



Haringey Council

Corporate Committee

MONDAY, 22ND JUNE, 2015 at 7.00 pm HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, N22 8LE.

MEMBERS: Councillors B Blake (Chair), Griffith (Vice-Chair), Adamou, Ejiofor, Elliott, Engert, Ibrahim, Opoku, Ozbek, Bull, Diakides and Adje

Quorum: 3 Councillors

AGENDA

1. FILMING AT MEETINGS

Please note this meeting may be filmed or recorded by the Council for live or subsequent broadcast via the Council's internet site or by anyone attending the meeting using any communication method. Although we ask members of the public recording, filming or reporting on the meeting not to include the public seating areas, members of the public attending the meeting should be aware that we cannot guarantee that they will not be filmed or recorded by others attending the meeting. Members of the public participating in the meeting (e.g. making deputations, asking questions, making oral protests) should be aware that they are likely to be filmed, recorded or reported on. By entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings.

The Chair of the meeting has the discretion to terminate or suspend filming or recording, if in his or her opinion continuation of the filming, recording or reporting would disrupt or prejudice the proceedings, infringe the rights of any individual, or may lead to the breach of a legal obligation by the Council.

2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS (IF ANY)

3. URGENT BUSINESS

The Chair will consider the admission of any late items of urgent business. (late items will be considered under the agenda items where they appear. New items will be dealt with at item 18)

4. DECLARATIONS OF INTEREST

A member with a disclosable pecuniary interest or a prejudicial interest in a matter who attends a meeting of the authority at which the matter is considered:

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and
- (ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Register of Members' Interests or the subject of a pending notification must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interests are defined at Paragraphs 5-7 and Appendix A of the Members' Code of Conduct.

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

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

6. MINUTES (PAGES 1 - 4)

To consider and agree the minutes of the meeting held on 29 January 2015.

7. INTERNAL AUDIT CHARTER (PAGES 5 - 14)

Report of the Assistant Director of Corporate Governance to present the updated Internal Audit Charter to the Committee for review and approval.

8. AUDIT PROGRESS REPORT QUARTER 4 (PAGES 15 - 42)

Report of the Assistant Director of Corporate Governance to inform the Committee of the audit coverage and anti-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.

9. ANNUAL INTERNAL AUDIT REPORT (PAGES 43 - 56)

Report of the Assistant Director of Corporate Governance to inform Members of the overall adequacy and effectiveness of the system of internal control and risk management operating throughout 2014/15 and present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other bodies.

10. ANNUAL GOVERNANCE STATEMENT (PAGES 57 - 74)

Report of the Assistant Director of Corporate Governance to inform the Committee of the requirements of the statutory Annual Governance Statement and provide a draft statement for the 2014/15 financial year for review and approval.

11. EXTERNAL AUDIT - PROGRESS UPDATE (PAGES 75 - 90)

Report of Grant Thornton.

12. THE AUDIT PLAN (PAGES 91 - 108)

Report of Grant Thornton.

13. AUDIT LETTER TO MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE - ASSURANCE STATEMENT TO COMPLY WITH INTERNATIONAL AUDITING STANDARDS (PAGES 109 - 122)

Report of the Assistant Director – Finance to advise the Committee of the responses to the Council’s external auditors in respect of the management processes in place to prevent and detect fraud and to ensure compliance with law and regulation.

14. HARINGEY PLACE ANALYTICS (PAGES 123 - 126)

Report of Grant Thornton.

15. HIGH PRIORITY RECOMMENDATION REGARDING THE QUALIFICATION OF HOUSING BENEFIT CLAIM (PAGES 127 - 130)

Report of the Assistant Director for Customer Services to address the points raised by the auditors regarding the qualification of the housing benefit claim, and to outline the actions undertaken by the service since the audit report.

16. TREASURY MANAGEMENT OUTTURN 2014/15 AND QUARTER 1 2015/16 UPDATE (PAGES 131 - 148)

Report of the Assistant Director of Finance on treasury management activity and performance during 2014/15 in accordance with the CIPFA Treasury Management Code of Practice.

17. DELEGATED DECISIONS, SIGNIFICANT ACTIONS, URGENT ACTIONS (PAGES 149 - 168)

Report of the Assistant Director of Corporate Governance and Monitoring Officer to inform the Committee of non-executive delegated decisions, significant actions and any urgent decisions taken by the Chair.

18. ANY OTHER BUSINESS OF AN URGENT NATURE

To consider any items admitted at item 2 above.

19. DATE AND TIME OF NEXT MEETING

24 September 2015, 7pm.

Bernie Ryan
Assistant Director – Corporate Governance and
Monitoring Officer
Level 5
River Park House
225 High Road
Wood Green
London N22 8HQ

Helen Chapman
Principal Committee Coordinator
Level 5
River Park House
225 High Road
Wood Green
London N22 8HQ

Tel: 020 8489 2615

Email:

helen.chapman@haringey.gov.uk

**MINUTES OF THE CORPORATE COMMITTEE
THURSDAY, 29 JANUARY 2015**

Councillors: Meehan (Chair), Griffith (Vice-Chair), Adamou, M Blake, Elliott, Engert, Ibrahim, Jogee, Wright, Bull and Sahota

Apologies: Councillor Ozbek

MINUTE NO.	SUBJECT/DECISION	ACTION BY
CC391.	<p>APOLOGIES FOR ABSENCE AND SUBSTITUTIONS (IF ANY)</p> <p>Apologies for absence were received from Councillors Ejiofor and Opoku, and consequently Councillors Bull and Sahota were in attendance as substitute members.</p>	
CC392.	<p>URGENT BUSINESS</p> <p>There were no items of urgent business.</p>	
CC393.	<p>DECLARATIONS OF INTEREST</p> <p>There were no declarations of interest.</p>	
CC394.	<p>DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS</p> <p>There were none.</p>	
CC395.	<p>MINUTES</p> <p>RESOLVED:</p> <p>That the minutes of the meeting held on 25 November 2014 be approved as a correct record of the proceedings and the Chair be authorised to sign them.</p>	
CC396.	<p>GRANTS CERTIFICATION REPORT</p> <p>Paul Dossett and Paul Jacklin of Grant Thornton introduced the item and drew attention to the Summary of Findings set out on pages 10 and 11 of the Certification Report. They pointed out that in regard to key messages which were set out in the Summary, all claims had been submitted and certified by the specified deadlines. Paul Dossett and Paul Jacklin then referred to the Action Plan, attached at Appendix B to the report, which contained one recommendation as follows: 'Identify the reasons for the high number of errors identified within housing benefits cases. Implement a strategy to reduce the errors and to mitigate the risk that subsidy will be reclaimed by the Department of Work and Pensions'. The Committee noted the management response to the recommendation, which was also contained in the Action Plan.</p> <p>Responding to a question from a member of the Committee, officers stated that the errors referred to in the recommendation related mainly to assessments carried out in regard to child tax benefits. The Chair</p>	

**MINUTES OF THE CORPORATE COMMITTEE
THURSDAY, 29 JANUARY 2015**

stressed the need to ensure that similar errors were not made in future. The Assistant Director - Finance informed the Committee that Sergio Sgambellone had recently been appointed as the Council's Assistant Director for Customer Services, and that it would be appropriate for him to be requested to attend a future meeting of the Committee in order to provide an update on what action had been taken, and progress made, to deal with the errors relating to housing benefits.

A member of the Committee stressed the need for greater emphasis being placed on the training of staff who dealt with housing benefits, and that the Assistant Director for Customer Services should attend the next meeting of the Committee to explain what action had been taken on the matter of the errors.

RESOLVED:

1. That the contents of the report, and the oral updates given at the meeting by Grant Thornton, be noted.
2. That the Assistant Director for Customer Services be requested to attend the next meeting of the Committee to provide an update on action taken to deal with the errors within housing benefits cases.

CC397. EXTERNAL AUDIT PROGRESS UPDATE

Paul Dossett and Paul Jacklin of Grant Thornton introduced the report and in doing so drew attention to the comments contained therein on page 21 relating to the 2013/14 Audit Certificate. The Committee noted that Grant Thornton had not yet been able to certify the 2013/14 audit as complete, due to two objections raised on the accounts by local authority electors. Of these, one related to bailiff enforcement of parking/traffic debts and the other to the court costs requested by the Council at the point of issuing a summons for non-payment of council tax. The Committee noted that once these two objections had been resolved Grant Thornton would be able to issue the 2013/14 Audit Certificate and close the 2013/14 audit, and it also noted that Grant Thornton would provide an update on this matter at the next meeting.

Paul Dossett and Paul Jacklin of Grant Thornton referred to the matter of accounting for schools, as detailed in the report, and highlighted the fact that debate concerning the recognition of school land and buildings on local authority balance sheets had been re-ignited. Paul Dossett and Paul Jacklin went on to point out that Grant Thornton was taking a leading role, working with the Audit Commission, CIPFA, and other audit firms, in trying to resolve this issue as soon as possible.

RESOLVED:

1. That the contents of the report, and the oral updates given at the meeting by Grant Thornton, be noted.
2. That it be noted that Grant Thornton would provide an update at

**MINUTES OF THE CORPORATE COMMITTEE
THURSDAY, 29 JANUARY 2015**

	<p>the next meeting of the Committee on progress regarding the completion of the 2013/14 audit and the issuing of the 2013/14 Audit Certificate.</p>	
CC398.	<p>INTERNAL AUDIT PROGRESS REPORT - 2014/15 QUARTER 3</p> <p>Anne Woods, Head of Audit and Risk Management, introduced the report and in doing so informed the Committee that in regard to tenancy fraud 27 properties had been recovered, or succession applications refused, to-date, and she hoped that the target of 50 properties being recovered by the end of the financial year would be achieved. Anne Woods then drew attention to the fact that six properties had been recovered in the third quarter through the tenancy amnesty initiative, and that following the cessation of the amnesty period the Council would enforce a zero-tolerance approach in regard to any tenants found to be sub-letting and that the Council would prosecute those concerned. She continued by saying that the Council would continue to work with registered providers to tackle tenancy fraud. The Committee noted the comments given by Anne Woods regarding housing benefit fraud, and the fact that the Fraud Team's target of 20 prosecution cases for 2014/15 had been achieved and passed, with 24 prosecutions having been carried out to-date.</p> <p>RESOLVED:</p> <p>That the audit coverage and counter-fraud work completed be noted, along with the actions taken during the quarter to ensure audit recommendations are implemented and to address the outstanding recommendations during the third quarter 2014/15.</p>	
CC399.	<p>TREASURY MANAGEMENT STRATEGY STATEMENT 2015/16 - 2017/18</p> <p>George Bruce, Head of Finance – Treasury and Pensions, introduced the report, and informed the Committee that the proposed strategy of minimising borrowing and continuing to make use of internal balances not only minimised costs, but also reduced the credit risk associated with investments, as the amount being invested is low. The Committee noted that new borrowing would still be required during 2015/16 due to planned maturities and capital expenditure, and it was proposed that the cost of refinancing be minimised by borrowing short-term from local authorities to maintain liquidity and taking opportunities to fix borrowing rates should favourable opportunities arise.</p> <p>RESOLVED:</p> <p>That the proposed Treasury Management Strategy Statement for 2015/16 to 2017/18 be agreed and recommended to Full Council for final approval.</p>	

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THURSDAY, 29 JANUARY 2015**

<p>CC400.</p>	<p>DELEGATED DECISIONS, SIGNIFICANT ACTIONS, URGENT ACTIONS</p> <p>RESOLVED:</p> <p>That the report be noted.</p>	
<p>CC401.</p>	<p>ANY OTHER BUSINESS OF AN URGENT NATURE</p> <p>There were no items of urgent business.</p>	
<p>CC402.</p>	<p>DATE AND TIME OF NEXT MEETING</p> <p>It was noted that the next meeting would be held on Tuesday 24 March at 7.00pm.</p>	

The meeting ended at 8.56pm.

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CHAIR



Haringey Council

Report for:	Corporate Committee 22 June 2015	Item number	
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Title:	Internal Audit Charter
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Report authorised by :	Assistant Director of Corporate Governance
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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 The requirement to implement an Internal Audit Charter was introduced within the 2013 UK Public Sector Internal Audit Standards. The Internal Audit Charter sets out the purpose, authority and responsibility of the Council's Internal Audit function. The Corporate Committee is responsible for reviewing and approving the Internal Audit Charter as part of its Terms of Reference.

1.2 The Audit Charter forms part of the Council's overall internal audit strategy and the initial Audit Charter was approved by the Corporate Committee in March 2013. The revised charter has been updated following the recommendations of the independent peer review of the internal audit services in October 2014 and is presented to the Corporate Committee for approval.

2. Cabinet Member Introduction

2.1 Not applicable

3. Recommendations



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3.1 That the Corporate Committee reviews and approves the Internal Audit Charter.

4. Other options considered

4.1 Not applicable.

5. Background information

5.1 Local authorities are required by law to maintain an internal audit function. In addition, The Accounts and Audit (Amendment) (England) Regulations 2011 reinforce the statutory requirement and re-state the need for the Council to maintain an adequate and effective system of internal audit.

5.2 Within Haringey, the Internal Audit function is comprised of Mazars, who undertake the majority of the internal audit work in accordance with the contract in place, including IT and procurement audit. The in-house corporate anti-fraud team is responsible for investigations into allegations of financial irregularity, pro-active and reactive corporate anti-fraud work, provision of advice on risk and controls and grant certification work.

5.3 One of the requirements of the PSIAS is for the Council to have an internal audit 'charter' which must formally define the purpose, authority and responsibility of the internal audit activity. The charter will also cover arrangements for avoiding conflicts of interest if internal audit carries out any 'non-audit' activities. In Haringey, this applies as the Head of Audit and Risk Management is responsible for the Insurance and Risk Management activities across the Council. These activities are subject to regular independent review by both external audit and Mazars to ensure that appropriate arrangements are in place.

5.4 The Audit Charter has been updated to incorporate the recommendations of the independent peer review of Haringey's internal audit function which was completed in October 2014. The revised strategy now includes the definitions of 'The Board' and 'Senior Management'.

6. Comments of the Chief Financial Officer and Financial Implications

6.1 There are no direct financial implications arising from this report. The work which will be completed by Mazars to deliver the internal audit function, as set out in the Audit charter, is part of the contract which was awarded, in compliance with EU regulations, from 1 April 2012. The costs of this contract are contained and managed within the Audit and Risk Management revenue budgets which are monitored on a monthly basis.

7. Legal Implications



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7.1 The Assistant Director, Corporate Governance 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 the internal audit function is to be delivered, in accordance with PSIAS, to provide assurance on the key risks across all areas of the council, which have an impact on various parts of the community. Improvements in managing risks and controls will therefore improve services the Council provides to all sections of the community.

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.

11. Use of Appendices

11.1 Appendix A – Internal Audit Charter

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HARINGEY COUNCIL

INTERNAL AUDIT CHARTER



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Policy History					
Version	Summary of Change	Contact	Implementation Date	Review Date	EqIA Date
1.1	Definition of The Board and senior management	Head of Audit & Risk Management	March 2015	March 2016	March 2015

Links and Dependencies
Employee Code of Conduct Disciplinary Procedures Council Constitution Whistleblowing Policy Anti-money Laundering Policy Anti-bribery Policy

Related Forms
Declaration of Interests Form Declaration of Receipt of Gift or Hospitality

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1. Introduction

- 1.1 Organisations in the UK public sector have previously been governed by various internal audit standards. The UK Public Sector Internal Audit Standards (PSIAS), which took effect from 1 April 2013, provide a consolidated approach across the whole of the public sector providing continuity, sound corporate governance and transparency.
- 1.2 The PSIAS require Haringey Council to implement and retain an 'Internal Audit Charter'. The purpose of the Internal Audit Charter is to formally define the internal audit activity's purpose, authority and responsibility. This Charter will be reviewed on a regular basis and presented to the Corporate Committee for review and approval.

2. Authority

- 2.1 The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2012, which states that a relevant body must: *'undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'*. The standards for 'proper practices' in relation to internal audit are laid down in the 2013 UK PSIAS.
- 2.2 Internal Audit has unrestricted access to all Council records and information, both manual and computerised, cash, stores and other Council property or assets it considers necessary to fulfil its responsibilities. Audit may enter Council property and has unrestricted access to all locations and officers where necessary, on demand, and without prior notice. This right of access is included in the Council's Constitution (Part Four, Section I, paragraph 5.45).

3. Purpose

- 3.1 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in providing assurance to the Council that these arrangements are in place and operating effectively. The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives. All the Council's activities, funded from whatever source, fall within the remit of the internal audit service.
- 3.2 The role of internal audit is best summarised through its definition within the UK PSIAS as an: *'independent, objective assurance and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'*.

4. Responsibility



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- 4.1 The responsibility for maintaining an adequate and effective system of internal audit within Haringey Council lies with the Assistant Director of Corporate Finance, as the authority's Chief Finance Officer (S151 Officer).
- 4.2 Haringey Council's internal audit function is provided by Mazars Public Sector Internal Audit Ltd (Mazars), via a framework agreement managed by Croydon Council. The Head of Audit and Risk Management is responsible for managing the internal audit activity in accordance with the 'Definition of Internal Auditing', the 'Code of Ethics' and the PSIAS.
- 4.3 The Head of Audit and Risk Management is also required to provide an annual opinion to the Council and to the Chief Finance Officer, via the Corporate Committee, on the adequacy and the effectiveness of the internal control system for the whole Council. 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 identified by the Council as being of greatest risk and significance and rely on management to provide full access to accounting records and transactions for the purposes of internal audit work and to ensure the authenticity of these documents.
- 4.4 It is not the responsibility or remit of Internal Audit to question the appropriateness of policy decisions. However, Internal Audit is required to examine the arrangements by which such decisions are made, monitored and reviewed.
- 4.5 Internal Audit may also conduct any special reviews requested by the Council, Corporate Committee or the s151 Officer, provided such reviews do not compromise its objectivity, independence or achievement of the approved annual internal audit plan. Internal Audit will consider all requests from the Council's external auditors for access to any information, files or working papers obtained or prepared during audit work that has been finalised, which external audit would need to discharge their responsibilities.
- 5. Definitions**
- 5.1 For the purposes of this charter, the following definitions shall apply:
The Board – the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. At Haringey Council, this means the Corporate Committee.
Senior Management – those responsible for the leadership and direction of the Council. At Haringey Council, this means the Senior Leadership Team and Statutory Officers' Group.
- 6. Position in the organisation**
- 6.1 The Head of Audit and Risk Management reports functionally to the Board, and organisationally to the Assistant Director of Corporate Governance, who is also the Council's Monitoring Officer. The Head of Audit and Risk Management attends the management team meetings of the Assistant Director of Finance in order to fulfil their



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statutory responsibility under Section 151 of the Local Government Act 1972, for ensuring an effective system of internal financial control and proper financial administration of the Council's affairs. The Head of Audit and Risk Management has direct access to the Chief Executive who carries the responsibility for the proper management of the Council and for ensuring that the principles of good governance are reflected in sound management arrangements.

6.2 Where it is considered necessary to the proper discharge of internal audit function, the Head of Audit and Risk Management has direct access to elected Members of the Council and in particular those who serve on committees charged with governance (i.e. the Corporate Committee).

7. Reporting

7.1 The PSIAS require the Head of Audit and Risk Management to report at the top of the organisation and this is done in the following ways:

- The Internal Audit Strategy and Charter and any amendments to them are reported to the Statutory Officers' Group and Corporate Committee for review and approval;
- The annual Internal Audit Plan is compiled by the Head Audit and Risk Management, taking account of the Council's risk framework and after input from the Senior Leadership Team and Statutory Officers' Group. It is then presented to the Corporate Committee for formal approval;
- The adequacy, or otherwise, of the level of internal audit resources (as determined by the Head of Audit and Risk Management) and the independence of internal audit is reported annually to the Corporate Committee. The approach to providing resource is set out in the Internal Audit Strategy;
- Performance against the Internal Audit Plan and any significant risk exposures and control issues arising from audit work are reported to the Statutory Officers' Group and Corporate Committee on a quarterly basis;
- Any significant consulting or advisory activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the Corporate Committee;
- Results from internal audit's performance management processes and performance indicators will be reported to the Corporate Committee; and
- Any instances of non-conformance with the Public Sector Internal Audit Standards must be reported to the Corporate Committee and will be included in the annual Head of Internal Audit report. If there is significant non-conformance this may be included in the Council's Annual Governance Statement.

6. Independence

6.1 The Head of Audit and Risk Management has free and unfettered access to:

- Chair of the Corporate Committee;
- Chief Executive;
- Chief Finance Officer;
- Monitoring Officer; and
- Any other member of the Senior Leadership Team and Statutory Officers' Group.

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- 6.2 The independence of the Head of Audit and Risk Management is further safeguarded by ensuring that their annual appraisal is not inappropriately influenced by those subject to audit. This is achieved by ensuring that the Chief Executive and/or the Chair of the Corporate Committee contribute to, and/or review the appraisal of the Head of Audit and Risk Management.
- 6.3 All Council and relevant contractor staff in Audit and Risk Management are required to make an annual declaration of interest to ensure that auditors' objectivity is not impaired and that any potential conflicts of interest are appropriately managed.
- 6.4 Internal Audit may also provide consultancy services, such as providing advice on implementing new systems and controls. However, any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the Corporate Committee. To maintain independence, any audit staff involved in significant consulting activity will not be involved in the audit of that area for at least 12 months.
- 6.5 The Head of Audit and Risk Management is responsible for the management of the 'non-audit' activities for insurance and risk management functions of the Council. In order to fulfil the requirements of the PSIAS and avoid potential conflicts of interest and loss of objectivity, these functions are independently audited on a regular basis by Mazars and the Council's external auditors, with the results reported to the Corporate Committee.

7. Due Professional Care

- 7.1 The Internal Audit function is bound by the following standards:
- Institute of Internal Auditor's International Code of Ethics;
 - Seven Principles of Public Life (Nolan Principles);
 - UK Public Sector Internal Audit Standards (PSIAS);
 - All Council Policies and Procedures; and
 - All relevant legislation.
- 7.2 Internal Audit is subject to a quality assurance and improvement programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the UK PSIAS, ongoing performance monitoring and an external assessment (peer review) at least once every five years by a suitably qualified, independent assessor.
- 7.3 A programme of Continuous Professional Development (CPD) is maintained for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies. The Head of Audit and Risk Management is required to hold a professional qualification (CCAB or CMIIA) and be suitably experienced.



Haringey Council

Report for:	Corporate Committee 22 June 2015	Item number	
Title:	Internal Audit Progress Report – 2014/15 Quarter 4		
Report authorised by :	Assistant Director of Corporate Governance		
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: Information		

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.
- 1.2 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 2014/15 annual audit plan, together with the responsive and pro-active fraud investigation work. Where further action is required or recommended, this is highlighted in the report and appendices and appropriate recommendations for the Corporate Committee.

2. Cabinet Member Introduction

- 2.1 Not applicable

3. Recommendations

- 3.1 The Corporate Committee is recommended to 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.

4. Other options considered



Haringey Council

4.1 Not applicable.

5. Background information

5.1 The internal audit 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 31 March 2015 and focuses on:

- Progress by Mazars 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; and
- Details of pro-active and reactive investigative work undertaken relating to fraud and/or irregularities.

5.2 The information in this report has been compiled from information held within Audit & Risk Management and from records held by Mazars.

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 Mazars is part of the framework contract which was awarded to the London Borough of Croydon and extended to 31 March 2016, in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget.

6.2 The financial benefits to the Council of the work completed during 2014/15 as part of the ongoing tenancy fraud project, including the amnesty 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, mainly relating to additional costs for temporary accommodation.

6.3 Preventing fraudulent Right to Buy applications ensures that properties are retained within the social housing stock and discounts of up to £100k per property are not allocated to those who are not entitled to receive them.

7. Comments of the Assistant Director, Corporate Governance and Legal Implications

7.1 The Assistant Director of Corporate Governance has been consulted in the preparation of this report, and advises that there are no direct legal implications arising from 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



Haringey Council

managing risks and controls and reducing and preventing 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, improving controls and reducing the opportunity for fraud to take place in the first place, and taking appropriate pro-active 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 – Mazars Progress report – Internal audit
Appendix B – In-house Team – investigations into financial irregularities

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. Table 1 below shows the targets for each key area monitored and gives a breakdown between the quarterly and cumulative performance.

Table 1

Ref.	Performance Indicator	4 th Quarter	Year to date	Target
1	Internal Audit work (Mazars) – Days Completed vs. Planned programme	95%	92%	95%
2	Priority 1 recommendations implemented at follow up	100%	100%	95%
3	Benefit fraud cases completed and accepted for prosecution	6	30	20
4	Tenancy fraud – properties recovered	12 (plus 2 via RTB)	39 (plus 2 via RTB)	50
5	Right to Buy – fraudulent applications prevented	29	118	10

13. Internal Audit work – Mazars

13.1 The activity of Mazars for the fourth quarter of 2014/15 to date is detailed at Appendix A. Mazars planned to deliver 190 days of the 2014/15 annual audit plan (800 days) during the quarter and actually delivered 180 days audit work during the quarter. Overall, the delivery was slightly below the target, but had exceeded the target by 30 April 2015. Ongoing monthly contract monitoring reviews ensure that performance levels are kept under review.



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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 concerns which members may have to be considered in a timely manner. Appendix A provides a list of all final reports which have been issued during the quarter.

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 to ensure that managers were taking appropriate action to address all outstanding recommendations. Internal Audit will continue to monitor implementation of recommendations to ensure appropriate actions are taken to mitigate identified risks.

13.4 A summary of follow up audits for 2013/14 work which have been undertaken to date is also included at Appendix A. We have followed up on 57 recommendations and found that 42 have been implemented; two are no longer applicable; eight are in progress; and five have not been implemented. No Priority 1 recommendations remain outstanding. Overall, a compliance rate of 77% has been achieved for the quarter. We will continue to monitor all outstanding recommendations to ensure compliance.

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

14.1 Internal employee investigations

In accordance with the Council's Constitution, the in-house Fraud Team investigates all allegations of financial irregularity against employees. Appendix B details the individual cases that were completed by the team in the fourth quarter 2014/15 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 the Fraud Team. During the fourth quarter, one staff-related whistle blowing referral was made. This was not fraud-related and was referred to the Assistant Director of HR for their review.

Within the fourth quarter, three new cases relating to permanent and temporary employees were referred to the Fraud Team. Two cases were completed during the quarter involving Council employees. The Fraud Team work closely with officers from HR and the service area involved to ensure that the investigation is completed as quickly as possible.

14.2 Tenancy Fraud – council properties

The Fraud Team works with Homes for Haringey 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.



Haringey Council

As at 31 March, 132 new referrals of suspected tenancy fraud have been received by the team. The secondment agreements for the two temporary staff, funded by the DCLG grant, will end on 8 June 2015 and discussions are ongoing with Homes for Haringey to determine the most cost effective means of continuing the tenancy fraud work in 2015/16.

Table 2 Tenancy Fraud

Carried forward 2013/14		67
Referrals received from:		
Tenancy Management Officer	86	
Fraudcall	28	
Tenancy amnesty	1	
Public	6	
Joint investigation with HB Fraud	1	
Other LA	4	
Member	2	
Haringey Staff	4	
		132
Sub-Total		199
Outcomes 2014/15		
Properties Recovered	22	
Succession of Tenancy refused	11	
Tenancy amnesty	6*	
Total recovered/refused	39	
No Fraud identified	99	138
Ongoing Investigations c/f		61

Haringey Properties - 61 ongoing investigations

17 of the 61 ongoing cases (28%) are showing the status 'Unauthorised Account' on the Housing database. This represents those cases where the Fraud Team has investigated and tenancy fraud has been proven; with the consequence that the tenancy is terminated against the named tenant to avoid rent payments being made and an implied tenancy being created. Either a notice to quit (NTQ), court hearing, eviction date, or offer of a smaller property is in progress for these 17 properties. These cases will be added to the 'properties recovered' numbers when keys are returned.

