></p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
URBAN ENVIRONMENT (Now Place & Sustainability)				
CERTIFICATES OF LAWFULNESS				
4	Following the loading of relevant documentation onto the web, this should be reviewed by an independent officer to confirm that the upload process is complete and accurate.	2	Immediate	Partly Implemented <i>Management Update June 2011:</i> Due to restructuring the deadline for this recommendation has been amended. <i>Revised deadline: 30 September 2011</i> <i>Internal Audit comment:</i> <i>This recommendation will be followed up in October and the status will be reported at the next Corporate Committee meeting.</i>
5	Six months after the rejection of an existing certificate application, all such applications should be monitored and the action taken by the applicant should be reviewed to identify whether applications have been either re-submitted or a referral made to the Enforcement Team. Further, six months after approval of a proposed certificate application, all such applications should be monitored and followed up to confirm that any development is in accordance with the approved certificate.	2	Immediate	Partly Implemented <i>Management Update June 2011:</i> Due to restructuring the deadline for this recommendation has been amended. <i>Revised deadline: 30 September 2011</i> <i>Internal Audit comment:</i> <i>This recommendation will be followed up in October and the status will be reported at the next Corporate Committee meeting.</i>

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 2011

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APPENDIX B
IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/11 – 30/03/12 & B/F FROM 2010/11

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/09/2011	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Adults and Housing Services	Allegation of identity fraud	1	0	0	N/A	
Assistant Chief Executive	Allegation of Irregular canvassing B/F 2010/11	1	1	1	Dismissed	
Children's Services	Allegation of misuse of purchasing account B/F 2010/11	1	1	1	Resigned	
	Allegation of theft of parking income B/F 2010/11	1	1	1	Dismissed Dismissal Upheld at Appeal	
	Allegation that employee failed to declare second employment	1	1	1	Warning	
	Allegation of tenancy fraud	1	0	0	N/A	
	Alleged misuse of	1	1	1	Disciplinary Hearing	

APPENDIX B

IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/11 - 30/03/12 & B/F FROM 2010/11

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/09/2011	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
	Companion Badge				Pending	
	Alleged theft of materials	1	0	0	N/A	
	Allegation of bringing the Council into disrepute	1	1	1	Warning	
Corporate Resources	Allegation of second employment	2	0	0	N/A	
Place and Sustainability	Allegation that employee absent without leave	1	1	1	Dismissed	
	Allegation of bringing the Council into disrepute	1	0	0	N/A	
	Allegation of theft of fines Income	1	1	0	Resigned	
TOTAL		14	8	7		

Haringey Council – Corporate Committee

Disciplinary Case Analysis July to September 2011

Introduction

The information in this report is taken from SAP, covering the period 01 July 2011 – 30 September 2011.

The data is based on Haringey Council employees who

- hold Permanent, Temporary or Fixed Term Contracts

Note that this data excludes:

- Casual or Sessional Workers
- Schools
- Agency Workers

Legend	
Adults & Housing	AS
The Children & Young People's Service	C
Chief Executive	CE
Corporate Resources	CR
Public Health	PH
Place & Sustainability	PS
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.

Disciplinary Cases by Directorate

Directorate	Cases Open	Cases Closed	No of cases	No of employees
AS	1	2	3	2
C	9	3	12	12
CE	0	1	1	1
CR	2	3	5	4
PH	0	0	0	0
PS	9	9	18	18
Grand Total	21	18	39	37

Please note that the total number of cases is 39, but this only represents 37 employees. The reason being is that one employee can have more than one case running concurrently. For example, an employee's dismissal could count as one case and their appeal as another.

- Children's has the highest percentage of disciplinary cases against its workforce at 1.59% in this quarter
- 21 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	11	4	15	38
Invest. - suspended	7	11	18	46
ET	2	0	2	5
Appeal	1	3	4	10
Total	21	18	39	100

The following table identifies the outcomes of the 18 cases that were closed in this period.

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	3	0	3	17
Dis. Appeal Part Upheld	0	0	0	0	0	0
Dis. Appeal Upheld	0	0	0	0	0	0
Dis. Appeal Withdrawn	0	0	0	0	0	0
Dis. Dismissal	1	2	0	0	3	17
Dis. ET Dismissed	0	0	0	0	0	0
Dis. ET Withdrawn	0	0	0	0	0	0
Dis. Final Written Warning	1	2	0	0	3	17
Dis. No Action	1	1	0	0	2	11
Dis. Other	1	2	0	0	3	17
Dis. Relegation/Demotion	0	0	0	0	0	0
Dis. Resigned	0	1	0	0	1	6
Dis. Verbal Warning	0	0	0	0	0	0
Dis. Written Warning	0	1	0	0	1	6
Escalated to next stage	0	0	0	0	0	0
Suspension Lifted	0	2	0	0	2	11
Total	4	11	3	0	18	100

This table displays reasons for Disciplinary action against employees.

