

**MINUTES OF THE CORPORATE COMMITTEE  
MONDAY, 22 JUNE 2015**

Councillors: Griffith (Vice-Chair), Adamou, Ejiofor, Ibrahim, Opoku, B Blake (Chair), Diakides and Adje

Apologies: Councillor Elliott and Bull

<b>MINUTE NO.</b>	<b>SUBJECT/DECISION</b>	<b>ACTION BY</b>
<b>CC01.</b>	<p><b>FILMING AT MEETINGS</b></p> <p>The Committee noted the Chair’s announcement in respect of filming at meetings, as set out on the agenda.</p>	
<b>CC02.</b>	<p><b>APOLOGIES FOR ABSENCE AND SUBSTITUTIONS (IF ANY)</b></p> <p>Apologies for absence were received from Cllr Bull, Cllr Elliott and Cllr Engert, for whom Cllr Ross was acting as substitute.</p>	
<b>CC03.</b>	<p><b>URGENT BUSINESS</b></p> <p>There were no new items of urgent business.</p>	
<b>CC04.</b>	<p><b>DECLARATIONS OF INTEREST</b></p> <p>There were no declarations of interest.</p>	
<b>CC05.</b>	<p><b>DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS</b></p> <p>There were no such items.</p>	
<b>CC06.</b>	<p><b>MINUTES</b></p> <p><b>RESOLVED</b></p> <p>That the minutes of the meeting of the Committee held on 29 January 2015 be approved as an accurate record and signed by the Chair.</p>	
<b>CC07.</b>	<p><b>INTERNAL AUDIT CHARTER</b></p> <p>The Committee considered a report on the Internal Audit Charter, as introduced by Anne Woods, the Head of Audit and Risk Management. It was noted that, following the independent peer review of the internal audit function completed in October 2014, the charter had been updated to include definitions of ‘The Board’ and ‘Senior Management’.</p> <p>The Committee asked about the special reviews as mentioned in paragraph 4.5 of the Charter. The Head of Audit and Risk Management advised that where specific concerns had been brought to the attention of the internal audit service and these related to an area not covered by the internal audit plan and for which assurance could not be provided by other means, then a special audit of that area may be undertaken in response to the concerns raised.</p>	

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	<p>The Chair moved the recommendations of the report and it was</p> <p><b>RESOLVED</b></p> <p>That the Committee approve the Internal Audit Charter.</p>	
<p><b>CC08.</b></p>	<p><b>AUDIT PROGRESS REPORT QUARTER 4</b></p> <p>The Committee considered the report on the work undertaken by the Internal Audit Service in completing the 2014/15 annual audit plan, together with the responsive and pro-active fraud investigation work, as introduced by Anne Woods, the Head of Audit and Risk Management.</p> <p>In response to a question from the Committee regarding the sanctions for submitting fraudulent Right to Buy applications, it was reported that in some cases such applications did lead to prosecution for related matters such as tenancy fraud, rather than sanctions being imposed specifically for making a fraudulent application. The Committee asked whether was possible to get a breakdown for the 2014/15 year of the number of right to buy applications refused and the number withdrawn. The Head of Audit and Risk Management agreed to find out whether this information was available.</p> <p>The Committee noted that the number of tenancy fraud referrals made by members of the public, as set out in the report, was surprisingly low, in response to which the Head of Audit and Risk Management advised that concerns made by members of the public were likely to have been officially referred via tenancy management officers and to be reflected in this figure. In response to a question regarding the way in which the referrals were counted, it was confirmed that each case was only counted once in the report; where the same case had been referred in several different ways, only the first way in which the referral had been received was reported.</p> <p>With regard to the report on irregularities investigated by the in-house team, it was confirmed that any losses or costs to the Council arising from such irregularities was recovered from the staff member in question, whether they remained in post or not.</p> <p>The Committee asked why the number of audits receiving the ‘full’ assurance rating was so low, and noted that only the Pension Fund Investments audit had achieved this in the report presented. The Head of Audit and Risk Management advised that receiving a full assurance rating was very difficult, particularly in areas where there was a large number of staff, and where there were regular updates and changes to guidance and regulation. It was noted that a ‘substantial’ assurance rating was still very positive, as no critical concerns had been identified. The Committee asked how Haringey compared with other local authorities with regard to the assurance levels it attained for its internal audits, and it was advised that, although it was difficult to compare directly, levels of assurance were comparable with other London</p>	