In addition to the above cases where properties have been recovered, one investigation was undertaken on a housing application which was referred to the Fraud Team. The application was proved to be fraudulent, therefore preventing a Council tenancy from being offered.

Tenancy fraud amnesty (update)*

The tenancy fraud amnesty ran from 14 October to 20 December 2014 and resulted in six properties being recovered, all of which were (or are being) re-let. A subsequent review by the Fraud Team of all tenancies terminated during the



Haringey Council

amnesty period identified a further **19** properties where the keys were returned and the reason for termination could not be established. Enquiries with Tenancy Management Officers confirmed that there was no indication from the tenant prior to the amnesty period that they wished to return the keys to the property. We have not included these properties in the total recovered as a result of our pro-active counter-fraud work as the reason for the hand back cannot be confirmed.

14.3 Tenancy Fraud - Registered Provider properties

The section also works closely with the Council's key Registered Providers to target and investigate housing and tenancy fraud with their staff. As at 31 March 2014, 15 new referrals of suspected tenancy fraud have been received during the year. Table 3 below summarises the source of suspected fraud referrals and the outcomes achieved/cases closed in the third quarter:

Table 3

Carried forward 2013/14		51
Referrals received		15
Total		66
Outcomes 2014/15		
Properties Recovered	4	
Succession of Tenancy refused	0	
Total recovered/refused	4	
No Fraud identified	2	6
Ongoing Investigations c/f		60

14.4 Right-to-buy (RTB) applications

To date, over 300 applications have been referred to the Fraud Team in 2014/15. The team reviews every RTB application to ensure that any property where potential benefit or succession fraud is indicated can be investigated further.

In 2014/15, 134 applications have been cleared for progression; 118 applications have been withdrawn or refused either following the applicants' interview with the Fraud Team, further investigations and/or the requirement to complete money laundering processes; and 256 applications are currently under investigation. Included in the 118 withdrawn and refused applications are two properties which were subsequently recovered when it was identified that the registered tenants were not using the property as their main home. Overall, the 118 cases represents £11.8m in RTB discounts and means the properties are retained for social housing use.

We are working with housing services, banks and financial institutions to identify potential fraudulent applications and work will continue during 2015/16.

14.5 Housing Benefit Fraud Investigation



Haringey Council

During the fourth quarter, the Fraud team completed investigations on six benefit fraud cases and submitted these for prosecution at crown court via Legal Services and the DWP. There are also five cases with outstanding warrants which the team chase up on a regular basis.

Five cases were successfully prosecuted in court. The total overpayment value of the cases concluded is £452k, and £31k has been recovered, with most recovery processes instigated via ongoing benefit entitlement. The team has an annual target of 20 prosecution cases for 2014/15, and this target has been achieved.

Housing Benefit investigations will transfer to the Department for Work and Pension's (DWP) Single Fraud Investigation Service (SFIS) on 1 August 2015. The Fraud Team are currently prioritising investigations into those benefit matches which have potential links to other frauds e.g. tenancy, right to buy. Any outstanding NFI cases which have not been investigated will be transferred to SFIS on 1 August 2015. The DWP have been advised of this and have agreed the position.

14.6 National Fraud Initiative (NFI) exercise 2015

The National Fraud Initiative (NFI) is a statutory biennial data matching exercise which was managed by the Audit Commission (now the Cabinet Office). The data matches from the exercise are shared, via a secure website, with the Council to enable further investigations to take place. The initial data matches were made available to the Council in February 2015; the deadline for completing investigations is 31 December 2015.

The total potential data matches for each area are identified and within this total a number of 'recommended' matches, which are considered to have the highest risk of potential fraud linked to them, are highlighted. The Fraud Team focuses on completing their investigations into the 'recommended' matches and will select a further sample from the total matches for each area for investigation on a risk basis. A summary of the NFI matches received is detailed in Table 4 below.



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Table 4 – Summary of NFI potential data matches received

NFI area	Total Number of Matches identified	Total 'Recommended' Matches identified	Total number of investigations completed to date	Number of ongoing Investigations
Housing Benefits	7,583	2,478	493	118
Payroll	164	62	21	0
Pensions	204	62	87	0
Housing Tenants	340	142	96	28
Right to Buy	384	286	64	9
Insurance claimants	59	7	3	0
Blue badge permits	417	397	0	0
Personal Budgets	278	110	0	0

**Internal Audit
Quarter 4 Internal Audit Report
2014/15
London Borough of Haringey**

Mazars Public Sector Internal Audit Ltd.
April 2015

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Executive Summary

Introduction

This is our fourth quarter report to the Corporate Committee for the 2014/15 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 Corporate Committee.

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

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

Key Highlights/Summary of Quarter 4 2014/15 – Final Reports issued:

2014/15 Internal Audits finalised in the quarter:

- Cash Receipting;
- Treasury Management;
- Accounting and General Ledger;
- Pension Fund Investments;
- Council Tax;
- NNDR;
- Payroll;
- Complaints and DPA (Respond) – Application Audit;
- Benefits & Local Taxation Data Storage (Comino) – Application Audit;
- Environmental Services Enforcement;

- Children in Care Plans (incl. Personal Education Plans);
- Rislely Avenue School;
- Safeguarding Adults Prevention Strategy;
- H54k Programme Health Check; and
- Commercial Property

Delivery of 2014/15 Internal Audit Plan

As part of the delivery of the 2014/15 Internal Audit Plan, we have also issued draft reports for the following audits:

- EU Contract Regulations – Compliance with Legislation;
- Environmental Services Enforcement;
- Commissioned Services;
- Medium Term Financial Strategy;
- Strategic Financial Management and Budgetary Control;
- Accounting and General Ledger;
- Housing Benefits;
- Pendarren House Outdoor Education Centre; and
- South Harringay Infants.

Follow Up of Prior Years' Recommendations

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

2012/13

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

2013/14

To date we have followed up 57 recommendations raised in 2013/14 and the results of our work are as follows:

- Implemented – 42 (73.7 %);
- Partly Implemented – 8 (14.0 %);
- Not Implemented – 5 (8.8 %); and
- Not Applicable – 2 (3.5 %).

Audit Progress and Detailed Summaries

The following table sets out the audits finalised in Quarter 4 of 2014/15 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 Corporate 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
2014/15							
Cash Receipting	Dec'14	11.02.15	Substantial	↔	0	1	1
Treasury Management	Jan'15	11.02.15	Substantial	↔	0	1	0
Pension Fund Investments	Feb'15	04.03.15	Full	↔	0	0	0
Council Tax	Dec'14	04.03.15	Substantial	↔	0	0	0
NNDR	Jan'15	04.03.15	Substantial	↔	0	0	0
Payroll	Jan'15	04.03.15	Substantial	↔	0	2	2
Commercial Property	Nov'14	22.01.15	Substantial	N/A	1	2	2
Complaints and DPA (Respond) – Application Audit	Jan'15	04.03.15	Substantial	N/A	N/A	N/A	N/A
Benefits & Local Taxation Data Storage (Comino) – Application Audit	Dec'14	26.03.15	Substantial	N/A	1	2	2
Children in Care Plans (incl. Personal Education Plans)	Nov'14	06.02.15	Limited	N/A	2	2	1
H54k Programme Health Check	Oct'14	16.01.15	N/A	N/A	0	0	1
Safeguarding Adults Prevention Strategy	Oct'14	16.01.15	Substantial	N/A	0	3	3

INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2014/15

APPENDIX A

As part of the 2014/15 Internal Audit Plan we have visited the following school, completed a probity audit and during Quarter 4 issued a final report.

School	Date of Audit	Report Date	Assurance Level	Number of Recommendations (Priority)		
				1	2	3
Risley Avenue School	Jan'15	31.03.15	Substantial	0	4	3

As part of the 2014/15 Internal Audit Plan we have also visited the following school, completed a follow-up of the recommendations raised in 2013/14 and during Quarter 4 issued a formal follow-up report. The results of our follow-up work are summarised in the table below.

School	Assurance Level	Recommendations											
		Category				Implemented				Partly Impl.	Not Impl.	N/A	Priority 1 Recs. Outstanding
		1	2	3	Total	1	2	3	Total				
Rokesly Junior	Substantial	1	5	2	8	0	5	1	10	2	0	0	1

DETAILED SUMMARIES:

Audit area	Scope	Status/key findings	Assurance
ENVIRONMENTAL SERVICES & COMMUNITY SAFETY			
<p>Children in Care Plans (incl. PEPs) 2014/15</p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> • Compliance with Statutory and Local Requirements; • Governance; • Identification of LAC and Development of PEP; • Monitoring and Review; and • Performance. 	<p>Weaknesses in the system of internal controls are such as to put the client’s objectives at risk. The key findings are as follows:</p> <ul style="list-style-type: none"> • The Department for Education have produced statutory guidance for local authorities ‘Promoting the education of looked after children’ dated July 2014, which sets the framework through which local authorities discharge their statutory duty under section 22(3A) of the Children Act 1989 to promote the educational achievement of looked after children. The guidance covers PEP. • A Children’s and Young People’s Plan (CYPP) 2013 -2016 has been developed by the HCT Board. The CYPP was approved by the HCT Board on 24 September 2013, by the Cabinet on 12 November 2013 and by the Full Council on 18 November 2013. • The PEP Guidance for Social Workers require that the PEP takes place at least six monthly, in line with the care plan, to ensure that educational needs are met and issues can be identified in a timely manner. • Social Workers are responsible for monitoring the six month review cycle of their allocated LAC. • The Virtual School Team undertakes Quality Audits on a monthly basis for a sample of six PEPs selected from the population. The aim of the audits is to monitor and track the quality of PEPs over time. The audits are graded according to a Red/Amber/Green rating system. • The Virtual School Team provides Quality Audit feedback to 	<p>Limited</p>

Audit area	Scope	Status/key findings	Assurance
		<p>Team Managers and Social Workers on a monthly basis. Meetings are undertaken with the Team Manager and allocated Social Worker for case specific follow up actions.</p> <ul style="list-style-type: none"> • Senior Management are provided with weekly LAC reports. These reports contain information taken directly from FWi and are therefore monitored in real time. The summary sheets also include a breakdown of each individual LAC case and assigned Social Worker for Team Managers to chase and follow up. • Performance is reported in monthly Score Cards provided to Directors, Heads of Service, Team Managers and Social Workers. The measures reported are the % of Children with an up-to-date PEP. • Performance is discussed at Monthly Performance Call Over Meetings using the monthly Score Card monitoring reports. • The Haringey Virtual School have developed PEP Guidance for Social Workers. The document was drafted in accordance with statutory guidelines. Examination of the document established that the PEP is divided into three sections: <ul style="list-style-type: none"> o Form A - Information gathering completed by the Social Worker; o Form B - Views on PEP completed by the LAC; and o Form C - Long and short term SMART targets completed by the Designated Teacher. • The Virtual School provide training sessions to Social Workers, Teachers and other relevant individuals on a termly basis. However, the attendance of staff is not monitored. • A Haringey Children’s Trust (HCT) Board has been constituted in accordance with statutory guidelines. The HCT Board has a 	

Audit area	Scope	Status/key findings	Assurance
		<p>clear and documented Terms of Reference that is subject to annual review and approval.</p> <ul style="list-style-type: none"> • For the 2013 and 2014 calendar year, the HCT Board did not meet at intervals in accordance with its Terms of Reference, which require six meetings per calendar year. • From a sample of 10 LAC selected for testing, the following was established: <ul style="list-style-type: none"> o In five instances the most recent PEP was not developed within six months of the last; o In six instances the previous PEP was not developed within six months of the last; o In one instance Forms B and C were marked as incomplete on Framework-i.(FWi). • Examination of Performance Call Over meeting minutes established that the root of poor performance has not been identified and has continued to decline for the three months from July 2014 to September 2014. <p>As a result of our audit work we have raised two Priority 1 and two Priority 2 recommendations, and one Priority 1 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"> • The Social Worker assigned to the LAC should ensure that Personal Education Plans is reviewed every 6 months. The information pertaining to the review should be documented within FWi in a timely manner. • The review dates of PEPs should be monitored by Team Managers to ensure that Social Workers have undertaken reviews within the required six month timeframe. <p>Consideration should be given to developing a pro-forma spreadsheet that can be maintained on a shared drive to assist</p>	

Audit area	Scope	Status/key findings	Assurance
		<p>with the monitoring of PEP review dates. The monitoring spreadsheets should be reviewed by Team Managers on a monthly basis to identify cases for upcoming review and ensure these are undertaken within the timeframe.</p> <p>The Priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> The HCT Board should meet regularly at a frequency in accordance with its Terms of Reference. Where the frequency of meetings is not deemed to be appropriate, the Terms of Reference should be amended to state the required frequency. <p>The HCT Board should schedule meetings in advance on an annual basis for the upcoming calendar year to ensure meeting frequency is sufficient to comply with its Terms of Reference. The calendar of meetings should be documented.</p> <ul style="list-style-type: none"> All responsible Social Workers involved in the relevant PEP process should be formally reminded of the requirement to upload all sections of the PEP (Forms A, B and C) onto FWi in a complete and timely manner. <p>Consideration should be given to implementing a timeframe deadline for Social Workers to upload information onto FWi, e.g. within three working days of the PEP meeting. Any such requirement should be included within the procedures.</p> <p>The Priority 3 recommendation is as follows:</p> <ul style="list-style-type: none"> Attendance at training sessions by relevant individuals who are key to the PEP development process should be monitored and poor attendance should be followed up by the Virtual School. 	

Detailed Progress Report – Outstanding Recommendation 2012/13

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
KEY FINANCIAL SYSTEMS				
Accounting & General Ledger				
1	<p>Procedure notes should be reviewed and updated on a regularly basis and version control should be introduced to evidence the review.</p> <p>Upon review of the procedures, specifically the SAP Procedure Notes, these should be updated to reflect the requirement for approval of journals over £50,000.</p>	2	December 2013	<p><i>Internal Audit findings March 2015</i></p> <p>We identified 23 General Ledger End User Procedures and Reporting Guides on the Council’s intranet. We sampled five of these and found that all were dated either 2003 or 2004, without any evidence of recent review. We were informed by the Systems Manager for Corporate Finance that the procedure notes identified have not been reviewed recently as no changes were required. However, the documents do not show a current date, as evidence of review, even where no changes are required.</p> <p><i>Management Response March 2015:</i></p> <p>Agreed.</p> <p><i>Responsible Officer: Financial Systems Manager</i></p> <p><i>Deadline: September 2015</i></p>

Follow Up Table – 2013/14 Audit Work

AUDIT AREA	Assurance Level	Recommendations												Priority 1 Recs. Outstanding
		Category				Implemented								
		1	2	3	Total	1	2	3	Total	N/A	Not Imp.	In Progress	Not due	
Key Financial Systems														
Accounts Receivable	Substantial	0	2	0	2	0	1	0	1	0	1	0	0	0
Payroll	Substantial	0	4	0	4	0	2	0	2	0	1	1	0	0
Strategic Financial Management & Budgetary Control	Substantial	0	2	0	2	0	1	0	1	0	1	0	0	0
Housing Benefits	Substantial	0	2	0	2	0	1	0	1	0	1	0	0	0
Cash Receipting	Substantial	0	3	0	3	0	2	0	2	0	0	1	0	0
Accounts Payable	Substantial	0	2	1	3	0	1	0	1	0	0	2	0	0
Treasury Management	Substantial	0	1	1	2	0	1	1	2	0	0	0	0	0
Procurement Audits														
Temporary Accommodation	Substantial	0	2	0	2	0	2	0	2	0	0	0	0	0
Corporate Purchase Cards	Substantial	0	1	0	1	0	1	0	1	0	0	0	0	0
IT Audits														
Framework-I Application	Substantial	0	1	3	4	0	1	3	4	0	0	0	0	0
eBenefits Application	Limited	0	9	1	10	0	7	0	7	0	0	3	0	0
Children’s Service														
14-19 Provision	Limited	4	4	0	8	4	3	0	7	0	0	1	0	0
Adult Social Services														
Residential and Community Care Charges	Substantial	0	2	1	3	0	1	1	2	0	1	0	0	0
Pan-London (Major) Equipment Service	Substantial	1	2	0	3	1	1	0	2	1	0	0	0	0
Pan-London (Minor) Equipment Service	Substantial	0	3	0	3	0	2	0	2	1	0	0	0	0

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AUDIT AREA	Assurance Level	Recommendations												Priority 1 Recs. Outstanding
		Category				Implemented								
	1	2	3	Total	1	2	3	Total	N/A	Not Imp.	In Progress	Not due		
Customer Services														
Social Fund	Substantial	0	0	3	3	0	0	3	3	0	0	0	0	0
Policy and Business Management														
Data Quality	Substantial	0	1	1	2	0	1	1	2	0	0	0	0	0
Total		5	41	11	57	5	28	9	42	2	5	8	0	0

Implemented – officers has indicated through self-certification the progress of recommendations. We have verified a sample of responses.
N/A – the recommendation is no longer applicable due to changes in the system, or alternative action has been taken to address the risk.
Not implemented – the recommendation has not been addressed, alternative action has not been taken.
In Progress – officers have started implementation of recommendations

Detailed Progress Report – Outstanding Recommendations 2013/14

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
IT AUDITS				
eBenefits Application				
1	<p>Management should address the following issues identified during this audit:</p> <ul style="list-style-type: none"> A formally defined procedure should be established to update and align housing benefit and council tax thresholds with the iWorld application; Management should request that Northgate configure the eBenefits application to reject non-alpha characters when entering a claimant’s surname; Management should request that Northgate configure the eBenefits application to enable the ability to export and print the Unexported Claims report; and Management should review the licensing arrangements for the eBenefits application. 	3	<p style="text-align: center;">Completed</p> <p style="text-align: center;">N/A</p> <p style="text-align: center;">N/A</p> <p style="text-align: center;">Completed</p> <p style="text-align: center;">January 2014</p>	<p>Status: Partly Implemented</p> <p>The pre annual billing spreadsheet detailed the process of aligning eBenefit parameters with Council Tax and iWorld as part of the annual parameter changes. Application of this could not be evidenced as the system is in dormant state and no parameter changes were applied for 2014/15 financial year.</p> <p>The call log 1812954 with Northgate noted rejection of non alpha character and ability to export unexported issues were raised. In response Northgate have rejected the request on non alpha character as only alpha and numeric character is permitted and therefore cost does not outweigh the benefit to make the change.</p> <p>An additional call log 1864122 confirmed the function to export unexported was always there and now working as required.</p> <p>It was confirmed by the Principal Supplier Manager that the current Licence agreement has expired and have requested a current agreement from vendor Northgate.</p> <p>Further action required: Management should ensure the licensing agreement for the eBenefits application is current, valid and adequate for the number of users.</p> <p>Management Response December 2014:</p> <p>A new eBenefits contract has been requested by IT Supplier Management from Northgate. The contract will state that licenses are perpetual and include the number of users or sites it applies to. Awaiting feedback from Northgate.</p> <p><i>Revised Deadline: 31/3/2015</i></p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
				<p>Management Response April 2015: The eBenefits contract has been requested from Northgate but we are currently still awaiting feedback from Northgate. <i>Revised Deadline: 31/05/2015</i></p>
2	<p>Management should configure the eBenefits application to enforce strong logical access controls that are aligned to the Council's Access Control Policy.</p>	2	Completed	<p>Status: Partly Implemented The call log 1812954 and the Enhancement request have been logged with vendor Northgate to improve logical security of the system. However, although the request has been accepted no date of implementation has been provided. Further action required: The risk remains until vendor implementation of recommendation. Management Response December 2014: The call log 1812954 and the Enhancement request have been logged with vendor Northgate to improve logical security of the system. However, although the request has been accepted no date of implementation has been provided. Awaiting Northgate response. <i>Revised Deadline: 31/3/2015</i> Management Response April 2015: We are still awaiting updates from Northgate. <i>Revised Deadline: 31/05/2015</i></p>
3	<p>Management should request that Northgate configure the audit trail for the eBenefits application to record:</p> <ul style="list-style-type: none"> • Changes that have been made to master held within the Application; • Changes that have been made to a user's account; and • Failed or unauthorised access attempts to the 	2	November 2013	<p>Status: Partly Implemented The call log 1812954 and the Enhancement request have been logged with vendor Northgate to establish audit trail for the system. However, although the request has been accepted no date of implementation has been provided. Further action required: The risk remains until vendor implementation of recommendation. Management Response December 2014:</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
	Application.			<p>The call log 1812954 and the Enhancement request have been logged with vendor Northgate to establish audit trail for the system. However, although the request has been accepted no date of implementation has been provided. Awaiting Northgate response.</p> <p><i>Revised Deadline: 31/3/2015</i></p> <p>Management Response April 2015: We are still awaiting updates from Northgate.</p> <p><i>Revised Deadline: 31/05/2015</i></p>

CHILDREN'S SERVICES

14-19 Provision

4	<p>The RPA Team structure should be formally agreed and presented to the Project Management Group for review and approval. Evidence of this should be documented in the relevant meeting minutes.</p> <p><i>Responsibility: 14-19 Development Officer</i></p>	2	March 2014	<p>Status: Partly Implemented</p> <p>Management update October 2014: The situation is currently the same as the progress report i.e. the Raising the Participation Age (RPA) team is not fully implemented. This is due to ongoing reviews of the post16/RPA/Youth Service space. A review of this area has taken place by the Corporate Development Unit which will inform the resources for this area. It is anticipated that a decision is to be made no later than December 2014.</p> <p>Management update October 2014: The function of the RPA/Post 16 Team is forming part of the wider corporate consultation and over arching restructures. It is expected a new structure to address RPA issues will be in place by April 2015.</p> <p><i>Revised Deadline: April 2015</i></p> <p>Management update April 2015 The structures around the RPA/Tracking and the wider youth service will begin in June for a roll out on 1st October 2015.</p> <p><i>Revised Deadline: October 2015</i></p>
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Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
ADULT SOCIAL SERVICES				
Residential and Community Care Charges				
5	<p>Management should identify the reasons for missing the targets and an action plan should be developed to help financial assessment officers in the achievement of set objectives.</p> <p>In addition, the reasonableness of the targets set should be considered and new ones should be set if the current targets are deemed unachievable.</p> <p><i>Responsibility: Acting Finance Manager, IMPBS Team</i></p>	2	31 March 2014	<p>Status: Not Implemented</p> <p><i>Management Update October 2014:</i> Implementation of this recommendation has been delayed. It is difficult to implement due to system limitations. The current system cannot provide accurate data to confirm how long it takes to complete financial assessments. This will be reviewed when the charging module is moved into Framework-i.</p> <p><i>Management Update December 2014:</i> As per above. As part of the Care Act, there is a plan to move the current charging system (OCC) into FWi.</p> <p><i>Revised Deadline: November 2015(anticipated and at the earliest – but could be delayed further).</i></p>

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our 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 our 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 us 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. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our 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 work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Mazars Public Sector Internal Audit Limited

London

April 2015

This document is confidential and prepared solely for your information. Therefore you should not, without our prior written consent, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

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IN HOUSE TEAM – IRREGULARITIES INVESTIGATED 01/03/14- 31/03/15 & B/F FROM 2013/14

Service Area	Irregularity Type	No. of cases investigated	No. of cases proven at 31/03/2015	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Environmental Services & Community Safety	Allegation of favouritism in recruitment and allocation of overtime B/F 2013/14	1	0	0		
	Allegation of benefit fraud B/F 2013/14	1	0	0		
	Allegation that employee does not have right to work	1	1	1	Dismissed	
	Allegation that employee involved in irregular SPD claim	1	1	1	Pending	
	Allegation that employee breached email policy	1	1	1	Resigned	
Children's Service	Allegation of Benefit Fraud B/F 2013/14	1	1	1	Final Written Warning to stay on file for 24 months	£2,795
	Allegation of favouritism in the awarding of work & failure to comply with School Finance Procedure Rules	1	1	1	Dismissed	

IN HOUSE TEAM – IRREGULARITIES INVESTIGATED 01/03/14- 31/03/15 & B/F FROM 2013/14

Service Area	Irregularity Type	No. of cases investigated	No. of cases proven at 31/03/2015	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Housing Services	Allegation of irregular use of Council property	1	1	1	Dismissed	
	Allegation of making irregular declarations in third party homeless application	1	0	0		
	Allegation of mismanagement and theft of monies	1	0	0		
	Allegation of working whilst off sick	1	0	0		
Corporate Property & Major Projects	Alleged misuse of telephone	1	1	1	Warning	£448
Regeneration, Planning & Development	Allegation of gross negligence in managing a planning application	1	1	1	Dismissed	
TOTAL		13	8	8		£3,243



Haringey Council

Report for:	Corporate Committee 22 June 2015	Item number	
Title:	Annual Internal Audit Report and Assurance Statement 2014/15		
Report authorised by :	Assistant Director of Corporate Governance		
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: Information		

1. Describe the issue under consideration

- 1.1 To inform Members of the overall adequacy and effectiveness of the system of internal control and risk management operating throughout 2014/15 and present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other bodies.
- 1.2 This report also fulfils the requirements of the Corporate Committee's terms of reference.

2. Cabinet Member Introduction

- 2.1 Not applicable

3. Recommendations

- 3.1 That the Corporate Committee notes the content of the Head of Audit and Risk Management's annual audit report and assurance statement for 2014/15.

4. Other options considered

- 4.1 Not applicable.



Haringey Council

5. Background information

- 5.1 One of the terms of reference for the Corporate Committee is 'to consider the Head of Audit and Risk Management's annual report and a summary of Internal Audit activity (actual and proposed) and the level of assurance it can provide about the Council's corporate governance arrangements.'
- 5.2 In addition, the mandatory 2013 Public Sector Internal Audit Standards (PSIAS) state:
- The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.
 - The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
 - The annual report must incorporate:
 - the opinion;
 - a summary of the work that supports the opinion; and
 - a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.
- 5.3 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Haringey Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.
- 5.4 The internal control environment comprises three key areas: internal control; corporate governance; and risk management processes. The opinion on the effectiveness of the internal control environment is based on an assessment of these key areas.
- 5.5 The Accounts and Audit (Amendment) (England) Regulations 2011 require that 'the relevant body shall conduct a review at least once in a year of the effectiveness of its system of internal control and shall include an annual governance statement, prepared in accordance with proper practices, with any statement of accounts it is obliged to publish.'
- 5.6 As part of the 2011 Regulations, the Council is required to review, at least annually, the effectiveness of its system of internal control. The review of effectiveness of the system of internal control is informed by the work of internal audit and the Council's senior managers who have responsibility for the development and maintenance of the internal control environment. The review of effectiveness is also informed by comments made by the Council's



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external auditors in their annual letter and other review agencies and inspectorates in their reports.

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 Mazars Public Sector Internal Audit is part of the framework contract awarded to the London Borough of Croydon and extended from 1 April 2015, in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget.

6.2 The in-house Corporate Anti-Fraud Team undertakes investigations into financial irregularities and reactive and pro-active counter-fraud work. The costs of the team, along with all other costs to provide an internal audit service, are contained and managed within the Audit and Risk Management revenue budget. The cost savings and avoided expenditure benefits are accrued to the Council as a whole, rather than to the Audit and Risk Management service.

7. Comments of the Assistant Director, Corporate Governance and Legal Implications

7.1 The Assistant Director of Corporate Governance has been consulted in the preparation of this report, and in noting that the internal audit work has been conducted in line with industry best practice, 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, including the investigation of fraud. Improvements in managing risks and controls and reducing expenditure lost to fraudulent activities 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, improving governance, internal controls and risk management practices, 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 – Internal Audit Summary of Work 2013/14



Haringey Council

12. Basis of Assurance

- 12.1 The Head of Audit and Risk Management's opinion is derived from work completed during 2014/15 as part of the agreed annual audit plan, and any investigations into breaches of financial irregularity. Where relevant, any assessment of the Council's corporate governance arrangements and risk management processes are also taken into account.
- 12.2 The internal audit plan for 2014/15 was developed to provide management with independent assurance on the adequacy and effectiveness of the systems of internal control. The plan was designed to ensure adequate coverage over the year of the Council's accounting and operational systems.
- 12.3 Internal audit work has been conducted in accordance with the mandatory standards and good practice contained within the 2013 UK Public Sector Internal Audit Standards and additionally from internal audit's own quality assurance systems.
- 12.4 The opinion is limited to the work carried out by Internal Audit based on the annual internal audit plan. Wherever possible, the work of other assurance providers, including external audit, has been taken into account.