Reasons for Disciplinary Cases

Reason	Cases Open	Cases Closed	Total	%
Assault	1	0	1	3
Attendance	2	3	5	13
Behaviour	6	8	14	36
Fraud / Theft	4	3	7	18
Misuse of resources	1	0	1	3
Negligence	4	4	8	21
Other	3	0	3	8
Total	21	18	39	100

- The highest cause for disciplinary action was for Behaviour at 36%

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 A M E	16	76	5	24	21	57
White	2	13	14	88	16	43
Not Declared	0	0	0	0	0	0
Total	18	49	19	51	37	100

- 32% of the workforce is male, but the male representation with disciplinary cases is significantly higher at 51%

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

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	0	0	1	50	0	0	0	0	0	0	1	50
	White	1	50	0	0	0	0	0	0	0	0	1	50
	Total	1	50	1	50	0	0	0	0	0	0	2	100
C	B & ME	0	0	2	17	4	33	3	25	0	0	9	75
	White	1	8	0	0	0	0	2	17	0	0	3	25
	Total	1	8	2	17	4	33	5	42	0	0	12	100
CE	B & ME	0	0	0	0	0	0	0	0	0	0	0	0
	White	0	0	0	0	1	100	0	0	0	0	1	100
	Total	0	0	0	0	1	100	0	0	0	0	1	100
CR	B & ME	1	25	1	25	0	0	0	0	0	0	2	50
	White	0	0	1	25	0	0	1	25	0	0	2	50
	Total	1	25	2	50	0	0	1	25	0	0	4	100
PH	B & ME	0	0	0	0	0	0	0	0	0	0	0	0
	White	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0	0	0	0	0	0
PS	B & ME	8	44	0	0	0	0	1	6	0	0	9	50
	White	4	22	2	11	0	0	1	6	2	11	9	50
	Total	12	67	2	11	0	0	2	11	2	11	18	100
HGY	B & ME	9	24	4	11	4	11	4	11	0	0	21	57
	White	6	16	3	8	1	3	4	11	2	5	16	43
	Total	15	41	7	19	5	14	8	22	2	5	37	100

Suspensions

This table shows a summary of suspension cases.

Case status	Total
No. of cases heard	10
No. of cases not concluded	7
No. of cases not concluded - leaver	1
Total	18

Timescales (no of days) of Suspension Cases

The table below looks at the 18 suspension cases and identifies the no. of working days each case has taken. If a case has not concluded by the end of the quarter, the number of working days is calculated from the start date of the suspension to the end of the quarter.

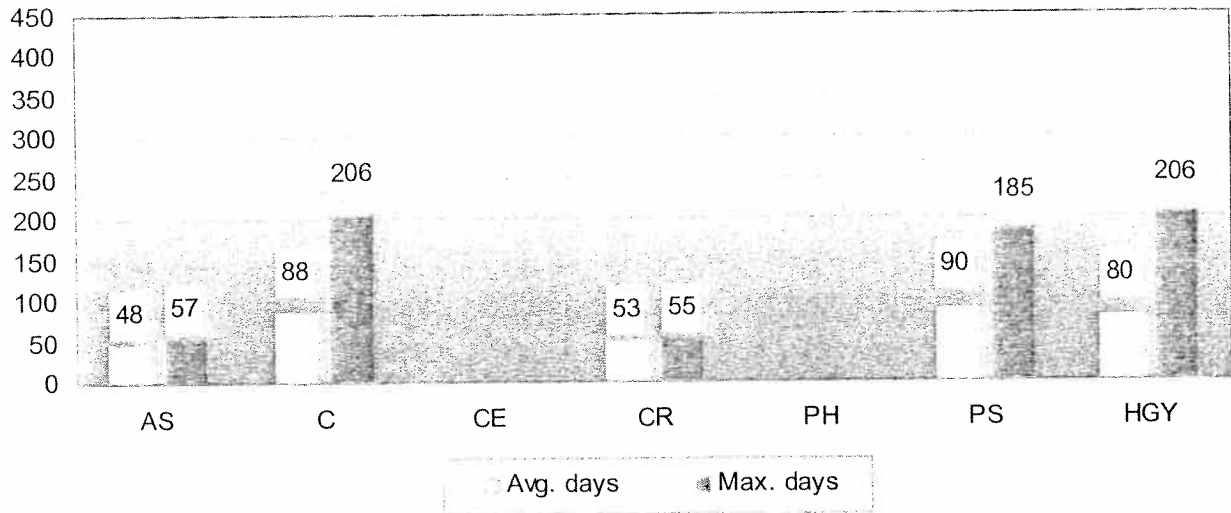
The table also identifies, by directorate, the average number of days suspension for all cases, the maximum days for a single case and the number of cases heard within that period.