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	<p>boroughs.</p> <p>The Committee asked about the management response to the outstanding priority 2 recommendation for Residential and Community Care Charges regarding the difficulty in obtaining data on the length of time taken for the completion of financial assessments, and it was confirmed by officers that this issue had subsequently been addressed by the system upgrade to Mosaic.</p> <p>The Chair moved the recommendations of the report and it was</p> <p><b>RESOLVED</b></p> <p>That the Committee note the audit coverage and counter-fraud work completed and the actions taken during the quarter to ensure audit recommendations are implemented and address the outstanding recommendations during the fourth quarter 2014/15.</p>	
<p><b>CC09.</b></p>	<p><b>ANNUAL INTERNAL AUDIT REPORT</b></p> <p>The Committee considered the Head of Audit and Risk Management’s annual audit report and assurance statement for 2014/15, which advised Members of the overall adequacy and effectiveness of the system of internal control and risk management operating throughout the year and presented a summary of the audit work undertaken to formulate the opinion. The report was introduced by Anne Woods, the Head of Audit and Risk Management.</p> <p>With regard to the report on the fraud investigations undertaken, in particular the Council Tax single person discount investigations, the Committee noted that the definition of this was often raised by residents as a source of confusion, and the Head of Audit and Risk Management clarified the way in which single person occupancy was defined. In response to a question from the Committee regarding the discounts associated with Right to Buy applications, it was confirmed that such discounts would be borne by the Council.</p> <p>The Chair moved the recommendations of the report and it was</p> <p><b>RESOLVED</b></p> <p>That the Committee note the content of the Head of Audit and Risk Management’s annual audit report and assurance statement for 2014/15.</p>	
<p><b>CC10.</b></p>	<p><b>ANNUAL GOVERNANCE STATEMENT</b></p> <p>The Committee considered the report on the draft Annual Governance Statement (AGS) for the 2014/15 financial year, as introduced by Anne</p>	

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Woods, the Head of Audit and Risk Management. It was noted that it was a statutory requirement for the 2014/15 AGS to be approved by 30 June 2015.

Referring to the significant governance issues for 2014/15 as identified in the report, the Committee asked about the recording and publishing of delegated decisions, and why this had arisen as an issue. The Head of Audit and Risk Management and Kevin Bartle, Chief Financial Officer, advised that there had been a change in the requirements for the way in which such decisions were recorded and reported, and this had caused some confusion as to where and how decisions needed to be reported. While there had been compliance with the reporting requirements in some services, this had not been across the board and Legal Services had made significant efforts to provide training to management teams to address this. It was noted that services were now catching up on meeting the requirements, but it was recognised that this had been a significant governance issue in 2014/15 and needed to be reported in the AGS covering that period.

The Committee noted the budget overspends in Children's Service and Adult Social Services. The Chief Financial Officer advised that, while increase in demand for these services was a contributing factor, the reason this issue was raised in the AGS specifically was that there were concerns regarding the governance arrangements. Improving the governance around budget management in these areas formed part of the management action plans.

In response to a question from the Committee regarding the involvement of Members in the formulation of the AGS, it was confirmed that the Corporate Committee was the first group of Members to see the draft document, as the responsible body. In response to a further question by the Committee, it was confirmed by the Head of Audit and Risk Management that the AGS covered both Members and officers, and that this was reflected in the fact that the document was signed by both the Chief Executive and the Leader. Raymond Prince, Legal Services, further noted that any concerns regarding activity by Members would engage the Members' Code of Conduct in addition to being reported as part of the AGS.

The Chief Finance Officer advised the Committee that, following its approval by the Corporate Committee, the AGS would be further considered by the Council's external auditors. Paul Dossett, Grant Thornton, confirmed that if the external auditors were to find any concerns relating to governance they would insist that the AGS be amended to include these concerns.