13. Overall Audit Opinion 2014/15

- 13.1 The Internal Audit work, using a risk based approach, included reviews of those systems, projects, and establishments sufficient to discharge the Chief Financial Officer's responsibilities under s151 of the Local Government Act 1972; the 2013 UK Public Sector Internal Audit Standards; and the 2011 Accounts and Audit (Amendment) (England) Regulations. The opinion is based on the work undertaken. Work was planned and performed in order to obtain the information necessary to provide sufficient evidence to give reasonable assurance of the internal control systems tested.
- 13.2 Based upon the work of internal audit and other sources of assurance outlined in this report, the Head of Audit and Risk Management can provide the following opinion: 'I have considered the work completed by the Council's internal audit service provider, Mazars Public sector Internal Audit Ltd, and the in-house counter-fraud investigation staff for the year ended 31 March 2015. This includes reviews of internal audit reports, fraud investigations and briefings to management. In my opinion, with the exception of those areas where 'limited' assurance reports have been issued, the controls in place in those areas reviewed are adequate and effective. No 'nil' assurance reports were issued in 2014/15, an improved position from 2013/14. Where weaknesses in controls have been identified within internal audit reports, agreement on actions to be taken has been reached with management and Internal Audit will undertake follow up reviews to confirm their implementation.'



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14. Assurance from the work of Internal Audit

- 14.1 During 2014/15, Internal Audit completed 47 planned system reviews; 13 school audit visits and 19 formal school follow up reviews; plus an additional five reviews/system tests at the request of managers. The outcome of the reviews indicated that generally the overall adequacy and effectiveness of the system of internal control is satisfactory.
- 14.2 Seven of the system reviews and eight of the schools received a 'limited' assurance rating; with the remaining reviews which were completed receiving 'substantial' assurance ratings. One key financial system (accounts payable) was assessed as having limited assurance, nine systems receiving substantial assurance ratings and one receiving full assurance (pension fund investment).
- 14.3 Internal Audit were satisfied with management responses in those areas which had received a 'limited' assurance rating and undertook prompt follow up work in some high risk cases to ensure that appropriate controls were in place and operating effectively. Formal schools follow up audits found that 28 (48%) out of the 58 Priority 1 recommendations originally made remained outstanding at the time of the follow up visit. Additional support and training was provided to schools during 2014/15 by internal audit in order to assist them to improve their systems and internal control processes and outcomes were reported to the Schools Forum. The Director of Children's Services has also implemented an improvement process to ensure appropriate action is taken by schools to address identified control weaknesses.
- 14.4 In addition, detailed monitoring was undertaken during 2014/15 on all high priority (Priority 1) recommendations made for planned system reviews to ensure that appropriate action was undertaken to address the risks identified during the course of the original audit. As at the 31 March 2015, all Priority 1 recommendations had been implemented. The Corporate Committee monitored the implementation of all recommendations during 2014/15 and were satisfied with the responses from management on those lower level recommendations which remained outstanding, or partly implemented.
- 14.5 A detailed report on the work of Internal Audit and the counter-fraud investigation activity in 2014/15 is attached at Appendix A to this report.

15. Assurance on Corporate Governance arrangements

- 15.1 The Council's corporate governance arrangements provide direction and control of its functions, and how the Council relates to the local community. These arrangements are underpinned by the Council's Local Code of Corporate Governance which has been developed to comply with the CIPFA/SOLACE recommended framework and guidance on corporate governance. The Council's Local Code of Corporate Governance, which codifies the Council's governance arrangements, was reviewed and updated in 2013/14 and approved by Full Council; no changes or updates were



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required in 2014/15. The arrangements which support the Local Code of Corporate Governance have been in place and operating effectively for a number of years.

15.2 Corporate controls are in place to help ensure that policy setting and decision making is carried out in accordance with the Council's constitution and also that the actions of Members and officers comply with established policies, procedures, relevant laws and regulations.

15.3 The annual assurance report should draw attention to any issues that the Head of Audit and Risk Management considers particularly relevant to the preparation of the council's Annual Governance Statement (AGS). Its approval and publication with the authority's statement of accounts represents the end process of the annual review of internal control. During 2014/15, the incidence of limited assurance ratings for schools was highlighted as an issue by the Head of Audit and Risk Management. In response to this, internal audit delivered workshop and briefing sessions during 2014/15 for governors, school staff and head teachers to address areas of control weakness.

15.4 As part of the process to compile the AGS, all Directors and the Assistant Chief Executive were required to provide an assessment of the governance arrangements operating within their area of responsibility. The assessments covered the key areas of corporate governance including:

- Risk Management;
- Performance Management
- Financial Management;
- Governance;
- Procurement and contract management;
- Information Management;
- Partnerships;
- Business Continuity Plans; and
- Internal/external audit recommendations.

15.5 These self assessment statements underpin the AGS. The completed assessments identified that all significant governance issues which had been brought to the attention of Directors and Assistant Directors had been appropriately dealt with, or had been included in the AGS.

15.6 Corporate governance is effective in most areas across the Council. Six significant governance issues were included in the 2013/14 AGS and the action plans to address these areas were implemented, with one carried forward as the due date had not been reached. An action plan was developed to address key activities going forward into 2015/16 and included in the 2014/15 AGS. This will be monitored during the year in order to ensure agreed actions are completed.



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16. Assurance on Risk Management Activities

- 16.1 The Council's risk management strategy draws all key areas into a framework to ensure that the Council manages its risks in the most appropriate way. The Council's Risk and Emergency Planning Steering Group reviewed the Council's implementation of the risk management strategy during 2013/14 and monitored the management of service area and departmental high risks.
- 16.2 Regular reports to the Statutory Officers Group, Senior Leadership Team and the Corporate Committee during 2014/15 by Internal Audit provided updates on the management of key business risks, including a review of the corporate risk register. Risk registers and the processes to keep these reviewed and updated are managed via the Covalent electronic system.
- 16.3 Risk management is contained within the key business and programme management processes of the Council. This ensures that any resource implications are considered at the planning stage. The Council's project management framework has risk identification and management included as part of its required monitoring and reporting processes, therefore allowing any key risks to the success of the project to be appropriately managed from the outset.

17. Assurance from External Inspections

- 17.1 CIPFA guidance states that in practice councils are likely to take assurance from the work of Internal Audit when discharging their responsibility for maintaining and reviewing the system of internal control and that external audit and other review agencies and inspectorates are also potential sources of assurance. In formulating the overall opinion on internal control, the Head of Audit and Risk Management took into account the work undertaken by external inspectors.
- 17.2 In May 2014, Haringey's Children's Service was subject to an unannounced Ofsted inspection which concluded on the 11 June 2014. The Ofsted report judged Haringey Children's Services to be comfortably within the 'Requires Improvement' grade and the report and recommendations have been approved by the Council. A number of key strengths were noted and 11 recommendations were provided, all of which have been accepted. The Improvement/ Action Plan was submitted to Ofsted in October 2014 and a 'Getting to Good' Board was established to monitor progress and set future quality and performance targets.
- 17.3 The Annual Audit and Inspection letter issued by the Council's external auditors, Grant Thornton, for the year ended 31 March 2014 was reported to the Corporate Committee on 25 November 2014. The letter reported:
- an unqualified opinion on the accounts which give a true and fair view of the Council's financial position as at 31 March 2014 and its income and



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expenditure for the year, adding that the Council deserves credit for significantly improving the quality of its statements since 2012;

- an unqualified conclusion in respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources; and
- an unqualified opinion on the Council's Whole of Government Accounts submission.

18. Assurance on the Effectiveness of Internal Audit

18.1 The mandatory 2013 UK Public Sector Internal Audit Standards (PSIAS) came into effect on 1 April 2013 and cover: Definition of Internal Auditing; Code of Ethics; and Standards for the Professional Practice of Internal Auditing. The PSIAS require that an external assessment of Internal Audit's compliance against the standards is carried out at least once every five years.

18.2 In London, the London Audit Group has arranged for a reciprocal peer review process to be completed by all Heads of Audit across London at no cost to individual authorities. As part of this arrangement Haringey Council's internal audit function was reviewed by the Head of Internal Audit at the London Borough of Brent in October 2014.

18.3 The outcome of the independent review was reported to the Corporate Committee on 25 November 2014. The review concluded that:

- The Council's internal audit service generally conforms to the requirements of the Public Sector Internal Audit Standards;
- It fully conforms in all but one area (reporting) within the three fundamental assessment areas (those which test compliance with the basic principles of audit work);
- It was only adjudged as not fully conforming due to the scores within the 'impact' section (which assesses the added value impact of the service); and
- To achieve fully conforming is a difficult benchmark due to the number of standards which need to be achieved and the degree of subjectivity attached to the impact assessment.

18.4 Three recommendations were made, which have all been implemented, or processes are in place to ensure compliance where the activity is ongoing..

19. Qualifications to the Head of Audit Opinion

19.1 Internal Audit has unrestricted access to all officers, information, buildings and systems across the Council, a right which is explicit within the Council's Constitution, and has received appropriate co-operation from officers and members.

Annual Report on Internal Audit Activity 2014/15

1. Summary of Internal Audit work

- 1.1 Internal Audit services for Haringey Council, excluding the investigation of allegations of fraud and corruption, are provided by Mazars Public Sector Internal Audit Ltd. A full report is issued for every planned project in the annual audit plan. The report provides an overall audit opinion according to the seriousness of the findings. In addition, each recommendation is given a priority rating, to assist service management in prioritising their work to address agreed recommendations. The overall classification given was that applying at the completion of the audit work. In each case, recommendations are agreed with the client for the work and an action plan completed, showing responsible officer and timescales to address the weaknesses identified.
- 1.2 The recommendations made should be sufficient to address all the control weaknesses identified. As long as the recommendations have been implemented as agreed in the action plan, the risks presented should be addressed, and the residual risk would fall. A definition of the overall classification is shown in Table 1 below:

Table 1

Assurance Level	Definition
Full Assurance	There is a sound system of control designed to achieve the system objectives.
Substantial Assurance	There is basically a sound system, but there are weaknesses which put some of the system objectives at risk.
Limited Assurance	Weaknesses in the system of controls are such as to put the system objectives at risk.
No Assurance	Control is generally weak leaving the system open to significant error or abuse.

- 1.3 For 2014/15 a total of 91 projects, including schools, formed the annual audit plan which was approved by the Corporate Committee on 26 March 2014. Resources to complete follow up work are also included in the annual audit plan, including formal follow up reports for schools. The results of the follow up reviews were reported separately to the Corporate Committee throughout 2014/15, although no individual reports were issued for the majority of this work.
- 1.4 In addition, requests for additional audit work were made during 2014/15 and a further 5 system checks, including sample testing (rather than full audits) were completed. Including follow up work completed and resources to support work which did not result in a formal report, Mazars delivered 92% of the planned audit programme by 31 March 2015, including completing fieldwork, which is slightly lower than the agreed performance indicator which specifies a 95% completion rate. However, the completion rate had risen to 96% by 30 April 2015.





- 1.5 Two projects (20 days) were deferred to 2015/16 as a result of changes to timescales for system implementation. These will be completed and reported during 2015/16. A summary of the outputs of the remaining project work completed by 31 March 2015 against the planned work is shown at Table 2 below.

Table 2 – Planned project work vs. completion rates at 31 March 2015

	Number of projects planned	Number of final reports issued	Number of draft reports issued	Work in Progress	% draft/ final complete
Key systems	11	8	3	0	100%
Other systems	34	9	7	18	47%
Schools	13	11	2	0	100%
Schools – follow up	19	19	0	0	100%
Additional work	5	4	1	0	100%
Total	82	51	13	18	78%

- 1.6 The following table indicates the audits completed and relevant levels of assurance during 2014/15. Eighteen audits reports were still to be issued in draft at 31 March, however indicative assurance levels have been reported where available.

Table 3 – Assurance levels provided

	Full 	Substantial 	Limited 	Nil 
2012/13	3	49	18	1
2013/14	0	64	17	1
2014/15	1	38	15	0

- 1.6 All audit work is followed up to ensure the agreed recommendations have been implemented. The results of the follow up programme are reported separately to managers and members. The timing and nature of each follow up depends on the risk assessment of the area at the end of the original audit project.
- 1.7 There are no national performance indicators for internal audit work. However, local performance indicators are reported to the Corporate Committee on a quarterly basis.

Table 4 – Local performance measures

Performance Indicator	Actual	Target
Audit work – Days Completed vs. Planned programme	92%	95%
Priority 1 recommendations implemented at follow up	100%	95%

- 1.8 This level of audit coverage is satisfactory and complies with the mandatory 2013 UK Public Sector Internal Audit Standards (PSIAS).

2. Counter-fraud work 2014/15

2.1 In 2014/15, Audit and Risk Management had a net budget of £650k for counter-fraud activities, with 13 (12.5 FTE) staff covering benefits investigation and corporate fraud investigations. Investigation staff are all professionally accredited; this is via a number of institutions including: Chartered Institute of Public Finance and Accountancy (CIPFA); Chartered Institute of Housing (CIH); and Professionalism in Security (PINS).

2.2 In 2014/15, a total of 1,623 days was spent undertaking investigations and prosecutions of fraud. The fraud team investigated a total of 1,022 cases and a summary of the areas covered is included at Table 5.

Table 5 – Investigations undertaken

Investigation area	Number of investigations
Housing benefits	493
Right to Buy applications	252
Tenancy fraud	138
Employee fraud cases	13
Council Tax – single person discount	66
NNDR – exemptions/discounts	60
Total	1,022

2.3 Counter-fraud outcomes. In 2014/15, the target for the counter-fraud work was to contribute £10m worth of savings, or avoided expenditure, to assist the Council in improving its frontline services. The counter-fraud team exceeded this target by over £3m and a summary of the outcomes achieved is at Table 6.

Table 6 - Counter-fraud work outcomes in 2014/15:

Counter-fraud Activity	Number	Unit value £000s	Total £000s
Corporate Investigations			
Council Tenancies recovered	22	18*	396
Council Tenancies recovered - amnesty	6	18*	108
Council tenancies: Refusal of Succession/ Grant of tenancy	11	18*	198
Registered Provider tenancies recovered	4	18*	72
Council Tax – single person discount	15	0.25	4
Employee-related investigations	13	N/A	3
Sub-total			781
Housing Benefit Related Investigations			
Successful prosecutions completed (further 4 cases awaiting court)	30	N/A	450
Right to Buy investigations	118	100**	11,800
Sub-total			12,250
Total			13,031

* Audit Commission unit value of annual Temporary Accommodation costs

** RTB Actual discount value

2.4 During 2014/15, 13 investigations were completed involving council employees. The allegations covered a number of issues including working whilst off sick, no right to work and benefit fraud. Table 7 summarises the investigations completed by service area.

Table 7 – Investigations by service area

Service area	Investigations 2014/15
Environmental Services & Community Safety	5
Children's Service	2
Housing Services	4
Corporate Property & Major Projects	1
Regeneration, Planning & Development	1
Total	13

2.5 The Council's anti-fraud and corruption arrangements are robust, with a clear policy and fraud response plan in place. Regular reminders regarding expected standards of behaviour and how to report suspected fraud are provided via staff newsletters and the Council's intranet and website. All referrals are reviewed and subsequent investigations are managed according to all relevant statutory requirements, including Data Protection, Regulation of Investigatory Powers and Police and Criminal Evidence Acts, which are supported by agreed internal procedure manuals.

3. Review of 2014/15

3.1 The counter-fraud work undertaken in 2014/15 focused more on pro-active and preventative work, including investigating tenancy fraud covering Council and Registered Provider properties. Using the grant funding from the Department for Communities and Local Government, the service retained the two staff from other Council services on a secondment basis during 2014/15 to support the tenancy fraud work.

3.2 Although the Prevention of Social Housing Fraud (Power to Require Information) Regulations provided the opportunity to request information from organisations, the fraud team did not use these powers in 2014/15. This was because most investigations involving tenancy fraud were also linked to benefit and other fraud, so the team were able to use other regulations to obtain the required information. The Prevention of Social Housing Fraud regulations will be brought into use in 2015/16 by the fraud team as the responsibility for benefit fraud investigation transfers to the Department for Work and Pensions.

3.3 As a result of the work completed in 2014/15, 39 Council properties have been recovered and the keys returned, so the tenancies can be allocated to tenants in accordance with the Council's lettings policy. A further 17 properties are awaiting possession via court proceedings. In addition, 4 Registered Providers' properties were also recovered.

3.4 The counter-fraud service successfully prosecuted 30 cases of Housing Benefit fraud in 2014/15 relating to £450k of overpaid benefits, with a further six cases awaiting court dates. The courts handed down custodial sentences in a number

of cases and the team was also successful in obtaining guilty pleas from other defendants, thus avoiding the need for a trial.

- 3.5 The increase in discount allowed, up to £100k, on Right to Buy purchases saw a substantial increase in applications to the Council. The counter-fraud team put processes in place to review applications in conjunction with the Home Ownership and Housing Benefit processing teams. In 2014/15, 118 applications were refused, worth over £11million and the teams will continue to work together to ensure benefit and right to buy processes are applied correctly.
- 3.6 The team started to review the potential data matches for the Audit Commission's 2015 National Fraud Initiative exercise. The team will focus on reviewing the 'recommended' matches which indicate a higher likelihood of fraud.

4. Looking Forward

- 4.1 The Council approved the Corporate Plan for 2015-18 in February 2015, which confirmed five priorities with clear outcomes and performance targets attached to each priority. As services determine how they will deliver their responsibilities in the Corporate Plan, there are risks that management and control processes will be reduced, avoided, or stopped which increase the opportunity for losses and fraud.
- 4.2 In order to provide assurance to managers, the internal audit plan for 2015/16 has been aligned to the key priority risk areas and the counter-fraud team has planned its work to focus on high fraud risk areas to ensure that risks are being managed appropriately in service areas, including tenancy fraud, Right to Buy, Direct Payments, No Recourse to Public Funds and mis-use of Blue Badges.
- 4.3 The internal audit work will also work with managers in 2015/16 to pro-actively to test key controls on a regular basis in key risk areas e.g. payroll and accounts payable. This will provide regular ongoing assurance to managers throughout the year, rather than just at the year end, also assist in preventing and avoiding losses and fraud and assist in putting suitable controls in place where appropriate.
- 4.4 The Head of Audit and Risk Management is a member of the Statutory Officers Group, chaired by the Chief Executive, which focuses on ensuring appropriate management responses to audit recommendations, identifying common themes in control assurance or weakness and highlighting any areas for future audit focus. This process should complement the existing assurance processes and assist in focusing audit and counter-fraud resources on the highest risk areas.

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Haringey Council

Report for:	Corporate Committee 22 June 2015	Item number	
Title:	Annual Governance Statement 2014/15		
Report authorised by :	Assistant Director of Corporate Governance		
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 To inform the Corporate Committee of the requirements of the statutory Annual Governance Statement (AGS) and provide a draft statement relating to the 2014/15 financial year for review and approval.
- 1.2 The Corporate Committee is responsible for approving the Council's draft AGS as part of its Terms of Reference. In order to facilitate this, and provide information on its sources of assurance from across the Council, reports have been provided on a regular basis for the Corporate Committee, culminating in the production of the draft AGS.

2. Cabinet Member Introduction

- 2.1 Not applicable

3. Recommendations

- 3.1 The Corporate Committee review and approve the draft 2014/15 AGS.
- 3.2 That the Corporate Committee notes the approval timescale and processes for the draft 2014/15 AGS.

4. Other options considered

- 4.1 Not applicable.

5. Background information



Haringey Council

- 5.1 The Council is required to produce an Annual Governance Statement (AGS) for publication with the Council's annual accounts. The AGS comments on the Council's governance framework as a whole. Corporate governance brings together an underlying set of legislative requirements, governance principles and management processes.
- 5.2 The preparation of an AGS is a statutory requirement of the Accounts and Audit (amendment) (England) Regulations 2011. These regulations require local authorities to produce an annual statement, in accordance with 'proper practice'.

6. Annual Governance Statement

- 6.1 In order to comply with the statutory reporting deadlines, the AGS for 2014/15 has to be approved by 30 June 2015. The Leader and Chief Executive will need to obtain sufficient assurance that responsibilities have been adopted at a corporate level and adequate processes exist and are effective before they sign the AGS.
- 6.2 Prior to its final approval, the Council needs to demonstrate that the AGS has been reviewed and agreed by relevant senior managers across the authority and an appropriate member body. The Statutory Officers' Group have reviewed a draft AGS and a copy of this is provided at Appendix A. This has been produced in line with the guidance issued by CIPFA in their report 'Delivering Good Governance', the 2012 guidance note; and from recommendations made by Grant Thornton in their 2012 national review of governance in local government: 'Improving Council Governance'.
- 6.3 The AGS format is linked to the Council's published Local Code of Corporate Governance; and demonstrates the processes and assurances the Council has in place to fulfil its requirements under its Local Code.
- 6.4 It is acknowledged that the draft AGS is presented for review prior to the statutory external audit of the accounts. Initial discussions with Grant Thornton have not identified any further issues that they would expect to be included in the draft AGS at this stage. However, any significant governance or internal control issues which arise as a result of the final accounts audit can be included in the AGS and re-submitted for officer and member consideration and approval before the closure of the statutory audit period on 30 September 2015.
- 6.5 Corporate governance is an important element of the external assessment processes. The annual accounts, including the AGS, are subject to audit by the council's external auditors. While the whole of the financial statements may not be qualified, an incorrect or inaccurate AGS may be raised as a recommendation by the external auditors.

7. Comments of the Chief Financial Officer and Financial Implications



Haringey Council

7.1 There are no direct financial implications arising from this report. The work within service areas which supports and provides evidence for the AGS, is contained and managed within their revenue budgets. Service departments manage risks and governance arrangements as part of the routine work to achieve their business plans and costs are contained within their revenue budgets.

7.2 Internal audit undertake reviews to confirm the evidence and assurance statement submitted by service areas and Directors/Assistant Directors. Additionally, the Head of Audit provides an annual report to support the assurance processes for the AGS. This work is part of the annual internal audit plan and costs are included within Audit and Risk Management's budget.

7.2 The Chief Financial Officer confirms that the presentation of the attached draft AGS for approval by this Committee meets the Council's statutory requirement under the 2011 Accounts and Audit Regulations.

8. Comments of the Assistant Director, Corporate Governance and Legal Implications

8.1 The Assistant Director of Corporate Governance has been consulted in the preparation of this report, and in noting that the internal audit work has been conducted in line with industry best practice, advises that there are no direct legal implications arising out of the report.

9. Equalities and Community Cohesion Comments

9.1 This report deals with governance arrangements and their implementation across all areas of the Council, which have an impact on various parts of the community. Improvements in managing governance will therefore improve services the Council provides to all sections of the community.

10. Head of Procurement Comments

10.1 Not applicable.

11. Policy Implications

11.1 There are no direct implications for the Council's existing policies, priorities and strategies. However, ensuring that the Council has effective governance arrangements in place and taking appropriate action to improve these where required will assist the Council to use its available resources more effectively.

12. Use of Appendices

12.1 Appendix A – Draft Annual Governance Statement 2014/15.

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Annual Governance Statement 2014/15

1. Scope of responsibility

- 1.1 Haringey is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Haringey also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, with regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this, Haringey is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 The authority has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. Haringey Council's local code of corporate governance is published on the Council's website and a copy can be obtained from the Council's Monitoring Officer. This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011, in relation to the publication of an Annual Governance Statement.

2. The purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can provide a reasonable assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Haringey's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Haringey for the year ended 31st March 2015 and up to the date of the approval of the annual report and accounts.

3. The governance framework

3.1 The key elements of the systems and processes that comprise the authority's governance arrangements are consistent with the six core principles of the Council's Code of Corporate Governance:

What processes the Council has in place to meet the Corporate Governance Principle	How the Council gets assurance that the Corporate Governance processes work in practice
<p>Corporate Governance – Core Principle 1: Focusing on the purpose of the Council, on outcomes for the community and creating and implementing a vision for the area</p>	
<ul style="list-style-type: none"> • The Corporate Plan 2015-18 sets out the vision and priorities for the Council and was developed and agreed during 2014/15. The plan confirms five key priorities which underpin all the Council's work, including during 2014/15: <ul style="list-style-type: none"> ○ Priority 1: enable every child and young person to have the best start in life, with high quality education; ○ Priority 2: Empower all adults to live healthy, long and fulfilling lives ○ Priority 3: A clean and safe borough where people are proud to live ○ Priority 4: Drive growth and employment from which everyone can benefit ○ Priority 5: Create homes and communities where people choose to live and are able to thrive. • The Medium Term Financial Strategy (MTFS) sets out the Council's spending plans for 2015 to 2018, which was also developed and approved in 2014/15, and is linked to its vision and priorities, within reduced resources and takes into account residents' views from area forums and budget consultations. • The budget for 2015-18 is balanced with £70 million of savings included in the overall budget plans. • The Council's internal governance arrangements are changing to focus on delivering the Corporate Plan priorities, including the implementation of corporate programme boards (Haringey 54k; Business Infrastructure Programme, Customer Services Transformation, Housing and Tottenham Regeneration), which will 	<ul style="list-style-type: none"> • The 2015-18 Council Plan received endorsement from Cabinet in December 2014 and was agreed by Council in February 2015 and is published on the Council's website. Key performance measures and outputs form the basis of reports to Cabinet. • The quarterly performance report to Cabinet provides details on the progress that has been made during 2014/15 against the key indicators and activity in the 2013-15 Council Plan. The latest report in March 2015 identified key measures in educational attainment were in line with or above England averages for the first time and gaps against London averages were narrowing or had been eradicated. Good progress in processing planning applications was also highlighted, with expectations of improved performance in customer service during 2015/16 as the transformation programme takes effect. • Cabinet agendas, reports and minutes are made available on the Council's website to provide transparency. Cabinet meetings are also broadcast via the Council website. • Area Forum and Committee agendas; and Area Committee minutes are available on the Council's website. • The Council's Corporate Programme Board governs the delivery of the corporate transformation programmes. Changes to programme governance to focus on managing risk and delivering outcomes are being put in place during 2015/16. • The Council's Corporate Delivery Unit provides challenge and support to the organisation to deliver on priorities in the corporate plan and in doing so, build organisational capability to continue to

What processes the Council has in place to meet the Corporate Governance Principle	How the Council gets assurance that the Corporate Governance processes work in practice
<p>work to deliver the necessary savings.</p> <ul style="list-style-type: none"> • The consultation process with residents, 'Haringey: where next?' is supported by a Consultation Charter. During 2014/15, a number of consultations were undertaken with residents to ensure the Council is delivering services in line with what residents want and need. • The Council has seven area forums, each led by a local ward Councillor with the agreed terms of reference contained within the Council's constitution. Area forums develop and encourage partnerships with local residents' associations, voluntary and community bodies and other stakeholder groups to raise and address issues of local interest. • The Council's Health and Wellbeing Board is responsible for preparing comprehensive joint strategic needs assessments, joint health and wellbeing strategies, and to have a role in commissioning plans that take those assessments and strategies properly into account. The committee membership reflects the provisions of the Health and Social Care Act 2012 and comprises elected members of the Council, partners from the NHS clinical commissioning group and local Healthwatch and others. • The Council's Director of Public Health and the Health and Wellbeing Board have worked on improving the health and wellbeing of children and adults in the borough and reducing health inequalities. During 2014/15, the Better Care Fund, with funding of £957,000 (£18m in 2015/16), was transferred to the Council to integrate health and social care. • In January 2013, the Council reinstated a Children's Trust. At the Children's Trust meeting on 16.09.2014 it discussed its continued role and purpose to ensure that it can demonstrate its ability to make a difference and shape the children's agenda which it decided to keep under review. • Following consultation with the local community and the completion of a Community Safety Strategic Assessment, the 	<p>deliver. 'Stocktakes' are held with the Chief Executive, Deputy Chief Executive and Leader of the Council every two months, to provide assurance on progress.</p> <ul style="list-style-type: none"> • The Council's budget management position was reported to Cabinet during 2014/15. The budget for Public Health is 'ring fenced' to ensure that resources can only be spent on improving residents' wellbeing and reducing health inequalities across the borough. The monitoring reports to Cabinet provide details on how the Public Health budget is being spent. Budget overspends were reported in both Children's and Adult Social Services in 2014/15. • The Council submitted an Improvement/ Action Plan to Ofsted following the unannounced inspection visit which was reported to Cabinet in December 2014. A 'Quality Assurance Board' has been established to monitor implementation of the Ofsted recommendations. • The LGA concluded that the Council had made significant progress, with good leadership from the Cabinet and senior officers, enabling a clear direction and ambition for the borough to be set out based on sound financial management. Some challenges were highlighted including delivering organisational development and cultural change; delivering the transformation agenda; and developing a corporate approach to resident engagement. <hr/> <p>Actions:</p> <ul style="list-style-type: none"> • There will need to be further discussions about the role of the Children's Trust in the context of the new corporate plan objectives for 2015-18. • Ensure the feedback of the corporate peer challenge, including delivering effective outcomes, is addressed as part of delivering the Corporate Plan. • Ensure the demand-led budgets within Children's and Adult