Directorate	1-60	61-120	121-180	181-240	240+	Total cases	Total days	Avg days of total cases	Max. Days	Total cases heard
AS	2	0	0	0	0	2	96	48	57	2
C	3	0	1	1	0	5	439	88	206	1
CE	0	0	0	0	0	0	0	0	0	0
CR	2	0	0	0	0	2	105	53	55	2
PH	0	0	0	0	0	0	0	0	0	0
PS	2	6	0	1	0	9	807	90	185	5
HGY	9	6	1	2	0	18	1447	80	206	10
Total cases closed	4	4	1	1	0	10				

On average, 80 days were spent on each suspension case within the quarter.

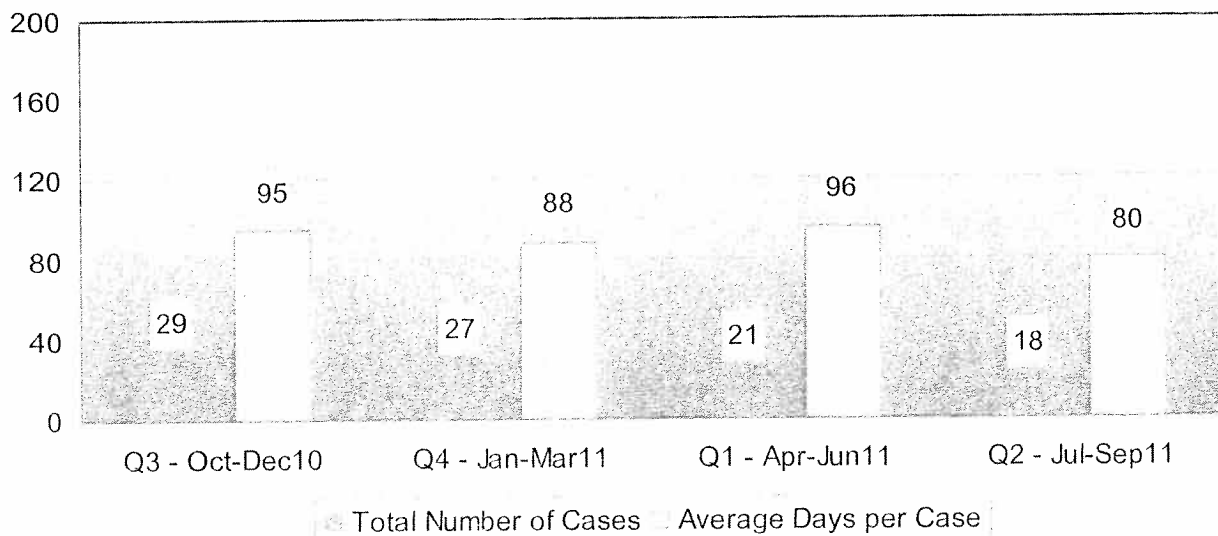
The chart below illustrates the average and maximum number of days taken for a suspension case by Directorate for the quarter.

Average and Maximum Days Taken for Suspension Cases by Directorate

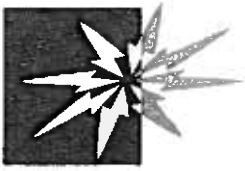


The chart below looks at the number of suspension cases per quarter for a rolling year and highlights Haringey Council's average number of days per case.

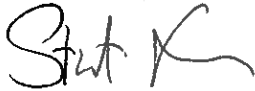
No. of cases and average days taken per case by quarter



The average number of days suspended for the last quarter was 80, this is the lowest it has been compared to the last 3 quarters.