The Chair moved the recommendations of the report and it was

**RESOLVED**

- i) That the Committee approve the draft 2014/15 Annual Governance Statement;

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	<p>ii) That the Committee note the approval timescale and processes for the draft 2014/15 Annual Governance Statement.</p>	
<p><b>CC11.</b></p>	<p><b>EXTERNAL AUDIT - PROGRESS UPDATE</b></p> <p>The Committee considered the update report from Grant Thornton, as presented by Paul Dossett. In respect of the two objections raised on the 2013/14 accounts, Mr Dossett advised that the work on the court costs charged by the Council in respect of issuing a summons for non-payment of Council tax was close to completion and was expected to be concluded by the end of June. On the other objection, relating to bailiff enforcement of parking and traffic debts, the outcome of a separate parking enforcement case was expected shortly and would enable the work on this objection to be finalised. The report also set out current progress on external audit work for the Council, recent reports with relevance to Local Government governance issues and an update to the Code relating to accounting for schools.</p> <p>Referring to the ‘Stronger futures: development of the LGPS’ key findings, particularly the wide variation in practice between different Local Authority Pension Committees, the Committee asked how Haringey compared in terms of the operation of its Pensions Committee. George Bruce, Head of Finance – Pensions and Treasury, advised the Committee that training was undertaken before most meetings of the Pensions Committee, and that the content of this training was based on the CIPFA framework. It was also noted that the Pensions Committee received reports on investment risk, and received information on the value of liabilities between triennial valuations. It was noted that the Pensions Committee did not currently receive internal audit reports and the Committee agreed that it would be useful for relevant internal audit reports to be reported to the Pensions Committee in future and officers agreed to implement this. Paul Jacklin, Grant Thornton, confirmed that this would be good practice.</p> <p><b>NOTED</b></p>	
<p><b>CC12.</b></p>	<p><b>THE AUDIT PLAN</b></p> <p>The Committee considered the report on the Audit Plan, as presented by Paul Jacklin, Grant Thornton. The report set out the key risks which the auditors would be testing on, the findings of which would be reported back to the Committee in September. The report also set out the work that would be undertaken in respect of the Value for Money conclusion, and the audit fees. It was reported that some early testing had been undertaken and that no significant issues had arisen out of this testing.</p> <p>The Committee asked about the significant risk titled ‘management override of controls’ and whether this applied to elected Members as well as officers. Paul Dossett, Grant Thornton, advised that any controls that would have an impact on the accounts would be covered in the audit</p>	

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	<p>work in respect of both officers and elected Members. In response to a question about the 'review of unusual significant transactions' as work planned in relation to the risk of management over-ride of controls, Mr Dossett advised that examples of unusual transactions would be major asset disposals, investments, the creation of joint ventures, journals raised at unusual times such as out of normal working hours and other such non-routine transactions. The Committee asked about the way in which the Council's assets were valued, and it was reported that the Council used an independent valuer for this function, Wilks Head and Eve. In response to a question about how unusual transactions were identified, and whether concerns regarding particular transactions could be raised directly with the external auditors, Mr Dossett advised that they examined the accounts and flagged up any transactions above a certain threshold for further investigation. Mr Dossett further advised that the external auditors would follow up on any concerns or information passed on to them during the course of the audit.</p> <p><b>NOTED</b></p>	
<p><b>CC13.</b></p>	<p><b>AUDIT LETTERS TO MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE</b></p> <p>The Committee considered the report on the assurance statements provided regarding the management processes in place to prevent and detect fraud and to ensure compliance with law and regulation, as introduced by Kevin Bartle, Chief Finance Officer.</p> <p>In response to a question from the Committee, both the Chief Finance Officer and Chair of the Committee confirmed that they were satisfied with the responses as set out in the report. It was noted that all of the items referred to in the report had been reported to the Corporate Committee during the course of the 2014/15 financial year.</p> <p>The Chair moved the recommendation of the report and it was</p> <p><b>RESOLVED</b></p> <p>That the Committee note the responses set out in the report.</p>	
<p><b>CC14.</b></p>	<p><b>HARINGEY PLACE ANALYTICS</b></p> <p>The Committee considered the report on the place analytics for Haringey, produced by Grant Thornton. It was noted that Haringey was ranked as 22<sup>nd</sup> in the country on the high growth index, relating to areas with high levels of economic and social growth, and 59<sup>th</sup> in the country on the dynamism index, relating to areas with high levels of entrepreneurship, economic activity and intense productivity. In response to a question from the Committee, it was confirmed that these rankings were out of a total of around 330 local authorities.</p> <p>The Committee requested that data be provided on a ward by ward basis, and it was agreed that this information would be produced. It was noted that Haringey was rated E for employees growth, and Grant</p>	