What processes the Council has in place to meet the Corporate Governance Principle	How the Council gets assurance that the Corporate Governance processes work in practice
<p>Community Safety Partnership prepared a revised Community Safety Strategy for the period 2013-2017 to demonstrate how it and its partners intend to reduce crime and disorder, substance misuse and re-offending in the borough.</p> <ul style="list-style-type: none"> In May 2014, Haringey’s Children’s Service was subject to an unannounced Ofsted inspection which concluded on the 11 June 2014. The Ofsted report judged Haringey Children’s Services to be comfortably within the ‘Requires Improvement’ grade and the report and recommendations have been welcomed by the Council. A number of key strengths were noted and 11 recommendations were provided, all of which have been accepted. In response to the Ofsted inspection and high profile cases elsewhere relating to Child Sexual Exploitation (CSE), the Council has strengthened its processes, working with the police and other agencies, and information sharing arrangements to identify potential cases of CSE as early as possible. In October 2014, the Council undertook voluntary ‘corporate peer challenge’ delivered by the Local Government Association (LGA) in order to complement and add value to other performance and activities taking place. The peer challenge is focused on whether the council has: a clear set of priorities; a financial plan to ensure long term viability; effective political and managerial leadership; effective governance and decision making arrangements; organisational capacity and resources focused in the right areas. 	<p>Social Services are managed effectively in 2015/16 to minimise the risk of overspends re-occurring.</p>
<p>Corporate Governance – Core Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles</p>	
<ul style="list-style-type: none"> The Council’s constitution sets out the policy and decision making framework of the authority and is held in hard copy and on the Council’s intranet and external website. The roles and responsibilities of the Council, the Cabinet, committees, Councillors including cabinet members, and officers 	<ul style="list-style-type: none"> The constitution is reviewed on an annual basis and updated to reflect functional and organisational changes to the Council. Changes are approved at Full Council, the latest update was approved in July 2014. Regular internal and external audit reviews check compliance with

What processes the Council has in place to meet the Corporate Governance Principle	How the Council gets assurance that the Corporate Governance processes work in practice
<p>are clearly documented within the constitution.</p> <ul style="list-style-type: none"> • The constitution contains protocols governing the relationships between members and officers and job descriptions of the Council's statutory officers (Head of Paid Service, Monitoring Officer and Section 151 Officer). • The Council's constitution contains the Financial and Contract Procedure Rules, which specify the governance framework for all its operational functions. The Constitution was updated to reflect to new Senior Management Structure in July 2014. • The constitution also includes the roles of key compliance officers, including the Council's Monitoring Officer and Section 151 Officer, as well as specific functional responsibilities for the Cabinet, committees, other bodies and officers. • The Council established a Pensions Board Committee to comply with relevant legislation and ensure effective and efficient governance and administration of the Pensions Scheme. The Council, through the Pensions Committee, retains ultimate responsibility for the administration and governance of the Pensions Fund. • A Staffing and Remuneration Committee was also established, separate from the Corporate Committee during 2014/15. • The roles and functions of all Councillors in relation to governance issues are clearly documented, including their responsibilities for ward duties and the governance of the Council in accordance with relevant legislation. • The Council's constitution contains a general scheme of officer delegations and each service area has their own internal scheme of delegation. All schemes are reviewed and communicated on a regular basis to all appropriate officers and members. • The Council's website has an 'Our Standards' page which sets out the expectations and standards required of both officers and members. 	<p>financial and contract procedure rules across the Council and the outcomes of these were reported to the Corporate Committee quarterly during 2014/15. Nine of the Council's key financial systems received a 'substantial' assurance rating; one received 'full' assurance and one (accounts payable) received a 'limited' assurance rating in 2014/15.</p> <ul style="list-style-type: none"> • All relevant officers were briefed on the new requirements of the constitution, including schemes of delegation and authorisation and the requirements to document and publish relevant decisions. <hr/> <p>Actions:</p> <ul style="list-style-type: none"> • Ensure all relevant decisions are documented and published in accordance with statutory requirements.

What processes the Council has in place to meet the Corporate Governance Principle	How the Council gets assurance that the Corporate Governance processes work in practice
<ul style="list-style-type: none"> The Council has an agreed Pay Policy Statement in place which is reviewed and approved by the Corporate Committee prior to Full Council. The Council has approved its commitment to paying employees the London Living Wage and is working to require contractors to implement the same policy. 	
<p>Corporate Governance – Core Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</p>	
<ul style="list-style-type: none"> Haringey Council has well established codes of conduct for officers and members, which are regularly reviewed and subject to approval by members. The Assistant Director of Corporate Governance is the Monitoring Officer and is responsible for ensuring that the Council acts lawfully and in accordance with the constitution: <ul style="list-style-type: none"> Directors and Assistant Directors have the primary responsibility for ensuring that decisions in their business areas are compliant with the Scheme of Delegation. Standards of conduct and behaviour expected of members are addressed in the members' Code of Conduct set out in the constitution. A Standards Committee is in place. Arrangements are in place to govern the conduct between members and officers, as set out in the Protocol on Member/Officer Relations. The Council's officer code of conduct is reviewed and updated on a regular basis and is published on the Council's intranet site. All new members of staff receive induction training, as part of their induction processes. The Council has a corporate complaints policy, which is compliant with statutory requirements and subject to regular review. The Council operates a 'zero tolerance' approach to fraud and corruption. The anti-fraud and corruption policy includes a fraud 	<ul style="list-style-type: none"> The Council requires all members to formally acknowledge receipt of their code of conduct on an annual basis. No exceptions were noted in 2014/15. Members are provided with briefings on the code of conduct as part of the member induction and training programme. Key statutory training was provided to new Members within the first two weeks of June 2014. Articles are included in staff newsletters, which are published on the Council's intranet, outlining expected standards of behaviour in specific areas and these continued in 2014/15. Internal audit undertake investigations into allegations of financial irregularity and report the outcomes to the Corporate Committee on a quarterly basis. The Council's complaints policy is publicised on the Council's external website and at various public places across the borough. The Council monitors responses to complaints on a weekly basis and reports to Cabinet on the outcomes on a regular basis. The anti-fraud policy is published on the Council website and regular articles on how to report fraud are published in staff newsletters and Haringey People. In 2014/15, the Council investigated and recovered over 50 properties and prevented 118 fraudulent Right to Buy applications in line with the anti-fraud policy. The Council received seven whistleblowing referrals in 2014/15

What processes the Council has in place to meet the Corporate Governance Principle	How the Council gets assurance that the Corporate Governance processes work in practice
<p>response plan, anti-bribery and money laundering policies and a whistleblowing policy.</p>	<p>which were all formally investigated. Referrals received are reported to the Corporate Committee.</p>
<p>Corporate Governance – Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and risk management</p>	
<ul style="list-style-type: none"> • The Council has processes in place to ensure that decision takers follow due process. • The Council’s financial management is based on a framework of regular management information and review to inform managers and members of the current budget position. Key elements of the financial management system include integrated budgeting and medium term financial planning systems, regular budget monitoring reports to the Cabinet, systematic review of all key financial control processes, monitoring of key financial and other targets, and formal project management processes. • The Council undertakes equality impact assessments of all major policies and strategies and all proposals for major changes in structures and service delivery models, to ensure that they do not disproportionately have a negative impact on any of Haringey’s communities. Services follow Equality Impact Assessment guidance which was updated in 2014/15. • The Council has processes in place to ensure that decision takers follow due process, that decisions are taken having regard to all relevant considerations and that decisions are properly documented. All relevant decisions taken by officers are recorded and, where required, published on the website. • The Overview and Scrutiny Committee (OSC) is in place to review or scrutinise decisions or actions, in accordance with the protocol in place which sets out how the committee should operate. • Scrutiny panels report through the OSC which makes recommendations to Cabinet, based on evidence gathering, consultation and research. • The functions of an audit committee, as recommended in 	<ul style="list-style-type: none"> • The Council’s internal and external auditors produce annual audit reports and the Annual Audit Letter, which were both reported to the Corporate Committee. Minor issues were identified in relation to the closure of accounts processes but no other significant governance issues were raised by either report. • Regular internal and external audit reviews check compliance with financial and contract procedure rules across the Council and the outcomes of these were reported to the Corporate Committee quarterly during 2014/15. • Through the financial year 2014/15 the counter fraud team successfully led the recovery of more than 50 Council properties where fraudulent tenancy issues were proven. • The Council’s anti-fraud and corruption policy was updated in June 2014 and publicised to all staff via newsletters and the intranet. • Publication of successfully investigated local and national fraud cases demonstrate the consequences of committing fraud are included in the staff newsletter, press releases and the Haringey website. • Full compliance is achieved with CIPFA’s statements on the role of both the Chief Financial Officer and the Head of Internal Audit. • The internal audit service was subject to an independent peer review during 2014/15, with the outcome reported to the Corporate Committee. No significant recommendations were raised. • A list of the equality impact assessments undertaken during 2014/15 is available on the Council website. No Council decisions were successfully challenged on the basis of inadequate equality

What processes the Council has in place to meet the Corporate Governance Principle	How the Council gets assurance that the Corporate Governance processes work in practice
<p>guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Institute of Public Finance, are contained within the remit of the Council's Corporate Committee.</p> <ul style="list-style-type: none"> • The mandatory UK Public Sector Audit Standards (PSIAS) were introduced from April 2013. Self assessment and independent reviews take place to confirm the Council fully complies with the requirements of PSIAS. • Haringey Council has a well-established and publicised anti-fraud and corruption policy and strategy, including a fraud response plan and whistle-blowing policy which complies with relevant legislation and is monitored and managed by Internal Audit. The Council has a free-phone telephone number and email reporting facilities on its external website. Fraud and corruption policies and procedures are contained in the Employee Handbook, and are on the Council's intranet and website. The use of the whistle-blowing processes and fraud reporting procedures are reported on a quarterly basis to Corporate Committee and the reports are published on the Council's website. • The Council has a dedicated counter-fraud resource which undertakes reactive and pro-active fraud reviews based on an assessment of the risks included in the corporate fraud risk register and emerging risks across the public and private sectors. • Haringey has a corporate Risk Management Policy and Strategy which is reviewed on an annual basis and, through a variety of processes and procedures, ensures that risk management is embedded across the organisation and its activities, including business planning and project management processes. • The Council has a corporate risk register and corporate programmes and business areas have risk registers in place. • Haringey's business continuity planning is based on risk assessment and business impact analysis. Each service area produces a business continuity plan which is updated twice a 	<p>impact assessments.</p> <ul style="list-style-type: none"> • The proposed areas to be scrutinised are agreed by the panels and the OSC at the beginning of the municipal year. Cabinet members attend the relevant scrutiny panels to answer questions. The reports are published on the Council's website. • By taking a detailed look at the Council's decisions and policies, Overview and Scrutiny works to promote open decision making and democratic accountability in Haringey by holding the Cabinet to account, developing and reviewing policy in an inclusive cross-party manner that involves local communities and other interested parties, reviewing the performance of the Council and scrutinising local services not provided by the Council, such as health services. The reports and decisions of the committee are published on the Council's website. • The Council produces a Scrutiny Annual Report which is available on its website. • The Council's programmes and projects identify and review risks in line with the Council's project management framework. • The corporate risk register is reviewed on a quarterly basis by the Statutory Officers' Group and annually by Corporate Committee. A copy of the risk register and the report to Corporate Committee is published on the Council's website. During 2014/15, no significant issues arose out of the identified risks. • The corporate Emergency Planning and Business Continuity Team proved guidance and support to services and carry out regular audits of the business continuity service plans. No significant business continuity incidents were reported in 2013/14. • An independent review of the Council's internal audit function confirmed that it complied with the requirements of the UK PSIAS. The outcome of the review was reported to the Corporate Committee.

What processes the Council has in place to meet the Corporate Governance Principle	How the Council gets assurance that the Corporate Governance processes work in practice
<p>year. Service continuity plans are incorporated into the Council-wide Business Continuity Plan.</p>	
<p>Corporate Governance – Core Principle 5: Developing the capacity and capability of Members and Officers to be effective</p>	
<ul style="list-style-type: none"> • The Council provides a programme of training for members, and all members have access to the Council’s corporate training and development programme. • All permanent staff within the Council receive an annual performance review and appraisal, which is linked to the Council’s management standards and corporate competency framework, and results in individual work targets and development plans. • Senior managers’ performance targets include mandatory requirements for people and budget management. • Legal Services provide briefings to members covering legislative and case law updates. The briefings are designed to ensure that members are kept abreast of developments of legal and political significance in local government on all matters including children and adult social services, education, health, housing, planning and licensing and any other areas of relevance. This enables members to better serve their constituents - at ward surgeries, through informed debate at committees and in their strategic role in developing Council policies. 	<ul style="list-style-type: none"> • Members who sit on the Corporate and Regulatory Committees were provided with training in 2014/15 specific to their responsibilities for these committees. Training sessions included planning, licensing, audit, finance, pensions and treasury. • Member learning development programme commenced in June 2014. • All members have been offered an extensive training programme on matters relating to standards and ethics; children and adults’ safeguarding; public health; freedom of information/data protection and member’s enquiries; scrutiny and the way the Council operates.
<p>Corporate Governance – Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability</p>	
<ul style="list-style-type: none"> • Haringey Council’s Consultation Charter sets out how the Council ensures that its consultation is effective and what can be expected from its consultation. This, together with consultation principles, is published on the website. • The Council publishes a resident’s magazine, Haringey People, containing information on Council activities. • Over the period September to November widespread discussions with residents were held to inform the priority setting in the 	<ul style="list-style-type: none"> • Hard copies of Haringey People are delivered to all residential addresses and the magazine is also available via the Council’s intranet and external website. In addition, the Council produces Haringey People Extra, a weekly electronic newsletter for residents. • The results of the budget consultation were published on the Council’s website. • Over 1,118 people took part in the budget consultation process in

What processes the Council has in place to meet the Corporate Governance Principle	How the Council gets assurance that the Corporate Governance processes work in practice
<p>corporate plan and Medium Term Financial Strategy (MTFS). Activity was undertaken by Haringey's Association for Community Organisations (HAVCO), Together North London and Healthwatch Haringey. A business breakfast meeting was also held to understand the views of our business community.</p> <ul style="list-style-type: none"> • Local Area Committees have been operating during 2014/15. These have specific responsibilities and consultative powers and are a vital part of local democratic engagement. • Standing partnership bodies exist for the Children's Trust and the Community Safety Partnership Board. • The Council also has a statutory committee, the Health and Wellbeing Board, made up of members of the Council and health partners including Healthwatch and HAVCO. • The Council has continued to work with Alexandra Palace and Park (APP) to ensure that corporate governance arrangements and internal controls are adequate and this was continued during 2014/15. • The Council has a wholly-owned company, Homes for Haringey Limited (HfH) and is a trustee of APP under the terms of the current operating requirements. The Council provides advice and services to HfH and APP, which have their own board, constitution, memorandum and articles. The accounts of HfH and APP are incorporated into the group accounts of the London Borough of Haringey. The assessment of governance and controls by the relevant officers included an assessment of the governance and controls of HfH and APP. • The Council has started, through its transformation programmes, to develop arrangements for working in partnership with different organisations and sectors within the borough and across London. This work will continue in 2015/16 as the Corporate Plan delivery arrangements are developed. 	<p>a variety of ways including: completing an online survey; attending a borough wide road show, or area forum, or a dedicated outreach event in partnership with community groups to engage young people, older people, Turkish women and members of the Chinese, Polish, Latin American and Muslim communities, or one of 12 focus groups to discuss each corporate plan theme and refresh of the health and wellbeing strategy in greater detail. The results of the budget consultation were used to inform the Medium Term Financial Strategy (MTFS).</p> <ul style="list-style-type: none"> • The MTFS was scrutinised by the four scrutiny panels and recommendations made by the OSC to Cabinet. • The Council reviews annually the independent audit reports for both APP and HfH.

4. Significant governance issues

4.1 The Council identified some key areas where work would be undertaken in 2014/15 to ensure governance arrangements were in place and effective. An action plan was drawn up and progress on this is set out below.

Issue	Action	Progress Update
Corporate governance arrangements.	The Council's Constitution and Scheme of Delegation to Officers were updated to ensure relevant officers are empowered with all appropriate delegated powers and financial responsibilities.	Complete
Control processes within the service responsible for direct payments.	A full reconciliation of all clients and care plans was undertaken; all clients were confirmed as receiving the correct levels of care and no safeguarding issues were identified. Managers implemented new procedures and Internal audit completed a review to confirm that the new control processes were operating effectively and no significant recommendations were raised. A follow up audit will be undertaken during 2015/16.	Complete
Governance arrangements for the Better Care Fund.	The actions set out in the Better Care Fund Implementation Plan were completed. The Haringey Clinical Commissioning Group completed an audit of the implementation processes, with no significant recommendations raised and a follow up audit will be undertaken during 2015/16.	Complete
Changes to the Homes for Haringey governance arrangements.	Interim changes to operational and management arrangements for Homes for Haringey were put in place from October 2014. Further work to consider options on the future delivery of housing services will continue in 2015/16, with a report to Cabinet by the Chief Operating Officer planned for September 2015.	In progress
Governance arrangements for the corporate programmes.	A Corporate Programme Board has been established to oversee the due diligence of the Corporate Programmes. Corporate Programmes are now aligned against the Corporate Plan priorities.	Complete
Oversight and monitoring functions for the Tottenham regeneration programme.	Governance structures, reporting and authorisation processes, and financial and resource monitoring processes have been put in place to deliver the agreed outcomes and objectives. Independent assurance and external challenge processes have reported to the programme board, with no significant recommendations raised.	Complete

4.2 The Council has identified the following significant governance issues during 2014/15. It is proposed over the coming year to take steps to address the governance issues in these areas and these are set out in the action plan below. The action plan will be monitored during the year to ensure all issues are appropriately addressed.

Issue	Action	Responsibility	Due date
Changes to the Homes for Haringey governance arrangements.	Interim changes to operational and management arrangements for Homes for Haringey were put in place from October 2014. Options on the future delivery of housing services will continue in 2015/16, with a report to Cabinet by the Chief Operating Officer planned for September 2015.	Chief Operating Officer	September 2015
Recording and publishing delegated decisions.	Directors and Assistant Directors reported via their assurance statements that, although decisions were taken in accordance with the constitution requirements, the recording and publishing of decisions taken was not always done, or done in a timely manner. Further work will need to be done in 2015/16 to ensure that this issue is addressed and all decisions are recorded and reported according to agreed requirements.	All Directors and Assistant Directors	March 2016
Budget management – Children’s Service and Adult Social Services.	Both the Children’s Service and Adult Social Services reported significant budget overspends in 2014/15. Both Directors have formulated action plans designed to bring the services’ spending in line with approved budgets. These plans will be closely monitored both by officers and members during 2015/16.	Director of Children’s Services; Director of Adult Social Services	March 2016
Corporate Programmes – demonstrating delivery outcomes.	The 2015-18 Corporate Plan outcomes are dependent on the successful delivery of the corporate programmes. These will need to start to demonstrate their benefits realisation objectives during 2015/16 in order to achieve the required outcomes and external funding commitments.	Corporate Programme Managers	March 2016

5. Review of effectiveness

- 5.1 Haringey Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the statements of assurance and annual governance self-assessments by each director and assistant director, who have responsibility for the development and maintenance of the governance environment; the Head of Audit and Risk Management's annual report, and also by comments made by the Council's external auditors and other review agencies and inspectorates.
- 5.2 The Assistant Director for Finance (the Council's statutory section 151 Officer), the Assistant Director of Corporate Governance (the Council's Monitoring Officer), and the Head of Audit and Risk Management have also reviewed the work done by the Council relating to governance issues in 2014/15. Their comments on the key governance issues are as follows:
- Assistant Director for Finance: There were fairly significant overspends in both the Children's and Adults Services in 2014/15. These were predominantly as a result of additional demand on the services at the same time as both services were coping with budget reductions. In overall terms the Council will be able to report a net underspend on the General Fund revenue account for 2014/15 given prudent financial management of the Council's resources. Both Directors have formulated action plans designed to bring the services' spending in line with approved budgets. These plans will be closely monitored both by officers and members during 2015/16.
 - Assistant Director of Corporate Governance: Significant training was given to Assistant Directors on schemes of authorisation and recording and publishing delegated decisions in 2014/15. Not all relevant delegated decisions were recorded and published in 2014/15 and there is some work necessary to comply with this requirement.
 - Head of Audit and Risk Management: The majority of the Council's key financial systems all received 'substantial' or higher assurance ratings from internal audit in 2014/15, with one system (accounts payable) receiving 'limited' assurance. Work to assist schools to address control weaknesses continued in 2014/15 with improved results as no school received a 'nil' assurance rating. However, 60% of schools visited (8 out of 13) still received 'limited' assurance ratings in 2014/15 and Internal Audit will continue to provide training and guidance for school governors, head teachers, and school finance staff to assist in improving their performance in 2015/16. No other significant governance issues were raised by internal audit during 2014/15.
- 5.3 The Head of Audit and Risk Management has also provided an Annual Audit Report and opinion for 2014/15. The report concluded that in most areas across the Council, with the exception of those areas receiving 'limited' assurance, there are sound internal financial control systems and corporate governance arrangements in place, and that risk management arrangements are satisfactory. All high priority recommendations were confirmed as being implemented when internal audit completed the follow up reviews.
- 5.4 Directors and Assistant Directors have completed a statement of assurance covering 2014/15 which is informed by work carried out by heads of service and managers, internal audit, external assessments and risk management processes. The statements are used to provide assurance that any significant control issues that have been brought to their attention have been dealt with appropriately. No significant governance issues, apart from those identified at paragraph 4.2 were recorded.

- 5.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) statements on the role of the Chief Financial Officer (CFO) and the role of the Head of Internal Audit (HoA) in public service organisations have both been incorporated into the Council's overall governance arrangements. During 2014/15, the Council has been able to confirm that CFO and HoA fulfilled all the requirements set out within the CIPFA statements, and assurance on this was obtained via internal and external audit reviews. No gaps in compliance were identified for either role.
- 5.6 The Leader of the Council and the Chief Executive have been advised of the implications of the result of the review of the effectiveness of the governance framework by the Corporate Committee, and a plan to implement enhancements and ensure continuous improvement of the system is in place.
- 5.7 The evidence provided with regards to the production of the Annual Governance Statement has been considered by the Chief Executive and officers at the Statutory Officers' Group meetings on 7 April and 2 June 2015 and by the Council's Corporate Committee on 22 June 2015, who concluded that the Council has satisfactory governance systems in place and satisfactory plans to address the identified issues to ensure improvement. The Chief Executive and the Statutory Officers' Group are committed to implementing the action plan, strengthening and improving controls and keeping the effectiveness of the Council's corporate governance arrangements under review during the year.

Signed by:

Councillor Claire Kober
Leader of the Council

Nick Walkley
Chief Executive

Date:

Corporate Committee Update

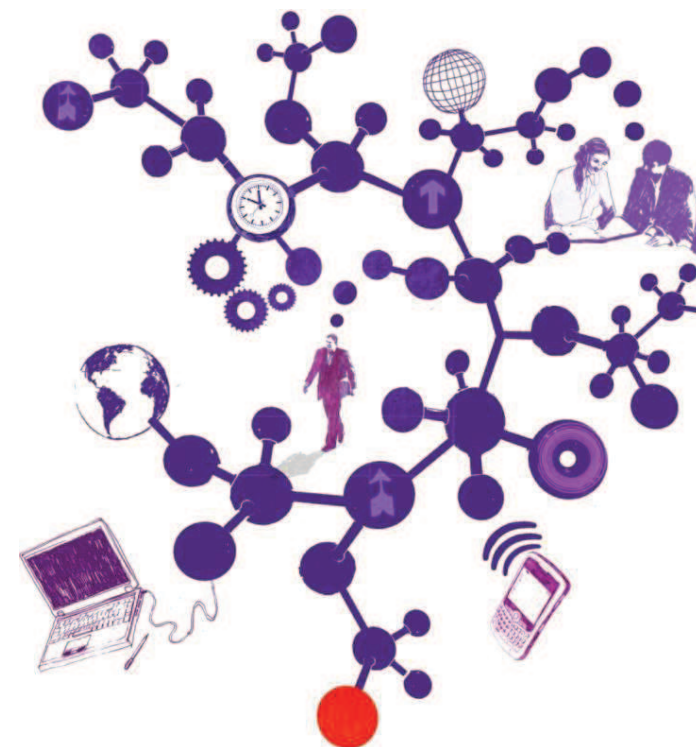
Year ended 31 March 2015

1 June 2015

Paul Dossett
Partner
T 020 7728 3180
E paul.dossett@uk.gt.com

Paul Jacklin
Manager
T 020 7728 3263
E paul.j.jackin@uk.gt.com

Rajiv Bissessur
Audit Executive
T 0207 728 3241
E rajiv.bissessur@uk.gt.com



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

This paper provides the Corporate Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Corporate Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- Spreading their Wings: Building a successful local authority trading company
- Easing the burden: The impact of welfare reform on local government and the social housing sector
- All aboard? our local government governance review 2015
- Stronger futures: development of the local government pension scheme
- Rising to the challenge: the evolution of local government, summary findings from our fourth year of financial health checks of English local authorities
- 2020 Vision, exploring finance and policy future for English local government
- Where growth happens, on the nature of growth and dynamism across England

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

Paul Dossett Engagement Lead T 020 7728 3180 M 07919025198 paul.dossett@uk.gt.com
Paul Jacklin Audit Manager T 020 7728 3263 M 07880456186 paul.j.jacklin@uk.gt.com

Progress at March 2015

Work	Comments
<p>2013/14 Audit Certificate</p>	<p>We gave an unqualified opinion on the Council's financial Statements on 29 September 2014 in advance of the 30 September deadline. We were not able to certify the 2013/14 audit as complete due to two objections raised on the accounts by local authority electors.</p> <p>The objection for court costs charged by the Council at the point of issuing a summons for non-payment of council tax was delayed as this issue is subject to judicial review. We are currently reviewing the reasonableness of the Council's apportionment of costs and expect to conclude this work by the end of June.</p> <p>We are awaiting the conclusion of work undertaken by PWC on bailiff enforcement of parking/traffic debts, before being able to conclude the work on bailiff enforcement of parking/traffic debts.</p> <p>Once these objections resolved we will be able to issue the audit certificate and close the 2013/14 audit.</p>
<p>2014-15 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2014-15 financial statements.</p>	<p>The Accounts Audit Plan is a separate item on the agenda</p>

Progress at March 2015

Work	Comments
<p>Interim accounts audit</p> <p>Our interim fieldwork visit includes:</p> <ul style="list-style-type: none">• updating our review of the Council's control environment• updating our understanding of financial systems• review of Internal Audit reports on core financial systems• early work on emerging accounting issues• early substantive testing• proposed Value for Money conclusion.	<p>Fieldwork has been completed, the results of which are included within the Audit Plan.</p>
<p>2014-15 final accounts audit</p> <p>Including:</p> <ul style="list-style-type: none">• audit of the 2014-15 financial statements• proposed opinion on the Council's accounts• proposed Value for Money conclusion.	<p>Early substantive testing is in progress and we will report the results of this work in our Audit Findings Report which will be presented at the Corporate Committee in September 2015.</p>

All Aboard? - Local Government Governance Review 2015

Grant Thornton

Our fourth annual review of local government governance is available at <http://www.grant-thornton.co.uk/en/Publications/2015/Local-Government-Governance-review-2015-All-aboard1/>.