Haringey Council

Report for;	Corporate Committee	Item Number:	
Title:	Employment Terms & Conditions		
Report Authorised by:			
Lead Officer:	Stuart Young		
Ward(s) affected:	Report for Key/Non Key Decisions:		

1. Describe the issue under consideration

Over recent months officers have been in discussion with staff, Members and trade unions about the potential to review employment terms. This formed part of the budget process. This report updates Members on progress.

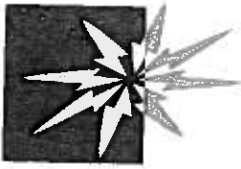
2. Recommendations

Members are asked to note the report, and to receive further report as necessary on the review of existing employment procedures.

3. Background information

During the Spring and Summer of 2011 a package of potential changes to employment terms was developed. This was the subject of discussion with staff and unions.

Detailed proposals were shared with staff in June 2011 and surveys undertaken to assess various parts of the package. Discussions were held within Directorate teams and a process of feedback established so that HR could consider the views of staff.



Haringey Council

At the same time, equality impact assessments were carried out on the various elements of the package to assess risk. From these analyses officers and unions were able to identify those aspects that would not be discussed further because of their potential for adverse impact.

It became clear during the Summer that the proposals were unpopular with staff. It was also clear that the scope for reaching agreement with unions was limited to local employment terms.

Ultimately it was the view of officers and leading Members that the project should be refocused to concentrate on the application of local employment processes. As such it is proposed to continue to discuss with the unions the following:

- Application of car allowance criteria
- Application of voluntary overtime arrangements
- Flexi time and TOIL (time off in lieu)
- Employment procedures
- Organisational change procedures including redundancy

Proposed changes arising from these discussions will be the subject of consideration by the committee as appropriate.

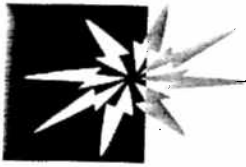
4. Comments of the Chief Finance Officer and financial implications

Any savings accruing from the proposals in this report will be realised in the service budgets of Directorates. It is not possible to quantify potential savings until further discussions have been held.

5. Head of Legal Services and legal implications

There are no legal implications arising from this report, as no changes to employment terms are proposed.

6. Local Government (Access to Information) Act 1985



Haringey Council

Report for:	Corporate Committee	Item Number:	
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Title:	Shared Services
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Report Authorised by:	<i>Stuart Young</i>
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Lead Officer:	Stuart Young
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Ward(s) affected:	Report for Key/Non Key Decisions:
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1. Describe the issue under consideration

Haringey and Waltham Forest Councils entered into a Memorandum of Understanding in November 2010. The agreement was that we would treat each other as preferred partners in any consideration of shared service operations. This report provides an update on progress for the Committee to note, with particular emphasis on the staffing elements of service delivery.

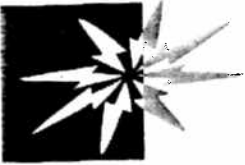
2. Recommendations

Members are asked to note the report

3. Background information

Shared service projects are planned in a number of phases. Phase one projects have progressed as follows:

- HR – payroll processes developed and due to go live mid-November 2011
- OD – joint head appointed and training provision planned to align
- Economic Development – joint head appointed, reorganisation planned to complete December 2011.
- Planning & Building control – Haringey manager seconded to WF to review business processes. Decision on sharing potential due 31/10/11.
- Regulatory Services – areas for potential sharing discussed between lead Cabinet members of each Council. Plans for consultation and



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recommendation to Cabinet, Corporate committee to be brought forward in December.

- Contact Centre – this is a broad and cross cutting project which requires both Council's to revisit how services are provided to residents. A piece of work to scope the project is due for completion on 31/10/11.
- SAP – both boroughs are due to re-procure the providers for their finance, procurement and HR IT systems.

Some of the areas above are hard procurement/commissioning exercises. Others will involve staffing reorganisations. An example is the Economic Regeneration reorganisation previously considered by the Committee. Each will follow the standard restructuring process.

An employment protocol has been prepared by the boroughs to inform the various staffing matters that arise when services are run together. This is scheduled to be presented to your next meeting.

4. Comments of the Chief Finance Officer and financial implications
There are no financial implications arising from this report.

5. Head of Legal Services and legal implications
There are no legal implications arising from this report.

6. Local Government (Access to Information) Act 1985

Agenda item:

[No.]**Corporate Committee****On 24 October 2011**

Report Title. London Living Wage – Policy and Hourly Pay Rate Supplements

Report of **Stuart Young, Assistant Chief Executive**

Signed :

Contact Officer : Steve Davies, Head of Human Resources

Wards(s) affected: **[All / Some (Specify)]**Report for: **[Key / Non-Key Decision]****1. Purpose of the report**

- 1.1. The purpose of this report is to approve the implementation of hourly pay rate supplements to the pay scales of council employees at lower end of the London pay spine to increase the hourly rate of pay to the level of the London Living Wage (LLW) rate as determined by the Mayor of London's office.