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	<p>Thornton advised that this indicated that there was not as much long-term growth in the level of those employed within the borough relative to other boroughs. The Committee requested that comparative information for neighbouring boroughs in respect of employees growth be provided. It was noted that the issue of employment levels was concerning, and that it was important to try to find out the reasons behind the relatively slow growth in employment levels.</p> <p><b>NOTED</b></p>	
<p><b>CC15.</b></p>	<p><b>HIGH PRIORITY RECOMMENDATION REGARDING THE QUALIFICATION OF HOUSING BENEFIT CLAIM</b></p> <p>The Committee considered the report on the actions undertaken by the Service since the qualification of the Housing Benefits claim by the external auditors, as presented by the Assistant Director for Customer Services, Sergio Sgambellone. The report outlined the analysis and corrective actions that had been undertaken by the service, such as identifying additional training needs, delivering training and changing the way in which quality checking of this area was managed. The Acting Assistant Head of Revenues, Benefits and Customer Services, Amelia Hadjimichael, provided further detail on the work that was being undertaken, and highlighted that the earned income assessment was the most complex of the assessments managed by the service and it was therefore this area that they were focussing most closely on quality checking. It was confirmed that all the measures detailed in the report were new tasks, and represented a conscious effort to identify how errors were occurring and prevent this.</p> <p>The Committee asked how much of the housing benefits calculation was performed by software; it was reported that the software performed the final calculation, but that the data on which the calculation was based had to be inputted by an officer first, and it was at this stage that errors were made. It was confirmed that issues such as zero-hours contracts and minimum-wage fluctuations made compiling accurate data for earned income and self-employed assessments particularly difficult.</p> <p>In response to a question regarding the stability of the work force in Revenues, Benefits and Customer Services, the Assistant Director for Customer Services advised that the team was currently made up of approximately two-thirds permanent staff and one-third agency staff, but that staff turnover was generally low.</p> <p>The Committee noted that it was important that the service had information on the breakdown of the assessments for new claims and change events by area, as this would make a significant difference to the potential number of errors. The Service advised that this information would be recorded going forward.</p> <p>It was noted that the housing benefit claim would form a part of the work undertaken by external audit as part of the audit of accounts, and would be reported to the Committee at its next meeting.</p>	

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	<b>NOTED</b>	
<b>CC16.</b>	<p><b>TREASURY MANAGEMENT OUTTURN 2014/15 AND QUARTER 1 2015/16 UPDATE</b></p> <p>The Committee considered the report on treasury management activity and performance during 2014/15, as introduced by the Head of Finance – Pensions and Treasury, George Bruce. It was reported that borrowing and investments had remained within the agreed limits and had followed the Council's Treasury Management Strategy. The report advised the Committee of the inclusion of two enhanced cash funds, Insight Sterling Liquidity Plus and Royal London cash plus on the list of eligible investment counterparties. It was reported that the enhanced cash funds would enable greater diversity within the Council's investment portfolio, and provided a slightly higher level of investment income due to the slightly longer duration of the investments. It was noted that inclusion of enhanced cash funds was provided for in the treasury management strategy, but that any such addition to the counterparty list had to be reported to the Committee.</p> <p>In response to a question from the Committee regarding the capital underspend for the 2014/15 financial year, the Chief Finance Officer clarified that this was mainly due to the slippage of certain projects. It was noted that projects not being delivered as budgeted should be investigated but generally management matters are covered in the Annual Governance Statement.</p> <p>The Chair moved the recommendations of the report and it was</p> <p><b>RESOLVED</b></p> <ul style="list-style-type: none"> <li>a) That the Committee note the treasury management activity and performance during 2014/15;</li> <li>b) That the Committee note the inclusion of the Insight Sterling Liquidity Plus and Royal London cash plus funds on the list of eligible investment counterparties.</li> </ul>	
<b>CC17.</b>	<p><b>DELEGATED DECISIONS, SIGNIFICANT ACTIONS, URGENT ACTIONS</b></p> <p>The Committee noted the content of the report.</p>	
<b>CC18.</b>	<p><b>ANY OTHER BUSINESS OF AN URGENT NATURE</b></p> <p>There were no new items of urgent business.</p>	
<b>CC19.</b>	<p><b>DATE AND TIME OF NEXT MEETING</b></p> <p>Thursday, 24 September 2015, 7pm.</p> <p>The meeting closed at 9:20pm.</p>	