We note that the challenges faced by local authorities are intensifying as austerity and funding reductions combine with demographic pressures and technological changes to create a potential threat to the long-term sustainability to some organisations. Maintaining effective governance is becoming ever more complex and increasingly important.

Against this background we have focused this year's review on three key areas:

Governance of the organisation – the main area of concern highlighted in this year's governance survey
Is the level of dissatisfaction with the scrutiny process.

Governance in working with others – there is an urgent need for scrutiny to exercise good governance over the complex array of partnerships in which local authorities are now involved. Boundary issues notwithstanding, by 'shining a light' on contracted-out activities and joint operations or ventures, scrutiny committees can bring a new level of transparency and accountability to these areas

Governance of stakeholder relations – despite the work that a number of local authorities are doing with the public on 'co-production', almost a third of respondents to our survey did not think their organisation actively involves service users in designing the future scope and delivery of its services.

We conclude that local authorities need to ensure that their core objectives and values are fulfilled through Many other agencies . This implies a greater role for scrutiny and a need to make sure local public sector Bodies' arrangements are a transparent as possible for stakeholders.

Hard copies of our report are available from your Engagement Lead or Audit Manager.



Stronger futures: development of the LGPS

Grant Thornton

Our second review on governance in LGPS funds in England and Wales is based on comprehensive research with pension fund senior officers, supported by insights from pension fund auditors and is available at <http://www.grant-thornton.co.uk/Publications/2015/Stronger-futures-development-of-the-LGPS/>

With the local government pensions scheme (LGPS) continuing to face significant change and challenge, there is a clear commitment to ensuring its survival and the provision of affordable pension benefits for the future. Following the implementation of a career average pension scheme in 2014, administering authorities are preparing for significant changes in governance arrangements effective from April 2015.

Some of the key messages from the report are:

there are increasing strong examples of innovation and increased collaborative working across the LGPS to achieve reduced costs and improved use of specialist skills and knowledge;

implementation of the career average scheme from April 2014 went well and demonstrated good project management and effective communication with members and employers; and

there have been several other positive trends across the LGPS since our 2013 review particularly around the widening scope of reporting to Pension Committees including performance reporting, risk management and internal audit reviews.

However, we saw a wide variation in practice, including a concentration of risk reporting on investment risk, over half of funds have not implemented the CIPFA knowledge and skills framework as part of their member training, 45 per cent of Pension Committees do not receive internal audit reports and 15 per cent do not have specific internal audit coverage, and nearly half of funds have no information around the value of their liabilities in between the triennial valuations.

Hard copies of our report are available from your Engagement Lead or Audit Manager.



Spreading their wings: Building a successful local authority trading company

Grant Thornton

The trend in using alternative models to protect and develop services has continued over the last year. As councils continue to confront financial pressure, many have considered how to reduce costs, generate income and improve efficiency by introducing commercial structures. The report can be found at <http://www.grant-thornton.co.uk/en/Publications/2015/Spreading-their-wings-Building-a-successful-local-authority-trading-company/>

The introduction of LATCs has been a key part of this innovation. While restricted initially to areas such as entertainment or airports – for example Birmingham’s NEC and Manchester Airport – they have grown into new areas such as highways, housing and education. More recently, LATCs dedicated to the delivery of social care services have emerged.

However, the delivery of a successful company is not easy. In light of this, 'Spreading their wings' provides practical guidance – drawn from interviews with councils and from the successful companies we have worked with – on the steps that need to be followed in:

- deciding to set up a local authority trading company
- setting up a local authority trading company
- building a successful local authority trading company

Hard copies of our report are available from your Engagement Lead or Audit Manager.



Easing the burden: The impact of welfare reform on local government and the social housing sector

Grant Thornton

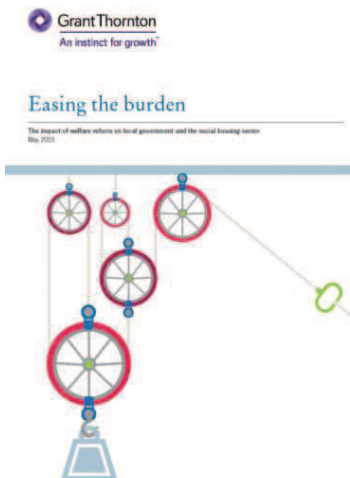
Our second welfare reform report, 'Easing the burden', follows on from our initial report 'Reaping the benefits?', to provide insight into the impact of welfare reform on English local authority and social housing organisations over the past two years. The report is attached at <http://www.grant-thornton.co.uk/en/Publications/2015/Easing-the-Burden/>

It focuses on: the governance and management arrangements being put in place nationally across the two sectors to deliver reform; the early signs of how successful the reforms have been; and the upcoming issues and risks on the reform agenda in the wider context of social impact.

The key findings from our review include:

- The cumulative effect of various welfare reforms is putting a significant financial strain on those needing support
- The majority of local authorities and housing associations surveyed had seen a rise in average council tax and rent arrears since 2012/13
- Local authorities are becoming reliant on Discretionary Housing Payments (DHP) to plug the gap for those unable to pay

Hard copies of our report are available from your Engagement Lead or Audit Manager.



Independent Commission into Local Government Finance

Local government issues

The Independent Commission on Local Government Finance was established in 2014 to examine the system of funding local government in England and bring forward recommendations on how it can be reformed to improve funding for local services and promote sustainable economic growth. It published its final report, [Financing English Devolution](#), on 18 February 2015.

The report notes that the core of the Commission's proposition is the devolution of powers, funding and taxes to sub-national entities over a 10 year period. They estimate that this could lead to over £200 billion in public expenditure being controlled at a sub-national level. The expectation is that councils and their partners would work collaboratively to manage differences in capacity and resources. They see local areas becoming self sufficient.

The Commission advocates a 'variable speed' approach to reform with 'Pioneers' able to and wishing to reform at a faster pace. Reforms advocated for all authorities include:

- An independent review of the functions and sustainability of local government in advance of the next spending review
- Freedom to set council tax and council tax discounts and full retention of business rates and business rates growth
- Multi-year financial settlements
- The ability to raise additional revenue through the relaxation of the rules on fees and charges

'Pioneer' authorities would also implement:

- Single placed-based budgets for all public services
- Management of funding equalisation across a sub-national area
- Further council tax reforms including the ability to vary council tax bands and undertake revaluations
- Newly assigned and new taxes such as stamp duty, airport taxes and tourism taxes
- The establishment of Local Public Accounts Committees to oversee value for money across the placed-base budget.

Accounting for schools – Code update and LAAP Bulletin 101

Accounting and audit issues

Non-current assets

In December 2014, CIPFA issued an Update to Appendix E of the 2014/15 Code which states "The recognition of non-current assets used by schools shall be determined in accordance with the relevant standards adopted by Chapter Four Non-Current Assets of this Code as appropriate to the arrangements for the assets. These assets shall be recognised in a local authority's balance sheet if they meet either the appropriate recognition criteria (see Chapter Four) for the local authority or for a school within the local authority area".

CIPFA also issued in December LAAP Bulletin 101 Accounting for Non-Current Assets Used by Local Authority Maintained Schools. The Bulletin provides application, clarification and interpretation but is secondary to the Code and accounting standards.

Due to the varied and sometimes complex arrangements for use of school land and buildings, the accounting treatment for these non-current assets will require the chief finance officer to make significant judgements in the preparation of the statement of accounts. These judgements should be based on the circumstances for individual schools and will involve consideration of the rights of the school as an entity and any rights held by the local authority. Judgements should be robust and well documented as auditors will be required to consider whether these are reasonable and supported by appropriate evidence. Local authorities should discuss and agree these judgements with Those Charged With Governance.

Other matters

The work required to identify and consider the arrangements over the use of schools may be significant and progress to date has been variable. Local authorities need to consider the resources required to identify and review arrangements and to undertake any necessary valuations. Good project management arrangements also need to be in place to ensure the requirements of the Code are met.

Treating a school as an entity means that local authorities are satisfied that, for each school, they have captured all the financial information relating to the school as an entity. This means all income and expenditure (including voluntary donations and related expenditure), cash flows and all assets and liabilities.

Accounting for schools – Code update and LAAP Bulletin 101

Accounting and audit issues

As part of their accounts preparations local authorities should ensure transactions between the local authority and schools are eliminated, all required disclosures are made and any appropriate governance matters are disclosed in the Annual Governance Statement.

Provision for Business Rates Appeals

Accounting and audit issues

Unlodged appeals

The Chancellor's Autumn Statement included a change to the rules relating to business rates appeals. As a result we do not expect to see any provisions for unlodged appeals in local authorities' 2014/15 accounts, although we will expect this to be re-considered for 2015/16 accounts.

The change restricts the backdating of Valuation Office Agency (VOA) alterations to rateable values. Only VOA alterations made before 1 April 2016 and ratepayers' appeals made before 1 April 2015 can now be backdated to the period between 1 April 2010 and 1 April 2015. The aim is to put authorities in the position as if the revaluation had been done in 2015 as initially intended, before the deadline was extended to 2017.

There may be some fluctuations in provisions at 31 March 2015 as unlodged appeals provisions are released. However, there may also be increased numbers of appeals lodged prior to 31 March 2015. These appeals may be more speculative in nature and therefore authorities may need to consider whether prior year assumptions remain valid in estimating their provisions.

Utilisation of provision

As part of the provisions disclosures in the accounts, local authorities need to disclose additional provisions made in the year, the amounts used (i.e. incurred and charged against the provision) during the year and unused amounts reversed during the year.

We understand that the software used for business rates may not provide values for the amounts charged against the provision during the year and that there is no simple software solution for this for 2014/15. Local authorities will need to consider available information and make an estimate of the amount for appeals settled in the year.

Earlier closure and audit of accounts

Accounting and audit issues

Legislation was recently passed to bring forward the deadlines for the preparation and audit of Local Government financial statements from 2017/18 onwards. The timeframes for the preparation of the financial statements and their subsequent audit will be reduced by one month and two months respectively as follows:

- Deadline for preparation of financial statements – 31 May (currently 30 June)
- Deadline for audit completion – 31 July (currently 30 September)

Although July 2018 is over 3 years away, both local authorities and their auditors will have to make real changes in how they work to ensure they are 'match-fit' to achieve this deadline. This will require leadership from members and senior management.

Local government accountants and their auditors should start working on this now.

Top tips for local authorities:

- make preparation of the draft accounts and your audit a priority, investing appropriate resources to make it happen
- make the year end as close to 'normal' as possible by carrying out key steps each and every month
- discuss potential issues openly with auditors as they arise throughout the year
- agree key milestones, deadlines and response times with your auditor
- agree exactly what working papers are required.

Auditors are already working on bringing forward more testing to before the financial statements are prepared and will be discussing further changes with local authorities including greater use of estimates in the accounts which will enable the audits to be brought forward further.

Some authorities currently produce their financial statements ahead of the current deadline, or have plans to do so in 2014/15, and some audits are completed before 31 July.

We will be assessing how this has been achieved and will share our findings in a national report, expected in early 2016.



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The Audit Plan for London Borough of Haringey

Year ended 31 March 2015

February 2015

Paul Dossett
Partner
T 0207 728 3180
E paul.dossett@uk.gt.com

Paul Jacklin
Manager
T 0207 728 3263
E paul.jacklin@uk.gt.com

Rajiv Bissessur
Audit Executive
T 0207 728 3241
E rajiv.bissessur@uk.gt.com



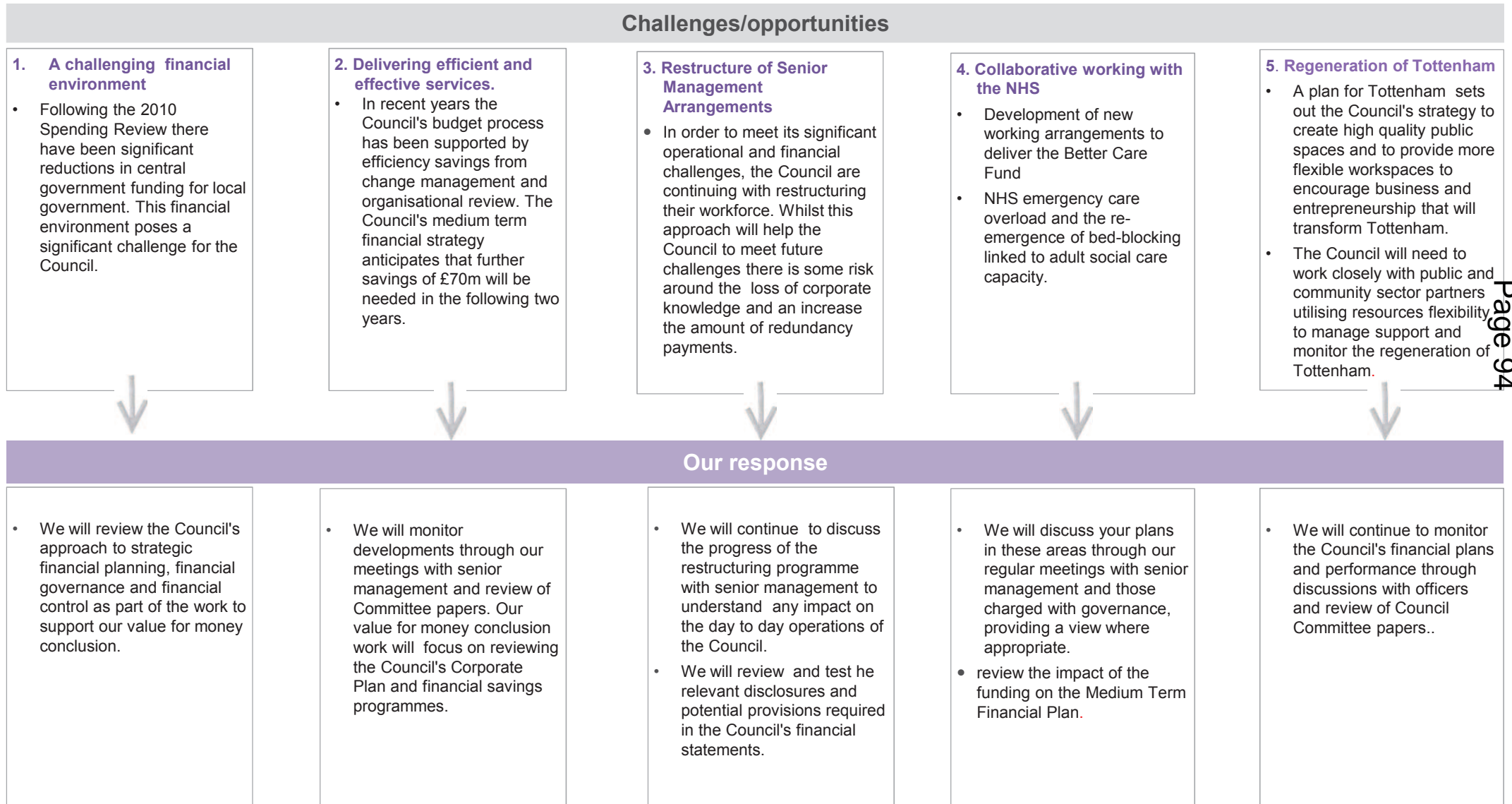
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Understanding your business

In planning our audit we need to understand the challenges and opportunities the Council is facing. We set out a summary of our understanding below.



Developments relevant to your business and the audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice ('the code') and associated guidance.

Developments and other requirements

1. Financial reporting

- Changes to the CIPFA Code of Practice
- Changes to the recognition of school land and buildings on local authority balance sheets
- Adoption of new group accounting standards (IFRS 10, 11 and 12)

2. Corporate governance

- Annual Governance Statement (AGS)
- Explanatory foreword

3. Better Care Fund

- Better Care Fund (BCF) plans and the associated pooled budgets will be operational from 1 April 2015

4. Financial Pressures

- Managing service provision with less resource
- Progress against savings plans
- The Council has encountered challenges implementing a new vendor invoice managing system that has led to a backlog of payments to the Council's suppliers

5. Other requirements

- The Council is required to submit a Whole of Government accounts pack on which we provide an audit opinion
- The Council completes grant claims and returns on which audit certification is required

Our response

We will ensure that

- the Council complies with the requirements of the CIPFA Code of Practice through discussions with management and our substantive testing
- schools are accounted for correctly and in line with the latest guidance
- the group boundary is recognised in accordance with the Code and joint arrangements are accounted for correctly

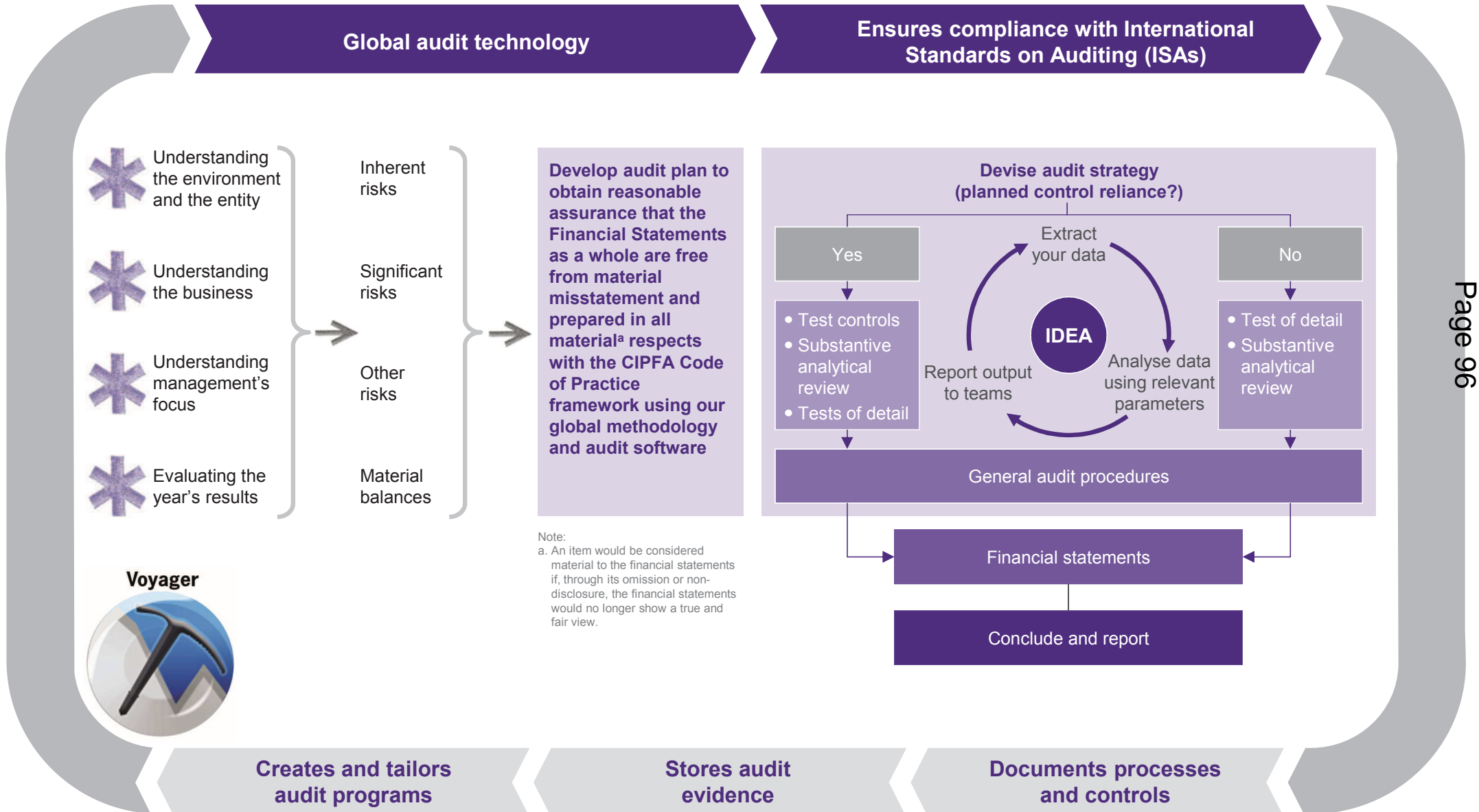
- We will review the arrangements the Council has in place for the production of the AGS
- We will review the AGS and the explanatory foreword to consider whether they are consistent with our knowledge

- We will consider whether the BCF is a risk in the context of our VfM conclusion and will carry out further work if required

- We will review the Council's performance against the 2014/15 budget, including consideration of performance against the savings plan
- We will undertake a review of Financial Resilience as part of our VfM conclusion
- We will monitor the Council's progress addressing the backlog of payments and will ensure that we sufficiently test any increase in year end creditors as part of our substantive financial statements testing

- We will carry out work on the WGA pack in accordance with requirements
- We will certify the housing benefit subsidy claim in accordance with the requirements specified by Public Sector Audit Appointments Ltd. This company will take over the Audit Commission's responsibilities for housing benefit grant certification from 1 April 2015.

Our audit approach



Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty' (ISA 315).

In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing – ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
The revenue cycle includes fraudulent transactions	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at London Borough of Haringey, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including London Borough of Haringey mean that all forms of fraud are seen as unacceptable.
Management over-ride of controls	Under ISA 240 the presumption that the risk of management over-ride of controls is present in all entities.	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Review of journal controls and early discussion of accounting estimates, judgements and decisions made by management. <p>Further work planned:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Testing of journal entries • Review of unusual significant transactions

Other risks identified

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit Approach
Operating expenses	Creditors understated or not recorded in the correct period (Operating expenses understated)	<p>Work completed to date:</p> <ul style="list-style-type: none"> We have performed a walkthrough to gain assurance that controls were operating in accordance with our understanding. No issues were identified as a result of this work. <p>Further work planned:</p> <ul style="list-style-type: none"> We will review the reconciliation between the subsidiary creditor payments system and the general ledger. We will complete substantive testing on a sample of invoices and goods receipt notes and other confirmations to ensure that transactions have been recognised. We will undertake cut-off testing to determine whether expenses are recorded in the correct period.
Employee remuneration	Employee remuneration and accruals understated (Remuneration expenses not correct)	<p>Work completed to date:</p> <ul style="list-style-type: none"> We have performed a walkthrough to gain assurance that controls were operating in accordance with our understanding. No issues were identified as a result of this work <p>Further work planned:</p> <ul style="list-style-type: none"> We will review the reconciliation between the payroll system and the general ledger. We will complete monthly trend analysis of payments recognised. We will agree year end-payroll creditors to the payroll system and HMRC returns. We will complete substantive testing on a sample of employees to verify that payments are in accordance with Human Resources records.

Other risks identified (continued)

Other risks	Description	Audit Approach
Welfare Expenditure	Welfare benefit expenditure improperly computed	<p>Work completed to date:</p> <ul style="list-style-type: none"> We have performed a walkthrough to gain assurance that controls were operating in accordance with our understanding. No issues were identified as a result of this work. <p>Further work planned:</p> <ul style="list-style-type: none"> We will review the reconciliation between the housing benefits system and the general ledger. We will complete the initial DWP certification testing of housing benefits , including analytical review and verification of benefits awarded on a sample basis. We will substantively test Council Tax Support payments .

Group audit scope and risk assessment

ISA 600 requires that as Group auditors we obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Components	Significant?	Level of response required under ISA 600	Risks identified	Planned audit approach
Alexandra Park and Palace Trust	No	Analytical	We have not identified any specific risk in relation to the transaction cycles. We have been liaising with the Council to ensure that the audit report of the Alexandra Park and Palace Trust is signed off in a timely manner to prevent any delay to the group audit.	We will seek assurance from the audited accounts of Alexandra Park and Palace Trust. We will review the financial statements and findings from the audit of the Alexandra Park and Palace Trust. We will check the financial statements have been correctly consolidated.
Homes for Haringey Ltd	Yes	Targeted	We have not identified any specific risk in relation to the transactions cycles. We have been liaising with the Council to ensure that the audit report of the Homes for Haringey is signed off in a timely manner to prevent any delay to the group audit.	We have contacted the auditors of the Homes for Haringey to obtain their view on current risks. We will consider these as part of our audit planning. We will carry out a review of the financial statements and the findings from the audit of the Homes for Haringey. We will check that the financial statements have been correctly consolidated.

Value for money

Value for money

The Code requires us to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

Our VfM conclusion is based on the following criteria specified by the Audit Commission:

VfM criteria	Focus of the criteria
The organisation has proper arrangements in place for securing financial resilience	The organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future
The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness	The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity

We have undertaken a risk assessment to identify areas of risk to our VfM conclusion. We will undertake work in the following areas to address the risks identified:

- Follow up recommendations from the previous year audit.
- Update our understanding of the Council's arrangements in respect of financial performance, financial governance, strategic financial planning and financial control and report any weaknesses identified to the Council.
- Review the Council's Corporate Plan, Medium Term Financial Strategy focussing on savings programmes
- Consider any reports issued by regulators (e.g. OFSTED) to ensure that potential impacts are being

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and in the Annual Audit Letter.

Results of interim audit work

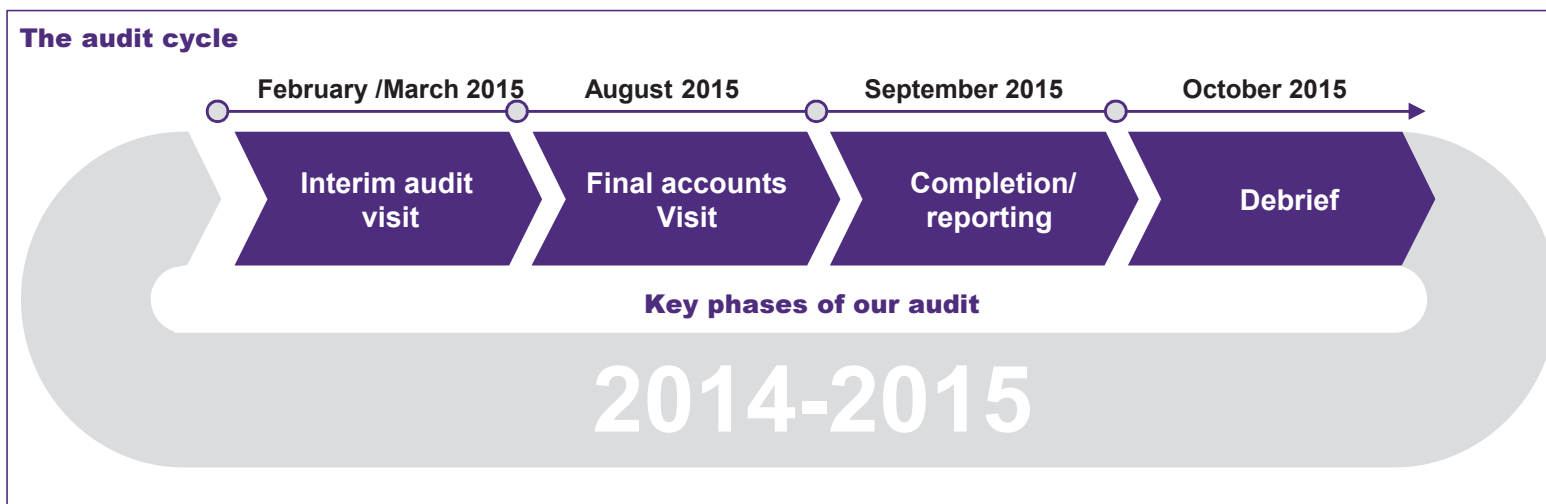
The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed and findings	Conclusion
Internal audit	We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.	Our review of internal audit work to date has not identified any weaknesses which impact on our audit approach A review of the internal audit's reports on the Council's key financial systems will be undertaken once these are finalised and any significant findings will be incorporated in our audit approach.
Walkthrough testing	We have completed walkthrough tests of controls operating in areas where we consider that there is a risk of material misstatement to the financial statements. Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented in accordance with our documented understanding.	Our work has not identified any weaknesses which impact on our audit approach.
Entity level controls	We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including: <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices 	Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements

Results of interim audit work cont'd

	Work performed	Conclusion
Journal entry controls	<p>We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.</p> <p>To date we have undertaken detailed testing on journal transactions recorded for the first nine months of the financial year, by extracting 'large' and or 'unusual' entries for further review. No issues have been identified that we wish to highlight for your attention.</p>	<p>No significant issues were identified from the review of journal policies and procedures.</p> <p>We will gain assurance over the appropriateness of the journal transactions processed by reviewing individual entries which have been processed in the production of the financial statements as well as those used throughout the year.</p> <p>Our work to date has not identified any issues which we wish to bring to your attention. We will perform testing of journal entries for the remainder of the financial year as part of our year end work on the Council's financial statements.</p>
Early substantive testing	<p>To date we have undertaken early substantive testing on</p> <ul style="list-style-type: none"> • Non Grant Revenue for the first nine months of the financial year. • Payroll transactions for the first 10 months of the financial year. 	<p>No significant issues were identified from our early substantive testing. The transactions have been recognised in accordance with our expectations and posted to the appropriate ledger codes.</p> <p>We will perform testing on non grant revenues and payroll transactions for the remainder of the financial years as part of our year end work on the Council's financial statements.</p>

Key dates



Date	Activity
January 2015	Planning
February 2015	Interim site visit
March 2015	Presentation of audit plan to Corporate Committee
August 2015	Year end fieldwork
September 2015	Audit findings clearance meeting with Assistant Director of Finance and Chief Accountant
September 2015	Report audit findings to the Corporate Committee
By 30 September 2015	Sign financial statements opinion

Fees and independence

Fees

	£
Council audit	272,700
Grant certification	45,900
Total fees (excluding VAT)	318,600

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities, have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations

Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited, as the successor to the Audit Commission in this area.
- Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services.'