2. Introduction by Cabinet Member (if necessary)

- 2.1. Not applicable

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

- 3.1. Council commitment to pay it's employees the London Living Wage pay rate.

4. Recommendations

- 4.1. That this committee agree the implementation of local hourly pay supplements for council employees at the lower end of the London pay spine to increase the hourly rate of pay to the level of the London Living Wage rate as determined by the Greater London Authority.
- 4.2. That this committee agree the increase to the pay rates of agency workers to ensure that no one is paid less than the London Living Wage as determined by the Greater London Authority.
- 4.3. That this committee agree the above additional pay supplements/ increases with effect from 2 May 2011.
- 4.4. That this committee delegate to the Head of Human Resources authority to increase and/or introduce hourly pay supplements as appropriate to ensure that in future the pay of council employees at the lower ends of the London pay spine receive a level of pay in line with the London Living Wage rate as determined from time to time by the Greater London Authority.
- 4.5. That this committee delegates to the Head of Human Resources authority to increase the pay and charge rates of agency workers to ensure that they are paid no less than the London Living Wage rate as determined from time to time by the Greater London Authority.
- 4.6. That this committee agrees the principle of adopting the Greater London Authority London Living Wage rate to be applied as the minimum pay level for staff providing services to the council under procurement contract arrangements.

5. Reason for recommendation(s)

- 5.1. To ensure that the hourly rate of pay of council employees at the lower end of the London pay spine remain at a reasonable and fair level of pay for working in London as determined by the Living Wage Unit on behalf of the Mayor of London for the Greater London Authority group.

6. Other options considered

- 6.1. The alternative would be to not pay a supplement rate of pay, which according to the research of the London Living Wage unit would place a number of lower paid council employees and any children they might have at a significant disadvantage in terms of the quality of life they can enjoy.

7. Summary

7.1. Background

- 7.1.1 Until the May 2010 increase in the London Living Wage (LLW), all the pay points on the GLPC pay spines were above the LLW. The lack of increase in the pay spines for 2010/11 meant that spine point 4 in outer London dropped below by 2p an hour. In Haringey council no staff were on spine point 4, although there are a small number of cleaners in schools on spine point 4.
- 7.1.2 The LLW May 2011 increase to **£8.30** an hour, combined with the lack of any increase in the pay spines for 2011/12 means that employees on spine points 4-7 (outer London) would have been below the LLW rate.
- 7.1.3 The current gap between pay spine points and the LLW is summarised below.

Outer London Spine Pt	Hourly rate (£)	LLW hourly rate gap
SCP 4	7.83	47p
SCP 5	7.89	41p
SCP 6	7.96	34p
SCP 7	8.11	19p

7.2 Council workers

- 7.2.1 In Haringey the adoption of low pay supplements for staff below the LLW rate will have the following impact:
- In the council approx 100 part time cleaners will see their gross pay increase by approx £160 per year. A total cost to the council's revenue budget of approx £16,000 per annum.
 - In schools approx 200 part time cleaners and schools meals assistants will see their gross pay increase by approx £180 per year. A total cost to the schools dedicated schools grant (DSG) of approx £36,600 per annum.
- 7.2.2 There are also approx 100 part time kitchen, cleaning and gardener agency workers who would be affected by the adoption of a policy to not pay less than LLW rate. Assuming this level of agency workers were retained for a full year the additional cost would be approx £9,400 per annum.
- 7.2.3 In terms of external contracts we have adopted a strategy of including a clause in the contract conditions of ALL our construction related Framework Agreements (major works, minor works and conservation works) to not pay less than the London Living Wage. The practice of contractors supplying Highways and Waste Management services has also been to pay above the LLW rate. However, it is our view that because the LLW is a regional standard (ie London only) and not a national requirement, such as the UK Minimum Wage, then it cannot be legally enforced through a procurement / contract process.

8. Chief Financial Officer Comments

8.1. The financial impact of the recommendations is clearly set out in section 7 above and the expectation is that these costs should be absorbed within existing budget provisions across the services affected.

8.2. It is recommended that as part of the delegated responsibility for increasing and/or introducing hourly pay rate supplements to the Head of Human Resources, he/she ensures early discussion is held with corporate finance to enable the on-going financial impact of such decisions to be factored into the Council's budget planning.