Fees for other services

Service	Fees £
Teachers Pensions Claim Certification	2,260
Decent Homes back funding claim	4,000

Fees for other services

Fees for other services reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards.

Communication of audit matters with those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit plan	Audit findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	✓	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged.		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓



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Haringey Council

Report for:	Corporate Committee	Item number	
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Title:	Audit Letters to Management and those Charged with Governance – Assurance Statements to comply with International Auditing Standards
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Report authorised by :	Kevin Bartle – Assistant Director – Finance (CFO)
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Lead Officer:	Neville Murton – Head of Finance (Budgets, Accounting and Systems) 020 8489 3176
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Ward(s) affected: All	Report for Key/Non Key Decision: Non-key
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1 Describe the issue under consideration

- 1.1 To comply with International Auditing Standards, our external auditors, Grant Thornton (GT), need to establish an understanding of the management processes in place to prevent and detect fraud and to ensure compliance with law and regulation.
- 1.2 They are also required to make inquiries of both management and the Corporate Committee as to their knowledge of any actual, suspected or alleged fraud. International Auditing Standards also place certain obligations on auditors to document Management's view on some key areas affecting the financial statements

2 Cabinet Member Introduction

- 2.1 Not applicable

3 Recommendations

- 3.1 Corporate Committee are asked to note the responses set out in the attached documents and propose any amendments that may be considered necessary before submission to the auditors.

4 Executive Summary



Haringey Council

4.1 The external auditors have asked a number of questions both to the Council's management team and the Chair of the Corporate Committee. To enable the external auditor, Grant Thornton, to meet their statutory requirements the Chief Financial Officer, in consultation with other senior officers and the Chair of the Corporate Committee, has considered and set out a proposed formal response to the matters set out in the attached schedules.

4.2 This report provides an opportunity for the Committee to consider the responses and propose any amendments they consider may be required before it is finally submitted to our auditors.

5 Comments of the Chief Financial Officer and Financial Implications

5.1 There are no direct financial implications arising from this report which covers the governance arrangements of the Council.

6 Assistant Director of Corporate Governance Comments and Legal implications

6.1 The Assistant Director of Corporate Governance and Monitoring Officer has been consulted and has no additional comments to make.

7 Policy Implications

7.1 None.

8 Use of Appendices

Appendix 1 – Draft Management response

Appendix 2 – Draft Chair of Corporate Committee response

Responses from Management:

Auditor question	Response
What do you regard as the key events or issues that will have a significant impact on the financial statements for 2014/15?	Inclusion of certain schools on the Council's Balance Sheet following a change in accounting policy arising from the joint HM Treasury and CIPFA review of accounting treatment for Local Authority Maintained Schools.
Have you considered the appropriateness of the accounting policies adopted by the Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	The 2014/15 accounting policies have been reviewed and amended where required. Amendments relate mainly to changes agreed with audit e.g. an increased revenue de-minimis for accruals and use of estimation for employee accumulated absence liabilities. Other changes are to reflect terminology used in new IFRS e.g. group account suite of standards use of 'joint operations'.
Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?	No
How would you assess the quality of the Council's internal control processes?	Effective. An annual review of the Council's key financial systems, covering key risk areas and controls to manage the identified risks, is undertaken including walkthrough and compliance testing of controls on a sample basis. All key financial systems work was completed in 2014/15 and nine systems have achieved a 'substantial' assurance rating, one system has achieved a 'full' level of assurance and one system (accounts payable) has been given a 'limited level of assurance from internal audit; and no high priority recommendations remain outstanding.
How would you assess the process for reviewing the effectiveness of internal control?	Effective. The annual programme of audit work is agreed with Grant Thornton to ensure both internal and external audit requirements are met. Other key risk areas are included in the risk based annual audit plan, which is discussed and agreed with me as s151 Officer, all senior managers and external audit to ensure coverage is appropriate to mitigate the risks. No significant issues relating to internal control have been raised by internal or external audit during 2014/15 to date.
How do the Council's risk management processes link to financial reporting?	The Chief Financial Officer assesses the adequacy of the Council's reserves as part of the budget setting process and taking into account an assessment of known and unknown risks. The Council maintains a number of earmarked reserves as well as general (un-earmarked)

	<p>reserves and contingencies.</p> <p>In addition the Council's regular budget monitoring process reflects that budgets are prioritised according to assessed risk, assesses performance against the agreed budget and provides an opportunity to identify and quantify emerging risks and seek formal approval to measures aimed at addressing those risks. The Council's Senior Leadership Team also considers the Corporate risk register on a regular basis;</p>
<p>How would you assess the Council's arrangements for identifying and responding to the risk of fraud?</p>	<p>The Council has a corporate fraud risk register in place which reviews the key fraud risk areas – emerging fraud risks are identified via the Audit Commission fraud surveys, feedback from attending regular public sector counter-fraud briefings, and a review of previous audit work. The fraud risk register is reviewed quarterly by the Head of Audit and Risk Management and used to plan the pro-active counter-fraud work and highlight any emerging trends.</p> <p>The risk of fraud and associated controls are discussed monthly as part of the Council's Statutory Officers Group.</p> <p>The Council has a Counter-Fraud Policy and Strategy, together with a Fraud Response Plan, Whistle blowing Policy and HB Fraud Sanctions Policy, all of which are reviewed annually. The last update was completed in June 2014 and was approved by the Corporate Committee. The policies are all published on the website together with the free and confidential telephone and email reporting details.</p> <p>The Corporate Anti-Fraud Team and HB Fraud Investigation Team undertake pro-active and reactive investigations into fraud.</p> <p>Regular press releases are done on the outcomes of fraud cases.</p> <p>The Insurance Team also investigates claims against the Council for any potential fraud and has implemented a 'risk flag review' process which has been successful in identifying and repudiating potential fraudulent claims. The Insurance Team have undertaken a prosecution relating to a significant fraudulent claim on behalf of Homes for Haringey.</p>
<p>What has been the outcome of these arrangements so far this year?</p>	<p>Quarterly reports are made to the Corporate Committee by the Head of Audit on investigations into fraud and the outcomes. In 2014/15, 118 potentially fraudulent Right To Buy applications have been stopped; 37 fraudulent tenancy fraud cases identified and keys returned (or in the process of being</p>

	returned); 24 fraudulent housing benefit claims have been successfully prosecuted.
What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	We have focussed attention on the Council's Key Financial Systems and in particular those that generate large volumes of transactions, large cash transaction or in relation to the Council's banking arrangements. Key Financial Systems are considered annually as part of the internal audit plan which is risk based and all have gained substantial assurance. We also consider and mitigate the potential for fraud to take place through the related party transaction disclosure process and procurement fraud is considered through the Corporate Declaration of Interest forms.
Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	The details of all whistle blowing reports made are included in the quarterly internal report to the Corporate Committee.
Have any reports been made under the Bribery Act?	No
As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	Head of Audit and Risk Management reports on a quarterly basis in relation to fraud and risk issues; together with an annual Head of Audit report.
As a management team, how do you communicate to staff and employees your views on business practices and ethical behaviour?	Regular dialogue with senior managers across the Council by Head of Audit on all internal audit work, including fraud cases. All cases of actual fraud are reported to senior managers (at Assistant Director level or above) in order to advise them of breaches of the Council's code of conduct by staff, and recommended action to address the breach. Reports on the outcomes of pro-active counter-fraud work are provided on a regular basis to senior managers and ongoing liaison with operational officers takes place to ensure all suspected cases are followed up – tenancy fraud work and outcomes is also reported to Cabinet Member responsible for Housing. Head of Audit attends s151 Officer's Management Team meetings. Reports to Corporate Committee are made on a quarterly basis. Regular reminders are included in 'In Haringey' staff newsletter to all staff regarding expected standards of behaviour and how to report suspected fraud. The s151 officer brings matters to the attention of the Statutory Officers' Group which includes the Chief Executive, Monitoring Officer and Head of Audit amongst others, on a regular basis. Additionally, the s151 officer addresses the Corporate Leadership Group and Corporate

	Management Group, which covers the top 100+ senior managers in the Council – as and when the need arises.
What are your policies and procedures for identifying, assessing and accounting for litigation and claims?	<p>All claims made against the council's insurance policies are managed by the in-house insurance team. The Council has accepted the first £500k risk for each and every claim made against it and uses its internal insurance fund to manage the claims.</p> <p>The Head of Audit & Risk Management advises the s151 Officer of any claims which may impact on the Council's financial statements. The s151 Officer will discuss relevant matters with Grant Thornton during the closure process in particular in relation to the contingent liabilities note to the final accounts.</p> <p>Directors complete an annual assessment of governance processes in their directorates including any litigation and claims issues.</p>
Is there any use of financial instruments, including derivatives?	No
Are you aware of any significant transaction outside the normal course of business?	No
Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	No
Are you aware of any guarantee contracts?	No
Are you aware of allegations of fraud, errors, or other irregularities during the period?	The quarterly reports to Corporate Committee include details of all fraud and irregularity cases. Any significant financial irregularities are reported to the s151 Officer by the Head of Audit and Risk Management at the time they are discovered.
Are you aware of any instances of non-compliance with laws or regulations or is the Council on notice of any such possible instances of non-compliance?	The annual internal audit programme of work reviews compliance with local and statutory regulations and covers the key risks facing the Council. Advice and guidance is provided to officers across the Council by Legal Services and Corporate Procurement on specific issues. Directors complete an annual assessment of governance processes in their directorates including compliance with relevant laws and regulations. No significant issues of non-compliance have been identified to date in 2014/15.
Have there been any examinations, investigations or inquiries by any licensing or authorising bodies or the tax and customs authorities?	No
Are you aware of any transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?	No

Where the financial statements include amounts based on significant estimates, how have the accounting estimates been made, what is the nature of the data used, and the degree of estimate uncertainty inherent in the estimate?	No significantly material estimates have been used in the closedown process.
Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	No
Has the management team carried out an assessment of the going concern basis for preparing the financial statements? What was the outcome of that assessment?	The council has adequate reserves and the s151 Officer has formally reviewed them as part of the budget setting process, confirmation of this is included in the report to Council. The council has set a balanced and legal budget for 2015/16 and for the first time a Medium Term Financial Strategy covering the period to 2018 which is balanced, taking into account the proposed use of reserves. The capital programme has been reviewed for expenditure and income and is balanced against identified funding sources. There are strong revenue collection arrangements in place and robust controls on Treasury Management functions.
What is the process for undertaking a rigorous assessment of going concern? Is the process carried out proportionate in nature and depth to the level of financial risk and complexity of the organisation and its operations? How will you ensure that all available information is considered when concluding the organisation is a going concern at the date the financial statements are approved?	The s151 Officer assesses the adequacy of the Council's budget annually including consideration of the adequacy of reserves. Budget monitoring reports provide on-going monthly assurance and any significant variation from the approved budget. The s151 Officer has a statutory duty to report to the Council where unlawful expenditure outside of the budget framework or unaffordable expenditure is being proposed.
Can you provide details of those solicitors utilised by the Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	Insurance use external solicitors (a Panel of five firms appointed via the Consortium tender process) as part of the claims management processes – these solicitors only deal with claims that have reached the litigation stage. Legal Services (and other services) may use external counsel.
Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	Professional valuers have been used to carry out non-current asset valuations. The Transformation Programmes have commissioned a range of professional advisors with experience of delivering similar programmes of work elsewhere e.g. regeneration advisors, Children's Social Care advisors (IMPower) Business and customer service processes (Agilisys). We have consulted our Treasury Management Advisors (Arlingclose) on potential developments at Alexandra Palace, CAPITA on the Council's new Capital Strategy and Turnberry, GVA Bilfinger and Pinsents on the considerations relating to a

	potential new Delivery Vehicle for Regeneration and Housing. We also use specialist advisers for VAT advice (LAVAT).
Have any of the Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No

Response from Corporate Committee Chair

Fraud risk assessment

Auditor Question	Response
Has the Council assessed the risk of material misstatement in the financial statements due to fraud?	Generally but not specifically given that all data is accessed from the Council's General Ledger system; SAP. This is a controlled environment and a Council key system that is audited every year. We place reliance on the controlled environment and the audit assurances that all data is safe.
What are the results of this process?	Production of the Statement of Accounts using assured data from SAP.
What processes does the Council have in place to identify and respond to risks of fraud?	<p>The Council has a corporate fraud risk register in place which reviews the key fraud risk areas and is reviewed six monthly by the Head of Audit and Risk Management. The risk register is based on known fraud risks, reactive and pro-active counter-fraud investigations and feedback from networking counter-fraud groups and national studies. The risk register is used to plan the pro-active counter-fraud work and highlight any emerging trends. The risk of fraud and associated controls are discussed as part of the Council's Statutory Officers Group standard agenda items (Head of Audit covers).</p> <p>The Council has a Counter-Fraud Policy and Strategy, together with a Fraud Response Plan, Whistle blowing Policy and HB Fraud Sanctions Policy, all of which have been approved by the Corporate Committee. The policies are all published on the website together with the free and confidential PO Box address, telephone and email reporting details.</p> <p>The Corporate Anti-Fraud Team and HB Fraud Investigation Team undertake pro-active and reactive investigations into fraud.</p>
Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?	The Corporate Anti-fraud team have been pro-actively targeting housing tenancy fraud as well as undertaking work to review potential fraud identified as part of the National Fraud Initiative data matching exercise (data matches released February

	<p>2015). The Corporate Anti-Fraud Team has also been assisting service managers during 2014/15 to review assistance provided under 'No Recourse to Public Funds' processes. The Corporate Committee receives update reports on actions taken and the outcomes achieved on a quarterly basis.</p> <p>The Insurance Team also investigates claims against the Council for any potential fraud and has implemented a 'risk flag review' process which has been successful in repudiating potentially fraudulent claims – consideration is given to whether prosecutions should be undertaken, on a risk basis (one significant prosecution was undertaken on behalf of Homes for Haringey).</p>
<p>Are internal controls, including segregation of duties, in place and operating effectively?</p>	<p>Yes, as far as I am aware. An annual review of the Council's key financial systems, covering key risk areas and controls to manage the identified risks, is undertaken including walkthrough and compliance testing of controls on a sample basis. Nine key financial systems achieved a 'substantial' assurance rating, one received 'full' assurance and one system (accounts payable) received 'limited assurance from internal audit in 2014/15 and no high priority recommendations remain outstanding for this and all other areas. The Corporate Committee monitors implementation of all audit recommendations to ensure control weaknesses are properly addressed.</p>
<p>If not, where are the risk areas and what mitigating actions have been taken?</p>	<p>N/A</p>
<p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>Not that I am aware of.</p>
<p>Are there any areas where there is a potential for misreporting?</p>	<p>Not that I am aware of.</p>
<p>How does the Corporate Committee exercise oversight over management's processes for identifying and responding to risks of fraud?</p>	<p>The quarterly internal audit progress report provides updates on the counter-fraud work which the in-house team undertake and the Head of Audit provides the committee with an annual report on the service's work. The internal audit plan includes areas which cover systems across the Council and this also helps to provide members with assurance that the council's</p>

	<p>key risk areas are being reviewed.</p> <p>Copies of all final reports are sent to me as the Chair of the corporate committee and copies also go to each Cabinet member so we have the information and can decide whether any further action needs to be taken by members or officers.</p>
<p>What arrangements are in place to report fraud issues and risks to the Corporate Committee?</p>	<p>The Corporate committee's responsibilities cover audit and fraud and part of this includes reviewing and approving the Council's policies on Anti-Fraud, whistle blowing, and risk management.</p> <p>The Head of Audit provides the Committee with quarterly reports on the counter-fraud work undertaken and the outcomes of the work.</p> <p>As the Chair of the Corporate Committee I receive details of compliance with the corporate risk management policy from the Head of Audit.</p> <p>The policies which the Corporate committee review are all on the Council's website.</p>
<p>How does the Council communicate and encourage ethical behaviour of its staff and contractors?</p>	<p>I have seen a number of press releases on successful prosecutions, especially housing benefit prosecutions where fraudsters have received custodial sentences.</p> <p>The Head of Audit also puts articles on how to report fraud in the staff newsletters, which are published on the staff intranet.</p> <p>In 2014/15, the Counter-fraud team ran a tenancy amnesty in response to the new Social Housing Fraud Act. This was publicised in Haringey People, Home Zone, on buses, bus shelters and in local media. Tenants who were subletting their properties could hand the keys back and avoid prosecution, which resulted in 25 properties being returned to the council.</p>
<p>How do you encourage staff to report their concerns about fraud? Have any significant issues been reported?</p>	<p>The staff newsletter and intranet news section had details of how to report fraud and use the Council's whistle blowing policy. The intranet and website has details of how to report fraud which can be done anonymously.</p>

	Internal Audit report on a quarterly basis to the Corporate Committee and their report includes details of the work done by the fraud teams – this report includes details of any referrals received using the whistle blowing policy.
Are you aware of any related party relationships or transactions that could give rise to risks of fraud?	No
Are you aware of any instances of actual, suspected or alleged, fraud, either within the Council as a whole or within specific departments since 1 April 2014.	<p>All the reports from the Head of Audit to the Corporate Committee have details of the investigation work completed by each of the audit teams.</p> <p>The Committee gets these reports on a quarterly basis and the reports cover all investigations which include cases of actual fraud and whistle blowing reports which have been received.</p> <p>The quarterly audit report has details of employee fraud investigations and disciplinary actions taken and members have the chance to review and question managements actions.</p>

Law and regulation

Auditor Question	Response
What arrangements does the Council have in place to prevent and detect non-compliance with laws and regulations?	<p>The internal audit programme of work reviews compliance with local and statutory regulations and covers the key risks facing the Council.</p> <p>Advice and guidance is provided to officers across the Council by the Legal Services and Corporate Procurement departments on specific issues.</p> <p>Directors/Assistant Directors complete an annual assessment of governance processes in their service areas including compliance with relevant laws and regulations. No significant issues of non-compliance have been identified.</p>
How does management gain assurance that all relevant laws and regulations have been complied with?	Internal audits cover compliance with the Council's regulations and any statutory processes within each service and any areas where managers don't comply with these are highlighted and recommendations made.
How is the Corporate Committee provided with assurance that all relevant laws and regulations have	The Head of Audit sends summary reports out to members on a monthly basis so we

<p>been complied with?</p>	<p>can take any action or ask the Head of Audit for any further work we think should be done. At the Corporate Committee, we receive details of all recommendations which haven't been implemented and we monitor these every quarter. We have asked Directors/Assistant Directors to attend meetings if members think that not enough action is being taken to implement recommendations.</p> <p>Members are satisfied that audit's recommendations are being addressed, and no high priority recommendations remain outstanding.</p>
<p>Have there been any instances of non-compliance or suspected non-compliance with law and regulation since 1 April 2014?</p>	<p>No significant areas of non-compliance have been highlighted.</p>
<p>What arrangements does the Council have in place to identify, evaluate and account for litigation or claims?</p>	<p>All claims made against the council's insurance policies are managed by the in-house insurance team. The team deal with all claims in-house, including risk assessing and investigating claims for potential fraud, assessing the council's liability and value of claims and approving payments for compensation where the council is at fault. The Council has accepted the first £500k risk for each and every claim made against it and uses its internal insurance fund to manage the claims.</p> <p>Directors complete an annual assessment of governance processes in their directorates including any litigation and claims issues.</p>
<p>Is there any actual or potential litigation or claims that would affect the financial statements?</p>	<p>No</p>
<p>Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance?</p>	<p>No</p>

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Where Growth Happens

Haringey

June 2015



Area Profile

Area: **Haringey**
 Score: 153.2
 Rank: 22
 Rating: **A***

Employees Growth: **E**
 Businesses Growth: **A**
 Population Growth: **A**
 Working Age Growth: **A**
 Economic Growth Composite: **B**
 Social Growth Composite: **A**

The **high growth index** seeks to identify areas with high levels of **economic** and **social** growth (2004-2012).

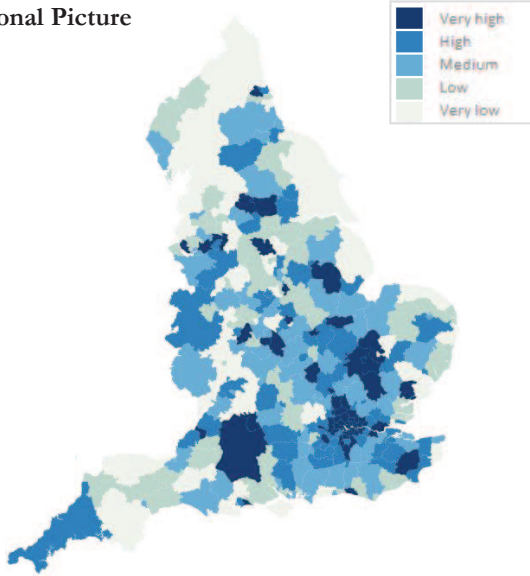
The following indicators[†] have been applied to construct the index, both relative and absolute performance has been measured and then combined to form composites:

- Employees Growth
- Businesses Growth
- Economic Growth Composite (Employees & Businesses)
- Resident Population Growth
- Resident Working Age Growth
- Social Growth Composite (Population & Working Age)

*A-E score represents quintiles, an A places an area in the top 20% and E places an area in the bottom 20%

†Each measure is converted to an index (or score), the indexes are then combined to create an overall high growth index.

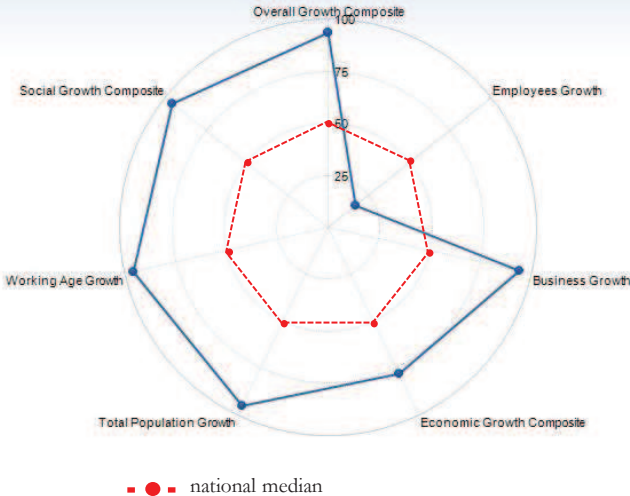
National Picture



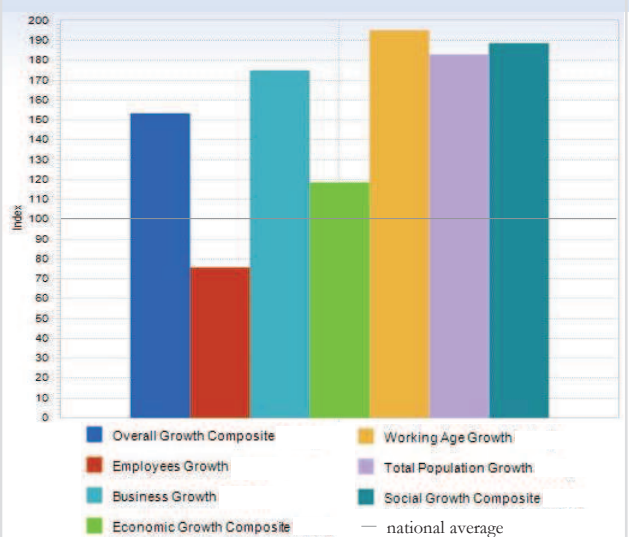
Regional Picture



Haringey Profile



Haringey Performance chart



Area Profile

Area:	Haringey
Score:	123.08
Rank:	59
Rating:	A*
<hr/>	
Knowledge Workers:	D
Knowledge Occupations:	B
High Skills:	A
Knowledge Intensive Businesses:	A
Business Births:	A
Patents Granted:	D
Transport:	A

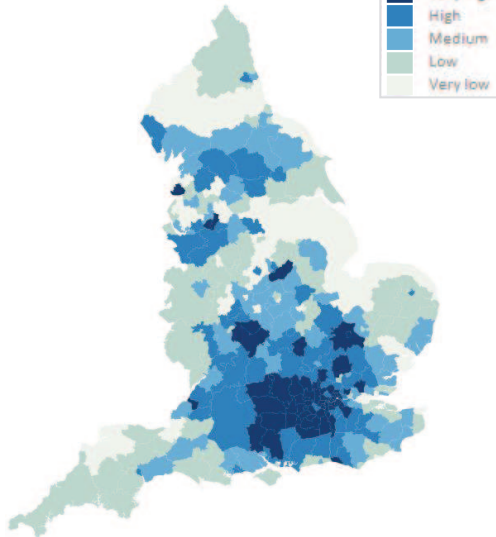
The **dynamism index** seeks to identify areas with high levels of **entrepreneurism, economic activity** and **intense productivity**. The following measures[†] have been applied to construct the index:

- Knowledge Workers (K-driven sectors)
- Knowledge Occupations (Professional, Managerial, Technical)
- High Skills (NVQ4+)
- Knowledge Intensive Businesses (Professional, Scientific & Technical; Information & Communication; Business Admin & support services)
- Business Births (Business formation rate)
- Patents Granted (per 100,000 working age)
- Transport (Air, Rail, Road, Ports, Local Infrastructure)

*A-E score represents quintiles, an A places an area in the top 20% and E places an area in the bottom 20%

†Each measure is converted to an index (or score), the indexes are then combined to create an overall dynamism index.

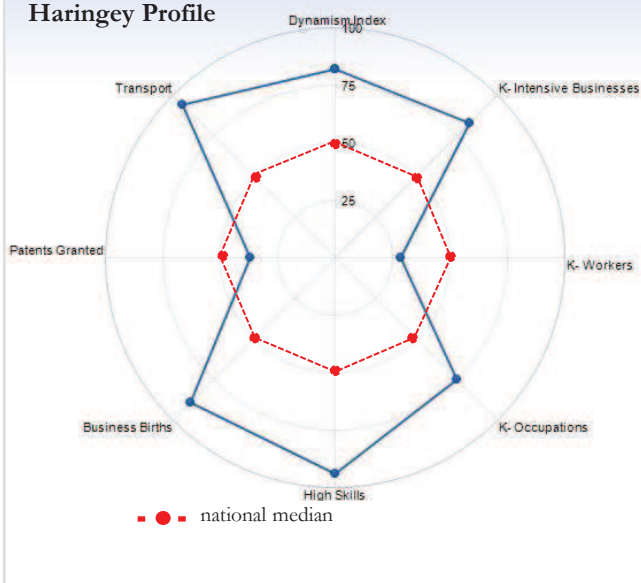
National Picture



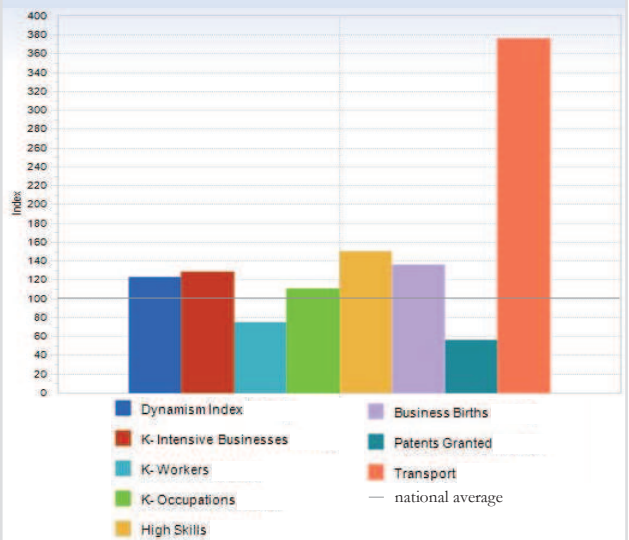
Regional Picture



Haringey Profile



Haringey Performance chart



Place Analytics

Supporting informed decisions through a geographical perspective on economic, social and environmental factors

Place Analytics provides a range of offerings from our on-line platform to consultancy services which inform local area analysis and place-based strategies and decisions. This service:

- allows comparison with national, regional, sub regional or comparator local authorities and neighbourhoods.
- allows data sets to be tracked over time to establish the impact of policies etc.
- allows data sets to be correlated to highlight where a combination of factors may be relevant to given policies or initiatives. For example, it could correlate benefit claimant levels and residential rental values to highlight the areas where the proposal to cap total benefits would have most impact.
- allows data to be analysed at various spatial levels including Census Output Area, Lower Level Super Output Area, ward, local authority, sub-regional, regional and national level as required by the user.

Our offering is grouped into several distinct products:

- **Place Insight** – an online research and intelligence service, which helps users achieve a better understanding of places in terms of the economy, society and environment. Based on the latest data, at different spatial levels and linked to an easy-to-use toolkit, it provides a cost-effective way to inform policy.
- **Customer Insight** – a research and intelligence service designed to help users achieve a better understanding of customers, citizens and communities. It draws on the Output Area Classification – a national geodemographic classification - together with a range of local data estimates. By analysing people by where they live it helps users to draw general conclusions about the characteristics and behaviours of people who live there.
- **Place Profiles** – computer generated reports that provide a high-level analysis of an area and tell a ‘story of place’. The reports can be created at a range of different spatial levels and on a number of different topics, with summary place profiles providing an overall assessment of economic, social and environmental conditions. They set an area within its wider context, comparing performance with neighbouring areas. They are illustrated with maps and charts and include all supporting data. Using the very latest data at the time of creation, Place Profiles have a wide range of research and policy applications.
- **SMART observatories** – customised versions of Place Analytics designed to meet specific client needs.



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Who should I contact?

If you would like to find out more about Place analytics, please contact:

Phillip Woolley
Partner, Government Infrastructure & Advisory
 T 0161 953 6430
 E phillip.woolley@uk.gt.com

John Fisher
Director, Government Infrastructure & Advisory
 T 020 7728 2149
 E john.fisher@uk.gt.com



Haringey Council

Briefing for:	Corporate Committee 22 nd June 2015
Title:	High priority recommendation regarding the qualification of Housing Benefit claim
Report authorised by:	Sergio Sgambellone Assistant Director for Customer Services
Lead Officers:	Amelia Hadjimichael Acting Assistant Head of Revenues, Benefits and Customer Services (RBCS)

1. Purpose

- 1.1 The external auditor's report was discussed at the Corporate Committee meeting of 29 January 2015. They have reviewed management's response to the high priority recommendations given the qualification of the Housing Benefits claim.
- 1.2 The purpose of this report is to address the points raised by the Auditors regarding a) the high numbers of errors and b) that despite various actions, year on year the number of errors do not seem to be reducing.
- 1.3 This briefing note outlines the actions undertaken since the Audit report by the Service and aims to provide confidence to Members about our new approach and determination to improve quickly.

2. Background

- 2.1 We administer Housing Benefit for approximately 40,000 claimants and Council Tax Reduction for approximately 36,000 claimants. Our changes in circumstances average 3 changes per annum per case. The service averages between 19,000 – 21,000 assessments per annum for new claims and change events.



Haringey Council

3. Summary

- 3.1 The auditor's report of 27 November 2014 has qualified our 2013/14 Housing Benefit final subsidy claim. The auditor has have given us the opportunity to address the shortcomings identified in the report before qualifying the audit certificate.
- 3.2 The service has been given an opportunity to provide the necessary information to support our claim.

Area of testing	Number of cases checked	Number of errors	Percentage of errors
Child tax credits	180	12	6.7%
Working tax credits	60	2	3.3%
Earned income	180	31	17.2%
Childcare costs	120	5	4.2%
Capital	60	1	1.7%
Eligible overpayments	120	9	7.5%
Other	300	15	5%
Total	1,020	75	7.4%

4. Key issues

- 4.1 The audit report highlighted two key areas, misstated childcare costs and overpaid benefit/miscalculation of earned income.
- 4.2 Quality Monitoring processes were limited by
- Resource availability
 - Welfare Reform changes
 - Service demand
- 4.3 Quality monitoring work has continued within benefits although resource availability has been limited due to several transformation initiatives (Customer Services Transformation and Business Infrastructure Programmes amongst all) which required the redeployment of operational resources.
- 4.4 The Quality Assurance Staff is part of the Business Support team for Revenues, Benefits and Customer Services. This team are required to support the entire service and their priorities are impacted by the service as a whole. This has meant that training availability has been restricted and high demands on the service such as high call volumes to Customer Services, was limiting capacity to match demand.
- 4.5 In previous years the quality checking processes focussed on quality more than accuracy. Essentially this meant than we were carrying out legislative checking as opposed to focussing on the financial implications.
- 4.6 This has now changed and in line with audit requirements and recommendations, our focus is heavily weighted on the financial integrity of the Housing Benefit claim.



Haringey Council

5. Actions

- 5.1 Since the Audit report was issued we have initiated a series of interventions, undertaken through Quality Control and Compliance measures, to remedy and mitigate the possibility of future subsidy losses.
- 5.2 We have conducted a detailed analysis of the report to establish key points of failure and conducted a complete training needs analysis of all assessment staff. This has led to the following actions being put in place.
 - 5.2.1 A full training package has been delivered to all Benefit Officers during February 2015 based on audit failings against earned incomes. The training has addressed the ramifications of errors leading to financial penalties against the Council.
 - 5.2.2 Comprehensive guidance notes on earned income have been written, distributed and delivered through workshops, and are now available on the HB Resources page on the Intranet as a source of reference to all staff.
 - 5.2.3 The management of the staff conducting quality checks has changed and is now fully under the control of the Benefit Processing team. This is resulting in a more cohesive approach to QA to include subsidy requirements and immediate identification and correction of any errors. This is closely monitored by managers and addressed in performance management meetings.
 - 5.2.4 Following on from the audit report, we have also reviewed the resources available for QA checking and have expanded the team by amalgamating with similar skill sets within the service. This will deliver a larger percentage of checks during the post training period to ensure future errors are reducing. We will review the resourcing levels and the QA results and adjust the team as necessary.
- 5.3 Post training procedures have been put in place to analyse the quality outputs weekly, defining expectation of results and remedial follow up actions on an individual basis so that low performance in this area is addressed promptly and fairly. This more stringent performance monitoring approach will be implemented in accordance with corporate policy.
- 5.4 We are confident that the above changes and interventions will enable to address a longstanding issue and we will be constantly monitoring the impact of our initiatives, capture learning of what works best and reviewing what doesn't.



Haringey Council

6 Chief Financial Officer Comments

- 6.1 Finance officers have continued to work closely over the last year with the Benefits Service to ensure an increased awareness of the Subsidy implications of errors made by assessment staff, and the remedial steps necessary to minimise these. The implications of these errors are potentially significant in financial terms and have involved the government in reducing the payment made to the Council in previous years. Finance staff have been kept abreast of and have supported the enhanced measures introduced by the Service to address the issues raised in the Audit Qualification.
- 6.2 The improvements to the quality assurance activities, in terms of its management and the detailed operation, together with the strengthening of the training and performance management of staff, all with a greater focus on the areas of highest financial risk, should enable issues to be identified at an earlier point and action taken to prevent these re-occurring in the future.
- 6.3 Whilst we agree that these measures, if operated as expected, should reduce the financial penalties incurred by the Authority, the full impact is unlikely to be seen in the 2014-15 Grant Claim audit year (given the natural time lag of the external audit), and could be most apparent for 2015-16 onwards. We are satisfied that the measures introduced have been built into the organisational changes planned as part of the service Transformation Programme and are therefore in line with the budget expectations placed upon them.

7 Assistant Director of Corporate Governance Comments

- 7.1 The Assistant Director of Corporate Governance has been consulted in the Preparation of this report and confirms that there are no legal implications.

Report for:	Corporate Committee 22nd June 2015	Item number	
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Title:	Treasury Management 2014/15 Outturn
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Report authorised by :	Kevin Bartle, Assistant Director – Finance (CFO)
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Lead Officer:	George Bruce Head of Finance – Treasury & Pensions George.bruce@haringey.gov.uk 020 8489 3726
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Ward(s) affected: N/A	Report for Non Key Decision
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1. Describe the issue under consideration

- 1.1 This is a report to Members on treasury management activity and performance during 2014/15 in accordance with the CIPFA Treasury Management Code of Practice. It is a requirement of the Code for this to be reported on to Council once Corporate Committee has considered it.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 That Members:
- (a) Note the treasury management activity and performance during 2014/15.
 - (b) Note the inclusion of the Insight Sterling Liquidity Plus and Royal London cash plus funds on the list of eligible investment counterparties.

4. Other options considered

- 4.1 In making recommendation (b) above, a comparison of enhanced funds was conducted from a listing of approved funds provided by the Council's treasury advisor, Arlingclose. The two funds selected scored highest based on the Council's selection criteria.

Background information

- 5.1 The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement. CIPFA has defined Treasury management as: "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 5.2 The Code recommends that members are informed of treasury management activities at least twice a year. Formulation of treasury policy, strategy and activity is delegated to the Corporate Committee and this Committee receives reports quarterly.
- 5.3 However, overall responsibility for treasury management remains with the Council and the Council approved the Treasury Management Strategy Statement and set the Prudential Indicators for 2014/15 on 27th February 2014.
- 5.4 This outturn report (Appendix 1) is a requirement of the Code and it summarises the activity during 2014/15.
- 5.5 With regard to investments, Government guidance on local authority treasury management states that local authorities should consider the following factors in the order they are stated:

Security – Liquidity – Yield

The Treasury Management Strategy reflects these factors and is explicit that the priority for the Council is the security of its funds. However, no treasury management activity is without risk and the effective identification and management of this risk are integral to the Council's treasury management activities.

- 5.6 This report has been written in consultation with the Council's treasury management advisers, Arlingclose.

Enhanced Cash Funds

- 5.7 The treasury strategy included provision for the use of 'enhanced cash funds' within the investment portfolio. The following is an extract from the 2015-16 strategy.

“Last year enhanced cash funds (also known as short dated bond funds) were included in the counterparty policy for the first time. To date, no investment has been made in these funds, which share many of the characteristics of money market funds. ECF’s target a higher return than money market funds by extending the average maturity of securities purchased.

The use of such funds has been discussed with the Council’s treasury advisor who are supportive provided the exposure is limited to 20-25% of the total deposits and we invest with higher security / lower volatility funds. A maximum of £5 million invested with a single fund is proposed. **The Corporate Committee will be notified before the first investment with any such fund.** The ECF’s and money market funds used will only invest in cash and bonds, not equities or property due to the latter’s greater volatility.”

- 5.8 With cash balances remaining above prior year levels and interest rates low, inclusion of these funds as possible investments will aid both diversification (reduce the impact of any defaults) and returns. These funds enable access to counterparties that Haringey can’t invest directly.
- 5.9 Following a review of available funds, two have been selected as best matching the Council’s needs. These are Insight Sterling Liquidity Plus and Royal London Cash Plus funds.
- 5.10 The two funds carry the highest fund scores for credit quality and risk management from the rating agencies reflecting the high credit ratings of the underlying securities and the processes used to maintain fund values.
- 5.11 In line with the counterparty policy, a maximum of £5 million will be invested in each fund.

5. Comments of the Chief Financial Officer and financial implications

- 6.1 The treasury management strategy in 2014/15 was to continue to maximise internal borrowing and, therefore, to minimise cash balances. This policy not only reduced credit risk in the year but also reduced the cost of borrowing.

6. Head of Legal Services and Legal Implications

- 7.1 The contents and recommendation of this report are in accordance the Treasury Management Strategy Statement and consistent with legislation governing the financial affairs of the Council. In considering the report Members must take into account the expert financial advice available to it and any further oral advice given at the meeting of the Committee.

8. Equalities and Community Cohesion Comments

8.1 Not applicable.

9. Head of Procurement Comments

9.1 Not applicable.

10. Policy Implications

10.1 None.

11. Use of Appendices

11.1 Appendix 1: Annual out-turn report

12 Local Government (Access to Information) Act 1985

12.1 Not applicable.

Appendix 1**1. Introduction**

The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that the Council reports on the performance of the treasury management function at least twice a year (mid-year and at year end).

The Council's Treasury Management Strategy for 2014/15 was approved by Full Council on 27th February 2014 which can be accessed on the Council's intranet.

The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.

2. External Context

Growth and Inflation: The robust pace of GDP growth of 3% in 2014 was underpinned by a buoyant services sector, supplemented by positive contributions from the production and construction sectors. Resurgent house prices, improved consumer confidence and healthy retail sales added to the positive outlook for the UK economy given the important role of the consumer in economic activity.

Annual CPI inflation fell to zero for the year to March 2015, down from 1.6% a year earlier. The key driver was the fall in the oil price and a steep drop in wholesale energy prices. The Bank of England expect CPI to temporarily turn negative but rebound around the end of 2015 as the lower prices dropped out of the annual rate calculation.

Labour Market: The UK labour market continued to improve and remains resilient across a broad base of measures including real rates of wage growth. January 2015 showed a headline employment rate of 73.3%, while the rate of unemployment fell to 5.7% from 7.2% a year earlier. Comparing the three months to January 2015 with a year earlier, employee pay increased by 1.8% including bonuses and by 1.6% excluding bonuses.

UK Monetary Policy: The Bank of England's MPC maintained interest rates at 0.5% and asset purchases (QE) at £375bn. The minutes of the MPC meetings reiterated the Committee's stance that the economic headwinds for the UK economy and the legacy of the financial crisis meant that increases in the Bank Rate would be gradual and limited, and below average historical levels.

Market reaction: From July, gilt yields were driven lower by a combination of factors: geo-political risks emanating from the Middle East and Ukraine, the slide towards deflation within the Eurozone and the big slide in the price of oil and its transmission

though into lower prices globally. 5-, 10- and 20-year gilt yields fell to their lows in January (0.88%, 1.33% and 1.86% respectively) before ending the year higher at 1.19%, 1.57% and 2.14% respectively.

3. Local Context

At 31/03/2015 the Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £549.4m, while usable reserves and working capital which are the underlying resources available for investment were £257.3m.

At 31/03/2015, the Council had £342.3m of borrowing, being loans of £294.1 million and leases / PFI borrowings of £48.2 million. In addition there were £35.2 million of investments. The Council's current strategy is to maximise the use of internal borrowing and minimise investment balances, subject to ensuring sufficient liquidity to meet the Council's obligations, thereby reducing the need to borrow. Where borrowing is required, there is a preference for short term local Council sourced debt to minimise the cost.

The Council has an increasing CFR over the next 3 years due to the capital programme, but currently has limited investments and therefore is projected to be required to borrow up to £111 million (including refinancing maturing debt) over the forecast period.

4. Borrowing Strategy

At 31/03/2015 the Council held £294.1 million of loans, (a decrease of £13.1 million on 31/03/2014) as part of its strategy for funding previous years' capital programmes from internal borrowing.

The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

Affordability and the "cost of carry" remained important influences on the Council's borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing. As short-term interest rates have remained, and are likely to remain at least over the forthcoming two years, lower than long-term rates, the Council determined it was more cost effective in the short-term to both to use internal resources and to borrow short-term loans instead. During 2014-15 there was no requirement to fund short term even for liquidity purposes.

The benefits of internal borrowing were monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose assists the Council with this 'cost of carry' and breakeven analysis. Although long term rates have modestly increased from their all time lows, there is insufficient clarity over the scale and timing of capital expenditure to justify additional borrowing at present.

Borrowing Activity in 2014/15

	Balance on 01/04/2014 £'000	Maturing Debt £'000	Debt Prematurely Repaid £'000	New Borrowing £'000	Balance on 31/03/2015 £'000	Avg Rate % and Avg Life (yrs)
CFR	543,849				549,387	
Short Term Borrowing ¹	0	0	0	0	0	
Long Term Borrowing	307,159	13,094	0	0	294,065	5.34% / 30.1yrs
TOTAL BORROWING	307,159	13,094	0	0	294,065	5.34% / 30.1yrs
Other Long Term Liabilities	54,414	6,196	0	0	48,218	n/a
TOTAL EXTERNAL DEBT	361,573	19,290	0	0	342,283	n/a
Increase/ (Decrease) in Borrowing £m					(19,290)	

LOBOs: The Council holds £125 million of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOs had options during the year, none of which were exercised by the lender. The rate of interest on these loans of 4.70% greatly exceeds current PWLB rates making it unlikely that there will be call in the immediate future.

5. Debt Rescheduling:

¹ Loans with maturities less than 1 year.

The premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Council's portfolio and therefore unattractive for debt rescheduling activity. No rescheduling activity was undertaken as a consequence.

6. Abolition of the PWLB

In January 2015 the Department of Communities and Local Government confirmed that HM Treasury (HMT) would be taking the necessary steps to abolish the Public Works Loans Board (PWLB). HMT has confirmed however that its lending function will continue unaffected and local authorities will retain access to borrowing rates which offer good value for money. The Council intends to use the PWLB's replacement as a potential source of borrowing if required.

7. Investment Activity

The Council has held significant invested funds, representing income received in advance of expenditure plus working capital balances and revenue / capital reserves (prior year income not spent). During 2014/15 the Council's investment balances have ranged between £9.6 million and £86.5 million.

The Guidance on Local Government Investments gives priority to security and liquidity and the aim is to achieve a yield commensurate with these principles.

Investment Activity in 2014/15 (excluding Icelandic Deposits)

Investments	Balance on 01/04/2014 £'000	Investments Made £'000	Maturities/ Investments Sold £'000	Balance on 30/03/2015 £'000	Avg Rate/Yield (%)
Short term Investments (call accounts, deposits)					
- Banks & Building Societies with ratings of A- or higher	9,570	104,688	107,418	6,840	0.50
UK Government:					
- Deposits at Debt Management Office	0	572,390	560,190	12,200	0.25
Money Market Funds	0	255,390	239,200	16,190	0.38
TOTAL INVESTMENTS	9,570	932,468	906,808	35,230	0.36
Increase/ (Decrease) in Investments £m				25,660	

Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2014/15.

Counterparty credit quality was assessed and monitored with reference to credit ratings (the Council's minimum long-term counterparty rating is A- across rating agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

8. Credit Risk

Throughout 2014-15 credit risk scores have been reported to Committee based on a methodology devised by Arlingclose. The scores show credit risk on a scale of 0 to 10 on both a value weighted and a time weighted basis and the table below demonstrates how to interpret the scores:

Above target	AAA to AA+	Score under 3
Target score	AA to A+	Score 3-5
Below target	Below A+	Score over 5

The scores during 2014-15 are shown below:

	June 2014	September 2014	December 2014	March 2015
Value weighted	4.42	3.73	4.68	3.57
Time weighted	4.92	4.23	4.33	2.70

The year end scores (March 2015) are in line or marginally better than the target credit ratings due to the concentration on investments with the Government rated DMO and also highly diversified money market funds.

9. Counterparty Update

The European Parliament approved the EU Bank Recovery and Resolution Directive (BRRD) on April 15, 2014. Taking the view that potential extraordinary government support available to banks' senior unsecured bondholders will likely diminish, over 2014-15 Moody's revised the Outlook of several UK and EU banks from Stable to Negative (note, this is not the same as a rating review negative) and S&P placed the ratings of UK and German banks on Credit Watch with negative implications, following these countries' early adoption of the bail-in regime in the BRRD.

S&P also revised the Outlook for major Canadian banks to negative following the government's announcement of a potential bail-in policy framework.

The Bank of England published its approach to bank resolution which gave an indication of how the reduction of a failing bank's liabilities might work in practice. The Bank of England will act if, in its opinion, a bank is failing, or is likely to fail, and there is not likely to be a successful private sector solution such as a takeover or share issue; a bank does not need to be technically insolvent (with liabilities exceeding assets) before regulatory intervention such as a bail-in takes place.

The combined effect of the BRRD and the UK's Deposit Guarantee Scheme Directive (DGSD) is to promote deposits of individuals and SMEs above those of public authorities, large corporates and financial institutions. Other EU countries, and eventually all other developed countries, are expected to adopt similar approaches in due course.

In December the Bank's Prudential Regulation Council (PRA) stress tested eight UK financial institutions to assess their resilience to a very severe housing market shock and to a sharp rise in interest rates and address the risks to the UK's financial stability. Institutions which 'passed' the tests but would be at risk in the event of a 'severe economic downturn' were Lloyds Banking Group and Royal Bank of Scotland. Lloyds Banking Group, whose constituent banks (Lloyds and Bank of Scotland) are on the Council's lending list, is taking measures to augment capital and the PRA does not require the group to submit a revised capital plan. RBS, which is not on the Council's lending list for investments, has updated plans to issue additional Tier 1 capital. The Co-operative Bank failed the test.

In October following sharp movements in market signals driven by deteriorating global growth prospects, Arlingclose advised a reduction in investment duration limits for unsecured bank and building society investments to counter the risk of another full-blown Eurozone crisis. Duration for new unsecured investments with some UK institutions was further reduced to 100 days in February 2015.

The outlawing of bail-outs, the introduction of bail-ins, and the preference being given to large numbers of depositors other than local authorities means that the risks of making unsecured deposits rose relative to other investment options. As a consequence the Council's 2015-16 strategy incorporated selected high quality overseas banks and additional UK names that meet the minimum credit quality. Further attention is also being given to diversified pooled funds that would not be significantly impacted by the failure of a single counterparty.

There was one significant change in credit rating during the year impacting on RBS whose long term rating dropped below the minimum of A-. RBS / NatWest have been removed from the counterparty list. The Council moved its banking arrangement from RBS to Barclays from September 2013.

10. Budgeted Income and Outturn

The average cash balances in 2014-15 were £44.5 million. The UK Bank Rate has been maintained at 0.5% since March 2009. Short-term money market rates have remained at relatively low levels. New deposits were made at an average rate of 0.36%. The Council's budgeted investment income for the year was £140,000. The Council's investment outturn for the year was £168,000.

At the end of the financial year the average interest payable on the borrowing portfolio payable had fallen marginally to 5.33% from 5.45% as at 1 April 2014. The loans maturing in the year carried an average interest rate of 9.5%. The interest paid in 2014-15 of £16.3 million is £1.6 million lower than the previous year. Looking forward, there is £44 million of debt with a coupon of 9-11% maturing by 2022 that offers further scope for savings.

11. Update on Investments with Icelandic Banks

To date distributions from the failed Icelandic Banks amount to £34.8 million compared with the original deposits of £36.9 million. Future recoveries are estimated at £1.2 million. A distribution from Heritable Bank of £0.8 million payable August 2015 has recently been announced.

12. Treasury Management Indicators

Adoption of the CIPFA Treasury Management Code of Practice is one of the Prudential Indicators. The Council originally adopted the Code of Practice in May 2002. Revisions to the Code in 2009 and 2011 have been reflected in updated versions of all policies and procedures. The Council measures and manages its exposures to treasury management risks using the indicators set out in Annex 1.

13. Prudential Indicators 2014/15

The Local Government Act 2003 requires the Council to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the indicators that must be set and monitored each year.

The Council has complied with its Prudential Indicators for 2014/15, which were set in February 2014 as part of the Council's approved Treasury Management Strategy

Statement. These are detailed within Annex 2. Borrowing is well within the operational and authorised limits and has steadily decreased throughout the year in line with the policy of using internal cash balances to fund the capital programme.

14. Investment Training

Members of the Corporate Committee and the Overview and Scrutiny Committee undertook training during January 2015 in advance of approving the 2015-16 treasury management strategy.

Annex 1: Summary of Treasury Management Activity and Performance1. Treasury Portfolio

	Position March 2015 £000	Position December 2014 £000	Position September 2014 £000	Position June 2014 £000
Long Term Borrowing PWLB	169,065	169,065	181,675	181,675
Long Term Borrowing Market	125,000	125,000	125,000	125,000
Total Borrowing	294,065	294,065	306,675	306,675
Investments: Council	35,230	9,590	35,280	66,370
Investments: Icelandic deposits in default	2,177	2,177	2,177	2,177
Total Investments	37,407	11,767	37,457	68,547
Net Borrowing position	256,658	282,268	269,218	238,128

2. Security measure

	Quarter 4 2014/15 (march 15)	Quarter 3 2014/15	Quarter 2 2014/15	Quarter 1 2014/15
Credit score – Value weighted	3.57	4.68	3.73	4.42
Credit score – Time weighted	2.70	4.33	4.23	4.92

3. Liquidity measure

	Quarter 4 2014/15	Quarter 3 2014/15	Quarter 2 2014/15	Quarter 1 2014/15
Weighted average maturity: deposits (days)	1.9	1.0	5.7	2.5
Weighted average maturity: borrowing (years)	30.1	30.1	29.1	29.7

4. Yield measure

	Quarter 4 2014/15	Quarter 3 2014/15	Quarter 2 2014/15	Quarter 1 2014/15
Interest rate earned	0.36	0.34	0.34	0.33
Interest rate payable	5.33	5.39	5.41	5.34

Annex 2: Prudential Indicators

The Prudential indicators are designed to demonstrate the affordability of current and forecast borrowing. There is no 'correct' value in each table and the trend is at least as important as the absolute numbers. Debt is used to finance the capital programme and each decision to incur capital expenditure will consider how it is to be funded.

	Prudential Indicator	2014/15 Original Indicator	Position/Actual at 31/3/2015
CAPITAL INDICATORS			
1	Capital Expenditure	£'000	£'000
	General Fund	46,563	64,049
	HRA	63,310	40,997
	TOTAL	109,873	105,046

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits, and in particular, to consider the impact on tax and housing rent levels. Capital expenditure is lower than projected, which helps explain the decrease in borrowing.

2	Ratio of financing costs to net revenue stream	2014/15 Original Indicator	Actual as at 31 March 2015
	General Fund	2.16%	1.89%
	HRA	11.13%	10.01%

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

The indicators show that interest costs have used a marginally lower proportion of council income than initially projected.