9. Head of Legal Services Comments

9.1 The Head of Legal Services has been consulted on the content of this report. S112 of the Local Government Act 1972 provides that the Council may appoint staff on such reasonable terms and conditions of employment as the authority might determine. Having regard to the London Living Wage, as promoted by the Mayor of London's Office, in determining the rates of pay of the lowest paid employees within the authority is a reasonable consideration. The application of the London Living Wage to the rates paid to low earning agency staff is also a reasonable course of action in the light of the Council's aims and strategies concerning poverty and economic well being.

10. Equalities & Community Cohesion Comments

10.1. The proposals are designed to ensure a reasonable quality of living for low paid staff and their dependants living in London. This helps support the councils aims for tackling low income and poverty in the borough.

11. Service Financial Comments

11.1. Approx 100 part time cleaners will see their gross pay increase by approx £160 per year. A total cost to the council's revenue budget of approx £16,000 per annum with an expected increase within this financial year of £14,200. This will be contained with service budgets.

11.2. In addition there are also approx 100 part time kitchen, cleaning and gardener agency workers. Assuming this level of agency workers were retained for a full year the additional cost would be approx £9,400 per annum and approx £7,800 within this financial year.

11.3. The total additional cost to revenue budgets is approx £25,000 per annum. These costs will be contained within service budgets.

11.4. In terms of costs within schools the additional costs are estimated to be approx £36,000 per annum and approx £33,000 this financial year. These costs will be contained within the DSG.

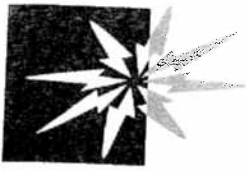
12. Use of appendices /Tables and photographs

12.1. There are no appendices.

13. Local Government (Access to Information) Act 1985

13.1. No documents that require to be listed were used in the preparation of this report.

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Haringey Council

Report for:	Corporate Committee	Item Number:	
Title:	Appointment to AD Finance and Head of Legal Services		
Report Authorised by:			
Lead Officer:	Stuart Young		
Ward(s) affected:	Report for Key/Non Key Decisions:		

1. Describe the issue under consideration

This report proposes a process for the appointment to two posts: Assistant Director of Finance and Head of Legal Services.

2. Recommendations

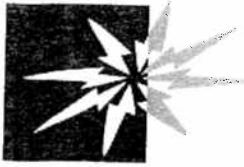
Members are asked to agree the recruitment process for each of the two posts.

3. Background information

Two posts have been vacant and covered by staff acting up to cover the responsibilities of the posts; Legal since April 2011 and Finance since July 2010.

Across the Council a recruitment control process has been in operation for the past year. Any vacancies are assessed and a decision taken about whether they are required to be filled. Any resultant advertisement is carried out amongst the existing workforce. If that proves unsuccessful further authorisation is sought to advertise externally.

It is proposed to apply the same approach to the two vacant posts –that is to include them on the internal jobs vacancy list and therefore invite applications from current Council staff. A longlist of applicants would be drawn up and a Member



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appointment process would then follow in the usual way. Should the internal advert prove unsuccessful in attracting applicants or should an appointment not be possible, an external recruitment exercise would then be undertaken – again as a standard Member appointment.

In reaching the decision to proceed on the basis proposed, Members are asked to weigh the costs of external recruitment with the restrictions that an internal recruitment might bring. Typical recruitment costs for a senior post are in the order of £25K per job. The process takes approximately 4-6 months to realise a new appointee, dependent on notice periods. Both jobs are likely to attract applications from within the Council, even if advertised externally. So there is a logic to a two-staged process where Members assess interest from within the Council first, and then if this proves insufficient to enable an appointment to proceed, then test the external market.

Members are asked also to take into account that the Council is under represented in its representation from BME communities amongst the top tiers. Any appointment made will be based on the merit and will be open to any employee of the Council to apply.

It is suggested that Members consider each job on its merits, simply because there may be occasions in the future when Member wish to externally advertise.

4. Comments of the Chief Finance Officer and financial implications

There are no financial implications arising from the proposals in this report. Both posts are currently funded.

5. Head of Legal Services and legal implications

There are no legal implications arising from this report. The Council is required to make appointment on merit and in accordance with part 4 section K4 of the Constitution. The proposals in this report accord with the Council Constitution.

6. Local Government (Access to Information) Act 1985

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is exempt

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