3	Capital Financing Requirement	2014/15 Original Indicator (£'000)	Actual as at 31 March 2015 (£'000)
	General Fund	281,727	278,291
	HRA	271,096	271,096
	TOTAL	552,823	549,387

Haringey Council Annual Treasury Outturn Report 2014/15

The above is the maximum external borrowing requirement representing the remaining cost of capital expenditure. The out-turn is in line with the start of year projections.

4	Incremental impact of capital investment decisions	2014/15 Original Indicator (£)	Actual as at 31 March 2015 (£)
	Band D Council Tax	17.19	16.02
	Weekly Housing rents	0.17	0.09

This is an indicator of affordability and shows the impact of capital investment decisions on Council tax and housing rent levels. Both indicators are a little better than originally projected due to lower capital expenditure and more of what was spent being funded from grants, thereby reducing the need for borrowing.

Haringey Council Annual Treasury Outturn Report 2014/15

	Prudential Indicator	2014/15 Original Indicator	2014/15 Position/Actual at 31/3/2015	
TREASURY MANAGEMENT LIMITS				
5	Borrowing Limits	£'000	£'000	
	Authorised Limit	561,079	342,283	
	Operational Boundary	425,844	342,283	
Actual borrowing is considerably lower than the limit set for the year.				
6	HRA Debt Cap	£'000	£'000	
	Headroom	55,824	56,442	
The capacity of HRA to incur additional borrowing is in line with projections.				
7	Gross debt compared to CFR	£'000	£'000	
	Gross Debt	392,588	342,283	
	CFR	552,823	549,387	
		72%	62%	
Gross debt is less than previous projections due to use of internal balances to finance capital expenditure.				
8	Upper limit – fixed rate exposure	100%	98%	
	Upper limit – variable rate exposure	40%	2%	
With no new borrowing in the year, the vast majority of debt remains fixed rate.				
9	Maturity structure of borrowing (U: upper, L: lower)	L	U	As at 31 March 2015
	under 12 months	0%	40%	3.7%
	12 months & within 2 years	0%	35%	4.3%
	2 years & within 5 years	0%	35%	11.4%
	5 years & within 10 years	0%	35%	13.1%
	10 yrs & within 20 yrs	0%	35%	0.0%
	20 yrs & within 30 yrs	0%	35%	7.5%
	30 yrs & within 40 yrs	0%	35%	21.8%
	40 yrs & within 50 yrs	0%	50%	12.7%
	50 yrs & above	0%	50%	25.5%
The maturity profile of debt is shown above. The ranges set have been complied with and there is a spread of maturities.				
	Prudential Indicator	2014/15	2014/15	

		Original Indicator	Position/Actual at 31/3/2015
10	Sums invested for more than 364 days	£0	£0
11	Adoption of CIPFA Treasury Management Code of Practice	√	√

12 LOBO Adjusted Maturity Structure for Debt			
Maturity structure of borrowing (U: upper, L: lower)	L	U	As at 31 st March 2015
under 12 months	0%	55%	46.2%
12 months & within 2 years	0%	40%	4.3%
2 years & within 5 years	0%	40%	11.4%
5 years & within 10 years	0%	35%	13.1%
10 yrs & within 20 yrs	0%	35%	0.0%
20 yrs & within 30 yrs	0%	35%	4.1%
30 yrs & within 40 yrs	0%	35%	8.2%
40 yrs & within 50 yrs	0%	50%	12.7%
50 yrs & above	0%	50%	0%

The above table restates table 9 showing the earliest data on which the interest rate on LOBO loans (see 14.3) can change as the maturity date. The impact is to restate 40% of debt previously classified as between 20 years and 50+ years to less than one year. As discussed on page 3, the interest rate on LOBO loans is higher than current rates for new borrowing and as a consequence should the lender try to change the rate, the Council can repay with no penalty and refinance at a considerable interest saving.

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Haringey Council

Report for:	Corporate Committee 22 June 2015	Item number	
Title:	Delegated Decisions /Significant Actions/ Urgent Actions		
Report authorised by :	Assistant Director of Corporate Governance and Monitoring Officer		
Lead Officer:	Clifford Hart (Tel. 020 8489 2920)		
Ward(s) affected: Not applicable	Report for Key/Non Key Decision: For information		

1. Describe the issue under consideration

To inform the Corporate Committee of Non-Executive delegated decisions and significant actions taken by Directors.

To further advise of any urgent actions taken by Directors in consultation with the Chair of the Corporate Committee since the previous meeting.

The report details by number and type decisions taken by Directors under delegated powers. Significant actions (decisions involving expenditure of more than £100,000) taken during the same period are also detailed.

2. Cabinet Member Introduction

Not applicable

3. Recommendations

That the report be noted.

4. Other Options Considered



Haringey Council

Not applicable

5. Background Information

To inform the Corporate Committee of non executive delegated decisions and significant actions taken by Directors

The report details by number and type decisions taken by Directors under delegated powers. Significant actions (decisions involving expenditure of more than £100,000) taken during the same period are also detailed.

In keeping with usual practices and working procedures used for Cabinet, the attached report details urgent actions taken by Directors in consultation with Corporate Committee Chair since last reported. Part three, Section E, under the scheme of delegation paragraph 4.03, of the Council Constitution provides guidance on the action that needs to be taken on any urgent matter between meetings of the Cabinet, or any committee or sub-committee of the Cabinet or the Council.

6. Comments of the Chief Financial Officer and Financial Implications

Where appropriate these are contained in the individual delegations.

7. Assistant Director of Corporate Governance Comments and Legal Implications

Where appropriate these are contained in the individual delegations.

8. Equalities and Community Cohesion Comments

Where appropriate these are contained in the individual delegations.

9. Policy Implications

Where appropriate these are contained in the individual delegations.

10. Use of Appendices

Appendix 1 to the report sets out, by number and type, the decisions taken by Directors under delegated powers. Significant actions (decisions involving expenditure of more than £100,000) taken during the same period are also detailed.

11. Local Government (Access to Information) Act 1985



Haringey Council

This report contains exempt and non-exempt information. Exempt information is contained in Part B and is not for publication. The information is exempt under the following category (identified in the amended Schedule 12 A of the Local Government Act 1972).

Information relating to any individual and information which is likely to reveal the identity of an individual.

Background Papers

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

Delegated Decisions and Significant Action Forms.

Those marked with ♦ contain exempt information and are not available for public inspection.

The background papers are located at River Park House, 225 High Road, Wood Green, London N22 8HQ

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CHIEF EXECUTIVE'S SERVICE

Significant decisions - Delegated Action: January to June 2015

◆ denotes background papers are Exempt.

No	Date approved by Director	Title	Decision
1.	2 April 2015	Approval of the Annual Internal Audit Plan 2015/16	Please see attached report.
2.			
3.			
4.			

Delegated Action	
Type	Number

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**RECORD OF DECISION TAKEN UNDER
URGENCY PROCEDURES OR DELEGATED
AUTHORITY**

All requests for action to be taken in accordance with established urgency procedures or delegated authority must be accompanied by an appropriate report setting out all relevant considerations, in particular legal and financial considerations, and with a clear recommendation[s] for action, in order for an appropriate decision to be taken in accordance with the provisions of current legislation.

Log No.

Ward(s) affected: N/A

Title of Report:

Approval of the Annual Internal Audit Plan 2015/16

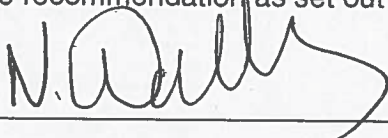
Reason for urgency or relevant paragraph for authority under scheme of delegation:

In accordance with Part 3 Section E paragraph 5.01(b) of the Constitution, the approval of the Annual Internal Audit Plan 2015/16 can be confirmed by the Chief Executive in consultation with the Chair of the Corporate Committee (Vice-Chair in the absence of the Chair), and reported up to Corporate Committee at the next opportunity.

Decision of Chief Officer

I approve the recommendation as set out in the attached report.

Signature



Date

2/04/15

Concurrence of the Chair of Corporate Committee

I concur with the above decision.

Signature



Date

14 April 2015

Once signed by the Chief Officer this cover sheet together with the substantive report must be forwarded to the Democratic Services Team - Level 5, River Park House - for processing. All requests for action to be taken in accordance with urgency procedures must be dealt with in this way to ensure that the Council complies with the necessary legal requirements. Thank you for your co-operation.

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Haringey Council

Report for:	The Chief Executive April 2015	Item number	N/A
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Title:	Approval of Annual Internal Audit Plan 2015/16
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Report authorised by :	Assistant Director of Corporate Governance
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Lead Officer:	Anne Woods, Head of Audit and Risk Management Tel: 0208 489 5973
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Ward(s) affected: N/A	Report for Key/Non Key Decision: N/A
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- 1. Describe the issue under consideration**
 - 1.1 This report to the Chief Executive requests approval for the draft Annual Internal Audit Plan 2015/16.
- 2. Cabinet Member Introduction**
N/A
- 3. Recommendations**
 - 3.1 That, in consultation with the Vice-Chair of the Corporate Committee, to approve the Annual Internal Audit Plan 2015/16; and
 - 3.2 That the approval in 3.1 be with effect from the date of authorisation of the action; and that these changes be reported to the next ordinary meeting of the Corporate Committee, in accordance with Part 3 Section E paragraph 5 of the Constitution.
- 4. Background information**
 - 4.1 Local authorities are required by law to maintain an internal audit function. The Accounts and Audit (Amendment) (England) Regulations 2011 reinforce the statutory requirement and re-state the need for the Council to maintain an adequate and effective system of internal audit. In addition,



Haringey Council

the mandatory 2013 UK Public Sector Internal Audit Standards (PSIAS) require the audit plan to be communicated and approved by senior management and 'the board' which, according to the council's Internal Audit Charter, is defined as the Statutory Officers Group and the Corporate Committee.

- 4.2 Within Haringey, the Internal Audit function is comprised of Mazars, who undertake the majority of the internal audit work in accordance with the contract in place, including IT and procurement audit. The in-house corporate anti-fraud team is responsible for investigations into allegations of financial irregularity, pro-active and reactive corporate anti-fraud work, provision of advice on risk and controls and some grant certification work.
- 4.3 The Corporate Committee is responsible for reviewing and approving the annual internal audit plan as part of its Terms of Reference. In order to facilitate this, a draft audit plan for 2015/16, together with the internal audit strategy, is provided for review and approval by the Corporate Committee in advance of the start of the year.
- 4.4 In order to comply with statutory requirements and enable audit to undertake reviews and provide assurance on the Council's key risk areas, approval is needed for the Annual Internal Audit Plan in advance of the start of the financial year. This will provide the authority for the work to be completed and enable the Council to comply with its statutory responsibilities.
- 4.5 The planned Corporate Committee for 26 March 2015 was cancelled and no further meetings are scheduled until the new municipal year, on 22 June 2015 therefore the annual audit plan needs to be approved using the urgency procedures. Delaying the approval for the audit plan to the end of the first quarter increases the risks in not being able to provide management and members with assurance over the key council systems; and not enabling sufficient time to complete audit work during the year.
- 4.6 Appendix A contains the proposed annual audit plan for 2015/16, which is risk based and has been derived following consideration of: the Corporate Plan and related Priorities; organisational changes; risk registers; corporate programmes and projects; new projects and procurement activities reported to the Cabinet; the Annual Audit and Inspection Letter; changes to legislation; and fraud investigation work completed in 2014/15. The draft 2015/16 Annual Internal Audit Plan was reviewed and approved at the Statutory Officers Group on 10 March 2015.
- 4.7 The Annual Internal Audit Plan 2015/16 will be confirmed as from the date that this action is dated.



Haringey Council

4.8 Where action is required to be taken by officers in between meetings then this can be enacted in accordance with Part 3 Section E paragraph 5.01(b) of the Constitution.

5. Comments of the Chief Financial Officer and Financial Implications

5.1 There are no direct financial implications arising from this report. The work which will be completed by Mazars to undertake the annual audit plan in 2015/16 is part of the contract which was awarded, in compliance with EU regulations, from 1 April 2012 and which was extended to 31 March 2016. The costs of this contract are contained and managed within the Audit and Risk Management revenue budgets which are monitored on a monthly basis.

5.2 The audit plan reflects current best practice requirements for internal audit in accordance with UK PSIAS and ensures that, over the life of the contract, the Council's key financial and non-financial systems and services will be appropriately reviewed according to risk. This approach also ensures that the council operates a fully integrated internal audit and risk management process.

5.3 The corporate anti-fraud team is responsible for investigations into allegations of financial irregularity, pro-active anti-fraud work, provision of advice on risk and controls and grant certification work. This is in addition to the planned work set out in Appendix A.

6. Comments of the Assistant Director Corporate Governance and Monitoring Officer, and Legal Implications

6.1 As this is a report from the Assistant Director, Corporate Governance, any legal implications are detailed in the body of the report.

6.2 The Assistant Director, Corporate Governance can also confirm that the reasons which give rise to the need to invoke the urgency provisions under Part Three, Section E, sub paragraph 5.01(b) of the Constitution are properly made out, and that the Chief Executive has the delegated authority to take the decision sought in consultation with the Chair of the Corporate Committee. In the absence of the Chair, this decision can be taken by the Chief Executive in consultation with the Vice-Chair.

7. Local Government (Access to Information) Act 1985

N/A

8. Equalities and Community Cohesion Comments

8.1 There are no equality and community cohesion implications in respect of this report.

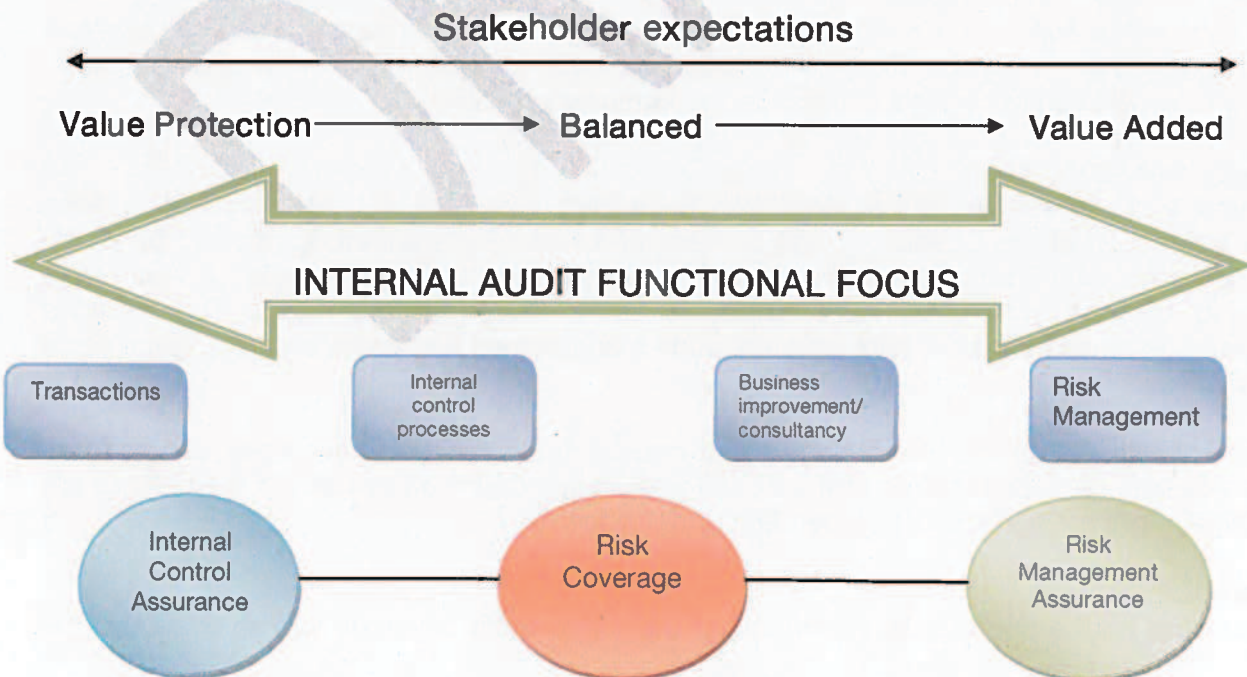
London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

Internal Audit Strategy – Introduction

Haringey’s internal audit function is driven by an appropriate strategy, rather than as a tactical response to operational issues, to minimise the risks that key strategic issues could be overlooked. Haringey’s framework has been developed to cover both strategic and tactical considerations and ensures that internal audit resources are used to provide the appropriate assurances for the organisation at any one time, as follows:



To create an effective internal audit function, internal audit’s key stakeholders will determine how the audit function delivers the desired value by focusing on e.g. risk management and control assurance; assessment of internal control effectiveness and efficiency; regulatory and corporate compliance assurance; developing awareness of risk and control across the organisation. Internal audit’s resources and plans are then aligned to the Council’s key business risks and operational and financial priorities as follows:



London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

Internal Audit Objectives

Haringey's approach is designed to enable internal audit's remit to evolve and develop as the organisation's needs change over time. As stakeholder needs evolve, internal audit can focus on creating value through assisting with improvements in operational processes. As Haringey's risk appetite changes, internal audit's strategy and functional focus can move from internal control, to risk management, assurance.

The internal audit strategy sets out how the Council's Internal Audit service will be delivered, in accordance with the Internal Audit Charter. Internal Audit will provide independent and objective assurance to the Council, its members, the Chief Executive and Senior Leadership Team and to the Chief Financial Officer to support them in discharging their responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs. It is the Council's intention to provide a best practice, cost efficient internal audit service which fulfils the requirements of the statutory 2013 UK Public Sector Internal Audit Standards (PSIAS).

Internal Audit's Remit

Internal Audit will:

- Provide management and members with an independent, objective assurance and advisory activity designed to add value and improve the Council's operations;
- Assist the Corporate Committee to reinforce the importance of effective corporate governance and ensure internal control improvements are delivered;
- Drive organisational change to improve processes and service performance;
- Work with other internal stakeholders and customers to review and recommend improvements to internal control and governance arrangements in accordance with regulatory and statutory requirements;
- Work closely with other assurance providers to share information and provide a value for money assurance service; and
- Participate in local and national bodies and working groups to influence agendas and developments within the profession.

Internal Audit will ensure that it is not involved in the design, installation and operation of controls so as to compromise its independence and objectivity. Internal Audit will however offer advice on the design of new internal controls in accordance with best practice.

Service Delivery 2015/16

The internal audit service will be delivered by a 'mixed economy' of externally procured services under the direction of the Council's Head of Audit and Risk Management, supported by an in-house Corporate Anti-Fraud Team. The Council participates in the London Audit & Anti-Fraud Partnership to work with other local authorities on a shared service basis. This includes appropriate: resource provision, joint working, audit management & strategy and a range of value added services.

The resources to deliver the internal audit and counter-fraud function have been assessed as adequate to fulfil the requirements of the PSIAS and ensure that the key risks of the Council are subject to an appropriate level of independent audit review.

Internal Audit Planning

Audit planning will be undertaken on an annual basis and audit coverage will be based on the following:

- Discussions with the Council's senior management, statutory officers and Priority Owners;

London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

- The Council's Risk Registers and Corporate Plan;
- Outputs from other assurance providers; and
- Requirements as agreed with the council's external auditors.

The annual Internal Audit Plan is composed of the following:

- **Corporate Plan/Priority and Business Area Risk Based Audits:** Audits of systems, processes or tasks where the internal controls are identified, evaluated and confirmed through risk assessment process. The internal controls depending on the risk assessment are tested to confirm that they operating correctly. The selection of work in this category is driven by internal audit's and senior managers' risk assessment and may also include work in areas where the Council services are delivered in partnership with or by other organisations.
- **Key Financial Systems:** Audits of the Council's key financial systems where external audit require annual assurance as part of their external audit work programme.
- **Probity Audit (schools establishments):** Audit of a discrete unit. Compliance with legislation, regulation, policies, procedures or best practice is confirmed. For schools this includes assessment against criteria included in the Schools Financial Value Standard.
- **Computer Audit:** The review of ICT infrastructure and associated systems, software and hardware.
- **Contract and Procurement Audit:** Audits of the Council's procedures and processes for the letting and monitoring of contracts, including reviews of completed and current contracts.
- **Counter-Fraud and Ad-Hoc Work:** The in-house Corporate Anti-Fraud Team undertakes a programme of pro-active and reactive counter-fraud investigations. A contingency of audit days are also included in the annual audit plan to cover any additional work due to changes or issues arising in-year.

Follow-up

Internal Audit will evaluate the Council's progress in implementing audit recommendations against agreed targets for implementation. Progress will be reported to management and to the Corporate Committee on a quarterly basis. Where progress is unsatisfactory or management fail to provide a satisfactory response to follow up requests, Internal Audit will implement the escalation procedure as agreed with management.

Reporting

Internal audit reports the findings of its work in detail to local management at the conclusion of each piece of audit work and at the follow up stage. Summary reports are also provided to the Corporate Committee on a monthly basis and high level reports provided on a quarterly basis. This includes the Head of Internal Audit's annual report which contributes to the assurances underpinning the Annual Governance Statement of the Council.

London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

Internal Audit Plan 2015/16

The 2015/16 annual internal audit plan has been discussed and agreed with the Chief Executive; Senior Leadership Team; Statutory Officers' Group; Priority Owners; and nominated clients for the work. The plan and strategy are submitted to the Corporate Committee for final approval and any significant changes to the annual internal audit plan and/or the internal audit strategy will be reported during the year to the Corporate Committee for formal approval.

The table below sets out the internal audit work to be completed during 2015/16 by the external contractor. The total number of days to be delivered is 800; which does not include audit work that will be completed as part of the Service Level Agreement with Homes for Haringey, or the corporate anti-fraud team's work.

The work planned for 2015/16 aims to provide coverage across the value protection and value added requirements of the Council. The internal audit service has focused its 2015/16 annual plan to align it with the identified key risks within the Corporate Plan in order to provide assurance across the Priority areas. Assurance on Priority 5 key risk areas will be provided via internal audit's annual audit plan delivered via Homes for Haringey.

Audit area	Client	Quarter	Days
Corporate Risk Audits			
Programme and Project Management – key corporate programmes and projects (governance, performance, compliance)	Assistant Director for Corporate Programme Office and Chief Information Officer	1-4	80
Risk Registers – controls testing for key risk registers	Assistant Director Corporate Governance	1-4	10
Whistleblowing – compliance with statutory and local requirements	Assistant Director Corporate Governance	2	5
Scheme of delegation/authorisation – compliance with legislation.	Assistant Director Corporate Governance	2	10
Multi-agency working – security of data, governance arrangements, performance monitoring and management.	Chief Operating Officer	3	10
Implementation of Employee Support process – with Wittington Hospital	Assistant Director – Human Resources	2	10
Sub-total – Corporate Risk Audits			125
Corporate Plan – Priority Risk Audits			
Priority 1 – Outstanding for all			
Child Protection Information Sharing (CPIS) project – governance, security, information sharing arrangements	Director of Children's Services	4	10
Children and Families Act 2014 – adoption and fostering services	Director of Children's Services	2	10
Special Educational Needs and Disabilities (SEND) – compliance with statutory requirements.	Director of Children's Services	1	10
Child Sexual Exploitation (CSE) – compliance with procedures, monitoring, data sharing/security.	Director of Children's Services	3	10
Sub-total Priority 1			40

London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

Audit area	Client	Quarter	Days
Priority 2 – Outstanding for all			
Court of Protection and Receivership, Deprivation of Liberty (DoLS) – compliance with statutory requirements	Director for Adult Social Services	2	10
Care Act 2014 – assessment, budget management processes	Director for Adult Social Services	3	10
Better Care Fund – pooled budget, governance, data collection	Director for Adult Social Services	3	10
Community Alarm and Telecare Service – service provision, performance management	Director for Adult Social Services	4	10
Sub-total Priority 2			40
Priority 3 – Clean and Safe			
Multi-agency working – Violence against women and girls and Community Safety – security of data, governance arrangements, performance monitoring and management.	Assistant Director for Environmental Services and Community Safety	3	10
Community engagement. Noel Park pilot, governance arrangements.	Assistant Director for Environmental Services and Community Safety	4	10
Parking enforcement – compliance with legislation, service commissioning.	Assistant Director for Environmental Services and Community Safety	4	10
Parks – events. Financial and contractual arrangements.	Assistant Director for Environmental Services and Community Safety	3	10
Commercial property – compliance with statutory and local requirements	Assistant Director for Environmental Services and Community Safety	1	10
Mortuary Service – compliance with statutory and local requirements	Assistant Director for Environmental Services and Community Safety	1	10
Sub-total Priority 3			60
Priority 4 – Sustainable Housing Growth and Employment			
Planning Services – compliance with statutory and local requirements	Assistant Director for Regeneration	2	10
S106/Community Infrastructure Levy (CIL) – compliance with statutory and local requirements	Assistant Director for Regeneration		
New Homes – delivery and re-housing processes, programme management.	Assistant Director for Regeneration	3	10
Hornsey Town Hall – tenancy/lease arrangements, compliance with local and statutory requirements	Assistant Director for Corporate Property and Major Projects	4	5
Sub-total Priority 4			25
Sub-total – Priority-based Risk Audits			165

London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

Audit area	Client	Quarter	Days
Corporate IT Audits			
NSL (Vehicle Recovery Service) – Application	Head of Information Technology	TBC	10
OneSAP – Application	Head of Information Technology	TBC	12
iWorld (Revenues and Benefits) Application	Head of Information Technology	TBC	12
Framework-i Application	Head of Information Technology	TBC	12
ILAP (Planning and Building Control system)	Head of Information Technology	TBC	10
IMPULSE (Schools Application – Admissions and Pupil Records System)	Head of Information Technology	TBC	10
Logotech (Treasury Management System)	Head of Information Technology	TBC	10
Sub-total – Corporate IT Audits			76
Contract and Procurement Audit			
Residential Care – adult and children’s services. Contract/performance monitoring, care quality.	Assistant Director for Commissioning	2	12
Specific Contract Audits – key council contracts	Head of Corporate Procurement	1-4	20
Post Contract Evaluation – key council contracts	Head of Corporate Procurement	3	10
Contract Monitoring and Management arrangements – key council contracts	Head of Corporate Procurement	1-4	20
EU contract regulations – compliance with legislation	Head of Corporate Procurement	4	10
Sub-total – Contract Audits			80
Key Financial Systems (KFS) and Corporate Finance			
Strategic Financial Management & Budgetary Control – high level review	Assistant Director – Finance	3	5
Cash Receipting – high level review	Assistant Director – Finance	3	5
Treasury Management – high level review	Assistant Director – Finance	3	5
Accounting & General Ledger – high level review	Assistant Director – Finance	4	5
Accounts Payable (Creditors) – Continuous audit, plus key controls review	Assistant Director – Finance	4	15
Pension Fund Investment – high level review	Assistant Director – Finance	4	5
Accounts Receivable (Sundry Debtors) – full review	Assistant Director – Finance	3	10
Housing Benefits – full review	Assistant Director – Customer Services	3	20

London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

Audit area	Client	Quarter	Days
Council Tax – full review	Assistant Director – Customer Services	4	15
NNDR – high level review	Assistant Director – Customer Services	4	5
Payroll – Continuous audit, plus key controls review	Assistant Director – Human Resources	4	15
Teachers' Pensions contributions (Grant certification requirement)	Assistant Director – Finance	1	5
Sub-total – Key Financial Systems and Corporate Finance			110
School Audits			
The Willow	School Head teacher	TBC	5
Campsbourne	School Head teacher	TBC	5
Coleridge	School Head teacher	TBC	5
Earlsmead	School Head teacher	TBC	5
Highgate	School Head teacher	TBC	5
Lea Valley	School Head teacher	TBC	5
Muswell Hill	School Head teacher	TBC	5
St. Ignatius RC	School Head teacher	TBC	5
St. Paul's RC	School Head teacher	TBC	5
St. Gilda's RC Junior	School Head teacher	TBC	5
St. Mary's Priory RC Junior/Infant	School Head teacher	TBC	5
Belmont Infants	School Head teacher	TBC	5
Gladesmore Secondary	School Head teacher	TBC	6
Follow up of 2014/15 school audits	School Head teachers	TBC	20
Sub-total – School Audits			86
Follow up audits 2014/15 audits			40
Admin and Management			80
Contingency			38
Total – Contractor delivered days			800

